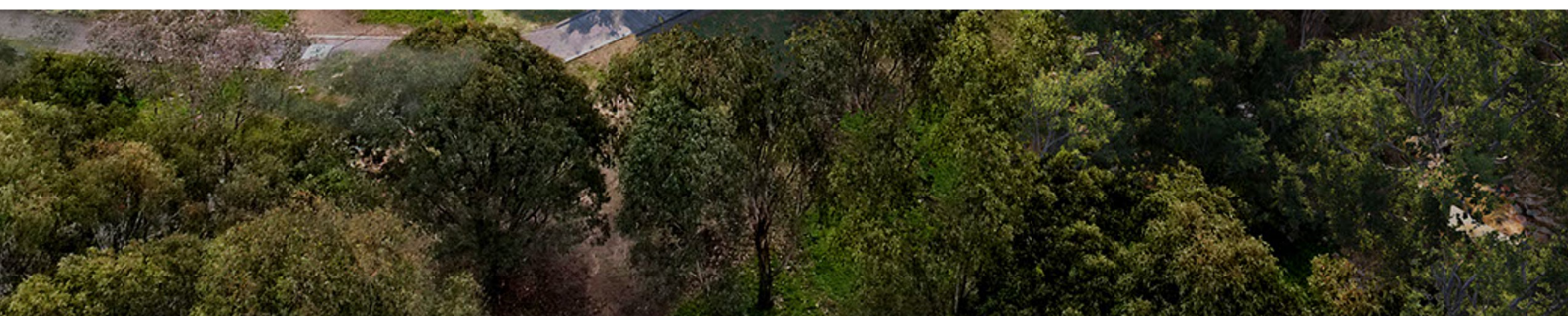




ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries
Condensed Consolidated Financial Statements for the year ended 31 December 2022



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ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2022**

ASSETS	Note	Thousands of Euros	
		31/12/2022	31/12/2021
		(*)	
NON-CURRENT ASSETS		12,420,992	11,010,031
Intangible assets	02	3,283,899	3,279,412
Goodwill		2,716,197	2,672,253
Other intangible assets		567,702	607,159
Tangible assets - property, plant and equipment	03	1,572,180	1,464,868
Non-current assets in projects	04	281,746	72,853
Investment property		68,561	41,003
Investments accounted for using the equity method	05	4,828,089	4,524,229
Non-current financial assets	06	1,434,655	765,707
Long term deposits	06	405	987
Derivative financial instruments	11	112,190	11,577
Deferred tax assets	12	839,267	849,395
CURRENT ASSETS		25,159,308	24,654,314
Inventories	07	828,968	742,092
Trade and other receivables		8,564,653	8,380,356
Trade receivables for sales and services	06	7,383,175	6,686,487
Other receivable	06	1,006,282	1,400,815
Current tax assets		175,196	293,054
Other current financial assets	06 and 10.02	1,180,617	1,280,079
Derivative financial instruments	11	252,839	200,875
Other current assets		226,771	202,839
Cash and cash equivalents	06	9,419,987	11,253,419
Non-current assets held for sale and discontinued operations	01.04	4,685,473	2,594,654
TOTAL ASSETS		37,580,300	35,664,345

(*) Unaudited.

The accompanying notes 01 to 21 and Appendix I are an integral part of the consolidated statement of financial position at 31 December 2022.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2022

EQUITY AND LIABILITIES	Note	Thousands of Euros	
		31/12/2022	31/12/2021
		(*)	
EQUITY	08	6,375,877	7,028,203
SHAREHOLDERS' EQUITY		5,166,439	6,505,222
Share capital		142,082	152,332
Share premium		366,379	366,379
Reserves		4,625,358	3,633,014
(Treasury shares and equity interests)		(622,170)	(691,916)
Profit for the period of the parent		668,227	3,045,413
(Interim dividend)		(13,437)	—
ADJUSTMENTS FOR CHANGES IN VALUE		380,957	(170,918)
Financial assets with changes in other comprehensive income		(60,016)	(6,847)
Hedging instruments		343,293	(73,150)
Translation differences		97,680	(90,921)
EQUITY ATTRIBUTED TO THE PARENT		5,547,396	6,334,304
NON-CONTROLLING INTERESTS		828,481	693,899
NON-CURRENT LIABILITIES		11,484,229	11,444,846
Grants		2,039	2,099
Non-current provisions	09	1,549,091	1,835,267
Non-current financial liabilities	10	8,878,681	8,717,354
Bank borrowings, debt instruments and other marketable securities		8,565,069	8,570,163
Project finance with limited recourse		205,476	51,069
Other financial liabilities		108,136	96,122
Long term lease liabilities	03	550,746	401,430
Derivative financial instruments	11	23,569	33,050
Deferred tax liabilities	12	294,346	227,112
Other non-current liabilities		185,757	228,534
CURRENT LIABILITIES		19,720,194	17,191,296
Current provisions		926,631	996,564
Current financial liabilities	10	1,498,323	1,808,491
Bank borrowings, debt instruments and other marketable securities		1,445,417	1,751,296
Project finance with limited recourse		33,666	18,472
Other financial liabilities		19,240	38,723
Short term lease liabilities	03	155,055	150,765
Derivative financial instruments	11	131,537	172,791
Trade and other payables		13,192,884	11,738,435
Suppliers		7,126,000	5,940,236
Other payables		5,898,483	5,637,192
Current tax liabilities		168,401	161,007
Other current liabilities		336,288	266,700
Liabilities relating to non-current assets held for sale and discontinued operations	01.04	3,479,476	2,057,550
TOTAL EQUITY AND LIABILITIES		37,580,300	35,664,345

(*) Unaudited.

The accompanying notes 01 to 21 and Appendix I are an integral part of the consolidated statement of financial position at 31 December 2022.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	Thousands of Euros	
		2022	2021
		(*)	
REVENUE	13	33,615,234	27,836,658
Changes in inventories of finished goods and work in progress		10,242	19,437
Capitalised expenses of in-house work on assets		250	556
Procurements		(23,375,215)	(19,019,818)
Other operating income		170,138	105,529
Personnel expenses		(7,249,882)	(6,239,286)
Other operating expenses		(2,272,551)	(1,680,762)
Depreciation and amortisation		(620,750)	(479,446)
Allocation of grants relating to non-financial assets and others		299	299
Impairment and gains or losses on the disposal of non-current assets	16	692,646	(199,642)
Other results	16	(277,597)	(246,790)
Ordinary results of companies accounted for using the equity method	05	380,918	272,745
Financial income		178,369	102,555
Financial costs	14	(484,152)	(362,517)
Changes in the fair value of financial instruments	17	219,220	(91,821)
Exchange differences		9,583	24,858
Impairment and gains or losses on the disposal of financial instruments	16	7,345	14,267
Non-ordinary results of companies accounted for using the equity method	05	4,554	680
PROFIT BEFORE TAX	13	1,008,651	57,502
Income tax	12	(201,200)	(789,372)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		807,451	(731,870)
Profit after tax from discontinued operations	01.04.02	65,333	3,958,104
PROFIT FOR THE PERIOD		872,784	3,226,234
(Profit) / loss attributed to non-controlling interests		(204,557)	(169,481)
(Profit) / loss from discontinued operations attributable to non-controlling interests		—	(11,340)
PROFIT ATTRIBUTABLE TO THE PARENT		668,227	3,045,413

EARNINGS PER SHARE	Note	Euros per share	
		2022	2021
Basic earnings per share	01.11	2.50	10.74
Diluted earnings per share	01.11	2.50	10.74
Basic earnings per share from discontinued operations	01.11	0.24	13.91
Basic earnings per share from continuing operations	01.11	2.26	(3.18)
Diluted earnings per share from discontinued operations	01.11	0.24	13.91
Diluted earnings per share from continuing operations	01.11	2.26	(3.18)

(*) 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 2022.

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Thousands of Euros	
	2022 (*)	2021
(A) CONSOLIDATED RESULTS FOR THE PERIOD	872,784	3,226,234
(B) OTHER COMPREHENSIVE INCOME - ITEMS THAT ARE NOT RECLASSIFIED TO PROFIT OR LOSS FOR THE PERIOD:	150,204	(3,817)
For actuarial gains and losses	197,747	32,173
Tax effect	(47,543)	(35,990)
(C) OTHER COMPREHENSIVE INCOME - ITEMS THAT MAY BE RECLASSIFIED AFTER THE INCOME FOR THE PERIOD:	618,721	713,801
1. Hedging transactions:	130,225	45,324
Valuation gains/(losses)	119,592	24,666
Amounts transferred to the profit and loss account	10,633	20,658
2. Conversion differences:	93,478	389,614
Valuation gains/(losses)	115,036	162,223
Amounts transferred to the profit and loss account	(21,558)	227,391
3. Share in other comprehensive income recognized for investments in joint ventures and associates:	504,765	247,121
Valuation gains/(losses)	504,765	247,121
4. Debt instruments at Fair value through other comprehensive income	—	—
5. Other income and expenses that may be reclassified after the result of the period:	(97,980)	74,042
Valuation gains/(losses)	(97,980)	74,118
Amounts transferred to the profit and loss account	—	(76)
6. Tax effect	(11,767)	(42,300)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (A + B + C)	1,641,709	3,936,218
Attributed to the controlling entity	1,331,915	3,542,392
Attributed to non-controlling interests	309,794	393,826

(*) 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 2022.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Thousands of Euros								
	Share capital	Share premium	Retained earnings and other reserves	Treasury shares	Valuation adjustments	Profit/(Loss) attributed to the Parent	Interim dividend	Non-controlling interests	TOTAL
Balance at 01 January 2021	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)	5,449	—	(5,449)	—	—	—	—	—	—
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 (Note 01.10)	—	—	200,992	—	—	—	—	—	200,992
To dividends	—	—	—	—	—	—	—	(341,716)	(341,716)
Treasury shares (Note 08.02)	(5,449)	(128,847)	(282,051)	(55,905)	—	—	—	—	(472,252)
Treasury shares through investees	—	—	(2,390)	—	—	—	—	(2,186)	(4,576)
Change in the consolidation perimeter 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
Income / (expenses) recognised in equity	—	—	111,813	—	551,875	668,227	—	309,794	1,641,709
Capital increases (Note 01.10 and 08)	6,090	—	(6,090)	—	—	—	—	—	—
Capital Reductions (Note 01.10 and 08)	(10,250)	—	10,250	—	—	—	—	—	—
Stock options	—	—	4,471	—	—	—	—	—	4,471
Distribution of profit from the prior year:									
To reserves	—	—	3,045,413	—	—	(3,045,413)	—	—	—
Acquisition of free allocation rights against 2021 (Note 01.10)	—	—	(128,736)	—	—	—	—	—	(128,736)
Remaining allotment rights from 2021 accounts (Note 01.10)	—	—	71,310	—	—	—	—	—	71,310
Acquisition of additional free allocation rights 2021 (Note 01.10)	—	—	(388,861)	—	—	—	—	—	(388,861)
Remaining allotment rights from 2021 accounts (Note 01.10)	—	—	203,294	—	—	—	—	—	203,294
To dividends	—	—	—	—	—	—	(13,437)	(97,712)	(111,149)
Treasury shares (Note 08.02)	(6,090)	—	(773,438)	69,746	—	—	—	—	(709,782)
Treasury shares through investees	—	—	155	—	—	—	—	64	219
Changes in the ownership interest in controlled entities	—	—	(1,097,057)	—	—	—	—	(430,683)	(1,527,740)
Change in the consolidation perimeter and other effects of a lesser amount	—	—	(60,180)	—	—	—	—	353,119	292,939
Balance at 31 December 2022 (*)	142,082	366,379	4,625,358	(622,170)	380,957	668,227	(13,437)	828,481	6,375,877

(*) Unaudited.

The accompanying notes 01 to 21 and Appendix I are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2022.

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

		Note	Thousands of Euros	
			2022	2021
			(*)	
A)	CASH FLOWS FROM OPERATING ACTIVITIES		1,743,338	203,141
1	Profit before tax		1,008,651	57,502
2	Adjustments for:		376,951	1,425,478
	Depreciation and amortisation		620,750	479,446
	Other adjustments to profit (net)	01.07	(243,799)	946,032
3	Changes in working capital		44,135	(1,303,175)
4	Other cash flows from operating activities:		313,601	23,336
	Interest paid	10	(470,524)	(386,596)
	Dividends received		640,225	466,765
	Interest received	01.07	169,947	108,976
	Income tax (paid) / received	12	(26,047)	(165,809)
B)	CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES	02 and 03	(198,099)	3,397,643
1	Investment paid:		(772,986)	(690,715)
	Group companies, associates and business units		(452,476)	(202,327)
	Property, plant and equipment, intangible assets, projects and property investments		(285,175)	(386,207)
	Other financial assets		(35,278)	(102,181)
	Other assets		(57)	—
2	Divestment:	02 and 03	574,887	4,088,358
	Group companies, associates and business units		484,327	3,753,996
	Property, plant and equipment, intangible assets, projects and investment property		76,062	48,149
	Other financial assets		14,498	282,134
	Other assets		—	4,079
C)	CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		(3,537,774)	(770,952)
1	Equity instrument proceeds / (and payment):	01.07 and 08	(2,233,472)	(484,692)
	Issue		60,932	—
	Acquisition		(2,294,674)	(493,055)
	Disposal		270	8,363
2	Liability instrument proceeds / (and payment):	10	(376,983)	272,034
	Issue		3,703,193	4,634,213
	Refund and repayment		(4,080,176)	(4,362,179)
3	Dividends paid and remuneration relating to other equity instruments:	01.10	(351,747)	(396,012)
4	Other cash flows from financing activities:		(575,572)	(162,282)
	Payment of operating lease principal		(201,955)	(232,214)
	Other financing activity proceeds and payables	01.07	(373,617)	69,932
D)	EFFECT OF CHANGES IN EXCHANGE RATES		159,103	342,779
E)	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,833,432)	3,172,611
F)	CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		11,253,419	8,080,808
G)	CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		9,419,987	11,253,419
1. CASH FLOWS FROM OPERATING ACTIVITIES			—	(370,532)
2. CASH FLOWS FROM INVESTING ACTIVITIES			—	(149,403)
3. CASH FLOWS FROM FINANCING ACTIVITIES			—	718,252
NET CASH FLOWS FROM DISCONTINUED OPERATIONS			—	198,317
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD				
	Cash and banks		6,078,133	10,432,399
	Other financial assets		3,341,854	821,020
	TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		9,419,987	11,253,419

(*) 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 2022.

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

Explanatory notes to the Condensed Consolidated Financial Statements for the year ended December 31, 2022

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 Corporate Enterprises Act (Ley de Sociedades de Capital), 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), concessions and services (for individuals and buildings, cities and their surroundings), which make up the ACS Group. The Company is therefore required 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 December 31, 2022 were approved by the directors of the Parent Company at its Board meeting held on February 27, 2023, 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 December 31, 2021, prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS), which were authorized for issue on March 24, 2022 and approved by the shareholders at the Annual General Meeting held on May 6, 2022. 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 as adopted by the European Union for a set of complete consolidated 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 December 31, 2022, 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 December 31, 2022, estimates were occasionally made by the senior executives of the Group and of the consolidated entities to quantify certain of the assets, liabilities, income, expenses and obligations reported in these financial statements. These estimates essentially refer to the same aspects detailed in the Consolidated Annual Accounts for the year ended December 31, 2021:

- 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, the put option granted to Elliott to sell its Class C preference shares 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 loss of significant influence in Ventia.
- The determination of the fair value of financial assets (“earn-out”) and their consideration as discontinued operations.
- Environmental issues and their effect on assumptions of accounting estimates and judgements related to financial information.

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 analyzed, 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, recognizing 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 recognized in the same income statement line item as that in which the expense or income measured using the previous estimate had been previously recognized.

- [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 recognized 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 December 31, 2022. There were also no significant changes in accounting policies.

01.01.02. Basis of consolidation

Except for the above and the entry into force of new accounting standards, the bases of consolidation applied in 2022 are consistent with those applied in the Consolidated Annual Accounts for 2021 (see Note 01.02).

01.01.03. Effect of the Ukraine-Russia conflict

The Russian army's invasion of Ukraine began on February 24, 2022. In addition, several countries have imposed sanctions and taken actions with the aim of isolating and weakening the Russian economy. Although the impact on the ACS Group's activity has not been significant as of the date of these Condensed Consolidated Financial Statements, it is resulting in inflationary pressures, causing problems in supply chains and, in general, is having a significant effect on the global economy, increasing economic uncertainty and the volatility of asset values. The ACS Group continues to monitor the impact that the conflict could have on operating and financial performance in the activities of the Group's various divisions. Although the current situation caused by the conflict leads to uncertainty regarding the performance and development of the markets and the construction industry, the Group is highly diversified by activities and location in developed regions with stable political frameworks.

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 2022 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 January 1, 2022:

Approved for use in the European Union		Mandatory application in the years beginning on or after:
Amendments to IFRS 3 Reference to the Conceptual Framework (published in May 2020)	IFRS 3 is updated to bring the definitions of assets and liabilities in a business combination into line with those contained in the conceptual framework. In addition, certain clarifications are introduced regarding the recognition of contingent liabilities and assets.	January 1, 2022
Amendments to IAS 16 Proceeds before intended use (published in May 2020)	The amendment prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Proceeds from selling such items, together with production costs, must be recognized in profit or loss.	
Amendments to IAS 37 Onerous contracts - Cost of fulfilling a contract (published in May 2020)	The amendment specifies that the direct cost of fulfilling a contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling the contract.	
Improvements to IFRSs, 2018-2020 cycle (published in May 2020)	Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.	

In relation to previous standards, the ACS Group applied the standards in 2022 but they did not have a significant impact on the figures or the presentation and disclosure of the information, either because they did not entail any significant 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 January 1, 2022 (applicable from 2023 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 beginning on or after:
Amendments to IAS 1 Disclosure of accounting policies (published in February 2021)	Amendments that require companies to appropriately identify the material accounting policy information that should be disclosed in the financial statements.	January 1, 2023
Amendments to IAS 8 Definition of accounting estimate (published in February 2021)	Amendments and clarifications on the definition of a change in accounting estimates.	
Amendments to IAS 12 Deferred tax related to assets and liabilities arising from a single transaction (published in May 2021)	Clarifications on how companies should account for deferred tax on transactions such as leases and decommissioning obligations.	
Amendments to IFRS 17 Insurance Contracts - Initial application of IFRS 17 and IFRS 9 Comparative information (published in December 2021)	Amendments to the transition requirements of IFRS 17 for insurers applying both IFRS 17 and IFRS 9 for the first time.	
IFRS 17, Insurance contracts and its amendments (published in May 2017 and the amendments in June 2020)	It replaces IFRS 4 and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts to ensure that entities provide relevant and reliable information that gives a basis for users of the financial information to assess the effect that insurance contracts have on the financial statements	

Not yet approved for use in the European Union		Mandatory application in the years beginning on or after:
Amendments 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.	January 1, 2024
Amendments to IFRS 16 Lease liability in a sale and leaseback transaction	This amendment clarifies how companies subsequently account for lease liabilities arising on sale and leaseback transactions.	

The directors do not expect any significant impact from the introduction of these amendments 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 December 31, 2021 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, the consolidated statement of cash flows and the explanatory notes to the Condensed Consolidated Financial Statements for 2022, which differ from explanatory notes corresponding to the figures for 2021 in the information by business segment as a result of the new classification by business segment (see Note 13).

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 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 and liabilities related to non-current assets held for sale

2022 Financial Year

At December 31, 2022, non-current assets held for sale related mainly to the renewable energy and water assets that the Group still held following the sale of most of the Industrial Services Division to Vinci (see Note 01.04.02) effective as of December 31, 2021, and to certain assets relating to a highway of the Concessions business.

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 December 31, 2022, 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 this period, circumstances arise that were previously considered unlikely, the assets were actively marketed at a price that is reasonable, they fulfill 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 2022 the total value of the non-current assets held for sale increased to EUR 2,090,819 thousand and the liabilities related to these assets increased to EUR 1,421,926 thousand. The change is due to the inclusion during the year of the SH-288 highway in Houston (United States) (see Note 01.08) and the decrease in renewable energies is mainly the result of the sale of the wind farms of Vientos del Pastorel, S.A. and Parque Eólico Kiyú, S.A. in Uruguay and the hydroelectric plant Hidromanta in Peru that belongs to Spinning Assets, S.L.U. for an amount equal to EUR 108.0 million in June 2022. In addition, the renewable energy plants of Tonopah in the United States and Manchosal 1 Central Termosolar Uno, S.L. in Spain were no longer considered to be assets held for sale because the conditions required by accounting regulations for this classification were not met.

The breakdown of the assets held for sale and liabilities related to these assets at December 31, 2022 is as follows:

	Thousands of Euros			
	31/12/2022			
	Renewable energy	Highways	Other	Total
Tangible assets - property, plant and equipment	4,270	923	1,199	6,392
Intangible assets	—	388,203	3,829	392,032
Non-current assets in projects	708,323	2,390,377	37,165	3,135,865
Financial Assets	26,393	119,827	680,451	826,671
Deferred tax assets	37,803	—	3,379	41,182
Current assets	88,248	24,227	170,858	283,333
Assets held for sale	865,037	2,923,555	896,881	4,685,473
Non-current liabilities	188,985	1,021,464	455,458	1,665,907
Current liabilities	621,700	1,090,037	101,832	1,813,569
Liabilities relating to assets held for sale	810,685	2,111,501	557,290	3,479,476
Non-controlling interests held for sale	8,084	405,990	2,733	416,807

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

The ACS Group is currently studying and analyzing the various put options or is in the process of selling them at the expense of obtaining the relevant authorizations 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 December 31, 2022 totaled EUR 1,593,715 thousand (EUR 1,592,943 thousand at December 31, 2021), of which EUR 678,880 thousand (EUR 1,138,362 thousand at December 31, 2021) relates to renewable energies, EUR 479,412 thousand to highways and EUR 435,423 thousand (EUR 454,581 thousand at December 31, 2021) to other assets. The total amount of this net debt includes EUR 741,236 thousand (EUR 522,255 thousand at December 31, 2021) 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.

2021 Financial Year

At December 31, 2021, non-current assets held for sale related mainly to those belonging to the former Industrial business segment, which were not 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.

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

	Thousands of Euros		
	31/12/2021		
	Renewable energy	Other	Total
Tangible assets - property, plant and equipment	18,742	8,461	27,203
Intangible assets	1	3,875	3,876
Non-current assets in projects	1,550,508	37,559	1,588,067
Financial Assets	20,747	524,742	545,489
Deferred tax assets	92,264	560	92,824
Other non-current assets	—	64,164	64,164
Current assets	125,417	147,614	273,031
Assets held for sale	1,807,679	786,975	2,594,654
Non-current liabilities	1,105,853	619,341	1,725,194
Current liabilities	250,044	82,312	332,356
Liabilities relating to assets held for sale	1,355,897	701,653	2,057,550
Non-controlling interests held for sale	9,597	2,996	12,593

“Other” included assets related to desalination plants, transmission lines, gas compression plants and wastewater treatment plants related to the Industrial business and 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, through which control over the company was obtained, which was then fully consolidated instead of accounted for using the equity method. Therefore, all assets and liabilities were restated at the fair value of the purchase and income was recognized under “Impairment and gains or losses on the 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 María 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, and 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.

The income and expenses recognized under “Valuation adjustments” in the consolidated statement of changes in equity, which relate to operations considered to be held for sale at December 31, 2022 and 2021, are as follows:

	Thousands of Euros			
	31/12/2021			
	Renewable energy	Highways	Other	Total
Exchanges differences	894	—	21,651	22,545
Cash flow hedges	3,453	—	—	3,453
Adjustments for changes in value	4,347	—	21,651	25,998

	Thousands of Euros		
	31/12/2021		
	Renewable energy	Other	Total
Exchanges differences	2,481	(18,004)	(15,523)
Cash flow hedges	(1,828)	—	(1,828)
Adjustments for changes in value	653	(18,004)	(17,351)

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 had an indirect interest of 45% through Cimic in BIC Contracting LLC (BICC), a company based in Dubai (United Arab Emirates), which had a carrying amount of zero at December 31, 2021 and was recognized as a non-current asset held for sale.

On February 15, 2021, Cimic announced that it had signed a share purchase agreement with a third party outside the Group, SALD Investment LLC (“SALD”), for the sale of Cimic’s investment in the Middle East. Under the terms of the sale agreement, SALD, a private investment firm based in the UAE, purchased Cimic’s 45% investment in BICC for a nominal consideration of AED 1 (less than EUR 1). The sale agreement covered all of Cimic’s investments in the Middle East, making SALD the owner of all entities comprising the BICC Group in the UAE, Qatar, Oman and Saudi Arabia. In addition, the sale agreement covered Leighton Services UAE Co LLC (“LSUAE”), a Middle Eastern entity that was not part of the BICC Group.

Pursuant to the sale agreement, SALD was granted powers that allowed it to govern BICC during the transitional period, while the equity interests of each of the BICC entities were formally transferred to SALD. Using these powers, SALD appointed its own representatives to BICC’s board of directors, replacing Cimic’s representatives. As a result of the agreements entered into for 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 or the capacity or exposure to variable returns.

The transaction involved several steps, including the transfer of control of the businesses and the subsequent formal transfer of shares of the BICC Group companies to SALD. During the year ended

December 31, 2021, the equity interests in five BICC subsidiaries were formally transferred to SALD, including the interests in the two operating companies in Qatar.

The ACS Group assessed the situation and concluded that the requirements of IFRS 5 had been met at the end of 2021 to consider this shareholding as a non-current asset held for sale. Also, since BICC represented a specific geographical area of operations for the ACS Group (with no other permanent establishments in this area) and was 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 since 2020.

On July 9, 2022, Cimic also formally transferred to SALD the equity interests in the entity that held Cimic's 45% investment in the head of the BICC Group. In addition, on October 13, 2022, the equity interests in LSUAE were formally transferred to SALD. A registered non-controlling interest in an entity controlled by the BICC Group had yet to be transferred to SALD as of December 31, 2022. This transfer was completed on February 1, 2023. All decision-making power and dividend rights related to this entity were already held by BICC, and ultimately by SALD, before the transaction was completed. Cimic has assigned all rights to its investments in the Middle East to SALD. The share transfers are final. Therefore, the Group's 45% non-controlling interest in BICC was sold and is no longer classified as an asset held for sale as of December 31, 2022.

Pursuant to the terms of the sale agreement, Cimic agreed to provide BICC with a certain amount of funding as long as BICC and SALD fulfilled certain obligations and agreed to release Cimic from certain guarantee obligations that had been retained. A provision was recognized for all amounts, including those related to the retained guarantee obligations, and Cimic has not increased its financial exposure to the Middle East since the sale was agreed. A total of AUD 38.9 million in 2022 (equal to EUR 25.6 million) (AUD 84.5 million (EUR 53.5 million) in 2021) were paid in relation to the sale agreement. These amounts were covered by the provisions recognized in the year ended December 31, 2019. The remaining liability at December 31, 2022 in connection with the sale agreement amounted to AUD 33.7 million (EUR 21.5 million).

The profit after tax from discontinued operations was zero euros in 2022 (zero euros in 2021), as the risks associated with the investment had already been recognized in previous years.

Industrial

On March 31, 2021, the ACS Group and Vinci signed a binding agreement for the sale of most of the ACS Group's Industrial business. The scope of the transaction included, in addition to the engineering and construction activities, investments in eight concessions, or PPPs, mainly for energy projects and the development platform for new projects in the renewable energy sector. ACS will retain certain concessions, whereby the carve-out process was carried out before the execution of the sale.

As is customary in these types of transactions, its execution included a condition precedent indicating that all the necessary authorizations 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 range of companies to be included in the scope of the sale was concluded, and an assessment was carried out regarding any pending authorizations, which concluded that it was highly probable that these authorizations 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 the Industrial business 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 would be recovered principally through a sale transaction rather than through continuing use" since, upon signing the binding agreement, there was a commitment for both parties once an agreement was reached on the most relevant aspects, such as financial terms, and it was 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 business were classified as non-current assets held for sale and liabilities related to non-current assets held for sale before the effective sale. Given the size of the Industrial business being sold, which basically represented all of ACS' operations and cash flows in this business that could be separated from the rest of the Group's operations, the decision was made to recognize the Industrial business being sold to Vinci as a discontinued operation as at December

31, 2021 under “Profit after tax from discontinued operations” in the ACS Group’s income statement for 2021.

Finally, the ACS Group and the Vinci Group signed, effective as of December 31, 2021, the public deed of sale for most of the ACS Group’s Industrial business, with the carve-out process yet to be concluded for certain predetermined assets that the ACS Group will retain, which was mostly carried out in 2022, mainly in the months after the transaction was concluded.

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 business sold (up to “Ready to build” status) between March 31, 2021 and up to 7 years following the execution of the sale, which may be extended for an additional 18 months if the Industrial business 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 that amounted to EUR 223 million at December 31, 2021 and is recognized under “Non-current financial assets” in the consolidated statement of financial position as it is considered to mature in more than twelve months. At December 31, 2022, after updating the valuation carried out by the ACS Group based on the best information available, the fair value of the earn-out was EUR 329 million (see Note 06.03). In accordance with IFRS 5.35, the impacts related to the disposal of discontinued operations in a prior period will be classified separately in the information on these discontinued operations, which is why the change in value was recognized under “Profit after tax from discontinued operations”.

In addition, taking into account that the portion of the Industrial business sold generated most of the tax benefits of the Spanish Tax Group, the ACS Group, in accordance with IAS 12, derecognized certain unused tax assets and tax credits for accounting purposes (see Note 12) and, therefore, obtained a net gain of EUR 2,909 million in 2021 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 business — 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. 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 December 31, 2021, there were no assets or liabilities related to this discontinued operation.

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 January 9, 2023, 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 May 6, 2022. 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 first 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 first capital increase referred to in the previous paragraph.

The maximum number of new shares to be issued in the first capital increase charged to reserves agreed at the Annual General Meeting held on May 6, 2022 (through which an optional dividend in shares or cash is structured) was set at 4,899,389 shares on January 17, 2023.

ACS, Actividades de Construcción y Servicios, S.A. agreed to purchase from its shareholders the bonus issue rights corresponding to this first capital increase at a price that was set at a fixed gross amount of EUR 0.48 for each right.

After the negotiation period for the bonus issue rights corresponding to the first bonus issue, the irrevocable commitment to purchase rights assumed by ACS was accepted by the holders of 43.29% of the bonus issue rights. After the decision-making period granted to the shareholders had elapsed, in January 2023 the following events took place:

- The dividend was determined to be a total gross amount of EUR 59,041,206.72 (EUR 0.48 per share) and was paid on February 7, 2023.
- The number of final shares subject to the capital increase was 2,331,835 for a nominal amount of EUR 1,165,917.50, which were redeemed simultaneously for the same amount. (see Note 08.02).

On January 17, 2023, Iridium Infraestructuras, through its North American subsidiary ACS Infrastructure Development, Inc., and after having obtained the relevant authorizations in December 2022, purchased a 56.76% shareholding to reach a total interest of 78.38% in the North American company Blueridge Transportation Group (BTG), which is the concession operator of a 17 km segment of the SH-288 highway in Houston, Texas (United States), which includes two toll lanes in each direction in the median. The acquisition cost amounted to EUR 1,063.62 million (see Note 01.08).

On February 20, 2023, ACS, Actividades de Construcción y Servicios, S.A. reached an agreement to extend the forward contract involving a total of 11,968,007 treasury shares, to be settled exclusively in cash by differences between March 7, 2024 and August 2, 2024 at a rate of 115,075 shares per session (see Note 11).

01.07. Consolidated statement of cash flows

The following terms are used in the consolidated statements of cash flows with the meanings specified:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities: the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not operating activities.

In view of the diversity of its businesses and activities, the Group opted to report cash flows using the indirect method.

In preparing the consolidated statement of cash flows, cash and cash equivalents were considered to be cash on hand, demand deposits at banks and short-term, highly liquid investments that are readily convertible into cash and are subject to an insignificant risk of changes in value.

The breakdown of “Other adjustments to profit (net)” in the consolidated statement of cash flows for 2022 and 2021 is as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Financial income	(178,369)	(102,555)
Financial costs	484,152	362,517
Ordinary results of companies accounted for using the equity method	(380,918)	(272,745)
Non-ordinary results of companies accounted for using the equity method	(4,554)	(680)
Impairment and gains or losses on disposal of financial instruments	(7,345)	(14,267)
Changes in the fair value of financial instruments	(219,220)	91,821
Cash Flows from discontinued operatong	—	431,131
Impairment and gains/losses on disposal of fixed assets and other items	62,455	450,810
Total	(243,799)	946,032

The breakdown of “Interest received” in the consolidated statement of cash flows for 2022 and 2021 is as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Operative interest received	150,964	93,201
Interest received from bank accounts	15,914	10,832
Other non-operative	3,069	4,943
Total	169,947	108,976

In preparing the consolidated statement of cash flows for 2022 and 2021, the acquisitions of ACS treasury shares were included under “Equity instrument proceeds/(and payment)” in the section on cash flows from financing activities (see Note 08.02). In addition, in 2022 “Cash flows from/(used in) financing activities” included the cash inflows from third parties as a result of the 10% capital increase of Hochtief through a monetary contribution in the amount of EUR 60.9 million (see Note 08.04), the acquisition of an additional 14.46% shareholding in Hochtief, A.G. amounting to EUR 578 million in the third quarter of 2022, and purchases in the fourth quarter of 2022 of Hochtief shares in the amount of EUR 26 million (see Note 08.04). Cash outflows as a result of the takeover bid to acquire the remaining shares of Cimic for AUD 22 per share were also included under “Cash flows from/(used in) financing activities” at December 31, 2022. In 2022, the shareholding was therefore increased through Hochtief’s takeover bid for Cimic from 78.6% to 100% for AUD 1,500 million, which at the exchange rate prevailing at that date of each share acquired amounted to EUR 985 million (EUR 940 million considering the average hedging rate) (see Note 08.04).

In relation to the investee BIC Contracting LLC (BICC), EUR 25.6 million were included in 2022 (EUR 53.6 million in 2021) as cash outflows under “Other financing activity proceeds and payables” in the statement of cash flows as a result of the obligations assumed in 2019 following the exit of BICC. This same heading in the statement of cash flows includes the payments made in 2022 by Hochtief in the amount of EUR 238 million for the settlement of the CCPP project in Australia and the final payment for the Chilean Alto Maipo project, and payments for legal costs and financial expenses arising from the litigation relating to the closure of the Seattle project in the amount of EUR 40 million (see Note 09).

In 2021 not only the amount received but also the cash derecognized 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 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.

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 2022 and 2021, is as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Initial net cash (debt) (Note 10.03)	2,008,640	(1,819,771)
Cash flows		
Issue of financial assets / (liabilities)	(3,703,193)	(4,634,213)
Amortization of financial liabilities	4,080,176	4,362,179
Cash and cash equivalents	(1,992,535)	2,829,832
No Impact of Flows		
Change in net debt held for sale (Note 01.04)	772	329,515
Exchange difference	119,335	256,020
Reclassifications	(506,339)	131,288
Change in the consolidation perimeter and others	217,149	553,790
Final net cash (debt) (Note 10.03)	224,005	2,008,640

The amount corresponding to reclassifications at December 31, 2022 mainly includes the reclassification of the net debt arising from the full consolidation of the SH 288 highway to non-current assets held for sale and liabilities related to non-current assets held for sale (see Notes 01.08 and 01.04.01). The changes in the scope of consolidation and other changes at the end of 2022 mainly include the change in net debt resulting from the sale of the non-current assets held for sale of the Industrial business. The changes in the scope of consolidation at the end of 2021 related mainly to the acquisition of Servicios Compresión de Gas CA-KU-A1, which was considered an asset held for sale at December 31, 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 December 31, 2022 are detailed in Appendix I.

Acquisitions, sales, and other corporate transactions

Acquisitions

On February 23, 2022, Hochtief, the majority shareholder of Cimic with a 78.6% 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 accepted the offer received payment in cash within five business days of acceptance. On May 6, 2022, Cimic's shares were suspended from trading on the Australian stock exchange after Hochtief reached a 96% shareholding in the company and a squeeze-out was initiated. Therefore, in 2022 the shareholding was increased to 100% with the purchase of all Cimic shares held by third parties and their delisting from the stock exchange in 2022 (see Note 08.04).

On June 8, 2022, Hochtief, A.G. decided to increase its share capital by just under 10% through a monetary contribution by using authorized capital. The company's share capital was increased through the issue of 7,064,593 new shares at EUR 57.50 per share, excluding shareholders' pre-emption rights. The new shares were issued with dividend rights as of January 1, 2022. ACS, Actividades de Construcción y Servicios, S.A. agreed to participate in the takeover bid in proportion to its current shareholding in Hochtief and to back the capital increase in full with respect to all remaining new shares that were not placed among other corporate and institutional investors. ACS, Actividades de Construcción y Servicios, S.A. was therefore assigned 85% of the total number of new shares, which represents an increase in its shareholding in Hochtief, A.G. from 50.41% to 53.55% of the shares representing the share capital. The cash obtained in the capital increase was used to repay part of the financing obtained for the acquisition of Cimic (see Note 08.04).

On September 15, 2022, an additional 14.46% interest in Hochtief, A.G. was acquired for EUR 578 million (equal to EUR 51.4 per share) and additional acquisitions were made in the fourth quarter of 2022 for EUR 26 million at an average price of EUR 52.73 per share, which increased the shareholding in Hochtief, A.G. at the end of 2022 to 68.64% of the shares representing the share capital without discounting treasury shares, and 70.94% when treasury shares are discounted.

Between August and October 2022, Iridium entered into a purchase agreement, through its North American subsidiary ACS Infrastructure Development, Inc., with four of the concession operator's partners to purchase 56.76% of the North American company Blueridge Transportation Group (BTG), which is the concession operator of a 17 km segment of the SH-288 highway in Houston, Texas. After the fulfillment of the conditions precedent on which this purchase depended, the acquisition was accounted for in December 2022. The investment in this acquisition amounted to USD 1,141 million. The Group's total interest in the project, after this acquisition, amounts to 78.38%, which means that the Group now holds the majority of the voting rights and, therefore, has control of the company, which will allow it to manage its relevant activities. This means that the company is now fully consolidated, so that having previously held a 21.62% interest in this concession, this had a positive impact on the income statement as a result of the consolidation at fair value, in accordance with accounting standards, of the pre-existing interest amounting to EUR 334.8 million, which is recognized under "Impairment and gains or losses on disposal of non-current assets" in the accompanying consolidated income statement (see Note 16).

The acquired company meets all the conditions to qualify as a business under the applicable accounting standards. In accordance with the applicable regulations, after obtaining control, this company was fully consolidated at the fair value of its net assets and, in addition, the pre-existing interest was measured at fair value after the deconsolidation of the previous interest, accounted for using the equity method, with the difference recognized in the income statement. The fair value of the pre-existing interest of 21.62% amounts to EUR 406 million, and its carrying amount was approximately EUR 70 million, which resulted in the above positive impact on the income statement of EUR 334.8 million.

In relation to the application of the standard on business combinations, after assessing the acquisition of control, the date on which control was obtained and whether the acquisition constitutes a business, IFRS 3 establishes that the acquirer will measure the identifiable assets and liabilities assumed at their fair value at the acquisition date. The liabilities assumed include, where applicable, contingent liabilities insofar as they represent present obligations that arise from past events and their fair value can be reliably measured.

Assets and liabilities assumed are classified and designated for subsequent measurement based on the contractual terms, economic conditions, operating and accounting policies, and other pertinent conditions at the acquisition date, with the exception of leases.

The income, expenses and cash flows of the business acquired are included in the consolidated financial statements since the acquisition date.

IFRS 3 also establishes that the acquirer will recognize goodwill at the acquisition date and measure it as the excess of (a) over (b):

- a. The aggregate of:
 - i. The consideration transferred at fair value,
 - ii. The amount of any non-controlling interest in the acquiree measured at fair value,
 - iii. The amount of the original interest held by the acquirer measured at fair value.
- b. The net amount on the acquisition date of the identified assets acquired and the liabilities assumed measured at fair value.

IFRS 3 establishes that the measurement period will not exceed one year from the acquisition date. During the measurement period, the acquirer may also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities when the acquisition took place. The estimate made by the Group is therefore considered to be provisional.

The amounts of assets, liabilities and contingent liabilities, where applicable, identified at the acquisition date at fair value are as follows:

	Millions of Euros
	Blueridge Transportation Group, LLC (SH288)
	Fair value of net assets
Intangible assets	2,390
Rest of non-current assets (Restricted Cash)	121
Current Assets	24
Non-current liabilities (Project debt/deferred taxes)	1,022
Current Liabilities	24
Total fair value of net assets	1,489
Purchase price (56.76%)	1,066
Fair value of pre-existing interest (21.62%)	406
Fair value of minority interest (21.62%)	406
Total price for goodwill calculation purposes (100%)	1,878
Goodwill	388

The fair value of the net assets acquired was calculated based on the analysis and valuation performed by Group Management as a result of its extensive knowledge of the concession business. The main impact of the provisional purchase price allocation process consisted of assigning a higher value to the toll road concession asset, net of the tax effect, which was calculated based on the discounted cash flows of the project (the most significant assumptions of which relate mainly to the performance of the business, fees and inflation) at a market discount rate of 6.7% until the end of the concession (2068).

Goodwill arose as a result of the business combination mainly due to the tax effect resulting from the difference between the fair value of the net assets acquired and their carrying amount.

The business combination was carried out with the aim of acquiring control of a key asset in a strategic market for the Group and strengthening its presence in this market. The transaction costs, which were not significant, have been recognized under "Other operating expenses" in the income statement.

The acquired business did not generate a significant amount of revenue or profit for the Group during the period between the takeover and the end of the year, since control was obtained in December 2022. If the acquisition had taken place on January 1, 2022, the revenue contributed by the concession would have amounted to EUR 67.1 million and profit for the year ended December 31, 2022 would have amounted to EUR 14.1 million. As at December 31, 2022, the Group had yet to pay the amount of the acquisition, which was fully paid in January 2023.

A formal decision was made by the Group to sell the asset, and a plan for its sale was initiated. The asset is currently available for sale and the sale is expected to be completed within a period of 12 months from the date of its classification as a non-current asset held for sale. All of these assets and liabilities are presented in a single line item of the balance sheet, and the consolidated profit contributed is recognized in the income statement based on its nature. The Group is currently analyzing the situation and in the process of carrying out the sale and, therefore, has classified these assets and liabilities under "Non-current assets held for sale" and "Liabilities related to non-current assets held for sale" (see Note 01.04.01). The Group has assessed whether the fair value less costs to sell is lower than its carrying amounts and therefore has not recognized any adjustment.

In April 2022, Clece Care Services Ltd. (CCS) acquired 100% of the CSN Care Group in the United Kingdom for EUR 23,863 thousand.

On July 26, 2022, Thiess announced that it had entered into a bid execution agreement with MACA Limited (“MACA”). Thiess agreed to make an offer to MACA shareholders to acquire all of the issued shares through a conditional off-market takeover bid. Thiess offered MACA shareholders a consideration in cash of AUD 1.025 per share. The takeover bid for MACA launched by Cimic was concluded in October 2022 for EUR 242 million. This acquisition is an important part of the strategy that Thiess has to diversify its operations among commodities, services and geographical areas (see Note 05).

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

On May 24, 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 July 9, 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).

Sales and other transactions

On January 19, 2022, ACS, Actividades de Construcción y Servicios, S.A., through its subsidiary Iridium, S.L., carried out the sale agreed on October 4, 2021 to BSIP Spain HoldCo, S.L. (a company managed by Brookfield) of 80% of its shareholding in Hospital de Toledo and 100% of its shareholding in the operator of this hospital for EUR 58 million.

As at December 31, 2021, Cimic had recognized its investment in Ventia as being accounted for using the equity method, given that it exercised significant influence. In the first quarter of 2022, Cimic decided, for an initial period of 18 months until September 2023, to remove its directors appointed to the board of directors of Ventia and to waive some of its rights as a significant shareholder under the agreement with Ventia regarding the appointment of directors and other protective rights. The company’s shareholding is still 32.8% (see Notes 06 and 16).

As a result of the above, and in accordance with current accounting regulations, Cimic’s Management considered that it no longer had significant influence over Ventia, since it no longer has decision-making powers over the financial operating policies of its investment in Ventia. In addition, the protective rights established in the agreement are rights that may be exercised by any Ventia shareholder. Ventia has therefore lost its status as associate and is now recognized as a financial asset under IFRS 9 at fair value through profit or loss based on Ventia’s quoted market price at March 31, 2022 (level 1 of the hierarchy). As a result, on March 31, 2022 Cimic recognized a profit before tax (without any effect on cash flow) of EUR 338.3 million (AUD 502 million) under “Impairment and gains or losses on disposal of non-current assets” (see Note 16) in the accompanying consolidated income statement. Cimic has made an irrevocable election under IFRS 9 to recognize future changes in the value of the financial asset under “Other comprehensive income”. As of the date of these condensed financial statements, Group Management has monitored the above conditions and concluded that they have not changed and, therefore, has maintained the accounting treatment for Ventia.

In 2021, the sale of most of the Industrial business mentioned in Note 01.04.02 is noteworthy. In addition, the Company sold its 50% interest held in the following transmission lines: Transmissora José María 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, and 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 were considered to be assets held for sale.

Previously, on June 30, 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 November 19, 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 retained a 32.8% interest in Ventia as at December 31, 2021 and, since the ACS Group no longer jointly controlled Ventia, the investment was 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).

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 January 3, 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 May 7, 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 May 7, 2021 (through which an optional dividend in shares or cash is structured) was set at 6,093,291 shares on January 11, 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 February 1, 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.

On January 11, 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 May 8, 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.

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 February 9, 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.

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 May 6, 2022, the Company resolved on June 20, 2022 to carry out the first capital increase, establishing the maximum reference value at EUR 460 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 June 28, 2022, certain aspects in relation to the first capital increase mentioned above were finalized and are summarized as follows:

- The maximum number of new shares to be issued in the first execution would be 19,244,306.
- The number of free allocation rights required to received a new share is 15.
- The acquisition price of each free allocation right under the purchase commitment assumed by ACS is EUR 1.484.

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 43.2% of the bonus issue rights. After the decision-making period granted to the shareholders has elapsed, on July 15, 2022 the dividend was determined at a total gross amount of EUR 185,566,615.28 and was paid on July 18.

On July 28, 2022, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. resolved to pay an interim dividend of EUR 0.05 per share with a charge to profit for 2022, which represents the payment of a total dividend of EUR 13.4 million on August 4, 2022.

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:

	2022	2021	Change (%)
Net profit for the period (Thousands of Euros)	668,227	3,045,413	(78.06)
Weighted average number of shares outstanding	266,979,163	283,680,866	(5.89)
Basic earnings per share (Euros)	2.50	10.74	(76.72)
Diluted earnings per share (Euros)	2.50	10.74	(76.72)
Profit after tax and non-controlling interests from discontinued operations (Thousands of Euros)	65,333	3,946,764	(98.34)
Basic earnings per share from discontinued operations (Euros)	0.24	13.91	(98.27)
Basic earnings per share from continuing operations (Euros)	2.26	(3.18)	(171.07)
Diluted earnings per share from discontinued operations (Euros)	0.24	13.91	(98.27)
Diluted earnings per share from continuing operations (Euros)	2.26	(3.18)	(171.07)

	Number of shares	
	2022	2021
Common shares outstanding at January 01	275,787,918	285,059,953
Effect of own shares	(17,527,978)	(9,272,035)
Effect of shares issued	12,180,186	10,897,723
Effect of redeemed shares	(12,180,186)	(10,897,723)
Common shares outstanding at December 31	258,259,940	275,787,918
Weighted average number of shares outstanding at December 31	266,979,163	283,680,866

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 December 31, 2022, as a result of the simultaneous share capital increase and reduction decided in 2023 for the same number of shares, basic earnings and diluted earnings per share for continuing operations for the first half of 2022 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 31/12/2022	Balance at 31/12/2021
Parent	554,420	554,420
Construction	1,991,912	1,968,878
Services	169,865	148,955
Total	2,716,197	2,672,253

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 December 31, 2022 (EUR 1,144,226 thousand at December 31, 2021), and the result of the merger of the Parent Company with Grupo Dragados, S.A., which amounted to EUR 554,420 thousand at December 31, 2022 (EUR 554,420 thousand at December 31, 2021).

There were no significant changes in 2022.

In 2021, the most significant change related to the reduction of goodwill held in the Parent Company tied to the Industrial Services business sold on December 31, 2021 for EUR 188,720 thousand in accordance with the agreement with Vinci (see Note 01.04.02), and the goodwill of the Industrial Services Division itself, which was derecognized as a result of the sale and amounted to EUR 44,181 thousand at December 31, 2020.

As regards goodwill, as a general rule on September 30 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. The amounts were restated on September 30 in accordance with its 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 recognizing 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 December 31, 2021), while EUR 287 million is allocated to the Hochtief Americas business (EUR 287 million at December 31, 2021). In 2022 and 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 2.53% (1.86% in 2021).
- Weighted discount rate of 11.99% (8.31% in 2021). The discount rate used represents a premium of 791 basis points over the return on the long-term interest rate (10-year bond weighted based on the countries in which it operates) published by Bloomberg on September 30, 2022.

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 15.51%, representing a range of approximately 352 basis points, and a perpetual growth rate of 0.34%. Furthermore, it would withstand an annual drop in cash flows of approximately 37.9% 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 2.3% (1.5% in 2021).
- Discount rate of 9.52% (5.48% in 2021).

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 50%, and an annual drop in cash flows of more than 80% compared to the projected cash flows.

It should also be noted that the share price of Hochtief, A.G. at December 31, 2022 (EUR 52.68 per share) was higher than its consolidated carrying amount.

Along with the goodwill arising from the full consolidation of Hochtief, A.G. mentioned above, the most significant goodwill, which amounted to EUR 554,420 thousand (EUR 554,420 thousand at December 31, 2021), 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 cash-generating unit of Dragados.

In 2022, 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. In 2021, the recoverability of the Construction goodwill was also assessed.

The discount rate used is its weighted average cost of capital. To calculate the 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 2022, 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 2022 and the tax rate used is the theoretical rate. The perpetual growth rate (g) used is equal to the increase in the CPI weighted in the countries in which Dragados operates for 2027 based on the IMF's report of October 2022 (1.95%)

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 1.95% (1.43% in 2021).
- Weighted discount rate of 10.12% (5.63% in 2021).

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 above 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 recognize 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 460 basis points and significant negative deviations (over 1.4%) in the budgeted EBITDA without incurring an impairment loss.

According, the directors consider that the sensitivity ranges of the tests as regards the key assumptions are within a reasonable range and, therefore, no impairment was detected in 2022 or 2021.

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 169,865 thousand (EUR 148,955 thousand at December 31, 2021), corresponding to 30 different companies, the largest of which relates to the purchase of Clece for EUR 115,902 thousand (EUR 115,902 thousand at December 31, 2021).

In the Construction area, it also includes the goodwill from the acquisitions of Pulice for EUR 64,828 thousand (EUR 61,050 thousand at December 31, 2021), Schiavone for EUR 55,982 thousand (EUR 52,719 thousand at December 31, 2021) and John P Picone for EUR 57,441 thousand (EUR 54,093 thousand at December 31, 2021), and 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 recognized at December 31, 2022.

As indicated in IAS 36, as of December 31, 2022 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 recognizing 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 recognized in 2022 or 2021 on the ACS Group's goodwill.

02.02. Other intangible assets

The additions in 2022 amounted to EUR 13,752 thousand (EUR 11,172 thousand in 2021) relating mainly to Hochtief in the amount of EUR 11,653 thousand (EUR 8,949 thousand in 2021), the Services area in the amount of EUR 1,177 thousand (EUR 1,612 thousand in 2021), and Dragados in the amount of EUR 732 thousand (EUR 482 thousand in 2021). In 2021, the Industrial business was transferred to non-current assets held for sale as a result of being classified as a discontinued operation (see Note 01.04.02) before the actual sale.

In 2022, impairment losses in the amount of EUR 572 thousand (EUR 5,623 thousand in 2021) were recognized on the items classified as "Other intangible assets" and impairment losses amounting to EUR 302 thousand were reversed in the consolidated income statement (no impairment losses were reversed or recognized in the consolidated income statement for 2021).

03. Property, plant and equipment

In 2022 and 2021, items of property, plant and equipment were acquired for EUR 573,263 thousand and EUR 334,730 thousand, respectively. In accordance with IFRS 16, this heading includes the rights to use the leased assets.

The most noteworthy change in this heading in 2021 related to the transfer to non-current assets held for sale since the Industrial business was considered a discontinued operation, which subsequently resulted in a derecognition after the sale to Vinci (see Note 01.04.02).

In 2022, the most noteworthy acquisitions by division relate mainly to the Construction area for EUR 470,845 thousand — primarily in investments made by Hochtief amounting to EUR 395,677 thousand (in particular, tunneling machines) and by Dragados amounting to EUR 75,168 thousand —, and to the Services area for EUR 92,956 thousand, mainly for the acquisition of machinery and industrial vehicles.

In 2021, the most noteworthy acquisitions by division related mainly to the Construction area for EUR 276,425 thousand — primarily in investments made by Hochtief amounting to EUR 190,721 thousand (in particular, tunneling machines) 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.

Similarly, assets were also sold in 2022 and 2021 for a total carrying amount of EUR 30,887 thousand and EUR 36,110 thousand, respectively, which had a residual effect on the Group's income statement. The most significant disposals in 2022 relate mainly to the sale of machinery at Hochtief for EUR 20,867 thousand (EUR 20,404 thousand in 2021) and in the Services area for EUR 3,447 thousand (EUR 13,394 thousand in 2021).

At December 31, 2022, the Group had contractual commitments for the future acquisition of property, plant and equipment for a value of EUR 92,094 thousand (EUR 27,652 thousand at December 31, 2021), corresponding mainly to commitments to invest in machinery for Dragados amounting to EUR 20,422 thousand (EUR 7,023 thousand at December 31, 2021) and in technical installations for Hochtief amounting to EUR 71,570 thousand (EUR 20,544 thousand at December 31, 2021).

The impairment losses recognized in the consolidated income statement for 2022 amounted to EUR 349 thousand (EUR 358 thousand in 2021). The impairment losses reversed and recognized in the consolidated income statement for 2022 amounted to EUR 371 thousand for Hochtief (EUR 694 thousand in 2021).

Leases

In accordance with IFRS 16 "Leases", at December 31, 2022 EUR 604,626 thousand (EUR 470,896 thousand at December 31, 2021) in net right-of-use assets were recognized under "Property, plant and

equipment” in the consolidated statement of financial position. The detail of the right-of-use assets at December 31, 2022 and 2021 is as follows:

	Thousands of Euros	
	Balance at 31/12/2022	Balance at 31/12/2021
Land and buildings	1,049,081	847,747
Plant and machinery	130,119	122,158
Other intangible assets	184,311	149,249
Total tangible assets - property, plant and equipment	1,363,511	1,119,154
Accumulated depreciation	(758,495)	(647,952)
Impairment losses	(390)	(306)
Total net tangible assets - property, plant and equipment	604,626	470,896

The change in “Right-of-use assets” in 2022 for a gross amount of EUR 320,664 thousand relates mainly to additions in the Construction area amounting to EUR 251,509 thousand (EUR 129,737 thousand in 2021), and most notably includes the investments made by Hochtief amounting to EUR 219,947 thousand (EUR 115,007 thousand in 2021).

In 2021, the change in “Right-of-use assets” related mainly to the transfer to non-current assets held for sale, given that these assets were considered discontinued operations and their subsequent derecognition after the sale to Vinci for a net amount of EUR 85,871 thousand (see Note 01.04.02).

The depreciation and amortization relating to the right to use the assets recognized in accordance with IFRS 16 “Leases” in 2022 amounted to EUR 183,037 thousand (EUR 175,457 thousand in 2021) and the interest recognized arising from the lease obligation amounted to EUR 23,926 thousand in 2022 (EUR 22,168 thousand in 2021) included in the consolidated income statement.

“Non-current lease liabilities” and “Current lease liabilities” associated with these “Right-of-use assets” at December 31, 2022 amounted to EUR 550,746 and EUR 155,055 thousand, respectively (EUR 401,430 and EUR 150,765 thousand at December 31, 2021, respectively).

Variable lease payments were not material at December 31, 2022 or 2021.

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 December 31, 2022, the expenses accrued in the amount of EUR 442,781 thousand (EUR 228,394 thousand at December 31, 2021) on the above assets were recognized under “Other operating expenses” in the consolidated income statement.

04. Non-current assets in projects

The balance of “Non-current assets in projects” in the consolidated statement of financial position at December 31, 2022 includes the costs incurred by the fully consolidated companies in the construction of transport infrastructure, services and power generation centers, 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 December 31, 2021. To better understand its activities relating to infrastructure projects, the Group considers it more appropriate to group its infrastructure projects together for presentation purposes, although they are broken down by type of asset (financial or intangible) in this Note.

The most significant change in this heading in 2022 would have corresponded to the inclusion of the SH-288 highway in Houston (United States) since it was considered as a non-current asset held for sale (see Note 01.04.01). In 2022, the change in the solar thermal power plants associated with the renewable energy plants of Tonopah in the United States and Manchasol 1 Central Termosolar Uno, S.L. is also noteworthy of mention (see Note 01.04.01).

The most significant change in this heading in 2021 related to the consideration of the Industrial business 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 December 31, 2022 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	181,930	(127,822)	54,108
Water management	2034 - 2039	27,312	(5,290)	22,022
Photovoltaic Plants	2035 - 2040	721,087	(517,061)	204,026
Other infrastructures	—	1,934	(344)	1,590
Total		932,263	(650,517)	281,746

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 December 31, 2022, 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	181,889	(127,782)	54,107
Other infrastructures	-	1,932	(344)	1,588
Total		183,821	(128,126)	55,695

- There were no concession assets identified as financial assets as a result of the Group not assuming demand risk at December 31, 2022.

- 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 December 31, 2022 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	(40)	1
Water management	2034 - 2039	27,312	(5,290)	22,022
Photovoltaic Plants	2035 - 2040	721,087	(517,061)	204,026
Other infrastructures	-	2	—	2
Total		748,442	(522,391)	226,051

Simultaneously, there are concession assets that are not financed under a project finance arrangement amounting to EUR 5,466 thousand (EUR 5,672 thousand at December 31, 2021) that are recognized as “Other intangible assets”.

No significant investments in projects were made in 2022 or 2021.

The impairment losses recognized in the consolidated income statement in 2022 amounting to EUR 50,309 thousand mainly relate to the solar thermal power plants of Tonopah Solar Energy LLC (see Note 16). No impairment losses were recognized in the consolidated income statement in 2021. Similarly, no significant impairment losses were reversed or recognized in the consolidated income statement for 2022 or 2021.

At December 31, 2022 and 2021, 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”.

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

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 December 31, 2022 and 2021 is as follows:

Line of Business	Thousands of Euros					
	31/12/2022			31/12/2021 (*)		
	Share of net assets	Profit/(Loss) for the year	Total carrying amount	Share of net assets	Profit / (Loss) for the year	Total carrying amount
Construction	1,384,276	168,888	1,553,164	1,316,204	87,113	1,403,317
Concessions	3,073,514	201,001	3,274,515	2,952,169	168,640	3,120,809
Services	103	5	108	103	—	103
Corporate unit and others	184	118	302	1,198	(1,198)	—
Total	4,458,077	370,012	4,828,089	4,269,674	254,555	4,524,229

(*) Restated.

“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 2022 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 15,460 thousand (EUR 18,870 thousand in 2021).

– Construction

At December 31, 2022, the Construction area most notably included the investments from the Hochtief Group accounted for using the equity method in the amount of EUR 1,545,232 thousand (EUR 1,398,485 thousand at December 31, 2021). In this last case, it should be noted that Thies is accounted for as a joint venture using the equity method for EUR 812 million (EUR 796 million at December 31, 2021).

In addition, the changes in investments accounted for using the equity method in 2022 most notably include Ventia’s interest in Cimic, which as of March 31, 2022 is recognized as a non-current financial asset instead of being accounted for using the equity method (see Notes 01.08 and 06.02).

– Concessions

At December 31, 2022, the Concessions area most notably included the interest in Abertis amounting to EUR 2,971,045 thousand (EUR 2,782,886 thousand at December 31, 2021), relating to both the 20.0% shareholding held by Hochtief and the 30.0% shareholding held directly by ACS itself. The net contribution by Abertis to the ACS Group’s consolidated profit in 2022 amounted to a profit of EUR 142,974 thousand (a profit of EUR 117,229 thousand in 2021).

Material associates and joint ventures

In accordance with IFRS 12, the associates and joint ventures that are considered to be material at December 31, 2022 and 2021 are Abertis Holdco, S.A. and its Subsidiaries and Thies Joint Venture, respectively.

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	
	31/12/2022	31/12/2021
	100%	100%
Non-current assets	39,369,912	39,147,851
Current assets	5,597,077	6,832,489
Of which: Cash and cash equivalents	4,085,008	4,073,672
Asset held for sale	—	—
Non-current liabilities	30,636,521	32,646,700
Of which: Financial liabilities	25,018,447	26,287,550
Current liabilities	3,880,021	3,380,626
Of which: Financial liabilities	2,316,464	1,539,833
Liabilities associate to assets held for sale	—	—
Net assets	10,450,447	9,953,014
Minority interests	2,800,606	2,684,689
Equity attributable to the parent company	7,649,841	7,268,325
Hybrid bond	(1,960,091)	(1,954,894)
Equity attributable homogenized to owners of the Company	5,689,750	5,313,431
Group's share of net assets (50%)	2,844,875	2,656,716
Capitalized acquisition-related costs	126,170	126,170
Carrying amount of the investment	2,971,045	2,782,886

Abertis Holdco, S. A. and Subsidiaries	Thousands of Euros	
	31/12/2022	31/12/2021
	100%	100%
Turnover	5,101,815	4,853,694
Profit or loss from continuing operations	346,164	26,024
Post-tax profit/(loss) from discontinued operations	—	—
Profit / (loss) for the year	346,164	26,024
Non-controlling interest	12,844	(263,822)
Profit/(loss) for the year attributable to owners of the company	333,320	289,846
Other comprehensive income	866,195	262,131
Minority interests other comprehensive income	230,647	121,145
Other comprehensive income attributable to the parent company	635,548	140,986
Total comprehensive income	1,212,359	288,155
Minority interests total comprehensive income	243,491	(142,677)
Total comprehensive income attributable to the parent company	968,868	430,832
Group's share in total comprehensive income (50%)	484,434	215,416
in profit or loss	166,660	144,923
in other comprehensive income	317,774	70,493

In 2022, the ACS Group received dividends from Abertis Holdco, S.A. amounting to EUR 296,845 thousand (EUR 296,845 thousand in 2021).

There were no indications that ownership interest in Abertis had become impaired in 2022. However, in accordance with the Group's policies, an impairment test was carried out at 2022 year-end on the value of the investment in Abertis by comparing the recoverable amount with the carrying amount, and no impairment was detected. The ACS Group 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 for calculating the fair value corresponds to the assessment of a projected finite period of 5 years (2023-2027) 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 December 31, 2022 was prepared based on:

- The cash projections obtained from the income and expense projection for the entire Abertis Group for the period (2023-2027) carried out by Abertis.
- To determine the terminal value, a growth rate of 2.0% was applied to the operating free cash flow after taxes for the last projected year, i.e. 2027, and, additionally, a cash outflow for investments in perpetuity was considered equivalent to the amortization over this period.

The discount rate (WACC) applied to the cash flow projections was 5.77% 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 based on the 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 recognized at December 31, 2022 by the ACS Group can be recovered. Therefore, no provisions for impairment had to be recognized.

Based on the sensitivity analysis performed, the impairment test shows certain leeway as regards 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 10% and an increase in the WACC by more than 50 basis points could result in the need to recognize 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 December 31, 2020, the Group finalized 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 mean that the ACS Group no longer controls Thiess, but rather controls it jointly with Elliott and, therefore, the ACS Group recognized the remaining 50% of the interest held jointly with Elliott 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	
	31/12/2022	31/12/2021
	100%	100%
Non-current assets	3,232,540	2,935,703
Current assets	1,024,156	634,774
Of which: Cash and cash equivalents	162,366	132,309
Non-current liabilities	1,449,316	1,366,315
Of which: Financial liabilities	1,270,382	1,184,246
Current liabilities	873,515	548,319
Of which: financial liabilities	190,277	113,993
Net assets	1,933,865	1,655,843
Minority interests	10,769	13,449
Equity attributable to the parent company	1,923,096	1,642,394
Group's share of net assets (50%)	811,895	796,222

Thiess Joint Venture	Thousands of Euros	
	2022	2021
	100%	100%
Turnover	2,606,236	2,123,287
Other expenses	(1,846,702)	(1,440,910)
Depreciation and amortisation	(408,340)	(392,256)
Share of profits and losses of joint ventures	(66)	—
Financial income	1,056	697
Financial expenses	(97,466)	(38,332)
Profit / (loss) before tax	254,718	252,486
Income tax	(69,354)	(70,455)
Profit / (loss) for the year	185,364	182,031
Profit attributable to minority interests	(2,244)	(3,295)
Profit/(loss) attributable to parent company	183,120	178,736
Other comprehensive income	41,441	11,658
Minority interests other comprehensive income	20,721	5,829
Other comprehensive income attributable to the parent company	20,720	5,829
Total comprehensive income	226,805	193,689
Minority interests total comprehensive income	18,477	2,534
Total comprehensive income attributable to the parent company	208,328	191,155
Group's share in total comprehensive income (50%)	78,593	70,519
in profit or loss (*)	57,872	64,690
in other comprehensive income	20,721	5,829

(* The Thiess shareholder agreement establishes a minimum distribution to each shareholder of AUD 180.0 million (EUR 118.8 million) per year during the first six years. In addition, Thiess issued Class C preference shares (see Note 11) providing a coupon yield above all other equity instruments in the amount of EUR 3.2 million for the Group's shareholding in 2022. Accordingly, the returns are attributable first to both the Class C preference shares held by the Group and by Elliott and then to Elliott's minimum distribution. As a result, the Group's share of the profit for the period amounted to EUR 57.9 million. The reduction in the Group's profit includes protective rights and is expected to be recovered through future profits.

In 2022, the ACS Group received dividends from Thiess amounting to EUR 59,063 thousand (no dividends were received in 2021).

In October 2022 Thiess, a joint venture considered to be material by ACS, concluded the conditional off-market takeover bid for MACA Limited ("MACA") (see Note 01.08).

06. Financial assets

06.01. Composition and breakdown

The breakdown of the Group's financial assets at December 31, 2022 and 2021, by nature and category for valuation purposes, is as follows:

	Thousands of Euros			
	31/12/2022		31/12/2021	
	Non-Current	Current	Non-Current	Current
Equity instruments	601,588	164,593	87,878	178,026
Loans to associates	167,070	96,502	184,381	64,019
Other loans	365,607	87,104	263,431	178,440
Debt securities	35,214	489,194	24,208	483,898
Other financial assets	265,176	343,224	205,809	375,696
Long-term cash collateral deposits	405	—	987	—
Subtotal	1,435,060	1,180,617	766,694	1,280,079
Trade receivables for sales and services	—	7,383,175	—	6,686,487
Other receivables	—	1,006,282	—	1,400,815
Cash and cash equivalents	—	9,419,987	—	11,253,419
Total	1,435,060	18,990,061	766,694	20,620,800

The derivative financial instruments are broken down in Note 11.

The classification of financial assets in accordance with IFRS 9 at December 31, 2022 and 2021 is as follows:

	Thousands of Euros			
	Value at 31/12/2022	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost
Non-current financial assets	1,435,060	539,694	431,428	463,938
Equity securities at long-term	601,588	170,160	431,428	—
Loans to group and associates companies at long-term	167,070	—	—	167,070
Loans to third parties at long-term	365,607	328,936	—	36,671
Debt securities at long-term	35,214	35,214	—	—
Long-term cash collateral deposits	405	—	—	405
Other financial assets at long-term	39,422	5,384	—	34,038
Non-current financial assets in operating receivables	225,754	—	—	225,754
Other current financial assets	1,180,617	190,096	477,786	512,735
Equity securities at short-term	164,593	106,836	57,757	—
Loans to group and associates companies to short-term	96,502	—	—	96,502
Loans to third parties at short-term	87,104	—	—	87,104
Debt securities at short-term	489,194	66,834	420,029	2,331
Other financial assets at short-term	343,224	16,426	—	326,798
Trade receivables for sales and services	7,383,175	—	—	7,383,175
Other receivable	1,006,282	—	—	1,006,282
Cash and cash equivalents	9,419,987	—	—	9,419,987

	Thousands of Euros			
	Value at 31/12/2021	Fair value through profit or loss	Fair value through 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 group and associates companies at long-term	184,381	—	—	184,381
Loans to third parties at long-term	263,431	223,436	—	39,995
Debt securities at long-term	24,208	24,208	—	—
Long-term cash collateral deposits	987	987	—	—
Other financial assets at long-term	7,849	3,328	—	4,521
Non-current financial assets in operating receivables	197,960	—	—	197,960
Concessional assets identified under the financial asset model	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 companies to short-term	64,019	—	—	64,019
Debt securities at short-term	483,898	93,938	389,960	—
Group and associated short-term derivatives	178,440	—	—	178,440
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

06.02. Equity instruments

Non-current and current equity instruments most notably include those from Hochtief amounting to EUR 576,129 thousand and EUR 163,639 thousand, respectively, at December 31, 2022 (EUR 62,431 thousand and EUR 177,024 thousand, respectively, at December 31, 2021) and relate mainly to the increase in the amount of non-current equity instruments compared to December 31, 2021, which is mainly due to the exclusion of Ventia from the scope of consolidation of Cimic, which as of March 31, 2022 is recognized as a non-current financial asset instead of being accounted for using the equity method (see Note 01.08), and Class C preference shares of Thiess (see Note 05). Short-term investments in securities held in special and general investment funds are also recognized.

06.03. Loans to associates and loans to third parties

At December 31, 2022, this line item most notably included the loans granted by Hochtief to its associates in the amount of EUR 161,568 thousand (EUR 163,195 thousand at December 31, 2021). Furthermore, the loans granted by Iridium mature in the long term and most notably include the subordinated loan granted to Road Management (A13) Plc. in the amount of EUR 47,779 thousand (EUR 46,477 thousand at December 31, 2021), the subordinated loan to Celtic Road Group (Portlaoise) in the amount of EUR 23,233 thousand (EUR 23,233 thousand at December 31, 2021), the participating loan granted to Gorey to Enniscorthy M11 PPP Limited in the amount of EUR 13,227 thousand (EUR 13,251 thousand at December 31, 2021) and the participating loan granted to New Ross N25 By Pass Designity in the amount of EUR 8,385 thousand (EUR 8,430 thousand at December 31, 2021). In 2022, the changes in the loans are mainly due to the increase in the subordinated loan granted by Iridium Concesiones de Infraestructuras, S.A. to Iridium Hermes Road, S.L., the purpose of which is to partially finance the investment in the additional construction work on Eix Diagonal, which finally amounted to EUR 6,552 thousand for the year (EUR 4,253 thousand at December 31, 2021). In addition, the participating loan of Nuevo Hospital de Toledo, S.A. was transferred in 2022 from Iridium Concesiones de Infraestructuras, S.A. to Global Borealis, S.L.U. after 80% of the concession was sold in 2021, whereby the loan currently amounts to EUR 2,388 thousand.

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 December 31, 2022, “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 business, the fair value of which amounted to EUR 328,936 thousand after the valuation was updated in 2022 based on the best information available (EUR 223,436 thousand at December 31, 2021); this amount has 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 business (up to “Ready to build” status) between March 31, 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 business sold fails to generate 6 GW in the first 42 months (see Note 01.04.02).

06.04. Debt securities

At December 31, 2022, this heading included the investments in securities maturing in the short term relating mainly to investments in securities, investment funds and fixed-income securities maturing at more than three months, and that it does not intend to hold until maturity, from Hochtief for EUR 424,157 thousand (EUR 394,803 thousand at December 31, 2021). Other significant amounts include those held by the Dragados Group amounting to EUR 62,706 thousand (EUR 89,095 thousand at December 31, 2021).

06.05. Other financial assets and non-current trade receivables

As at December 31, 2022, “Other financial assets” included short-term deposits amounting to EUR 296,552 thousand (EUR 270,386 thousand at December 31, 2021) as a result of the cash available following the sale of the Industrial business.

In addition, at December 31, 2022, the amount mentioned in the previous paragraph includes EUR 218,139 thousand (EUR 194,095 thousand at December 31, 2021) held as collateral to secure the derivatives arranged by the Group (see Note 11), recognized under “Other current financial assets” in the accompanying consolidated statement of financial position.

06.06. Trade and other receivables

The carrying amount of trade and other receivables is reflected in the following breakdown at December 31, 2022 and 2021:

	Thousands of Euros	
	Balance at 31/12/2022	Balance at 31/12/2021
Trade receivables for sales and services	7,348,898	6,650,251
Receivable from group companies and associates	34,277	36,236
Other receivables	1,006,282	1,400,815
Current tax assets	175,196	293,054
Total	8,564,653	8,380,356

The breakdown of “Trade receivables for sales and services” and net trade receivables balance at December 31, 2022 and December 31, 2021 is as follows:

	Thousands of Euros	
	Balance at 31/12/2022	Balance at 31/12/2021
Trade receivables and notes receivable	4,645,370	4,258,716
Completed work pending certification	2,871,361	2,584,359
Allowances for doubtful debts	(167,833)	(192,824)
Total assets from receivables	7,348,898	6,650,251
Advances received on orders	(2,892,282)	(2,846,997)
Total liabilities from receivables	(2,892,282)	(2,846,997)
Total net trade receivables balance	4,456,616	3,803,254

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 recognized 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 recognized under “Customer advances” under “Trade and other payables” on the liability side of the consolidated statement of financial position. Therefore, the balances are presented based on each project/work at both December 31, 2022 and December 31, 2021.

“Total contract liabilities” includes both “Customer advances” and “Pre-certified construction work customers”.

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

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 1,063,190 thousand at December 31, 2022 (EUR 1,012,001 thousand at December 31, 2021).

Substantially all the risks and rewards associated with the receivables, and 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 above conditions were derecognized 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 2022 or 2021. There were no significant reversals of impairment losses on financial assets in 2022 or 2021.

06.08. Cash and cash equivalents

“Cash and cash equivalents” includes the Group’s cash and short-term bank deposits with an initial maturity of three months or less, and other short-term, highly liquid investments (maturing within less than three months) that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. At December 31, 2021, this heading mainly included EUR 4,902 million corresponding to the proceeds from the sale of most of the Industrial business (see Note 01.04.02). The carrying amount of these assets amounting to EUR 484,221 thousand at December 31, 2022 (EUR 312,392 thousand at December 31, 2021) reflects their fair value and there are no restrictions as to their use.

07. Inventories

The detail of "Inventories" at December 31, 2022 and 2021 is as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Merchandise	163,692	168,813
Raw materials and other supplies	353,696	294,354
Work in progress	213,064	218,396
Finished goods	23,952	16,742
Others	74,564	43,787
Total	828,968	742,092

The balance of inventories at December 31, 2022 relates mainly to the EUR 369,900 thousand (EUR 345,215 thousand at December 31, 2021) contributed by the Hochtief Group, including projects in progress amounting to EUR 169,842 thousand (EUR 174,707 thousand at December 31, 2021), mainly real estate (land and buildings) amounting to EUR 120,342 thousand, owned by Hochtief and its Australian subsidiary Cimic (EUR 131,999 thousand at December 31, 2021), and that were not subject to restrictions at December 31, 2022 or December 31, 2021, and to real estate assets in the rest of the ACS Group amounting to EUR 219,801 thousand (EUR 217,408 thousand at December 31, 2021). In addition to the above restrictions, inventories have been not pledged and/or mortgaged as security for the repayment of debts either at December 31, 2022 or at December 31, 2021.

Impairment losses on inventories recognized and reversed in the consolidated income statement, relating to the various ACS Group companies, amounted to EUR 410 thousand and EUR 180 thousand, respectively in 2022 (EUR 87 thousand and EUR 7,335 thousand, respectively in 2021).

08. Equity

08.01. Share capital

As at December 31, 2022, the share capital of the Parent Company amounted to EUR 142,082 thousand and was represented by 284,164,594 fully subscribed and paid shares with a par value of EUR 0.5 each, all with the same voting and dividend rights. As at December 31, 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.

On January 3, 2022, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on May 7, 2021, 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 3,047,466 shares for a nominal amount of EUR 1,523,733.00, 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 1,523,733.00, as provided for in section 335.c) of the Corporate Enterprises Act.

On January 24, 2022, in accordance with the resolution passed at the Annual General Meeting held on May 7, 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 section 335.e) of the Corporate Enterprises Act.

On May 12, 2022, in accordance with the resolution passed at the Annual General Meeting held on May 6, 2022, 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 3 million through the retirement of 6 million ACS treasury shares, making the corresponding provision with a charge to reserves as indicated in section 335.e) of the Corporate Enterprises Act.

On November 21, 2022, in accordance with the resolution passed at the Annual General Meeting held on May 6, 2022, 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 2.25 million through the retirement of 4.5 million ACS treasury shares, making the corresponding provision with a charge to reserves as indicated in section 335.e) of the Corporate Enterprises Act.

On November 11, 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 authorization by the shareholders at the Annual General Meeting of May 7, 2021.

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

At the Annual General Meeting held on May 8, 2020, the shareholders agreed to delegate to the Board of Directors, in accordance with section 297.1(b) of the consolidated text of the Corporate Enterprises Act, the power to increase, on one or more occasions, the Company's share capital 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 this 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 in accordance with that established by 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 was also agreed to authorize the Board of Directors so that, in all matters not provided for, it can set the terms of the share capital increases and the characteristics of the shares, and freely offer the new unsubscribed shares within the term(s) for exercising the pre-emption right. The Board 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 Articles of Association regarding the share capital and number of shares.

The Board is expressly granted the power to exclude, in full or in part, the pre-emption right up to a maximum nominal amount, collectively, equal to 20% of the share capital at the time of authorization in relation to all or any of the issues agreed based on this authorization, in line with section 506 of the Corporate Enterprises Act, which also includes the exclusions of the pre-emption rights carried out in the framework of securities issues in accordance with the resolution passed at the Annual General Meeting of May 10, 2019.

At the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on May 6, 2022, the shareholders resolved, among other matters, to carry out a share capital increase and reduction. The Company resolved to increase share capital to a maximum of EUR 600 million with a charge to unrestricted reserves, whereby the first capital increase may not exceed EUR 460 million and the second increase may not exceed EUR 140 million, indistinctly granting the Executive Committee, the Chairman of the Board 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 2022 and, in the case of the second increase, within the first quarter of 2023, thereby coinciding with the dates on which the ACS Group has traditionally distributed the final dividend and the interim dividend. As regards 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 above capital increase was effectively carried out. The Board 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).

On June 20, 2022, 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 May 6, 2022, so that once the process was concluded in July 2022, the definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued was 9,132,720 shares, and the nominal amount of the related capital increase was EUR 4,566,360. On that same date, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 4,566,360 through the retirement of 9,132,720 treasury shares and allocated the same amount to reserves as the nominal value of the retired shares, i.e., EUR 4,566,360, as provided for in section 335.c) of the Corporate Enterprises Act.

On January 9, 2023, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on May 6, 2022, 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 May 7, 2021, the shareholders resolved, among other matters, to carry out a share capital increase and reduction. The Company resolved to increase share capital to a maximum of EUR 574 million with a charge to voluntary 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 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. As regards 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 above capital increase was effectively carried out. The Board 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).

On June 9, 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 May 7, 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 section 335.c) of the Corporate Enterprises Act.

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 at December 31, 2022 are Hochtief, A.G. on the Frankfurt Stock Exchange (Germany) and Dragados y Construcciones Argentina, S.A.I.C.I. on the Buenos Aires Stock Exchange (Argentina).

08.02. Treasury shares

The changes in “Treasury shares” in 2022 and 2021 were as follows:

	2022		2021	
	Number of shares	Thousands of Euros	Number of shares	Thousands of Euros
At beginning of the reporting period	28,876,676	691,916	25,604,641	636,011
Purchases	29,708,164	709,781	20,169,758	472,252
Depreciation and sales	(32,680,186)	(779,527)	(16,897,723)	(416,347)
At end of the reporting period	25,904,654	622,170	28,876,676	691,916

In 2022, the Company retired a total of 20,500,000 shares in accordance with the resolutions passed by the shareholders at the General Meeting, reducing the share capital by a nominal amount of EUR 10,250,000 through the retirement of 20.5 million ACS treasury shares, making the corresponding provision with a charge to reserves as indicated in section 335.e) of the Corporate Enterprises Act (see Note 08.01).

On January 3, 2022, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on May 7, 2021, 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 3,047,466 shares for a nominal amount of EUR 1,523,733.00, 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 1,523,733.00, as provided for in section 335.c) of the Corporate Enterprises Act.

On June 20, 2022, 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 May 6, 2022, so that once the process was concluded in July 2022, the definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued was 9,132,720 shares, and the nominal amount of the related capital increase was EUR 4,566,360. On that same date, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 4,566,360 through the retirement of 9,132,720 treasury shares and allocated the same amount to reserves as the nominal value of the retired shares, i.e., EUR 4,566,360, as provided for in section 335.c) of the Corporate Enterprises Act (see Note 08.01).

On January 9, 2023, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on May 6, 2022, 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 (see Note 08.01) through the retirement of the necessary treasury shares. 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.

On January 11, 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 May 8, 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 section 335.c) of the Corporate Enterprises Act.

On June 9, 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 May 7, 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 section 335.c) of the Corporate Enterprises Act (see Note 08.01).

On November 11, 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 authorization by the shareholders at the Annual General Meeting of May 7, 2021 (see Note 08.01).

At December 31, 2022, the Group held 25,904,654 treasury shares of the Parent Company, with a par value of EUR 0.5 each, representing 9.1% of the share capital, with a consolidated net carrying amount of EUR 622,170 thousand that is recognized in equity under "Treasury shares" in the consolidated statement of financial position. At December 31, 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 carrying amount of EUR 691,916 thousand that was recognized in equity under "Treasury shares" in the consolidated statement of financial position.

In 2022, ACS notified the CNMV of the changes made to the treasury share buyback program, which at year-end included a maximum of 19,500,000 shares to be acquired and a maximum investment of up to EUR 585 million, with a maximum term of up to July 31, 2023.

The average purchase price of ACS shares in 2022 was EUR 23.89 per share (EUR 23.41 per share in 2021).

08.03. Valuation adjustments

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

	Thousands of Euros	
	2022	2021
Beginning balance	(170,918)	(668,772)
Hedging Instruments	416,443	86,233
Available-for-sale financial assets	(53,170)	20,700
Exchange differences	188,602	390,921
Ending balance	380,957	(170,918)

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 mainly from the interest in Abertis.

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

08.04 Non-controlling interests

On June 8, 2022, Hochtief, A.G. decided to increase its share capital by just under 10% through a monetary contribution by using authorized capital. The company's share capital was increased through the issue of 7,064,593 new shares at EUR 57.50 per share, excluding shareholders' pre-emption rights. The new shares

were issued with dividend rights as of January 1, 2022. ACS, Actividades de Construcción y Servicios, S.A. agreed to participate in the takeover bid in proportion to its current shareholding in Hochtief and to back the capital increase in full with respect to all remaining new shares that were not placed among other corporate and institutional investors. ACS, Actividades de Construcción y Servicios, S.A. was therefore assigned 85% of the total number of new shares, which represents an increase in its shareholding in Hochtief, A.G. from 50.41% to 53.55% of the shares representing the share capital. The cash obtained in the capital increase will be used to repay part of the financing obtained for the acquisition of Cimic (see Note 01.07).

On September 15, 2022, an additional 14.46% interest in Hochtief, A.G. was acquired for EUR 578 million (equal to EUR 51.4 per share) and additional acquisitions were made in the fourth quarter of 2022 for EUR 26 million at an average price of EUR 52.73 per share, which increased the shareholding in Hochtief, A.G. at the end of 2022 to 68.64% of the shares representing the share capital without discounting treasury shares, and 70.94% when treasury shares are discounted.

In addition, on February 23, 2022, Hochtief, the majority shareholder of Cimic with a 78.6% 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. On May 6, 2022, Cimic's shares were suspended from trading on the Australian stock exchange after Hochtief reached a 96% shareholding in the company and a squeeze-out was initiated, which ended with the acquisition of the last shares on June 10, 2022. Consequently, in 2022 the shareholding increased from 78.6% at December 31, 2021 to 100% on December 31, 2022 through Hochtief's takeover bid for Cimic. All Cimic shares not already owned by Hochtief were acquired for approximately AUD 1,500 million, which at the exchange rate prevailing on the date of each share acquired amounts to EUR 985 million (EUR 940 million considering the average hedging rate) (see Note 01.07).

09. Non-current provisions

The breakdown of the balance of this heading at December 31, 2022 and 2021 is as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Provision for pensions and similar obligations	258,631	441,373
Personnel-related Provisions	113,866	169,885
Provision for third-party liability, taxes and for actions on infrastructure	1,176,594	1,224,009
Total	1,549,091	1,835,267

The decrease in provisions for pensions and similar obligations has mainly been the result of Hochtief increasing the discount rate used to measure its pension obligations in Germany, the United States and the United Kingdom to 4.16%, 5.10% and 5.05%, respectively, at December 31, 2022 (1.31%, 2.64% and 1.80%, respectively, at December 31, 2021).

Notes 20 and 36.02 to the ACS Group's Consolidated Annual Accounts for the year ended December 31, 2021 describe the main disputes, including the main litigation of a tax and legal nature, affecting the Group at that date.

The payments arising from litigation made by the ACS Group in 2022 and 2021 most notably include the payments made in 2022 by Hochtief in the amount of EUR 238 million for the settlement of the CCPP project in Australia and the final payment for the Chilean Alto Maipo project, and payments for legal costs and financial expenses arising from the litigation relating to the closure of the Seattle project in the amount of EUR 40 million (see Note 01.07).

10. Financial liabilities

The breakdown of the ACS Group's financial liabilities at December 31, 2022 and 2021, by nature and category for valuation purposes, is as follows:

	Thousands of Euros			
	31/12/2022		31/12/2021	
	Non-Current	Current	Non-Current	Current
Debt instruments and other marketable securities	3,920,911	107,740	4,096,426	640,907
Bank borrowings	4,849,634	1,371,343	4,524,806	1,128,861
- with limited recourse	205,476	33,666	51,069	18,472
- other	4,644,158	1,337,677	4,473,737	1,110,389
Other financial liabilities	108,136	19,240	96,122	38,723
Total	8,878,681	1,498,323	8,717,354	1,808,491

The classification of financial liabilities in accordance with IFRS 9 at December 31, 2022 and 2021 is as follows:

	Thousands of Euros			
	Value at 31/12/2022	Fair value through profit or loss	Fair value through other comprehensive income (equity)	Amortized cost
Long Term Financial Liabilities	8,878,681	—	—	8,878,681
Debt instruments and other negotiable securities	3,920,911	—	—	3,920,911
Payables to credit institutions	4,634,740	—	—	4,634,740
Payables on lease of goods	9,418	—	—	9,418
Project financing and debt with limited resources	205,476	—	—	205,476
Other long-term financial payables not in banks	90,485	—	—	90,485
Long-term payables to group and associated companies	17,651	—	—	17,651
Short Term Financial Liabilities	1,498,323	—	—	1,498,323
Debt instruments and other negotiable securities	107,740	—	—	107,740
Payables to credit institutions	1,331,988	—	—	1,331,988
Payables on lease of goods	5,689	—	—	5,689
Project financing and debt with limited resources	33,666	—	—	33,666
Other short-term financial payables not in banks	16,750	—	—	16,750
Short-term payables to group and associated companies	2,490	—	—	2,490

	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
Debentures 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
Debentures 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

The derivative financial instruments are broken down in Note 11.

10.01. Debt instruments and other marketable securities

At December 31, 2022, the ACS Group had debentures and bonds issued amounting to EUR 3,920,911 thousand in non-current issues and EUR 107,740 thousand in current issues (EUR 4,096,426 thousand in non-current issues and EUR 640,907 thousand in current issues, respectively, at December 31, 2021) from Cimic, Hochtief, ACS, Actividades de Construcción y Servicios, S.A. and ACS Servicios Comunicaciones y Energía, S.A.

The most significant changes as at December 31, 2022 are as follows:

- In 2022, ACS, Actividades de Construcción y Servicios, S.A. renewed the Euro Commercial Paper (ECP) program for a maximum amount of EUR 750 million, which was registered on the Irish Stock Exchange. Through this program, ACS may issue notes maturing between 1 and 364 days, thus enabling the diversification of financing channels in the capital market. As at December 31, 2022, the issues outstanding under these programs amounted to EUR 55,000 thousand (EUR 182,850 thousand at December 31, 2021).
- It also renewed its debt issue program, called the Euro Medium-Term Note Program (EMTN Program), for a maximum amount of EUR 1,500 million, which was approved by the Central Bank of Ireland.
- Furthermore, ACS, Actividades de Construcción y Servicios, S.A. renewed the Negotiable European Commercial Paper (NEU CP) program in 2022 for EUR 500 million, with a maximum issue term of 365 days, under the regulation of the Bank of France (pursuant to section D.213-2 of the French Monetary and Financial Code) listed on the Luxembourg Stock Exchange. As at December 31, 2022, there were no issues outstanding under these programs (EUR 254,000 thousand at December 31, 2021).
- During the fourth quarter of 2022, as a result of the tender offer, EUR 162,300 thousand in green bonds issued by ACS, Servicios, Comunicaciones y Energía, S.A. were redeemed for a total of EUR 750,000,000, with a coupon of 1.875% and maturing in April 2026.

The details of the main ACS Group's bonds at December 31, 2022 and 2021 are as follows:

Bonds	Carrying amount 31/12/2022	Carrying amount 31/12/2021	Price 31/12/2022	Price 31/12/2021	Principal (Millions of Euros)	Coupon (%)	Initial term (in years)	Maturity
ACS 750	752,767	751,619	92.12%	101.24%	750	1.375%	5	April 2025
ACS 37	37,051	—	Expired	n.a.	37	4.750%	4	February 2021
ACS 50	28,011	50,002	n.a.	n.a.	28	0.785%	4.11	June 2023
DRAGADOS GREEN BOND 750	594,043	757,598	90.94%	105.15%	588	1.875%	8	April 2026
HOCHTIEF 500	503,022	502,485	94.65%	104.92%	500	1.750%	7	July 2025
HOCHTIEF 50 CHF	50,930	48,524	n.a.	n.a.	51	0.769%	6	June 2025
HOCHTIEF 50	50,646	50,635	n.a.	n.a.	50	2.300%	15	April 2034
HOCHTIEF 500	497,642	496,960	81.73%	100.51%	500	0.500%	8	September 2027
HOCHTIEF 1000 NOK	95,743	100,745	n.a.	n.a.	96	1.700%	10	July 2029
HOCHTIEF 250	249,580	249,414	65.83%	100.73%	250	1.250%	12	September 2031
HOCHTIEF 500	496,415	495,499	74.92%	97.21%	500	0.625%	8	April 2029
CIMIC FINANCE 500 USD	—	176,591	n.a.	102.13%	—	5.950%	10	November 2022
CIMIC 625	617,797	620,271	74.43%	100.06%	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 October 13, 2025 and was extended at the end of July 2021 for an additional year until October 13, 2026. No amount has been drawn down on the liquidity facility of tranche B as at December 31, 2022 and 2021. There have been no changes as regards the other terms.
- On June 29, 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 253,141 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 June 22, 2021, an agreement was reached to roll over the above 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 218,217 thousand) and a tranche B of USD 62,250 thousand (EUR 58,363 thousand). Dragados Construction USA, Inc. used USD 37,250 thousand (EUR 34,924 thousand) of tranche B to partially repay the initial amount. Both tranches had been drawn down in full at 2022 year-end. The total amount of the loan was USD 295,000 thousand (EUR 284,009 thousand). In addition, the maturity date was extended to June 28, 2026, the date on which it will be fully repaid, with the rest of the terms unchanged.
- On December 20, 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 December 19, 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 December 31, 2022, only EUR 231,900 thousand of tranche A had been drawn down. The principal of the loan and the credit facility will accrue interest tied to the Euribor. On December 15, 2022, an agreement was reached to roll over the financing agreement, extending by one year its previously maturity set for December 20, 2023; the new maturity date is December 20, 2024.

- To finance the payment obligation in relation to the takeover bid to acquire all Cimic shares, Hochtief took out a transaction credit facility with a bank syndicate on February 23, 2022 for an amount of up to EUR 1,000 million with a term of one year (plus two options to extend the term by six months each). After a partial repayment of EUR 406 million on June 17, 2022 following the capital increase of Hochtief A.G. on June 8, 2022, the facility was repaid in full in October 2022 through the promissory note issue of October 2022 and existing liquidity (see Note 08.04).
- Hochtief AG launched a promissory note issue in October 2022 for a total of EUR 246 million. The promissory notes have staggered terms of three, five, seven and ten years. This has diversified even more the maturity profile of Hochtief's long-term debt. The proceeds are used for general corporate purposes, supplementing the long-term financing for the acquisition of non-controlling interests in Cimic.
- In May 2022, Cimic took out a revolving syndicated credit facility in the amount of AUD 1,200 million. The credit facility matures within two years and replaces the syndicated financing of AUD 1,300 million maturing in September 2022.
- Cimic refinanced a tranche of its senior syndicated bank loan facility through an international bank syndicate on December 14, 2022. The tranche of AUD 950 million initially maturing in September 2023 was refinanced ahead of schedule. The facility now matures in two tranches: AUD 475 million maturing on December 9, 2025 and AUD 475 million maturing on December 9, 2027.
- "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 December 31, 2022 is as follows:

	Thousands of Euros		
	Current	Non-current	Total
Highways	15,892	24,231	40,123
Solar Thermal Plants	13,336	173,677	187,013
Other infrastructures	4,438	7,568	12,006
Total	33,666	205,476	239,142

The detail of this heading, by type of financial asset, at December 31, 2021 was 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

In 2022 and 2021, the ACS Group satisfactorily met its bank borrowing payment obligations on maturity.

Note 21 to the Consolidated Annual Accounts for 2021 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 2022 regarding the financial risks of the ACS Group detailed in the 2021 Consolidated Annual Accounts are as follows:

- ACS, Actividades de Construcción y Servicios, S.A. renewed the Euro Commercial Paper (ECP) program for a maximum amount of EUR 750 million, the Negotiable European Commercial Paper (NEU CP) program for EUR 500 million, and the debt issuance program known as Euro Medium-Term Note Program (EMTN Program) for a maximum amount of EUR 1,500 million.
- Hochtief increased its share capital by just under 10% through a monetary contribution using authorized capital. The company's share capital was increased through the issue of 7,064,593 new shares at EUR 57.50 per share, excluding shareholders' pre-emption rights, of which ACS,

Actividades de Construcción y Servicios, S.A. was allocated 85% of the total number of new shares. The net proceeds from the capital increase were used to strengthen the equity base by repaying part of the financing obtained for the full acquisition of Cimic.

- Hochtief A.G. launched a promissory note issue in October 2022 for a total of EUR 246 million. The promissory notes have staggered terms of three, five, seven and ten years. This has diversified even more the maturity profile of Hochtief's long-term debt. The proceeds are used for general corporate purposes, supplementing the long-term financing for the acquisition of non-controlling interests in Cimic.
- In May 2022, Cimic took out a revolving syndicated credit facility in the amount of AUD 1,200 million. The credit facility matures within two years and replaces the syndicated financing of AUD 1,300 million maturing in September 2022.
- Cimic refinanced a tranche of its senior syndicated bank loan facility through an international bank syndicate on December 14, 2022. The tranche of AUD 950 million initially maturing in September 2023 was refinanced ahead of schedule. The facility now matures in two tranches: AUD 475 million maturing on December 9, 2025 and AUD 475 million maturing on December 9, 2027.

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 December 31, 2022, "Other current financial assets" in the consolidated statement of financial position (see Note 06) amounted to EUR 1,180,617 thousand (EUR 1,280,079 thousand at December 31, 2021), of which EUR 603,231 thousand (EUR 689,171 thousand at December 31, 2021) 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 239,178 thousand at December 31, 2022 (EUR 198,842 thousand at December 31, 2021) 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 consolidated 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 December 31, 2022 and 2021 was adequate, the detail being as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Net recourse debt / (cash)	(463,147)	(2,078,181)
Non-current bank borrowings (Note 10.02)	4,644,158	4,473,737
Current bank borrowings (Note 10.02)	1,337,676	1,110,389
Issue of bonds and debentures (Note 10.01)	4,028,652	4,737,333
Other financial liabilities (Note 10.02)	127,376	134,844
Long term deposits, other current financial assets and cash	(10,601,009)	(12,534,484)
Project financing (Note 10.02)	239,142	69,541
Net financial debt / (Net Cash) (Note 01.07)	(224,005)	(2,008,640)
Equity (Note 08)	6,375,877	7,028,203

11. Derivative financial instruments

The details of the financial instruments at December 31, 2022 and 2021 are as follows:

	Thousands of Euros			
	31/12/2022		31/12/2021	
	Assets	Liabilities	Assets	Liabilities
Hedges	112,187	16,985	11,570	24,433
Non-qualified hedges	3	6,584	7	8,617
Non-current	112,190	23,569	11,577	33,050
Hedges	12,991	765	374	1,593
Non-qualified hedges	239,848	130,772	200,501	171,198
Current	252,839	131,537	200,875	172,791
Total	365,029	155,106	212,452	205,841

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.

The assets and liabilities relating to derivative financial instruments not qualified as hedges include the fair value of those derivatives that do not qualify for hedge accounting.

In the second half of 2018, a new ACS share option plan was established that, like the previous ones, is outsourced to two 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 in the plan 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 these instruments is included under "Changes in the 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 129,962 thousand at December 31, 2022 (negative

EUR 170,954 thousand at December 31, 2021) and was recognized 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 forward contract since November 1, 2020, which was renewed in 2022 and 2021, with the following current conditions: a forward derivative contract, settled by differences, on its own shares with a financial institution for a maximum of 12,000,000 shares, with a strike price of EUR 16.00 per share, adjustable based on future dividends, and 104 maturities between October 9, 2023 and March 5, 2024 at a rate of 115,385 shares per session.

In addition, as at December 31, 2022, the Company has had another forward contract, settled by differences, on ACS shares since December 21, 2020, which was also renewed in 2022, with the following current conditions: a forward derivative contract of 11,968,007 shares, to be settled solely in cash by differences between March 7, 2023 and August 2, 2023 at a rate of 115,095 shares per session. This contract was extended on February 20, 2023, to be settled between March 7, 2024 and August 2, 2024 at a rate of 115,075 shares per session (see Note 01.06).

The positive fair value of the forward contracts (settled by differences) related to ACS shares amounted to EUR 239,178 thousand at December 31, 2022 (EUR 198,842 thousand at December 31, 2021) and was recognized under “Current derivative financial instruments” on the asset side of the accompanying consolidated statement of financial position. The effect on the income statement for 2022 resulted in a profit of EUR 123,737 thousand (a loss of EUR 48,321 thousand in 2021), which includes the impact of the re-strike of the forward contract recognized under “Changes in the fair value of financial instruments” in the accompanying consolidated income statement (see Note 17).

The amounts provided as security (see Note 06.05) relating to the above derivatives arranged by the Group amounted to EUR 218,139 thousand at December 31, 2022 (EUR 194,095 at December 31, 2021).

As part of the divestment of Thiess, in 2020 the transaction agreement included 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 December 31, 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 recognized 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 December 31, 2022, the fair value of the put option was determined to be AUD 4.35 million, equivalent to EUR 2.77 million (AUD 13 million, equivalent to EUR 8.3 million at December 31, 2021).

As indicated in Note 5, Thiess issued Class C preference shares providing a coupon yield above all other equity instruments in the amount of EUR 3.2 million for the Group’s shareholding in 2022. There are agreements relating to Thiess Class C preference shares. Under the agreement, Elliott has the option to sell its Class C preference shares to Cimic within 42 months. The term begins six months after the period for exercising the put option expires or six months after the date on which Elliott ceases to hold shares or announces that it will exercise the option to sell all remaining shares (the “Thiess option”).

Cimic has a call option to purchase Elliott’s Class C preference shares for a period of 42 months, which begins at the end of the period for exercising the put option or the date on which Elliott ceases to hold shares.

The Thiess option is accounted for as a derivative financial instrument in accordance with IFRS 9 and is therefore recognized at fair value through profit or loss. The fair value of the Thiess option was determined by independent external advisors.

The fair value of the Thiess option cannot be assessed using the market price. The Thiess option is valued using the net present value methodology taking into account the probability-based outcomes of both the put and call options. The assumptions used for the measurement were an expected exercise period of four to eight years and discount rates between 10% and 15%. There were no significant interrelationships between unobservable inputs that could have a material effect on fair value. Changes in these parameters did not have a material effect on total comprehensive income, total assets and liabilities, or equity.

At December 31, 2022, the fair value of the Thiess option was determined to be AUD 1.68 million (EUR 1.07 million).

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

As regards 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 31/12/2022	Level 1	Level 2	Level 3
Assets	2,004,033	1,020,410	471,421	512,202
Equity instruments	766,181	596,036	8,689	161,456
Loans to third parties	328,936	—	—	328,936
Debt securities	522,077	424,157	97,920	—
Other financial assets	21,810	—	—	21,810
Derivative financial instruments				
Non-current	112,190	3	112,187	—
Current	252,839	214	252,625	—
Liabilities	155,106	609	150,655	3,842
Derivative financial instruments				
Non-current	23,569	—	19,727	3,842
Current	131,537	609	130,928	—

	Thousands of Euros			
	Value at 31/12/2021	Level 1	Level 2	Level 3
Assets	1,290,807	575,259	335,844	379,704
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	—
Other financial assets	80,909	—	—	80,909
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	—

The changes in financial instruments included under Level 3 in 2022 are as follows:

	Thousands of Euros						31/12/2022
	31/12/2021	Additions	Reductions	Valuation adjustments	Transfer Level 2	Others	
Assets - Equity instruments and derivative financial instruments	379,704	105,500	(59,099)	86,010	—	87	512,202
Liabilities - Derivative financial instruments	8,325	—	—	(4,483)	—	—	3,842

The changes in financial instruments under Level 3 in 2021 were as follows:

	Thousands of Euros						31/12/2021
	01/01/2021	Additions	Reductions	Valuation adjustments	Transfer Level 2	Others	
Assets - Equity instruments and derivative financial instruments	150,928	223,436	—	15,287	—	(9,947)	379,704
Liabilities - Derivative financial instruments	8,178	—	—	147	—	—	8,325

No derivative instruments measured at fair value through profit or loss were transferred between levels 1 and 2 of the fair value hierarchy in 2022 or in 2021.

The Group has not detailed the fair value of certain financial instruments, such as “Trade receivables for sales and services” and “Trade payables”, as their carrying amount approximates their fair value.

12. Tax matters

12.01. Deferred tax assets and liabilities

The detail of the deferred tax assets at December 31, 2022 and 2021 is as follows:

	Thousands of Euros					
	31/12/2022			31/12/2021		
	Tax Group in Spain	Other companies	Total	Tax Group in Spain	Other companies	Total
Credit for tax loss	—	372,704	372,704	—	255,735	255,735
Other temporary differences	275,950	123,162	399,112	257,782	259,214	516,996
Tax credits and tax relief	63,711	3,740	67,451	72,704	3,960	76,664
Total	339,661	499,606	839,267	330,486	518,909	849,395

At the end of 2021, the recoverability of the tax assets in Spain was reassessed as a result of the sale of most of the Industrial business to the Vinci group, since 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 Industrial business sold. Therefore, EUR 459,982 thousand had become impaired at the end of 2021 in relation to the tax loss carryforwards of the ACS Tax Group in Spain (which arose from the consolidated tax loss for 2012 and that do not expire). In addition, EUR 90,735 thousand in tax credits had become impaired for the same reason. At the end of 2022, Management assessed the current conditions of the Spanish tax group, and concluded that there have been no significant changes compared to the analysis performed in 2021. The Spanish Tax Group retains its rights from a tax point of view, so that they may be recognized in the future if the conditions for doing so are considered to have been met.

The deferred tax assets were recognized 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.

At December 31, 2022, deferred tax assets and liabilities arising from temporary differences totaling EUR 484,145 thousand (EUR 445,343 thousand at December 31, 2021) 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	
	31/12/2022	31/12/2021
Deferred tax assets	1,323,412	1,294,738
Compensations of deferred tax assets/liabilities	(484,145)	(445,343)
Total deferred tax assets	839,267	849,395
Deferred tax liabilities	778,491	672,455
Compensations of deferred tax assets/liabilities	(484,145)	(445,343)
Total deferred tax liabilities	294,346	227,112

The deferred tax liabilities, which amount to EUR 294,346 thousand (EUR 227,112 thousand at December 31, 2021), have not substantially changed with respect to December 31, 2021.

Hochtief completed the acquisition of all Cimic shares on June 10, 2022. Effective as of this date, Cimic Group Limited and its wholly-owned Australian entities became part of the Hochtief Australia Holdings Limited multiple entry consolidated ("MEC") group for tax purposes, with Hochtief Australia Holdings Limited as the head of the MEC group. Under the new tax group, the parent company and the subsidiaries continue to account for their own current and deferred taxes. These tax amounts are measured as if each entity of the

consolidated tax group were still an independent taxpayer. The parent company recognizes current tax liabilities or assets and deferred tax liabilities or assets arising from unused tax loss carryforwards and unused tax assets assumed by the subsidiaries of the tax consolidation group.

Following Cimic's inclusion in the MEC group, the regulations applicable in Australia, i.e. the Income Tax Assessment Act 1997, requires that the tax values of the Cimic group's assets be adjusted in accordance with tax cost adjustment principles. The company was assisted by external advisors in performing this calculation. The accounting profit resulting from the change of tax group amounted to EUR 48.8 million net of the tax effect. The net impact is the result of a series of offsetting adjustments to readjust certain tax bases related mainly to financial investments, inventories, and property, plant and equipment. This effect is offset by the impairment losses for deferred tax assets arising from tax losses.

12.02. Change in income tax expense

The main items affecting the quantification of income tax expense at December 31, 2022 and 2021 are as follows:

	Thousands of Euros	
	2022	2021
Consolidated profit/(loss) before tax	1,008,651	57,502
Profit or loss of companies accounted for using the equity method	(385,472)	(273,425)
	623,179	(215,923)
Tax charge at 25%	155,795	(53,981)
Effect of long-term differences	(85,390)	136,557
Deductions for tax incentives	(5,849)	(2,550)
Effect of the difference between applicable national rates	11,337	22,077
Expenses for non-recognition of deferred tax assets generated during the fiscal year, and other adjustments from prior fiscal years	125,307	687,269
Income tax expense / (income)	201,200	789,372

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.

As regards the tax audit that began in June 2019 in relation to the ACS Group's corporation tax (2013 to 2016), and VAT and tax withholdings (2015 and 2016) for certain Group companies, the audit was concluded in the course of 2021 with VAT assessments signed on an uncontested and corporation tax assessments signed on an uncontested and a contested basis, but in both cases for insignificant amounts.

The ACS Group's directors consider that the tax returns have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax law in relation to the tax treatment afforded to certain transactions, such liabilities as might arise would not have a material effect on these Condensed Consolidated Financial Statements.

On December 15, 2022, the European Council approved Directive 2022/2523 establishing a minimum level of taxation for multinational enterprise groups and large-scale domestic groups. The objective of this rule, which will first be applicable in 2024, is for large enterprise groups to be taxed in all jurisdictions in which they operate at a minimum tax rate of 15%. Although the Directive has still yet to be transposed and, despite being a highly complex rule, it is considered that the impact on the Group's results in the coming years should not be significant, since the tax rate in practically all the jurisdictions in which the Group operates is higher than this minimum threshold.

13. Business segments

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

In 2022 the ACS Group decided to present the Construction and Concessions businesses separately, eliminating the higher Infrastructure segment that included the other two as part of the process of simplifying the Group's structure and businesses. In addition, the concept of a "segment manager" as defined in paragraph 9 of IFRS 8, entails the separation of businesses as a result of having different segment managers or directors for each of the businesses who are directly accountable to and maintains regular contact with the chief operating decision maker to discuss operating activities, financial results, forecasts, or plans for each business segment in question. Following the sale of most of the Industrial Services Division to Vinci at the end of last year (its revenue and profit were considered discontinued operations for accounting purposes), this line of business is no longer considered significant within the Group as the remaining assets have a very low sales volume (less than 1%) and have therefore been included under the Corporate business segment.

The Group's main areas, following the sale of most of the Industrial Services Division on December 31, 2021, are divided into:

a) Construction

This Construction business segment includes the construction activities through Dragados and Hochtief (including Cimic) and is aimed at carrying out all types of civil construction projects (activities related to developing infrastructure, such as highways, railways, maritime projects and airports), building projects (residential buildings, social infrastructure and facilities) and infrastructures services (railway, transport, communications and technology, energy, resources, water and defense sectors). The geographical regions with the greatest exposure in this area are North America, Asia Pacific and Europe, mainly operating in developed markets that are safe from a geopolitical, macroeconomic and legal perspective.

b) Concessions

The Concessions business segment includes the activities of Iridium and the shareholdings in Abertis and is aimed at developing and operating transport concessions. These projects are carried out either through direct construction models for institutional and private customers, or through public-private partnership models, where the ACS Group is involved in the entire value chain of the concessions business, from the design of the project to its financing, construction, start-up, and operation. The geographical regions with the greatest exposure in this area are Europe, Latin America and North America.

c) Services

This area only includes Clece's business activity, which offers comprehensive maintenance services for buildings, public places and organizations, and assistance to people. This area is mainly based in Spain but also shows incipient growth in 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.

d) Corporate

This includes the activity of the Group's Parent Company, ACS, Actividades de Construcción y Servicios, S.A., in addition to other activities that cannot be assigned to the other business segments that are presented separately, such as the real estate assets developed by Cogesa and the renewable energy

and water assets that the Group still holds after the sale of the Industrial business to Vinci, plus the effects of consolidation.

The detail of the assets and liabilities by business segment at December 31, 2022 and 2021 is as follows:

	Thousands of Euros			
	Assets		Liabilities	
	31/12/2022	31/12/2021 (*)	31/12/2022	31/12/2021 (*)
Construction	25,484,331	23,047,302	21,964,396	19,832,155
Concessions	5,617,813	2,325,674	2,708,743	426,124
Services	1,620,838	1,559,489	817,364	764,412
Corporation, other and adjustments	4,857,318	8,731,880	5,713,920	7,613,451
Total	37,580,300	35,664,345	31,204,423	28,636,142

(*) Restated.

The breakdown of ordinary income by business segment for 2022 and 2021 is as follows:

Business segments	Thousands of Euros	
	2022	2021 (*)
Construction	31,432,887	25,879,000
Concessions	96,410	93,167
Services	1,818,792	1,642,527
(-) Corporation, others, adjustments and eliminations of ordinary inter-segment income	267,145	221,964
Total	33,615,234	27,836,658

(*) Restated.

Inter-segment sales are made at market prices.

The reconciliation of the operating profit/(loss), by business segment, to consolidated profit/(loss) before taxes for 2022 and 2021 is as follows:

Business segments	Thousands of Euros	
	2022	2021 (*)
Construction	530,902	310,596
Concessions	218,211	195,128
Services	27,816	57,994
Total profit / (loss) of the segments reported upon	776,929	563,718
(+/-) Non-assigned profit	95,855	2,651,176
(+/-) Income tax and / or profit / (loss) from discontinued operations	135,867	(3,157,392)
Profit / (Loss) before tax	1,008,651	57,502

(*) Restated.

Revenue by geographical area for 2022 and 2021 is as follows:

Revenue by Geographical Area	Thousands of Euros	
	2022	2021
Domestic market	3,170,387	2,987,802
Foreign market	30,444,847	24,848,856
a) European Union	2,032,978	1,888,458
a.1) Euro Zone	960,027	1,021,641
a.2) Non Euro Zone	1,072,951	866,817
b) Rest of countries	28,411,869	22,960,398
Total	33,615,234	27,836,658

Revenue amounting to EUR 33,615,234 thousand in 2022 (EUR 27,836,658 thousand in 2021) includes performance obligations recognized mainly through the application of the product method in the construction business (civil construction, PPP, etc.), the concessions business and the services business (including construction management, comprehensive maintenance services for buildings, public places and organizations, and assistance to people).

Revenue by type for 2022 is as follows:

	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Construction	12,739,511	37.9 %	18,341,687	54.6 %	351,689	1.0 %	31,432,887	93.5%
Concessiones	—	0.0 %	96,410	0.3 %	—	0.0 %	96,410	0.3%
Services	—	0.0 %	1,818,802	5.4 %	(10)	0.0 %	1,818,792	5.4%
Corporate, others and adjustments	—	0.0 %	252,444	0.8 %	14,701	0.0 %	267,145	0.8%
Total	12,739,511	37.9 %	20,509,343	61.0 %	366,380	1.1 %	33,615,234	100.0%

Revenue by type for 2021 was as follows:

(*)	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Construction	11,142,230	40.0 %	14,459,115	51.9 %	277,655	1.0 %	25,879,000	93.0%
Concessions	—	0.0 %	59,909	0.2 %	33,258	0.1 %	93,167	0.3%
Services	—	0.0 %	1,642,536	5.9 %	(9)	0.0 %	1,642,527	5.9%
Corporate, others and adjustments	—	0.0 %	25,561	0.1 %	196,403	0.7 %	221,964	0.8%
Total	11,142,230	40.0 %	16,187,121	58.2 %	507,307	1.8 %	27,836,658	100.0%

(*) Restated.

The distribution of revenue relating to the Group's ordinary operations for 2022 and 2021, by the main countries where it operates, is as follows:

Revenue by Countries	Thousands of Euros	
	2022	2021
United States	18,837,354	14,823,645
Australia	6,350,306	5,190,145
Spain	3,170,387	2,987,802
Canada	1,919,322	1,601,619
Germany	858,833	925,899
Hong Kong	496,347	490,082
United Kingdom	471,525	375,206
Poland	404,078	345,371
New Zeland	164,985	285,831
Other	942,096	811,058
Total	33,615,234	27,836,658

The backlog by line of business at December 31, 2022 and 2021 was as follows:

	Thousands of Euros	
	2022	2021
Construction	66,083,785	64,378,903
Services	2,912,176	2,882,791
Total	68,995,960	67,261,694

Revenue by backlog at December 31, 2022 is as follows:

	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Construction	28,931,332	41.9 %	37,090,385	53.8 %	62,067	0.1 %	66,083,784	95.8 %
Services	—	0.0 %	2,912,176	4.2 %	—	0.0 %	2,912,176	4.2 %
Total	28,931,332	41.9 %	40,002,561	58.0 %	62,067	0.1 %	68,995,960	100.0 %

Revenue by backlog at December 31, 2021 was 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%

(*) Restated.

The backlog would be equivalent to approximately 23 months of activity at December 31, 2022 (26 months at December 31, 2021).

14. Financial costs

The ordinary financial expense increased due to the rise in interest rates (which also affects financial income), although the impact on expenses is limited since most of the Group's debt is hedged against interest rate fluctuations. In addition, financial costs rose as a result of the costs related to financing the Cimic takeover bid.

15. Average headcount

The detail of the average number of employees, by professional category and gender, in 2022 and 2021 is as follows:

By professional category	Average number of employees					
	2022			2021		
	Men	Women	Total	Men	Women	Total
University graduates	11,563	4,591	16,154	10,994	4,386	15,380
Junior college graduates	1,793	2,182	3,975	1,822	2,247	4,069
Non-graduate line personnel	10,080	7,246	17,326	9,253	6,821	16,074
Clerical personnel	1,826	2,699	4,525	1,777	2,580	4,357
Other employees	29,251	55,555	84,806	27,900	53,047	80,947
Total	54,513	72,273	126,786	51,746	69,081	120,827

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

a) Impairment and gains or losses on the disposal of non-current assets

The breakdown of "Impairment and gains or losses on the disposal of non-current assets" in 2022 and 2021 is as follows:

	Thousands of Euros	
	2022	2021
Impairment / Reversal of assets	(117,794)	(298,586)
Gains or losses on disposal of assets	810,440	98,944
Total	692,646	(199,642)

In 2022, "Gains or losses on disposal of non-current assets" includes the result of the agreements reached with the Vinci Group to modify certain carve out transactions, such as the 24.99% holding of Zero-E Euro Assets, S.A. and those related to the photovoltaic energy development projects located in Spain, and the results of the sale of the Vientos del Pastore, S.A. and Parque Eólico Kiyú, S.A. wind farms in Uruguay, and the Hidromanta hydroelectric plant in Peru owned by Spinning Assets, S.L.U. (see Note 01.04).

Furthermore, in 2022 this heading most notably includes the capital gains recognized in relation to the purchase of an additional 56.76% of the SH-288 highway, which allows the Company, along with the 21.62% previously held, to obtain control of this company and manage its relevant activities and, therefore, it is no longer accounted for using the equity method but rather is fully consolidated at the fair value of the transaction. The measurement at fair value is therefore based on the portion previously held by the Group (21.62%) in the amount of EUR 334.8 million (see Note 01.08).

This heading of the consolidated income statement includes the effects of the exclusion of Ventia from the scope of consolidation of Cimic in the first quarter of 2022 as a result of losing its status as associate, whereby it is now recognized as a financial asset under IFRS 9 at fair value through profit and loss based on Ventia's quoted market price at that date. This resulted in a profit of EUR 338.3 million (AUD 502 million) for Cimic recognized at March 31, 2022 under "Impairment and gains or losses on disposal of non-current assets" as indicated in Note 01.08.

On April 11, 2022, Cimic entered into a conditional and confidential commercial agreement with its consortium partners and JKC, which resulted in a complete and final agreement on all matters in relation to the CCPP contract. The effects on Cimic's income statement as a result of the agreement in relation to the CCPP project amounting to EUR 325 million (AUD 493 million) are recognized under "Other operating expenses" in the accompanying consolidated income statement. As part of this agreement, Cimic paid EUR 127 million in April 2022 and will pay EUR 198 million in March 2023, which is recognized under "Trade and other payables" in the consolidated statement of financial position at December 31, 2022.

In 2021, "Gains or losses on 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 June 30, 2021 for EUR 14.8 million to the French group CMA CGM (see Note 01.08), the acquisition of a 5% interest in Servicios Compresión de Gas CA-KU-A1, S.A.P.I. de C.V., through which control over the company was obtained, which was then fully consolidated instead of accounted for using the equity method (see Note 01.04.01), and the gains on the sale (see Note 01.08) of the transmission lines in Brazil, the Bonete and Galisteo photovoltaic plants, the Toledo Hospital, the public offering of Ventia's shares and the earn-out received in the year from the sale of Urbaser in 2016 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.

The impairment losses recognized in the consolidated income statement in 2022 amounting to EUR 50,309 thousand mainly relate to the solar thermal power plants of Tonopah Solar Energy LLC (see Note 04).

b) Impairment and gains or losses on disposal of financial instruments

The breakdown of "Impairment and gains or losses on the disposal of financial instruments" in 2022 and 2021 is as follows:

	Thousands of Euros	
	2022	2021
Impairment of financial instruments	(428)	11,409
Gains or losses on disposal of financial instruments	7,773	2,858
Total	7,345	14,267

c) Other results

"Other results" in the consolidated income statement, which amounts to a loss of EUR 277,597 thousand in 2022 (loss of EUR 246,790 thousand in 2021), mainly includes amounts related to extraordinary work completed and indemnities or litigation relating to work completed with losses in previous years on various international projects; in addition, in 2022 it is mainly the result of the new policy implemented for recognizing income based on the new contract profiles.

In 2021 this heading also included restructuring costs and cost overruns that could not be recovered as a result of the pandemic during that year.

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 2022 relates to derivatives on ACS, Actividades de Construcción y Servicios, S.A. share options, which gave rise to a profit of EUR 40,992 thousand (a loss of EUR 45,142 thousand in 2021), as described in Note 11. Additionally, this heading reflects the positive effect associated with the derivatives on ACS shares (forward contracts settled by differences), which resulted in a profit of EUR 123,737 thousand (a loss of EUR 48,321 thousand in 2021).

18. Related party transactions and balances

Transactions with related parties are carried out in accordance with the criteria set out in Spanish Law 5/2021, of April 12, which transposes into Spanish law Directive (EU) 2017/828 of the European Parliament and of the Council of May 17, 2017, included in the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of July 2, which, among other matters, determines the rules applicable to transactions that listed companies or their subsidiaries enter into with parties related to the listed company and that are regulated in sections 529 vicies to 529 tervicies of the Corporate Enterprises Act (see Note 19).

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

The following transactions were performed in 2022:

2022 Related transactions Management or collaboration contracts	Other related parties		Total
	Others	Total	
Thousands of Euros			
Services rendered	156	156	156
Income	156	156	156

2022 Related transactions Other transactions	Other related parties	
	Fapin Mobi, S.L.	Total
Thousands of Euros		
Dividends and other profit distributed	1,467	1,467

The following transactions were performed in 2021:

2021 Related transactions Management or collaboration contracts	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 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. The transactions with Fidalsar, S.L. and Fapin Mobi, S.L. are detailed in accordance with the relationship of the Board member Pedro Lopez Jimenez with these companies. The transactions with Banco Sabadell in 2021 were detailed in accordance with the relationship of the Board member Javier Echenique until he ceased to hold the position of Vice President at the bank in July 2021.

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 2022 and 2021 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	
	2022	2021
Remuneration for membership of the Board and / or Commissions	3,633	3,755
Wages	5,092	4,768
Variable cash remuneration	5,558	5,200
Total	14,283	13,723

The amount charged to the consolidated income statement in relation to share options granted in 2018 to Board members with executive duties was EUR 278 thousand (EUR 457 thousand in 2021). 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 December 31, 2022 and 2021 are as follows:

	Thousands of Euros	
	2022	2021
Long-term savings systems	2,532	3,354
Other concepts	35	33
Total	2,567	3,387

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 December 31, 2022 and 2021.

20.02. Remuneration of senior executives

The remuneration paid to the Group's senior executives, who are not executive directors, for the periods ended December 31, 2022 and 2021, was as follows:

	Thousands of Euros	
	2022	2021
Salary remuneration (fixed and variable)	24,756	22,112
Pension plans	2,083	2,067
Life insurances	30	41

The amounts recognized in the consolidated income statement in 2022 as a result of the share options granted to the Group's senior executives in July 2018 amounted to EUR 2,757 thousand (EUR 4,014 thousand in 2021) and are not included in the above 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 December 31, 2022 and 2021.

20.03. Share-based remuneration systems

ACS

On July 25, 2018, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A., in application of the authorizations granted by the Company's Annual General Meetings held on April 28, 2015 and May 4, 2017, and after a favorable 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:

- 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.
- The beneficiaries are 271 executives with options from 500,000 to 200,000.
- The acquisition price will be EUR 37.170 per share. This price will change by the corresponding amount should a dilution take place.
- The options may be exercised in two equal parts, cumulative if the beneficiary so wishes, during the fourth and fifth years after July 1, 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 2018-2020 exceed the average parameters of the main comparable companies on the market and, for this purpose, a selection has been made of the listed companies that compete in the same markets as the ACS Group (Europe, the Americas and Australia), with capitalization greater than EUR 1,000 million and whose international sales exceed 15% of their total revenue. In order for the options to be 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 December 31, 2022 and 2021 was EUR 26,770 and EUR 23,570 per share, respectively.

HOCHTIEF

Within the Hochtief Group, there are also share-based payment remuneration systems for the Group's management. All of these share option plans form part of the remuneration system for senior executives of Hochtief, and long-term incentive plans. The provisions recognized for these share-based payment plans at December 31, 2022 totaled EUR 3,768 thousand (EUR 6,682 thousand at December 31, 2021). EUR 1,007 thousand (EUR 765 thousand in 2021) were taken to the consolidated income statement in this connection in 2022. To hedge the risk of exposure to changes in the market price of the Hochtief shares, it has a number of derivatives that are not considered to be accounting hedges.

21. Other contingent liabilities

21.01. Other contingent liabilities

In the course of its activities, the ACS Group is subject to various types of contingent liabilities that arise from litigation or administrative proceedings. It is reasonable to consider that they will not have a material effect on the economic and financial position or on the solvency of the Group, and provisions are made when considered necessary.

Both the investment of the ACS Group in Alazor (R3 and R5 highways) and the accounts receivable for Alazor have been fully provided for in the Condensed Consolidated Financial Statements of the ACS Group for 2022 and 2021.

As regards 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 dismissal of the appeal, 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 Support Agreement

to claim payment of EUR 757 million from the shareholders of Alazor and their respective guarantors (EUR 179 million would correspond to the ACS Group). The Madrid Court of First Instance no. 13 dismissed the claim in full through the judgment dated November 7, 2022, absolving the Shareholders and Guarantors of all claims made against them, without ordering the claimants to pay costs. The Funds filed an appeal on December 13, 2022, and a ruling will be handed down by the Madrid Provincial Appellate Court.

As regards 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 claimed as compensation for the harm and loss caused. The Madrid Court of First Instance no. 51 upheld the Shareholders' claims by order dated March 11, 2021, recognizing a total indemnity payment of EUR 26.19 million (EUR 11.3 million corresponding to the ACS Group) and ordering the Funds to pay costs. This order was ratified by the Madrid Provincial Appellate Court by order dated July 7, 2022.

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 November 2, 2021 (notified on November 4, 2021), in which Alazor's shareholders and their respective guarantors were 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 December 21, 2018; (iii) the procedural default interest from the date of the judgment; and (iv) the costs. This judgment orders the shareholder Desarrollo de Concesiones Viarias Uno, S.L. and its guarantor ACS, Actividades de Construcción y Servicios, S.A. to pay EUR 132,9 million plus interest, and one fourth of the costs.

An appeal was filed against this judgment on December 20, 2021, and a ruling will be handed down by the Madrid Provincial Appellate Court. It should be noted that Haitong Bank would now be able 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 recognize a provision for interest and costs, which is usually calculated at 30% of the principal (in the case of the ACS Group this is approximately EUR 173 million). In this case, the appellants will seek to request a stay of the order or, failing that, they will propose the contribution of a guarantee or another surety instrument as a provisional alternative until a final judgment is obtained.

An analysis is underway on the impact that the following events related to the Public Administration's Liability (PAL) under the concession arrangement corresponding to the R3 and R5 highways could have on the risk associated with the ACS Group's investment in Alazor:

- a. On December 21, 2021, the Ministry of Finance published on its website that the Council of Ministers has authorized the modification of the spending limits charged to future years and the extension of credit corresponding to 2021 to enable the General Directorate of Roads to meet the financial effects arising from the termination of several concession arrangements. This communication stated that, with respect to the R3 and R5 highways, the General Directorate of Roads has proposed an amount of EUR 131,773,447.03 for 2021 and EUR 304,004,675.09 for 2022.
- b. On January 15, 2022, the Council of Ministers Resolution dated December 28, 2021 was published in the Official Gazette of the Spanish State (BOE), approving the execution of the first provisional settlement of the contract and the PAL corresponding to the R3 and R5 highways, with a prepayment of EUR 119,150,068.53 plus interest accruing from the date on which the order was signed that opened the liquidation phase of the concession operator's insolvency proceedings until the date of effective payment.

- c. On February 15, 2022, the bankruptcy managers for Accesos de Madrid, the concession operator of the R3 and R5 highways, acknowledges that it received the EUR 131,773,447.03 as the first prepayment of the PAL and, after recalling that the financial creditors of Alazor are named in the bankruptcy of Accesos de Madrid as having a pledge in rem on the PAL, request the Judge of the insolvency proceedings to pay the amount received individually to the creditors of Accesos and Alazor, making payment in the account held by each of them as indicated by Haitong Bank.
- d. On March 14, 2022, the Presiding Judge of Madrid Commercial Court no. 6 gave authorization for the amounts received by the party to the insolvency proceedings as a prepayment of the PAL to be paid individually to each senior creditor into the current account as provided by each of them.
- e. In addition, it should be noted that the Third Chamber of the Supreme Court partially upheld, in a judgment dated January 28, 2022, the appeal for judicial review filed by the shareholders and guarantors of the R3 and R5 highways against the Council of Ministers Resolution on April 26, 2019, which interpreted that the highway concession arrangements had been terminated as result of the insolvency proceedings, with respect to the method used to calculate the PAL. This judgment means that the granting authorities must review the first ruling on the liquidation of the PAL already handed down, and take into account the corrections made by the Supreme Court to the calculation method in the second ruling and in the final ruling. All of the above is expected to lead to a substantial increase in the amounts estimated by the authorities for payment of the PAL.

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. This claim has been dismissed by the Madrid Court of First Instance no. 37 on July 14, 2022, absolving the shareholders of all claims made against them and ordering the claimants to pay costs. On September 8, 2022, the Funds filed an appeal against this ruling, which has been granted leave to proceed by the Madrid Provincial Appellate Court.

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 February 28 and May 9, 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 initially extended until 2022, and was once again extended until 2032.

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 January 16, 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 legal process having followed its normal course, in the first half of May 2019, the evidentiary hearing was held in

Washington, where various witnesses gave 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 September 20, 2019.

On July 6, 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. As regards 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 1A. On August 11, 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 October 11, 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 December 30, 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 January 31, 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 second quarter of 2023.

ICSID Arbitration 2: On August 2, 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, along with the updated cost overruns, and harm and loss incurred after the cut-off dates considered in ICSID 1 (“ICSID 2”).

The concession operator finished appointing its experts and on May 16, 2022 the Secretary-General of the ICSID reported that the three arbitrators had accepted their corresponding appointments and that, therefore, the Arbitral Tribunal was duly constituted and the procedure initiated. The first session of the Tribunal was held on June 17, 2022 and an agreement was reached for Procedural Order no. 1, which regulates, among other matters, the procedural timetable. On December 16, 2022, the concession operator filed a Statement of Claim with the ICSID.

ICSID Arbitration 3: On November 15, 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”).

The expert has prepared the draft preliminary expert report, which is currently being reviewed by the working group. Likewise, the President has yet to be appointed for the definitive formation of the Arbitral Tribunal.

On December 3, 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 November 12, 2021, the National Appellate Court handed down a judgment dismissing the appeal and confirming the liquidated damages. On January 17, 2022, it was announced that an appeal against the judgment would be filed with the Supreme Court, but it was not granted leave to proceed on June 15, 2022. The liquidated damages were paid on September 5, 2022.

On October 1, 2018, an accusation was brought against Dragados and other companies for possible infringements of section 1 of the Spanish Competition Act (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 held by the various public authorities in Spain for the construction and refurbishment of infrastructures and buildings. On July 16, 2020, this accusation was declared to have exceeded its validity, although on August 6, 2020 a new accusation was brought in relation to the same facts as the expired accusation. On September 16, 2020, Dragados filed an appeal for judicial review against the ruling that decreed the expiration, which was admitted on October 9, 2020, with the claim being filed on December 16, 2020. On July 6, 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. On July 15, the CNMC notified that a ruling had been handed down a fine of EUR 57.1 million on Dragados. This fine was appealed before the National Appellate Court and on January 19, 2023 the Court handed down its decision to suspend payment of the fine in exchange for the provision of a guarantee, which must be provided within the period indicated by the Court. Dragados and its external advisers consider that the action that was subject to this fine is not unlawful and did not restrict competition, and consider the fine to be disproportionate and lacking in justification. The Group's Management considers that the final ruling on this matter is unlikely to have a significant effect on the company.

As regards the proceedings in progress described above, the directors, with the support of their legal advisers, do not expect any material liabilities additional to those recognized in the Consolidated Annual Accounts to arise from the transactions or the results of the proceedings described in this note.

APPENDIX I

CHANGES IN THE CONSOLIDATION PERIMETER

The main companies included in the consolidation perimeter are as follows:

Westend Connectors Developer General Partnership
 DAD Finch West Light Rail Transit Inc.
 Stratus Risk Management Associates Inc.
 Turner Paschen Aviation Partners JV II
 Turner-TWC JV
 Turner Holt a Joint Venture
 Turner - TEC A Joint Venture
 Turner - Mahogany UMMC STC Renewal III Joint Venture
 Turner - Corenic: Suitland and HS Complex Replacment
 Turner - Janey - J&J a Joint Venture
 Turner-d'Escoto-Brown & Momen-Cullen Joint Venture
 Turner - One Way II
 Walsh - Turner JV II
 CSN Care Group Limited
 Teapot Home Care Ltd
 Aspen Hamilton Limited
 Confident Care Limited
 Clyde Healthcare Limited
 Horsham & Crawley Care Limited
 AILSA Care Services Ltd.
 Glenrowan Solar Farm Trust
 Idd Technology Pty Ltd
 Lh Holdings No.2 Pty Ltd
 Logistic Engineering Services Pty Ltd
 Sum Kee Construction Limited
 Westgo Finance Pty Ltd
 Auckland One Rail Limited
 Acciona Construction Australia Pty Ltd & CPB Contractors Pty Ltd
 CPB & United Infrastructure JV
 CPB Contractors & Georgiou Group
 CPB Contractors & Spotless Facilities Services
 Turner-Power & Sons
 Turner ImbuTec
 Turner FS360
 Turner Shook Champion Partners
 Caitan Spa
 Operadora Caitan Spa
 Leighton Contractors (Philippines) Corp.
 Leighton India Holdings Pte Ltd
 Lh Holdings No. 3 Pte Ltd
 Network Rezolution Finance Pty Ltd
 Njanmak Vic Pty Limited
 Port Wakefield To Port Augusta Regional Projects Alliance
 Sedgman Onyx Pty. Limited
 Ugl Integra Pty Ltd
 Spark NEL DC Workforce Pty. Ltd.
 GE Betz Pty. Ltd. & Mcconnell Dowell Constructors (Aust) Pty. Ltd. & United Group Infrastructure Pty. Ltd.
 John Holland and UGL Infrastructure
 Manidis Roberts Pty. Ltd. & MWH Australia Pty. Ltd. & PB Australia Pty. Ltd. & United Group Infrastructure Pty. Ltd.

Mitsubishi Electric Australia Pty. Ltd. & Hyundai Rotem Company & UGL Rail Services Pty. Ltd.
 Parsons Brinckerhoff Australia Pty Ltd. & RPS Manidis Roberts Pty. Ltd. & Seymour Whyte Constructions Pty. Ltd. &
 UGL Engineering Pty. Ltd.
 WSP Australia Pty Limited & UG Engineering Pty Ltd.
 Turner Watson JV
 Turner Clayco Joint Venture
 SH 288 Holding, S.A.
 ACS O&M Solutions GP Inc
 ACS-Fluor O&M Solutions General Partnership
 SH 288 Holdings, LLC
 SH 288 Investment inc.
 Renewable Projects Management Venture, S.L.
 Hochitief Dcx Gmbh
 Flatiron Myers JV
 Valley Transit Partners
 TUJV
 Turner FS360 II A JV
 McKissack Turner JV DE
 Turner-Yates-Kokosing LLC
 Turner-Walsh-Smoot JV
 Turner-Kokosing Joint Venture
 GTBB Joint Venture
 Ecco Engineering Company Limited
 Glenrowan Solar Finance Pty Ltd
 Canberra Metro Trust
 Metro Trains Melbourne Pty Ltd
 Spark North East Link Holding Pty Limited

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

gGrav-can, Inc.
 Spinning Assets, S.L.U.
 Vientos del Pastoreale, S.A.
 Extresol 4, S.A.
 Parque Eólico Kiyú, S.A.
 Hidromanta Invest, S.L.
 Peruana de Inversiones en Energía Renovables, S.A.
 Hochtief (India) Private Limited
 Itco Pty Ltd
 Trafalgar EB Pty Ltd
 Trafalgar EB Unit Trust
 Tribune SB Pty Ltd
 Tribune SB Unit Trust
 Dunsborough Lakes Village Syndicate
 Naval Ship Management (Australia) Pty Ltd
 Casey Fields Joint Venture
 CHT Joint Venture
 Gateway WA
 Henry Road Edenbrook Joint Venture
 Swietelsky CPB Rail Joint Venture
 Con-Real - Turner
 Turner/CON-REAL
 Turner/Ozanne/VAA
 Turner-Welty JV

Turner JLN A Joint Venture
Turner/Concrete Structures/Lindahl Triventure
Turner-Rodgers-A Joint Venture
Turner-AECOM Hunt-SG-Bryson Atlanta Joint Venture
Lmena No. 1 Pty Limited
Sedgman Sas (Colombia)
Tasconnect Finance Pty Limited
BIC Contracting LLC
Via Solutions Nord GmbH & Co. KG
DPR/Turner JV
Donley's Turner JV
Turner International/TiME Proje Yonetimi Limited Sirketi
Capstone Infrastructure Finance Pty Ltd
Devine Projects (Vic) Pty Ltd
Devine Springwood No 1 Pty Ltd
Doubleone 3 Pty Ltd
Leighton Services Uae Co Llc
Mode Apartments Pty Ltd (act as trustee of Mode Apartments Unit Trust)
Mode Apartments Unit Trust
Leighton - John Holland Joint Venture
JHCPB JV

Individual financial statements

Basis of 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 November 16, and its subsequent amendments, adapted to the summary models provided in Royal Decree 1362/2007 and in accordance with Circular 5/2015, of October 28, of the Spanish National Securities Market Commission (CNMV).

This Selected Financial Information does not include all the information required by complete the individual 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 December 31, 2021, and together with the Condensed Consolidated Financial Statements for the period from January 1, 2022 to December 31, 2022.

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	
	2022	2021
Dividends from Group companies and Associates	347,160	4,963,046
Dividends from long-term financial investments	436	230
Financial income from Group companies and Associates	11	—
Services rendered	15,600	10,749
Total	363,207	4,974,025

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 July 28, on the Securities Market (*Ley 24/1998 del Mercado de Valores*), implemented by Royal Decree 1362/2007, of October 19.

Declaration of responsibility

The directors declare that, to the best of their knowledge, the condensed financial statements presented for 2022 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: February 27, 2023.

Florentino Pérez Rodríguez (Executive Chairman)	Antonio García Ferrer (Vice Chairman)
Juan Santamaría Cases (Chief Executive Officer)	Antonio Botella García (Board member)
Javier Echenique Landiribar (Board member)	Carmen Fernández Rozado (Board member)
Emilio García Gallego (Board member)	María José García Beato (Board member)
Mariano Hernández Herreros (Board member)	Pedro José López Jiménez (Board member)
Catalina Miñarro Brugarolas (Board member)	María Soledad Pérez Rodríguez (Board member)
Miguel Roca i Junyent (Board member)	José Eladio Seco Domínguez (Board member)
José Luís del Valle Pérez (Director and General Secretary)	

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The directors declare that, to the best of their knowledge, the condensed financial statements presented for 2022 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.

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