

ACS

ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS



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2021

ECONOMIC AND FINANCIAL REPORT



- Statements Consolidated Financial Statements**
- Auditor's Report on Consolidated Financial**

“Translation of original document issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails”

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

Consolidated Annual Accounts for the year ended 31 December 2021, prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Consolidated Directors' Report

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021

ASSETS	Note	Thousands of Euros	
		31/12/2021	31/12/2020
NON-CURRENT ASSETS		11,010,031	13,018,795
Intangible assets	04	3,279,412	3,659,179
Goodwill		2,672,253	2,863,053
Other intangible assets		607,159	796,126
Tangible assets - property, plant and equipment	05	1,464,868	1,764,077
Non-current assets in projects	06	72,853	406,151
Investment property	07	41,003	42,298
Investments accounted for using the equity method	09	4,524,229	4,479,551
Non-current financial assets	10	765,707	760,556
Long term deposits	10	987	283
Derivative financial instruments	22	11,577	17,847
Deferred tax assets	26.05	849,395	1,888,853
CURRENT ASSETS		24,654,314	24,314,925
Inventories	11	742,092	715,241
Trade and other receivables	12	8,380,356	10,498,289
Trade receivables for sales and services	10	6,686,487	8,500,244
Other receivable	10	1,400,815	1,762,431
Current tax assets	26	293,054	235,614
Other current financial assets	10	1,280,079	1,354,982
Derivative financial instruments	22	200,875	251,316
Other current assets	13	202,839	233,154
Cash and cash equivalents	10 and 14	11,253,419	8,080,808
Non-current assets held for sale and discontinued operations	03.09	2,594,654	3,181,135
TOTAL ASSETS		35,664,345	37,333,720

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated statement of financial position at 31 December 2021.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021

EQUITY AND LIABILITIES	Note	Thousands of Euros	
		31/12/2021	31/12/2020
EQUITY	15	7,028,203	4,275,907
SHAREHOLDERS' EQUITY		6,505,222	4,197,251
Share capital		152,332	155,332
Share premium		366,379	495,226
Reserves		3,633,014	3,608,699
(Treasury shares and equity interests)		(691,916)	(636,011)
Profit for the period of the parent		3,045,413	574,005
ADJUSTMENTS FOR CHANGES IN VALUE		(170,918)	(668,772)
Financial assets with changes in other comprehensive income		(6,847)	(27,547)
Hedging instruments		(73,150)	(159,383)
Translation differences		(90,921)	(481,842)
EQUITY ATTRIBUTED TO THE PARENT		6,334,304	3,528,479
NON-CONTROLLING INTERESTS		693,899	747,428
NON-CURRENT LIABILITIES		11,444,846	10,605,990
Grants	16	2,099	3,485
Non-current provisions	20	1,835,267	1,276,375
Non-current financial liabilities		8,717,354	8,370,036
Bank borrowings, debt instruments and other marketable securities	17	8,570,163	8,179,726
Project finance with limited recourse	18	51,069	73,318
Other financial liabilities	19	96,122	116,992
Long term lease liabilities	05	401,430	472,836
Derivative financial instruments	22	33,050	49,791
Deferred tax liabilities	26.05	227,112	320,488
Other non-current liabilities		228,534	112,979
CURRENT LIABILITIES		17,191,296	22,451,823
Current provisions	20	996,564	921,378
Current financial liabilities		1,808,491	2,885,808
Bank borrowings, debt instruments and other marketable securities	17	1,751,296	2,781,175
Project finance with limited recourse	18	18,472	16,123
Other financial liabilities	19	38,723	88,510
Short term lease liabilities	05	150,765	192,173
Derivative financial instruments	22	172,791	155,460
Trade and other payables	23	11,738,435	15,824,034
Suppliers		5,940,236	8,619,276
Other payables		5,637,192	6,983,515
Current tax liabilities	26	161,007	221,243
Other current liabilities	24	266,700	226,888
Liabilities relating to non-current assets held for sale and discontinued operations	03.09	2,057,550	2,246,082
TOTAL EQUITY AND LIABILITIES		35,664,345	37,333,720

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated statement of financial position at 31 December 2021.

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

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Thousands of Euros	
		2021	2020
			(*)
REVENUE	27	27,836,658	29,304,697
Changes in inventories of finished goods and work in progress		19,437	(611)
Capitalised expenses of in-house work on assets	27	556	1,205
Procurements	28.01	(19,019,818)	(20,502,276)
Other operating income	27	105,529	344,443
Personnel expenses	28.02	(6,239,286)	(6,777,423)
Other operating expenses		(1,680,762)	(1,747,791)
Depreciation and amortisation	04,05,06 and 07	(479,446)	(876,318)
Allocation of grants relating to non-financial assets and others	16	299	306
Impairment and gains or losses on the disposal of non-current assets	29	(199,642)	1,077,070
Other results	29	(246,790)	1,921
Ordinary results of companies accounted for using the equity method	09	272,745	155,298
Financial income		102,555	143,030
Financial costs	28.05	(362,517)	(376,653)
Changes in the fair value of financial instruments	22 and 28.04	(91,821)	77,635
Exchange differences		24,858	(42,233)
Impairment and gains or losses on the disposal of financial instruments	29	14,267	111,411
Non-ordinary results of companies accounted for using the equity method	09	680	10,712
PROFIT BEFORE TAX		57,502	904,423
Income tax	26.03	(789,372)	(255,121)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		(731,870)	649,302
Profit after tax from discontinued operations	03.09	3,958,104	279,188
PROFIT FOR THE PERIOD		3,226,234	928,490
(Profit) / loss attributed to non-controlling interests	15.07	(169,481)	(319,455)
(Profit) / loss from discontinued operations attributable to non-controlling interests	15.07	(11,340)	(35,030)
PROFIT ATTRIBUTABLE TO THE PARENT		3,045,413	574,005

EARNINGS PER SHARE	Note	Euros per share	
		2021	2020
Basic earnings per share	31	10.74	1.95
Diluted earnings per share	31	10.74	1.95
Basic earnings per share from discontinued operations	31	13.91	0.83
Basic earnings per share from continuing operations	31	(3.18)	1.12
Diluted earnings per share from discontinued operations	31	13.91	0.83
Diluted earnings per share from continuing operations	31	(3.18)	1.12

(*) Restated.

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated income statement for the year ended 31 December 2021.

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

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

	Thousands of Euros	
	2021	2020
(A) CONSOLIDATED RESULTS FOR THE PERIOD	3,226,234	928,490
(B) OTHER COMPREHENSIVE INCOME - ITEMS THAT ARE NOT RECLASSIFIED TO PROFIT OR LOSS FOR THE PERIOD:	(3,817)	(28,968)
For actuarial gains and losses	32,173	(38,747)
Tax effect (Note 26.04)	(35,990)	9,779
(C) OTHER COMPREHENSIVE INCOME - ITEMS THAT MAY BE RECLASSIFIED AFTER THE INCOME FOR THE PERIOD:	713,801	(506,982)
1. Hedging transactions:	45,324	19,601
Valuation gains/(losses)	24,666	4,863
Amounts transferred to the profit and loss account	20,658	14,738
2. Conversion differences:	389,614	(318,630)
Valuation gains/(losses)	162,223	(345,795)
Amounts transferred to the profit and loss account	227,391	27,165
3. Share in other comprehensive income recognized for investments in joint ventures and associates:	247,121	(200,082)
Valuation gains/(losses)	247,121	(200,082)
4. Debt instruments at fair value with changes in other comprehensive income	—	—
5. Other income and expenses that may be reclassified after the result of the period:	74,042	(12,775)
Valuation gains/(losses)	74,118	(12,775)
Amounts transferred to the profit and loss account	(76)	—
6. Tax effect (Note 26.04)	(42,300)	4,904
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (A + B + C)	3,936,218	392,540
Attributed to the controlling entity	3,542,392	246,907
Attributed to non-controlling interests	393,826	145,633

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2021.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Thousands of Euros							
	Share capital	Share premium	Retained earnings and other reserves	Treasury shares	Valuation adjustments	Profit/(Loss) attributed to the Parent	Non-controlling interests	TOTAL
Balance at 01 January 2020	157,332	897,294	3,163,352	(402,542)	(356,377)	962,027	1,084,882	5,505,968
Income / (expenses) recognised in equity	—	—	(14,703)	—	(312,395)	574,005	145,633	392,540
Capital increases (Note 15)	7,138	—	(7,138)	—	—	—	—	—
Capital reductions (Note 15)	(2,000)	—	2,000	—	—	—	—	—
Stock options	—	—	4,471	—	—	—	—	4,471
Distribution of profit from the prior year:								
To reserves	—	—	962,027	—	—	(962,027)	—	—
Acquisition of free allocation rights against 2019 (Note 15)	—	—	(141,284)	—	—	—	—	(141,284)
Remaining allotment rights from 2019 accounts (Note 15)	—	—	92,723	—	—	—	—	92,723
Acquisition of additional free allocation rights 2019 (Note 15)	—	—	(484,583)	—	—	—	—	(484,583)
Remaining allotment rights from 2019 accounts (Note 15)	—	—	287,464	—	—	—	—	287,464
To dividends	—	—	—	—	—	—	(248,819)	(248,819)
Treasury shares (Note 15.04)	(7,138)	(402,068)	(95,544)	(233,469)	—	—	—	(738,219)
Treasury shares through investees	—	—	(64,893)	—	—	—	(103,160)	(168,053)
Change in listed investees	—	—	(111,854)	—	—	—	(161,160)	(273,014)
Change in the consolidation perimeter and other effects of a lesser amount	—	—	16,661	—	—	—	30,052	46,713
Balance at 31 December 2020	155,332	495,226	3,608,699	(636,011)	(668,772)	574,005	747,428	4,275,907
Income / (expenses) recognised in equity	—	—	(875)	—	497,854	3,045,413	393,826	3,936,218
Capital increases (Note 15)	5,449	—	(5,449)	—	—	—	—	—
Capital Reductions (Note 15)	(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 15)	—	—	(128,847)	—	—	—	—	(128,847)
Remaining allotment rights from 2020 accounts (Note 15)	—	—	73,131	—	—	—	—	73,131
Acquisition of additional free allocation rights 2020 (Note 15)	—	—	(359,064)	—	—	—	—	(359,064)
Remaining allotment rights from 2020 accounts (Note 15)	—	—	200,992	—	—	—	—	200,992
To dividends	—	—	—	—	—	—	(341,716)	(341,716)
Treasury shares (Note 15.04)	(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

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2021.

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

		Note	Thousands of Euros	
			2021	2020
				(*)
A)	CASH FLOWS FROM OPERATING ACTIVITIES		203,141	1,141,688
1	Profit before tax		57,502	904,423
2	Adjustments for:		1,425,478	855,337
	Depreciation and amortisation		479,446	876,318
	Other adjustments to profit (net)	03.23	946,032	(20,981)
3	Changes in working capital		(1,303,175)	(704,399)
4	Other cash flows from operating activities:		23,336	86,327
	Interest paid	17, 18 and 19	(386,596)	(424,990)
	Dividends received		466,765	739,532
	Interest received	03.23	108,976	133,527
	Income tax (paid) / received	26	(165,809)	(361,742)
B)	CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES	04, 05, 06 and 07	3,397,643	292,311
1	Investment paid:		(690,715)	(1,704,176)
	Group companies, associates and business units		(202,327)	(486,643)
	Property, plant and equipment, intangible assets, projects and property investments		(386,207)	(876,461)
	Other financial assets		(102,181)	(341,543)
	Other assets		—	471
2	Divestment:	03, 04, 05, 06, 07 and 09	4,088,358	1,996,487
	Group companies, associates and business units		3,753,996	1,571,201
	Property, plant and equipment, intangible assets, projects and investment property		48,149	59,867
	Other financial assets		282,134	362,671
	Other assets		4,079	2,748
C)	CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		(770,952)	(1,059,358)
1	Equity instrument proceeds / (and payment):	02.02.f and 15	(484,692)	(1,173,323)
	Acquisition		(493,055)	(1,193,042)
	Disposal		8,363	19,719
2	Liability instrument proceeds / (and payment):	17, 18 and 19	272,034	1,904,473
	Issue		4,634,213	7,785,734
	Refund and repayment		(4,362,179)	(5,881,261)
3	Dividends paid and remuneration relating to other equity instruments:	15.01	(396,012)	(490,115)
4	Other cash flows from financing activities:		(162,282)	(1,300,393)
	Payment of operating lease principal		(232,214)	(379,716)
	Other financing activity proceeds and payables	03.23	69,932	(920,677)
D)	EFFECT OF CHANGES IN EXCHANGE RATES		342,779	(424,817)
E)	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		3,172,611	(50,176)
F)	CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		8,080,808	8,130,984
G)	CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		11,253,419	8,080,808

1. CASH FLOWS FROM OPERATING ACTIVITIES	(370,532)	264,356
2. CASH FLOWS FROM INVESTING ACTIVITIES	(149,403)	(18,138)
3. CASH FLOWS FROM FINANCING ACTIVITIES	718,252	(612,187)
NET CASH FLOWS FROM DISCONTINUED OPERATIONS	198,317	(365,969)

CASH AND CASH EQUIVALENTS AT END OF THE PERIOD			
Cash and banks		10,432,399	6,779,266
Other financial assets		821,020	1,301,542
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		11,253,419	8,080,808

(*) Restated.

The accompanying notes 01 to 38 and Appendices I to III are an integral part of the consolidated statement of cash flows for the year ended 31 December 2021.

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

Notes to the Consolidated Annual Accounts for the year ended 31 de diciembre de 2021

01. Group activity

ACS, Actividades de Construcción y Servicios, S.A., the Parent Company, is public company incorporated in Spain in accordance with the Spanish Public Companies Act [Ley de Sociedades Anónimas] and its registered office is at Avenida de Pío XII, 102, 28036 Madrid.

In addition to the transactions it carries out directly, ACS, Actividades de Construcción y Servicios, S.A. is the head of a group of companies with diverse activities, including construction (both civil construction and building), industrial services (both industry support services and integrated projects), services (for individuals and buildings, cities and their surroundings) and concessions, which make up the ACS Group. ACS, Actividades de Construcción y Servicios, S.A. is therefore obliged to prepare, in addition to its own Separate Annual Accounts, the Consolidated Annual Accounts for the ACS Group, which include subsidiaries, interests in joint ventures and investments in associates.

In accordance with its corporate purpose, the business activities of ACS, Actividades de Construcción y Servicios, S.A., the Parent Company of the ACS Group, are as follows:

1. The business of constructing all kinds of public and private works, and the provision of services for the upkeep, maintenance and operation of motorways, highways, roads and, in general any type of public or private roads and any other type of works, and any kind of industrial, commercial and financial actions and operations that bear a direct or indirect relationship to these operations.
2. The promotion, construction, restoration and sale of housing developments and all kinds of buildings intended for industrial, commercial or residential purposes, either as employees or as independent professionals. The upkeep and maintenance of works, facilities and services, whether urban or industrial.
3. The management and execution of all manner of works, facilities, assemblies and maintenance related to power plants and electricity production, transmission and distribution lines, substations, transformation, interconnection and switching centres, generation and conversion stations, electric, mechanical and track installations for railways, metros and light rail, railway, light rail and trolleybus electrification, electric dam installations, purifying plants, drinking water treatment plants, wharfs, ports, airports, docks, ships, shipyards, platforms, flotation elements, and any other elements for diagnostics, tests, security and protection, controls for interlocking, operating, metering — either directly or remotely — for industries and buildings and those suited to the above-mentioned facilities, electrification, public lighting and illumination, electric installations in mines, refineries and explosive environments; and in general all manner of facilities related to the production, transmission, distribution, upkeep, recovery and use of electricity in all its stages and systems, and the operation, repair, replacement and upkeep of their components. Control and automation of all manner of electric networks and installations, remote controls and computer equipment required for the management, computerisation and rationalisation of all kinds of energy consumption.
4. The management and execution of all manner of works, facilities, assemblies and maintenance related to the electronics of systems and networks for telephone, telegraph, signalling and S.O.S. communications, civil protection, defence and traffic, voice and data transmission and use, measurements and signals, and propagation, broadcast, repetition and reception of all kinds of waves, antennas, relays, radio-links, navigation aids, equipment and elements required for the execution of such works, assemblies and facilities.
5. The management and execution of all manner of works, facilities, assemblies and maintenance related to the development, production, transformation, storage, transmission, channelling, distribution, use, metering and maintenance of any other kind of energy and energy product, and of any other energy

that may be used in the future, including the supply of special equipment, elements required for installation and assembly, and all manner of materials.

6. The management and execution of all manner of works, assemblies, facilities and maintenance of hydroelectric works to develop, store, raise, drive or distribute water, and its piping, transport and distribution, including water and gas treatment facilities.
7. The management and execution of all manner of works, assemblies, facilities and maintenance for developing, transporting, channelling and distributing liquid and solid gases for all kinds of uses.
8. The management and execution of all manner of works, assemblies, facilities and maintenance of ventilation, heating, air conditioning and refrigeration works and works to improve the environment, for all kinds of uses.
9. The management and execution of all manner of works, facilities, assemblies and maintenance related to cable cars, gondola lifts, chair lifts and aerial lifts for both passenger and material transport by means of systems of cables or any type of mechanical element. The retrieval of ships and submerged elements, maritime salvages, ship breaking, naval fleet repairs, repairs and assembly of engines and mechanical elements for ships, and underwater work and sale of aquatic and sports material.
10. The manufacture, transformation, processing, handling, repair, maintenance and all manner of operations of an industrial nature for commercialisation related to machinery, elements, tools, equipment, electric protection material, bare and insulated conductors, insulators, metal fittings, machines, tools and auxiliary equipment for assemblies and installation of railways, metros and light trains, power plants, and electricity transmission and distribution lines and networks and for telephone and telegraph communications, telecommunication, security, traffic, telematics and voice and data transmission systems; of elements and machines for the development, transformation, transmission and use of all kinds of energies and energy products; of fluid and gas lift pumps, piping and other elements, mechanisms, accessory instruments, spare parts and materials required for execution and performance of any industrial, agricultural, naval, transport, communication and mining works, facilities and assemblies and others listed in the preceding paragraphs. The production, sale and use of electricity and of other energy sources and the performance of studies relating to them, and the production, exploration, sale and use of all manner of solid, liquid or gaseous primary energy resources, including specifically all forms and kinds of hydrocarbons and natural, liquefied or any other type of gas. Energy planning and rationalisation of the use of energy and combined heat and power generation. The research, development and exploitation of communications and information technologies in all their facets.
11. The manufacture, installation, assembly, construction, supply, maintenance and commercialisation of all kinds of products and elements pertaining to or derived from concrete, ceramics, resins, varnishes, paints, plastics or synthetic materials; and metal structures for industrial plants and buildings, bridges, towers and supports of metal or reinforced concrete or any synthetic material for all manner of communications and electric power transmission or distribution, or any other class of energy material or product related to all types of energy.
12. The manufacture, preparation, handling and finishing, diagnosis, treatment and impregnation for protection and preservation and sale of wood in general, and especially of posts used for electric, telephone and telegraph lines, impregnation or servicing for mine and gallery timbering, building supports, construction woodwork, crossties for railways and barricades, and the production and commercialisation of antiseptic products and running of procedures for preserving wood, elements, tools and equipment of this nature. The acquisition, provision, application and use of paints, varnishes, coverings, plating and, in general, construction materials.
13. The management and execution of reforestation and agricultural and fishery restocking works, and maintenance and improvement work. Landscaping, planting, revegetation, reforestation, maintenance and conservation of parks, gardens and accessory elements.

14. The manufacture, installation, distribution and use in any way of all manner of ads and advertising supports. The design, construction, fabrication, installation, maintenance, cleaning, upkeep and advertising use of all manner of street furniture and similar elements.
15. The provision of all manner of public and private services of an urban nature, including the execution of any necessary works and facilities, either by administrative concession or leasing. The treatment, recycling and recovery of all kinds of urban, urban-similar, industrial and sanitary waste; the treatment and sale of waste products, and the management and operation of waste treatment and transfer plants. Drafting and processing of all manner of environment-related projects.
16. The cleaning services for buildings, constructions and works of any kind, of offices, commercial premises and public places. Preparation, upkeep, maintenance, sterilisation, disinfection and extermination of rodents. Cleaning, washing, ironing, sorting and transportation of clothing.
17. Furniture assemblies and installations, including tables, shelves, office material, and similar or complementary objects.
18. Transports of all kinds, especially ground transportation of passengers and merchandise, and transport-related activities. Management and operation, and provision of auxiliary and complementary services, of all manner of buildings and properties or complexes for public or private use, intended for use as service areas or stations, recreational areas, and bus or intermodal transportation stations.
19. The provision of integral health care and social assistance services by qualified personnel (physicians, psychologists, educators, university graduates in nursing, social workers, physical therapists and therapists) and performance of the following tasks: home care service; tele-home care and social health care; total or partial running or management of homes, day care centres, therapeutic communities and other shelters and rehabilitation centres; transportation and accompaniment of the above-mentioned groups; home hospitalisation and medical and nursing home care; supply of oxygen therapy, gas control, electro-medicine, and associated activities.
20. Provision of auxiliary services in housing developments, urban properties, industrial facilities, roadway networks, shopping centres, official agencies and administrative departments, sports or recreational facilities, museums, fairgrounds, exhibition galleries, conference and congress halls, hospitals, conventions, inaugurations, cultural and sports centres, sporting, social and cultural events, exhibits, international conferences, general shareholders' and owners' association meetings, receptions, press conferences, teaching centres, parks, farming facilities (agricultural, livestock and fisheries), forests, rural farms, hunting reserves, recreational and entertainment areas, and in general all kinds of properties and events, by means of porters, superintendents, janitors, ushers, guards or controllers, console operators, auditorium personnel, concierges, receptionists, ticket clerks (including ticket collection), telephone operators, collectors, caretakers, first aid personnel, hostesses and similar personnel or personnel who complement their functions, consisting of the maintenance and upkeep of the premises, and attention and service to neighbours, occupants, visitors and/ or users, by undertaking the appropriate tasks, excluding in all cases those which the law reserves for security firms. Collection and tallying of cash, and the making, collection and charging of bills and receipts. The development, promotion, exhibition, performance, acquisition, sale and provision of services in the field of art, culture and recreation, in their different activities, forms, expressions and styles.
21. Provision of emergency, prevention, information, telephone switchboard, kitchen and dining hall services. Opening, closing and custody of keys. Turning on and off, running, supervision, maintenance and repair of engines and heating and air conditioning, electricity and lift installations, water, gas and other supply pipes, and fire protection systems. The operation of rapid communication systems with public assistance services, such as police, firemen, hospitals and medical centres. Fire fighting and prevention services in general, in woodlands, forests, rural farms, and industrial and urban facilities.
22. Integral management or operation of public or private educational or teaching centres, and surveillance, service, education and control of student bodies or other educational collectives.

23. Reading of water, gas and electricity meters, maintenance, repair and replacement of these meters, monitoring and transcription of readouts, meter inspection, data acquisition and updating, and instalment of alarms. Temperature and humidity measurements on roadways and, in general, all kinds of properties and real estate, and public and private facilities, providing all the controls required for proper upkeep and maintenance of these facilities or the goods deposited or safeguarded in them.
24. Handling, packing and distribution of food or consumer products; processing, flavouring and distribution of food for own consumption or supply to third parties; servicing, replacement and maintenance of equipment, machinery and dispensing machines of the mentioned products; and participation in operations with raw materials, manufactured goods and supplies.
25. Provision of ground services to passengers and aircraft. Integral logistic freight services, such as: loading, unloading, stowing and unstowing, transport, distribution, placement, sorting, warehouse control, inventory preparation, replacement, control of warehouse stocks and storage of all kinds of merchandise, excluding the activities subject to special legislation. Management and operation of facilities for the distribution of merchandise and goods in general, and especially perishable products, such as fish markets and wholesale and retail markets. Reception, docking, mooring and service connections to boats.
26. Direct advertising services, postage and mailing of printed advertising and publicity material and, in general, all kinds of documents and packages, on behalf of the clients.
27. Management, operation, administration, maintenance, upkeep, refurbishment and fitting out of all kinds of concessions in the broadest sense of the word, including those that are part of the concession operator's shareholders and those that have any type of contractual relation to carry out any of the above-listed activities.
28. The acquisition, holding, use, administration and disposal of all manner of marketable securities for its own account, excluding activities that special legislation, and in particular the legislation on the stock market, attributes solely to other entities.
29. To manage and administer fixed-income and equity securities of companies not resident in Spain, through the related organisation of the appropriate material and human resources in this connection.
30. Preparation of all manner of studies, reports and projects, and entering into contracts concerning the activities indicated in this article, and supervision, management and consulting in their execution.
31. Occupational training and recycling of people who provide the services described in the preceding points.

02. Basis of presentation of the Consolidated Annual Accounts and basis of consolidation

02.01. Basis of presentation

The Consolidated Annual Accounts of the ACS Group for 2021 were prepared:

- By the Parent Company's directors, at the Board meeting held on 24 March 2022.
- In accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union, in conformity with Regulation (EC) No 1606/2002 of the European Parliament and of the Council and subsequent amendments and in accordance with the format and labelling requirements set out in Commission Delegated Regulation (EU) 2019/815. The consolidation bases and the principal accounting policies and measurement bases applied in preparing the Group's Consolidated Annual Accounts for 2021 are summarised in Notes 02 and 03.

- Taking into account all the mandatory accounting principles and rules and measurement bases with a material effect on the Consolidated Annual Accounts, and the alternative treatments permitted by the relevant standards in this connection, which are specified in Note 03 (Accounting policies).
- So that they present fairly the Group's consolidated equity and financial position at 31 December 2021 and the results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended.
- On the basis of the accounting records kept by the Parent Company and by the other Group companies.

The consolidation bases applied in 2021 are consistent with those applied in the 2020 Consolidated Annual Accounts.

Notwithstanding the above, as a result of the ongoing situation caused by the outbreak of Covid-19 in March 2020, raising questions about how markets will perform, the relevant accounting estimates and significant judgements made in the preparation of the ACS Group's Consolidated Annual Accounts are affected by a greater degree of uncertainty. Therefore, the effects on the ACS Group's Consolidated Annual Accounts have been assessed and analysed and are set out below in the following note.

Effects of Covid-19

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

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

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

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

As the pandemic continues to develop, the ACS Group continues to monitor the impact that Covid-19 could have on operating and financial performance in the activities of the ACS Group's various divisions. Although the current situation caused by the Covid-19 pandemic raises uncertainty as to how the markets will perform and develop, the Group is highly diversified in terms of its activities and location in developed regions with stable political frameworks, and has a very significant backlog (see Note 27.02) amounting to EUR 67,262 million, equivalent to approximately 26 months considering the current rate of sales.

Comparative information

The information contained in these Consolidated Annual Accounts of the ACS Group for the year ended 31 December 2020 is presented solely for comparative purposes with each item in the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive

income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes of the Consolidated Annual Accounts for 2021. The effects of Covid-19 should be taken into account when comparing the information (see Note 02.01). As a result of the sale of most of the Industrial Services Division to Vinci, described in Note 03.09, the comparative information for 2020 included together with the consolidated income statement and the consolidated statement of cash flows differs from that included in the Annual Accounts of 31 December 2020 approved on 7 May 2021 by the shareholders at the Annual General Meeting (see Note 03.09).

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

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

The ACS Group's Consolidated Annual Accounts for 2021 have not yet been approved by the shareholders at the Annual General Meeting. However, the Parent Company's Board of Directors considers that these consolidated annual accounts will be approved without any material changes.

Responsibility for the information and estimates made

The information in these Consolidated Annual Accounts is the responsibility of the directors of the Group's Parent Company.

The Consolidated Annual Accounts were prepared from the accounting records for 2021 of ACS, Actividades de Construcción y Servicios, S.A. and of the companies included in the consolidation perimeter.

In preparing this Consolidated Annual Accounts for the ACS Group for the year ended 31 December 2021, estimates were occasionally made by the senior executives of the Group and of the consolidated entities, in order to quantify certain of the assets, liabilities, income, expenses and obligations reported in these annual accounts:

- The assessment of impairment losses on certain assets (Notes 03.01, 03.06 and 10) and, in particular, the assumptions and hypotheses considered in the analysis of the recoverability of the investment in Abertis (Note 09).
- The fair value of the assets acquired and of the liabilities assumed in business combinations (Note 02.02.f) and the assignment of the Purchase Price Allocation in acquisitions.
- The measurement of goodwill (Note 03.01).
- The recognition of earnings in construction contracts (Note 03.16.01).
- The amount of certain provisions (Note 03.13).
- The assumptions used in the calculation of liabilities and obligations to employees (Note 03.12).
- The market value of derivatives (such as equity swaps, interest rate swaps, forward purchase contracts, put option granted to Elliott on the interest in Thiess, etc.) mentioned in Note 22.
- The useful life of the intangible assets and property, plant and equipment (Notes 03.02 and 03.03).
- The recoverability of deferred tax assets (Note 26.05).
- The evaluation and analysis carried out by ACS Group Management in relation to the main implications that Covid-19 continues to have.
- The consideration of the sale of most of the Industrial Services Division as a discontinued operation.
- Environmental issues and their effect on assumptions of accounting estimates and judgements related to financial information (Note 21.08).

Although these estimates were made on the basis of the best information available at the date of preparation of these Consolidated Annual Accounts on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively, recognising the effects of the change in estimates in the related future Consolidated Annual Accounts.

Changes in accounting estimates and policies and correction of fundamental errors

– Changes in accounting estimates

The effect of any change in accounting estimates is recognised in the same income statement line item as that in which the expense or income measured using the previous estimate had been previously recognised.

– Changes in accounting policies and correction of fundamental errors

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

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

Except for the above and the entry into force of new accounting standards, the bases of consolidation applied in 2021 are consistent with those applied in the Consolidated Annual Accounts for 2020 (see Note 03.24).

Currency

The euro is the currency in which the Consolidated Annual Accounts are presented. Details of sales in the main countries in which the Group operates are set out in Note 25.

02.02. Basis of consolidation

a) Balances and transactions with Group companies and associates

The significant intra-Group balances and transactions are eliminated on consolidation. Accordingly, the gains obtained are eliminated in line with the percentage of ownership in the case of the associates and in full in the case of the fully consolidated companies.

However, in accordance with the criteria provided by IFRIC 12, balances and transactions relating to construction projects performed by companies of the Construction Division and Industrial Services Division for concession operators are not eliminated on consolidation since these transactions are considered to have been carried out for third parties as the projects are being completed.

b) Standardisation of items

In order to uniformly present the various items comprising these Consolidated Annual Accounts, accounting standardisation criteria were applied to the separate annual accounts of the companies included in the consolidation perimeter.

In 2021 and 2020 the reporting date of the annual accounts of all the companies included in the consolidation perimeter was the same or was temporarily brought into line with that of the Parent Company.

c) Subsidiaries

"Subsidiaries" are defined as companies over which the ACS Group has the capacity to exercise control, i.e., in accordance with IFRS 10, when it has the power to direct their relevant activities, it is exposed to variable returns as a result of its involvement with the investee and is able to use this power to affect its own returns, either directly or through other companies it controls.

The annual accounts of the subsidiaries are fully consolidated with those of the Parent Company. Where necessary, adjustments are made to the annual accounts of the subsidiaries to adapt the accounting policies used to those applied by the Group.

As at 31 December 2021, the ACS Group had an effective ownership interest of less than 50% in companies considered to be subsidiaries, because it controls the majority of the voting rights of these companies, the most representative of which have an asset volume of more than EUR 4 million: Piques y Túneles, S.A., Consorcio Embalse Chironta, S.A., Consorcio Constructor Hospital de Quellón, S.A. and Consorcio Constructor Puente Santa Elvira, S.A. (these four companies were in the same situation as at 31 December 2020). The ACS Group fully consolidates these investees as it has the power, the rights to variable returns and the ability to affect these returns through the power it exercises.

As at 31 December 2021, the main companies of the ACS Group with dividend rights of more than 50% that are not fully consolidated include: Road Management (A13) Plc. and Benisaf Water Company, Spa. (these companies were in the same situation as at 31 December 2020).

This circumstance arises because the control over these companies is exercised by other shareholders or because decisions require the affirmative vote of another or other shareholders and, therefore, they are accounted for using the equity method. The relevant decisions vary depending on each resolution but, in general, the other shareholder can veto any decision regarding (i) appointment, renewal, removal or replacement of the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Operating Officer (COO), (ii) approval of distribution of dividends or reserves not approved in the business plan, (iii) any change in the business activity, (iv) approval of the business plan and approval of the annual budget and/or final investment decision for a development project, (v) refinancing or restructuring or rebalancing agreements, (vi) changes in financial policies (hedging, leverage, guarantees, etc.), (vii) approval of the annual accounts and allocation of profit or loss, etc.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. a discount on acquisition) is credited to profit or loss on the acquisition date. The interest of non-controlling shareholders is stated at their proportion of the fair values of the assets and liabilities recognised.

Also, the share of third parties of:

- The equity of their investees is presented within the Group's equity under "Non-controlling interests" in the consolidated statement of financial position.
- The profit for the year is presented under "Profit/(loss) attributable to non-controlling interests" and "Profit/(loss) from discontinued operations attributable to non-controlling interests" in the consolidated income statement and in the consolidated statement of changes in equity of the Group.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the date of acquisition to year-end. Similarly, the results of subsidiaries disposed of during the year are included in the consolidated income statement from the beginning of the year to the date of disposal.

Appendix I to these notes to the consolidated annual accounts details the subsidiaries and information related to them.

Section f) of this Note contains information on acquisitions and disposals, and increases and decreases in ownership interest.

d) Joint arrangements

The Group recognises in the consolidated annual accounts its assets, including its share of jointly controlled assets; its liabilities, including its share of liabilities incurred jointly with the other operators; the revenue obtained from the sale of its share of the production resulting from the joint operation, its share of the revenue obtained from the sale of the production resulting from the joint operation; and its expenses, including its share of the joint expenditure.

Within the joint arrangements in which the ACS Group operates, mention should be made of temporary joint ventures and similar entities (various types of joint ventures) abroad, which are entities through which cooperation arrangements are entered into with other venturers in order to carry out a project or provide a service for a limited period of time.

The assets and liabilities assigned to these types of entities are recognised in the consolidated statement of financial position, classified according to their specific nature on the basis of the existing percentage of ownership. Similarly, income and expenses arising from these entities is recognised in the consolidated income statement on the basis of their specific nature and in proportion to the Group's ownership interest.

Notes 08 and 09 contain relevant information on material entities.

e) Associates

The companies over which the ACS Group maintains significant influence or joint control are accounted for using the equity method in those cases where they do not meet the requirements of the IFRS 11 to be classified as joint arrangements.

Exceptionally, the following entities are not considered to be Group associates since they do not have a significant influence or are fully inoperative and irrelevant for the Group as a whole.

Investments in associates are accounted for using the equity method, whereby they are initially recognised at acquisition cost. Subsequently, on each reporting date, they are measured at cost, plus the changes in the net assets of the associate based on the Group's percentage of ownership. The excess of the cost of acquisition over the Group's share of the fair value of the net assets of the associate at the date of acquisition is recognised as goodwill. The goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the fair value of the net assets of the associate over acquisition cost at the acquisition date is recognised in the consolidated income statement.

The profit, net of taxes, of associates is included in the Group's consolidated income statement under "Ordinary results of companies accounted for using the equity method" for all those associates and joint ventures whose activity is part of the same operational business of the Group, and under "Non-ordinary results of companies accounted for using the equity method" for those whose activity is not part of the Group's operational business (after an individual analysis has been carried out on each of them), based on their percentage of ownership. Previously, the appropriate adjustments are made to take into account the depreciation of the depreciable assets based on their fair value at the date of acquisition.

Any losses in associates that correspond to the Group are limited to the value of the net investment, except in those cases where legal or constructive obligations had been assumed by the Group or it has made payments on behalf of the associates. For the purpose of recognising impairment losses in associates, the net investment is considered to be the result of adding the amount corresponding to any other item that, in substance, forms part of the investment in the associates to the carrying amount resulting from having been accounted for using the equity method. Any excess losses on the investment in equity instruments is applied to the other items in reverse order to the priority in liquidation. Any profit subsequently obtained by the associates, in which the recognition of losses was limited to the value of the investment, is recognised if it exceeds the losses not previously recognised.

Note 09 contains relevant information on material entities.

f) Changes in the consolidation perimeter

The main changes in the consolidation perimeter of the ACS Group (consisting of ACS, Actividades de Construcción y Servicios, S.A. and its Subsidiaries) in the year ended 31 December 2021 are detailed in Appendix III.

Acquisitions, sales, and other corporate transactions

Acquisitions

In 2021 the acquisition of a 5% interest in Servicios Compresión de Gas CA-KU-A1, S.A.P.I. de C.V., which is recognised under "Non-current assets held for sale" (see Note 03.09.01), is noteworthy of mention.

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

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

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

Sales

The sale in 2021 of most of the Industrial Services Division mentioned in Note 03.09.02 is noteworthy. In addition, the Company sold its 50% interest held in the following transmission lines: Transmissora José Maria de Macedo de Electricidade, S.A., Giovanni Sanguinetti Transmissora de Energia, S.A., Veredas Transmissora de Electricidades, S.A., Sete Lagoas Transmissora de Energia, Ltda, Brilhante Transmissora de Energias, S.A. and Brilhante Transmissora de Energias 2, S.A. in Brazil, 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 29), which were considered to be assets held for sale.

In addition to that relating to the previous paragraph, Iridium sold 80% of its 33% interest in both the concession operator of the Toledo Hospital and in the operator of this hospital to BSIP Spain HoldCo, S.L. — a company managed by Brookfield — for a company value (100%) of approximately EUR 400 million, for a price of approximately EUR 58 million, and with capital gains of approximately EUR 29.8 million. (see Note 29).

Previously, on 30 June 2021, ACS, Actividades de Construcción y Servicios, S.A., through its subsidiary Vías y Construcciones, S.A., sold the shares representing the entire share capital of Continental Rail, S.A.U. to the French CMA CGM Group for a company value of EUR 19.9 million and with capital gains of EUR 14.8 million (see Note 29).

On 19 November 2021, Ventia Services Group Limited, a joint venture between Cimic and funds managed by Apollo Global Management, LLC, completed an initial public offering on the Australian Stock Exchange. As a result, 30% of Ventia's share capital was admitted to trading, of which 26% came from the issue of new

shares to finance an improvement in the debt structure and 4% from the sale of shares by Ventia's main shareholders (Cimic and Apollo). Cimic therefore retains a 32.8% interest in Ventia and, as the ACS Group no longer jointly controls Ventia, the investment has been reclassified from a joint arrangement to an associate. The partial disposal resulted in a profit before tax of AUD 60.3 million (EUR 38.2 million).

The total consideration received, net of transaction costs, amounted to EUR 60.2 million and included the non-cash consideration for the gain on the dilution of the Group's interest in Ventia after issuing the new shares. The cash consideration was received in 2021. The carrying amount of the portion sold amounted to EUR 21.5 million and comprises the portion of the Group's shares that were sold and a portion of the carrying amount of the investment in Ventia corresponding to the dilution caused by the issue of the new shares. The recycling of reserves as part of the transaction amounted to EUR 0.5 million.

In December 2020, the Group finalised an agreement with funds managed by Elliott for the acquisition by Elliott of a 50% interest in the share capital of Thiess, with the transaction being completed on 31 December 2020. The terms of the sale agreement meant that the ACS Group no longer controlled Thiess, but rather controls it jointly with Elliott and, therefore, the ACS Group derecognised the assets and liabilities of Thiess in the Consolidated Annual Accounts, and the remaining 50% of the interest held jointly with Elliott at 31 December 2020 was recognised again at its fair value based on the sale price (see Note 9).

The sale was recognised in accordance with the requirements of IFRS 10 as follows: the total consideration receivable, net of transaction costs, was EUR 1,980.9 million (AUD 3,148.8 million) which comprised: a cash consideration of AUD 2,016.8 million and non-cash consideration of AUD 1,132.0 million (fair value of the 50% retained interest), less the carrying amount of the net assets of Thiess of EUR 833 million, which included the derecognition of the portion allocated to the intangible assets from the initial consolidation of Hochtief (Purchase Price Allocation or PPA), and the portion of goodwill allocated to these assets in the amount of EUR 244.7 million (see Note 04.01), and the recycling of reserves of EUR 36.8 million, resulting in a profit before tax of EUR 1,111 million, which was recognised in 2020 under "Impairment and gains or losses on the disposal of non-current assets" in the consolidated income statement (see Note 29). The detail at 31 December 2020 is as follows:

	Millions of Euros
	31/12/2020
Gain on disposal	
Total cash consideration	1,432
Non-cash consideration	712
Carrying amount on disposal	(833)
Recycling of reserves	(37)
Gain of disposal of controlled entities before tax	1,274
Transaction costs	(163)
Net gain on disposal of controlled entities before tax	1,111

Carrying value of assets and liabilities of entities and businesses disposed

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

Cash flow resulting from sale

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

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

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

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

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

On 28 April 2020, the Group sold to the Hermes Infrastructure fund, through Iridium Concesiones de Infraestructuras, S.A., 74% of its interest in a company that held all of the shares that the Group had in six shadow toll concessions, namely: In Catalonia, Eix Diagonal and Reus-Alcover; in Castilla La Mancha, Autovía de la Mancha; in Castilla y León, Autovía de los Pinares; in Navarre, Autovía del Pirineo; and in Galicia, Santiago-Brion. In addition to maintaining the remaining 26% interest, Iridium will continue the management and operation of the assets, through operating and maintenance contracts and service contracts with a very significant presence on the managing bodies of the companies and in the day-to-day management of the concessions. The operation was carried out with a company value (100%) of EUR 950 million and with capital gains on 74% of the EUR 40 million transferred, part of which had already been collected in 2019 (see Note 03.09).

In January 2020, an agreement was reached for the sale of the 50.1% that the Group still held at 31 December 2019 in Zero-E Euro Assets, S.A. and the sale of other photovoltaic energy projects also located in Spain (see Note 03.09). This agreement was amended in July 2020 with the creation of a joint venture that grouped together the projects already in operation and an initial package of those that were under development, of which Galp acquired a 75.01% interest for between EUR 300 million and EUR 350 million, while the ACS Group maintains a 24.99% interest with a joint governance structure. The remaining projects will be gradually included in the joint venture.

On 15 September 2020, an agreement was reached with the Galp Energía Group (Galp), consisting of the sale of shares representing 75% of the company's share capital, which focuses its investment on photovoltaic energy projects in Spain, both those that were in operation and those expected to be developed and operational from 2020 to 2023. This represents a total installed capacity of 2,930 MW and an initial disbursement by Galp of EUR 325 million.

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

03. Accounting policies

The principal accounting policies used in preparing the Group's Consolidated Annual Accounts, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, were as follows:

03.01. Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Any excess of the cost of the investments in the consolidated companies over the corresponding underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is allocated as follows:

- That attributable to specific assets and liabilities of the companies acquired, increasing the value of the assets (or reducing the value of the liabilities) whose market values were higher (lower) than the carrying amounts at which they had been recognised in their balance sheets and whose accounting treatment (amortisation, accrual, etc.) was similar to that of the same assets (liabilities) of the Group. That attributable to specific intangible assets, recognising it explicitly in the consolidated statement of financial position provided that the fair value at the acquisition date can be measured reliably.
- Goodwill is only recognised when it has been acquired for consideration and represents, therefore, a payment made by the acquirer in anticipation of future economic benefits from assets of the acquired company that are not capable of being individually identified and separately recognised.
- Goodwill acquired on or after 1 January 2004 is measured at acquisition cost and that acquired earlier is recognised at the carrying amount at 31 December 2003.

In all cases, at the end of each reporting period goodwill is reviewed for impairment (i.e., a reduction in its recoverable amount to below its carrying amount) and, if there is any impairment, the goodwill is written down with a charge to "Impairment and gains or losses on the disposal of non-current assets" in the consolidated income statement, since, as stipulated in IFRS 3, goodwill is not amortised.

An impairment loss recognised for goodwill must not be reversed in a subsequent period.

On disposal of a subsidiary or jointly controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Goodwill arising on the acquisition of companies with a functional currency other than the euro is translated to euros at the exchange rates prevailing at the date of the consolidated statement of financial position and changes are recognised as translation differences or impairment, as appropriate.

Any deficiency of the cost of investments in consolidated companies and associates below the related underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is classified as negative goodwill and is allocated as follows:

- If the negative goodwill is attributable to specific assets and liabilities of the companies acquired, by increasing the value of the liabilities (or reducing the value of the assets) whose market values were higher (lower) than the carrying amounts at which they had been recognised in their balance sheets

and whose accounting treatment (amortisation, accrual, etc.) was similar to that of the same assets (liabilities) of the Group.

- The remaining amounts are presented under "Other results" in the consolidated income statement for the year in which the share capital of the subsidiary or associate is acquired.

03.02. Other intangible assets

Other intangible assets are identifiable non-monetary assets, without physical substance, which arise as a result of a legal transaction or which are developed internally by the consolidated companies. Only assets whose cost can be estimated reliably and from which the consolidated companies consider it probable that future economic benefits will be generated are recognised.

Intangible assets are measured initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses. These assets are amortised over their useful life.

The ACS Group recognises any impairment loss on the carrying amount of these assets with a charge to "Impairment and gains or losses on the disposal of non-current assets" in the consolidated income statement. The criteria used to recognise the impairment losses on these assets and, where applicable, the recovery of impairment losses recognised in prior years are similar to those used for property, plant and equipment (Note 03.06).

03.02.01. Development expenditure

Development expenditure is only recognised as an intangible asset if all of the following conditions are met:

- an identifiable asset is created (such as computer software or new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Costs related to research and/or development activities are recognised as an expense as they are incurred.

The costs related to development activities have been capitalised to the extent that:

- The Group has technical studies that justify the viability of the production process;
- There is a commitment from the Group to complete the production of the asset in such a way that is found in the terms of sale (or internal use);
- The asset will generate sufficient economic benefits;
- The Group has the technical and financial (or other) resources to complete the development of the asset (or to use it internally) and has developed budgetary control and analytical accounting systems to track budgeted costs, the modifications introduced and the costs actually charged to the various projects.

The cost of assets generated internally by the Group is determined according to the same principles as those established in determining the production cost of inventories. The production cost is capitalised through payment of the costs attributable to the asset in the accounts under "Capitalised expenses of in-house work on assets" in the consolidated income statement (consolidated statement of comprehensive income).

The costs incurred in carrying out activities in which the costs attributable to the research phase cannot be clearly distinguished from the costs of the intangible assets' development phase are charged to profit or loss.

In addition, the costs incurred in carrying out activities that contribute to increasing the value of the various businesses in which the Group operates as a whole are recognised as expenses as they are incurred. Also,

in general, replacements or costs incurred subsequently on intangibles assets are recognised as an expense, unless the future economic benefits expected from the assets increase.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives (over a maximum of five years). Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the year in which it is incurred.

03.02.02. Administrative concessions

Concessions are recognised as assets when they have been acquired by the Company for a consideration (in the case of concessions that can be transferred) or for the amount of the expenses incurred to directly obtain the concession from the State or from the related public agency.

Concessions are generally amortised on a straight-line basis over the term of the concession.

In the event of non-compliance, leading to the loss of the concession rights, the carrying amount of the concession is written off.

03.02.03. Computer software

The acquisition and development costs incurred in relation to the basic computer systems used in the Group's management are recognised with a charge to "Other intangible assets" in the consolidated statement of financial position.

Computer system maintenance costs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

Computer software may be contained in a tangible asset or have physical substance and, therefore, incorporate both tangible and intangible elements. These assets are recognised as property, plant and equipment if they constitute an integral part of the related tangible asset, which cannot operate without that specific software.

Computer software is amortised on a straight-line basis over a period of between three and four years from the entry into service of each application.

03.02.04. Other intangible assets

This heading basically includes the intangible assets related to the acquired companies' construction backlog and customer base, mainly of the Hochtief Group. These intangible assets are measured at fair value on the date of their acquisition and, if material, on the basis of independent external reports. The assets are amortised over the five to ten year period in which it is estimated that profit will be contributed to the Group.

03.03. **Tangible assets - Property, plant and equipment**

Land and buildings acquired for use in the production or supply of goods or services or for administrative purposes are stated in the consolidated statement of financial position at acquisition or production cost less any accumulated depreciation and any recognised impairment losses.

The Group recognises the interest costs directly attributable to the acquisition, construction or production of qualified assets as an increase in the value of the assets. Qualified assets are those that require a substantial period of time before they can be used or be subject to disposal. To the extent that the financing has been obtained specifically for the qualified asset, the amount of interest to be capitalised is determined on the basis of the actual costs incurred during the financial year minus the revenue obtained from the temporary investments made with those funds. The financing obtained specifically for a qualified asset is considered generic financing, once all the activities necessary to prepare the asset for its intended use or sale have been substantially completed. The amount of capitalised interest for generic financing is determined by applying a weighted average interest rate to the investment in qualified assets, without

exceeding the total interest costs incurred under any circumstances. All other interest costs are recognised in profit or loss in the year in which they are incurred.

Replacements or renewals of complete items that lead to a lengthening of the useful life of the assets or to an increase in their economic capacity are recognised as additions to property, plant and equipment, and the items replaced or renewed are derecognised.

Periodic maintenance, upkeep and repair expenses are recognised in profit or loss on an accrual basis as incurred.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is calculated, using the straight-line method, on the basis of the acquisition cost of the assets less their residual value; the land on which the buildings and other structures stand has an indefinite useful life and, therefore, is not depreciated.

The period property, plant and equipment depreciation charge is recognised in the consolidated income statement and is basically based on the application of depreciation rates determined on the basis of the following average years of estimated useful life of the various assets:

	Years of estimated useful life
Buildings	20-60
Plant and machinery	3-20
Other fixtures, tools and furniture	3-14
Other items of tangible assets - property plant and equipment	4-12

Notwithstanding the above, the property, plant and equipment assigned to certain contracts for services that revert to the contracting agency at the end of the contract term are depreciated over the shorter of the contractual term or the useful life of the related assets.

Interest relating to the financing of non-current assets held under finance leases is charged to consolidated profit for the year using the effective interest method, on the basis of the repayment of the related borrowings. All other interest costs are recognised in profit or loss in the year in which they are incurred.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated income statement.

The future costs that the Group will have to incur in connection with the dismantling, closure and environmental restoration of certain facilities are capitalised to the cost of the asset, at present value, and the related provision is recognised. The Group reviews its estimates of these future costs on an annual basis, adjusting the amount of the provision recognised based on the related studies.

Identified right of use in leases

The ACS Group manages its owned and leased assets to ensure that there is a sufficient level of resources for it to meet its current obligations. The decision to lease or buy an asset depends on numerous considerations such as financing, risk management and operational strategies after the planned end to a project.

With the application of IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease. Under IFRS 16, a contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

At the beginning of the lease, the Group recognises a right-of-use asset and a lease liability. The right-of-use asset consists of the amount of the lease liability; any lease payments made on or before the commencement date, less any lease incentives received; any initial direct costs incurred; and an estimate of the dismantling or restoration costs to be incurred, as indicated in the accounting policy on provisions.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date. The Group discounts lease payments at the appropriate incremental borrowing rate, unless it can reliably determine the lessor's implicit interest rate.

Outstanding lease payments consist of fixed payments, less any lease incentives receivable; variable lease payments that depend on an index or a rate, initially measured using the index or rate applicable at the commencement date; amounts expected to be payable under residual value guarantees; the exercise price of a purchase option that is reasonably certain to be exercised; and payments of penalties for terminating the lease, if the lease term reflects the exercise of the option to terminate the lease.

The Group measures the right-of-use assets at cost, less any accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability.

If the lease transfers ownership of the asset to the Group by the end of the lease term or if the right-of-use asset includes the purchase option price, the depreciation criteria indicated in the section on property, plant and equipment will be applied from the commencement date of the lease to the end of the useful life of the asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies the criteria for impairment of non-current assets set out in Note 03.06 to determine whether the right-of-use asset is impaired.

The Group measures the lease liability by increasing it to reflect the finance cost accrued, reducing it to reflect the lease payments made, and remeasuring the carrying amount to reflect any lease modifications or to reflect revised in-substance fixed lease payments.

Lessees must recognise interest expense on the lease liability separately from the depreciation charge for the right-of-use asset. Future lease payments (for the purpose of calculating the initial value of the liability) do not include payments that are variable and do not depend on an index (such as the CPI or an applicable lease price index) or a rate (such as the Euribor).

However, lessees are required to remeasure the lease liability in the event of certain events (such as a change in the term or lease payments). The amount of the remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset. The Group recognises the variable lease payments that have not been included in the initial measurement of the liability in profit or loss for the period in which the events that triggered its payment occurred.

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

The Group recognises remeasurements of the liability as an adjustment to the right-of-use asset, until it is reduced to zero and subsequently recognised in profit or loss.

The Group remeasures the lease liability by discounting the lease payments using a revised discount rate if there is a change in the lease term or a change in the expectation that the option to purchase the underlying asset will be exercised.

The Group remeasures the lease liability if there is a change in the amounts expected to be payable under a residual value guarantee or a change in the index or rate used to determine the payments, including a change to reflect changes in market rental rates following a market rent review.

The standard includes two exemptions to the recognition of lease assets and liabilities by lessees for which the expense is recognised in the income statement on an accrual basis:

- Leases of low-value assets: this refers to leases of little significance, i.e. those contracts whose underlying asset is attributed an insignificant value.
- Short-term leases: those contracts with an estimated lease term of 12 months or less.

Sublease income is not significant since the ACS Group companies operate on a lessee rather than a lessor basis. The Group does not have any material operating leases as a lessor.

As a result of the application of IFRS 16, in 2019 the Group performed a detailed analysis of all the leases it entered into, not considering contracts with a lease term of less than one year and for low-value assets; the main contracts were those associated with the lease of machinery, offices and transport elements in different geographical areas of operation.

There may also be some office leases that contain extension options that can be exercised by Group one year before the non-cancellable period of the lease. The Group considers these extensions in those cases where it is reasonably certain that the extension option will be exercised.

The ACS Group has chosen to implement the practical expedient provided for in the Amendments to IFRS 16 Leases - Rent concessions, which entered into force on 1 June 2020 and made it easier to account for Covid-19-related rent concessions.

Lessor's standpoint

When the Group acts as lessor, leases are accounted for in accordance with the following criteria:

Finance leases:

The Group recognises an account receivable for the amount equivalent to the present value of the lease payments, plus the unguaranteed residual value, discounted at the interest rate implicit in the lease (net investment of the lease). Initial direct costs are included in the initial measurement of the collection rights and reduce the amount of income recognised over the lease term. Finance income is charged to the income statement using the effective interest method.

At the beginning of the lease, the Group recognises as a lease receivable the amounts receivable related to the fixed payments, less any lease incentives payable; the variable lease payments that depend on an index or a rate, measured using the index or rate applicable at that date; any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or any third party unrelated to the lessor that is financially capable of discharging the obligation; the exercise price of any purchase option, if the lessee is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

As mentioned previously, sublease income is not significant since the ACS Group companies operate on a lessee rather than a lessor basis. The Group does not have any material operating leases as a lessor.

03.04. Non-current assets in projects

This heading includes the amount of investments, mainly in transport, energy and environmental infrastructures that are operated by ACS Group subsidiaries and that are financed under a project finance arrangement (limited recourse financing applied to projects).

These financing structures are applied to projects capable in their own right of providing sufficient guarantees to the participating banks as regards the repayment of the funds borrowed to finance them. Each project is performed through specific companies in which the project assets are financed, on the one hand, through a contribution of funds by the developers, which is limited to a given amount, and on the other, generally representing a larger amount, through borrowed funds in the form of long-term debt. The debt servicing of these credit facilities or loans is supported mainly by the cash flows to be generated by the project in the future and by security interests in the project's assets.

These assets are valued at the costs directly allocable to construction incurred through their entry into operation (studies and designs, compulsory purchases, reinstatement of services, project execution, project management and administration expenses, installations and facilities and similar items) and the related portion of other indirectly allocable costs, to the extent that they relate to the construction period.

Also included under this heading are the borrowing costs incurred prior to the entry into operation of the assets arising from the borrowings arranged to finance the related projects. Capitalised borrowing costs arise from specific borrowings expressly used for the acquisition of an asset.

Upkeep and maintenance expenses that do not lead to a lengthening of the useful life of the assets or an increase in their production capacity are expensed currently.

The residual value, useful life and depreciation method applied to the companies' assets are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the economic benefits arising from operating the non-current assets in projects are consumed.

This heading also includes the amount of the concessions to which IFRIC 12 has been applied. These mainly relate to investments in transport, energy and environmental infrastructures operated by ACS Group subsidiaries and financed under a project finance arrangement (limited recourse financing applied to projects), regardless of whether the demand risk is assumed by the group or the financial institution. In general, the loans are supported by security interests over the project cash flows.

The main features to be considered in relation to non-current assets in projects are as follows:

- The concession assets are owned by the concession grantor in most cases.
- The concession grantor controls or regulates the service offered by the concession operator and the conditions under which it must be provided.
- The assets are operated by the concession operator as established in the concession tender specifications for an established concession term. At the end of this period, the assets are returned to the grantor, and the concession operator has no right whatsoever over these assets.
- The concession operator receives revenue for the services provided either directly from the users or through the grantor.

In general, a distinction must be drawn between two clearly different phases: the first, in which the concession operator provides construction or upgrade services that are recognised under intangible or financial assets by reference to the stage of completion pursuant to IFRS 15 "Revenue from contracts with customers", and a second phase in which a series of maintenance or operating services are provided for the above infrastructure, which are recognised in accordance with IFRS 15 "Revenue from contracts with customers."

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

In certain mixed arrangements, the operator and the grantor may share the demand risk, although this is not common for the ACS Group.

All the infrastructures of the ACS Group concession operators were built by Group companies and no infrastructures were built by third parties. The revenue and expenses relating to infrastructure construction or improvement services are recognised at their gross amount (record of sales and associated costs), the construction margin being recognised in the Consolidated Annual Accounts.

Intangible assets

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

Borrowing costs arising from the financing of the infrastructure are recognised in the period in which they are incurred and those accruing from the construction until the entry into service of the infrastructure are capitalised only in the intangible asset model.

Intangible assets are amortised on the basis of the pattern of consumption, taken to be the changes in and best estimates of the production units of each activity. The most important concession business in quantitative terms is the toll road activity, whose assets are depreciated or amortised on the basis of the concession traffic.

Financial assets

Concessions classified as a financial asset are recognised at the fair value of the construction or improvement services rendered. In accordance with the amortised cost method, the related revenue is allocated to profit or loss at the interest rate of the receivable arising on the cash flow and concession payment projections, which are presented as revenue on the accompanying consolidated income statement. As described previously, the revenue and expense relating to the provision of the operation and maintenance services are recognised in the consolidated income statement in accordance with IFRS 15, "Revenue from contracts with customers," and the finance costs relating to the concession are recognised in the accompanying consolidated income statement according to their nature.

Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Group's normal operating cycle, when they are held primarily for the purpose of being traded, when they are expected to be realised within twelve months after the reporting date, or when they constitute cash and cash equivalents, except in cases where they cannot be exchanged or used to settle a liability for at least twelve months after the reporting date.

Interest income on the concessions to which the accounts receivable model is applied is recognised as sales, since these are considered to be ordinary activities, forming part of the overall objective of the concession operator, and are carried on and provide income on a regular basis.

Replacements or renewals of complete items that lead to a lengthening of the useful life of the assets or to an increase in their economic capacity are recognised as additions to financial assets, and the items replaced or renewed are derecognised.

The work performed by the Group on non-current assets is measured at production cost, except for the work performed for concession operators, which is measured at selling price.

Concession operators depreciate these assets so that the carrying amount of the investment made is zero at the end of the concession.

Non-current assets in projects are depreciated on the basis of the pattern of use, which, in the case of toll roads, is generally determined by the traffic projected for each year. However, certain contracts have terms shorter than the useful life of the related non-current assets, in which case they are depreciated over the contract term.

At least at each reporting date, the companies determine whether there is any indication that an asset or group of assets of financial assets is impaired so that, as indicated in Note 03.06, an impairment loss can be recognised or reversed in order to adjust the carrying amount of the assets to their value in use.

The companies consider that the periodic maintenance plans for their facilities, the cost of which is recognised as an expense in the year in which it is incurred, are sufficient to ensure delivery of the assets that have to be returned to the concession provider in good working order on expiry of the concession contracts and that, therefore, no significant expenses will arise as a result of their return.

The future costs that the Group will have to incur in connection with the dismantling, closure and environmental restoration of certain facilities are capitalised to the cost of the asset, at present value, and the related provision is recognised. The Group reviews its estimates of these future costs on an annual basis, adjusting the amount of the provision recognised based on the related studies.

03.05. Investment property

The Group classifies as investment property the investments in land and structures held either to earn rentals or for capital appreciation, rather than for their use in the production or supply of goods or services, or for administrative purposes; or for their sale in the ordinary course of business. Investment property is measured initially at cost, which is the fair value of the consideration paid for its acquisition, including transaction costs. Subsequently, accumulated depreciation and, where applicable, impairment losses are deducted from the initial cost.

In accordance with IAS 40, the ACS Group has elected not to periodically revalue its investment property on the basis of its market value, but rather to recognise it at cost, net of the related accumulated depreciation, following the same criteria as for "Property, plant and equipment".

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its sale or disposal by any other means.

Gains or losses arising from the retirement, sale or disposal of the investment property by other means are determined as the difference between the net disposal proceeds from the transaction and the carrying amount of the asset, and is recognised in profit or loss in the period of the retirement or disposal.

Investment property is depreciated on a straight-line basis over its useful life, which is estimated to range from 25 to 50 years based on the features of each asset, less its residual value, if material.

03.06. Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets, and its investment properties, to determine whether there is any indication that those assets might have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset itself does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

03.07. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and overheads incurred in bringing the inventories to their present location and condition.

Trade discounts, rebates and other similar items are deducted in determining the costs of purchase. The cost of inventories is calculated by using the weighted average cost formula. Net realisable value is the estimated selling price less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The Group assesses the net realisable value of the inventories at year-end and recognises the appropriate loss if the inventories are overstated. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

03.08. Non-current and other financial assets

Except in the case of financial assets at fair value through profit or loss, financial assets are initially recognised at fair value, plus any directly attributable transaction costs.

On 1 January 2018, IFRS 9 "Financial Instruments" came into force, affecting the classification and measurement of financial assets, whereby the measurement method is determined on the basis of two concepts: the contractual cash flow characteristics of the financial asset and the Group's business model for managing it. The three new categories for measuring financial assets are: amortised cost, fair value through other comprehensive income (equity) and fair value through profit or loss.

This classification depends on how an entity manages its financial instruments (equity instruments, loans, debt securities, etc.), its business model and whether or not there are contractual cash flows from specifically defined financial assets:

- If the objective of the business model is to hold a financial asset in order to collect contractual cash flows and, depending on the terms of the contract, cash flows that are solely payments of principal and interest on that principal are received on specified dates, the financial asset is measured at amortised cost. The Group's financial assets relate largely to loans and debt securities and are therefore measured at amortised cost, i.e. initial cost less principal repayments plus accrued interest receivable on the basis of the effective interest rate, adjusted for any impairment losses recognised, where applicable.

The effective interest rate is the rate that exactly matches the initial cost to the total estimated cash flows for all items over the remaining life of the investment.

Trade receivables arising in the Group's normal business activities are recognised at their nominal value adjusted by their lifetime expected credit losses.

- If the objective of the business model is both to collect contractual cash flows and sell financial assets and, depending on the terms of the contract, cash flows that are solely payments of principal and interest on that principal are received on specified dates, the financial asset is measured at fair value through other comprehensive income (equity). Interest, impairment and exchange differences are recognised in profit or loss as in the amortised cost model. Other changes in fair value are recognised in equity and are recycled in the consolidated income statement upon their sale.

- Beyond the above scenarios, the general rule is that any other assets are measured at fair value through profit or loss. This method is used mainly to classify equity instruments, unless they are initially classified at fair value through other comprehensive income.

However, there are two options for irrevocable designation at initial recognition:

- An equity instrument, provided it is not held for trading purposes, may be designated for measurement at fair value through other comprehensive income (equity), although if the instrument is sold, the amounts recognised in equity may not be allocated to the consolidated income statement and only dividends are recognised in profit or loss.
- A financial asset may also be designated to be measured at fair value through profit or loss if this reduces or eliminates an accounting mismatch, known as the fair value option.

Expected loss and customer insolvencies

The change as a result of the entry into force of IFRS 9 consists of the change from incurred credit losses to expected credit losses in the presentation of impaired financial assets. The quantification of expected credit losses involves determining the probability of default at initial recognition of an asset and, subsequently, whether there has been a significant increase in credit risk on an ongoing basis in each reporting period. In making this assessment, the ACS Group considers both the quantitative and qualitative information that is reasonable and can be supported, including past experience and forward-looking information that is available without undue cost or effort. Forward-looking information includes the future prospects of the industries in which the Group's debtors operate, obtained from reports compiled by expert economists, financial analysts, government bodies, relevant groups of experts and other similar organisations, and the consideration of various external sources of economic forecasts related to the main business operations of the ACS Group.

In particular, insofar as it is available in a reasonable form, the following information is taken into account for assessing significant changes in credit risk:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its obligations.
- Actual or expected significant changes in the operating results of the borrower.
- Significant increases in credit risk on other financial instruments of the same borrower.
- Credit ratings assigned by an external agency.
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.
- Macroeconomic information, such as market interest rates and growth rates.

The Group has opted to apply the simplified approach to the impairment of trade receivables that do not contain a significant financing component, assessing and recognising from the outset the entire expected loss. For its practical application, estimated calculations are used based on past experience and the risk of each customer, by geographical area.

As a general rule, impairment is estimated in terms of the expected losses over the next 12 months. When there is a significant deterioration in credit quality, the expected loss over the life of the asset is estimated.

Current/Non-current classification

Liabilities are classified as current when they are expected to be settled over the course of the Group's normal operating cycle, when they are held primarily for the purpose of being traded, when they must be settled within twelve months after the reporting date, or when the Group does not have an unconditional right to defer repayment of the liabilities for twelve months after the reporting date.

Derecognition of financial assets

The Group derecognises a financial asset when it expires or when the rights to the cash flows from the financial asset have been transferred and substantially all the risks and rewards of ownership of the financial asset have been transferred, such as in the case of firm asset sales, factoring of trade receivables in which the Group does not retain any credit or interest rate risk, sales of financial assets under an agreement to repurchase them at fair value and the securitisation of financial assets in which the transferor does not retain any subordinated debt, provide any kind of guarantee or assume any other kind of risk.

However, the Group does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received, in transfers of financial assets in which substantially all the risks and rewards of ownership are retained, such as in the case of bill discounting, with-recourse factoring, sales of financial assets under an agreement to repurchase them at a fixed price or at the selling price plus interest and the securitisation of financial assets in which the transferor retains a subordinated interest or any other kind of guarantee that absorbs substantially all the expected losses.

Fair value hierarchies

Financial assets and liabilities measured at fair value are classified according to the hierarchy established in IFRS 7, as follows:

- 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.

03.09. Non-current assets held for sale, liabilities relating to non-current assets held for sale and discontinued operations

03.09.01. Non-current assets held for sale and liabilities relating to non-current assets held for sale

2021 Financial Year

At 31 December 2021, non-current assets held for sale related mainly to those belonging to the Industrial business segment, which have not been included in the public deed of sale for most of the Industrial Services Division signed with Vinci (see Note 03.09.02) effective as of 31 December 2021.

In all the above cases a formal decision was made by the Group to sell these assets, and a plan for their sale was initiated. These assets are currently available for sale and the sale is expected to be completed within a period of 12 months from the date of their classification as assets held for sale. It should be noted that the assets, which were classified as held for sale at 31 December 2021, were held in this category for a period of more than twelve months, but they were not sold due to certain circumstances, which at the time of their classification were not likely. Paragraph B1 (c) of appendix B of IFRS 5 exempts a company from using a one-year period as the maximum period for classifying an asset as held for sale if, during the above period, circumstances arise that were previously considered unlikely, the assets were actively sold at a reasonable price, they fulfil the requirements undertaken by Management and there is a high probability that the sale will occur within one year from the balance sheet date.

In 2021 the total value of the non-current assets held for sale decreased to EUR 586,481 thousand and the liabilities related to these assets decreased to EUR 188,532 thousand. This decrease is mainly due to the sale of the assets and liabilities of the Industrial Services business as indicated in Note 03.09.02, and the deconsolidation of BICC in 2021 (see Note 03.09.02).

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

	Thousands of Euros		
	31/12/2021		
	Renewable energy	Other	Total
Tangible assets - property, plant and equipment	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" includes assets related to desalination plants, transmission lines, gas compression plants and wastewater treatment plants related to the Industrial Services 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, thereby obtaining control over the company, which is now fully consolidated instead of recognised using the equity method. Therefore, all assets and liabilities were restated at the fair value of the purchase and income was recognised under "Impairment and gains or losses on the disposal of non-current assets" in the income statement (see Note 29). In addition, the Company sold its 50% interest held in the following transmission lines: Transmissora José Maria de Macedo de Electricidade, S.A., Giovanni Sanguinetti Transmissora de Energia, S.A., Veredas Transmissora de Electricidades, S.A., Sete Lagoas Transmissora de Energia, Ltda, Brilhante Transmissora de Energias, S.A. and Brilhante Transmissora de Energias 2, S.A. in Brazil, 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 29).

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

The amount relating to net debt included under assets held for sale and liabilities related to these assets at 31 December 2021 totalled EUR 1,592,943 thousand (EUR 1,263,428 thousand at 31 December 2020), of which EUR 1,141,290 thousand (EUR 995,363 thousand at 31 December 2020) relates to renewable energies and EUR 451,653 thousand (EUR 268,065 thousand at 31 December 2020) to other assets. The total amount of this net debt includes EUR 522,255 thousand (EUR 524,269 thousand at 31 December 2020) corresponding to limited recourse project financing. Net debt is calculated using the arithmetic sum of the current and non-current financial liabilities, less long-term deposits, other current financial assets and cash and cash equivalents.

2020 Financial Year

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

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

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

In January 2020, an agreement was reached for the sale of the 50.1% that the Group still held at 31 December 2019 in Zero-E Euro Assets, S.A. and the sale of other photovoltaic energy projects also located in Spain (see Note 02.02.f).

This agreement was amended in July 2020 with the creation of a joint venture that grouped together the projects already in operation and an initial package of those that were under development, of which Galp acquired a 75.01% interest for between EUR 300 million and EUR 350 million, while the ACS Group maintains a 24.99% interest with a joint governance structure. The remaining projects will be gradually included in the joint venture.

On 15 September 2020, an agreement was reached with the Galp Energía Group (Galp), consisting of the sale of shares representing 75% of the company's share capital, which focused its investment on photovoltaic energy projects in Spain, both those that were in operation and those expected to be developed and operational starting from 2020 through to 2023. This represents a total installed capacity of 2,930 MW and an initial disbursement by Galp of EUR 325 million.

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

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

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

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

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

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

03.09.02. Discontinued operations

BICC

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

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

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

Although Cimic has reached an agreement with the buyer to contribute a certain amount of funds to BICC, the transaction does not increase Cimic's financial exposure to the Middle, given that the risks associated with BICC were already recognised in previous years. In 2021, a total of AUD 84.5 million (EUR 53.5 million) were paid in relation to the financial guarantees provided by Cimic and other payments under the sale agreement (see Note 03.23). These amounts were handled with financial liabilities and other amounts payable recognised in the year ended 31 December 2020. The parties are continuing to work together to obtain the necessary permits and authorisations to close the sale.

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

Also, since BICC represents a specific geographical area of operations for the ACS Group (with no other permanent establishments in this area) and is a component that represents a specific geographical area of operations with significant figures, the ACS Group has considered BICC's operations to be a discontinued operation since 2020.

As a result of the agreements entered into regarding the sale transaction, BICC was no longer fully consolidated in the consolidated annual accounts 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.

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

The carrying amount of the assets and liabilities of the business derecognised on 14 February 2021, and at 31 December 2020 are as follows:

	Millions of Euros	
	14/02/2021	31/12/2020
Non-current assets	103	104
Intangible assets	89	89
Property, plant and equipment	0	1
Investment property	14	14
Current assets	695	724
Non-current assets held for sale	798	828
Non-current liabilities	12	12
Non-current provisions	11	11
Non-current financial liabilities	1	1
Current liabilities	799	825
Liabilities associated with non-current assets held for sale	811	837

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

The expenses and income, and the cash flows from the business on 14 February 2021 and those for 2020, are as follows:

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

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

Industrial Services

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

The consideration agreed in the transaction was broken down as follows in the aforementioned sale and purchase agreement:

- Upon completion of the sale and purchase, ACS will receive a minimum of EUR 4,930 million and a maximum of EUR 4,980 million. This payment is composed of a fixed payment of EUR 4,200 million and a minimum additional payment of EUR 730 million and a maximum of EUR 780 million, mainly as compensation for the company's cash, the exact amount of which will be determined on the basis of the results of the perimeter sold at the date of execution of the sale and purchase.
- A maximum variable payment of EUR 600 million in cash at a rate of EUR 20 million for each half GW generated in renewable assets by the Industrial Services Division (up to "Ready to build" status) between 31 March 2021 and up to 7 years following the execution of the sale and purchase, which may be extended for an additional 18 months if the Industrial Services Division sold fails to generate 6 GW in the first 42 months.
- In addition, both parties have undertaken to create a joint venture to which they will contribute, at market price and once they are completed, connected to the grid and ready to produce, all the renewable assets developed in the future by the Industrial Services Division subject to the agreement over a period of at least eight and a half years after the execution of the sale and purchase. Vinci will hold 51% of the voting and dividend rights and ACS will hold the remaining 49%

of this company, which is an essential element of the transaction's value creation for the ACS Group.

As is customary in these types of transactions, its execution included a condition precedent indicating that all the necessary authorisations had to be obtained, particularly as regards 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 more clearly defined, and an assessment was carried out regarding any pending authorisations necessary, which concluded that it was highly probable that these authorisations would be obtained, and they were classified as non-substantive conditions for accounting purposes, which is why the Group began to classify the assets and liabilities related to Industrial Services as non-current assets held for sale and liabilities related to non-current assets held for sale and its operations as discontinued operations.

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

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

As consideration, the ACS Group received approximately EUR 4,902 million in cash (see Note 14). 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 in renewable assets by the Industrial Services Division (up to "Ready to build" status) between 31 March 2021 and up to 7 years following the execution of the sale and purchase, which may be extended for an additional 18 months if the Industrial Services Division sold fails to generate 6 GW in the first 42 months, when determining the capital gain, the ACS Group considered an earn-out with a fair value updated at the reporting date amounting to EUR 223 million, which had yet to be received as at 31 December 2021 and is recognised under "Non-current financial assets" in the consolidated statement of financial position as it is considered to mature in more than twelve months. (see Note 10.03).

With this price, taking into account that the portion of the Industrial Services Division sold generated most of the tax benefits of the Tax Group in Spain, the ACS Group, in accordance with IAS 12, derecognised for accounting purposes certain unused tax assets and tax credits (see Note 26) and, therefore, a net gain of EUR 2,909 million was obtained after this transaction was carried out.

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 in the future by the Industrial Services Division — once they are completed, connected to the grid and ready to produce — subject to the agreement at least eight and a half years after the execution of the sale and purchase. Vinci has 51% of the voting and dividend rights and ACS has the remaining 49%.

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

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

	Millions of Euros
	31/12/2021
Gain on disposal	
Total cash consideration	4,902
Deferred consideration	223
Carrying amount on disposal	(1,374)
Recycling of reserves	(184)
Gain of disposal of controlled entities before tax	3,567
Transaction costs	(50)
Net gain on disposal of controlled entities before tax	3,517

Carrying value of assets and liabilities of entities and businesses disposed

Goodwill (Note 02.01)	233
Other intangible assets	90
Property, plant and equipment / Investment property	409
Other non-current assets	466
Inventories	86
Trade and other receivables	2,683
Other current assets	138
Cash and cash equivalents	1,299
Non-current assets held for sale	764
Grants	(2)
Non-current financial liabilities	(239)
Other non-current liabilities	(21)
Current financial liabilities	(438)
Trade and other payables	(3,579)
Other current liabilities	(113)
Liabilities related to non-current assets held for sale	(362)
Non-controlling interests	(40)
Net assets disposed	1,374

Cash flow resulting from sale

Cash consideration net of transaction costs (*)	4,898
Cash disposed	(1,299)
Net cash outflow	3,599

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

The breakdown of the profit from discontinued operations from the Industrial Services Division in the periods ended 31 December 2021 and 2020 is as follows:

	Millions of Euros	
	31/12/2021	31/12/2020
Revenue	4,561	5,652
Expenses	(4,054)	(5,223)
Net finance costs	16	(50)
Profit/(loss) before tax before gain/(loss) on sale of Thiess	523	379
Net Profit/(loss) from the sale of the subsidiary before taxation	3,517	—
Profit/(loss) before tax	4,040	379
Tax on profit before tax	(77)	(132)
Profit/(loss) for the year from Thiess	3,963	247
Profit attributed to non-controlling interests	(11)	(3)
Profit attributable to the shareholders of parent entity	3,952	244

The breakdown of the transfers to the consolidated income statement in 2021 as a result of the sale of part of Industrial Services included in the consolidated statement of comprehensive income from discontinued operations is as follows:

	Millions of Euros
	31/12/2021
Financial assets with changes in other comprehensive income	—
Hedging transactions	2
Conversion differences	(186)
Transfers to the consolidated income statement	(184)

The detail of the effect of the discontinued operations on the statement of cash flows is as follows:

	Millions of Euros	
	31/12/2021	31/12/2020
Net cash from/(used in) operating activities	(353)	296
Net cash from/(used in) investing activities	(138)	(17)
Net cash from/(used in) financing activities	704	(607)
Net cash flow for the year	213	(328)

03.10. Equity

An equity instrument represents a residual interest in the net assets of the Group after deducting all of its liabilities.

Capital and other equity instruments issued by the Parent are recognised in equity at the proceeds received, net of direct issue costs.

03.10.01. Share capital

Ordinary shares are classified as capital. There are no other types of shares.

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

03.10.02. Treasury shares

The transactions involving treasury shares in 2021 and 2020 are summarised in Note 15.04. Treasury shares were deducted from equity in the accompanying consolidated statement of financial position as at 31 December 2021 and 2020.

When the Group acquires or sells treasury shares the amount paid or received for the treasury shares is recognised directly recognised in equity. No loss or gain from the purchase, sale, issue or retirement of the Group's own equity instruments is recognised in the consolidated income statement for the year.

The shares of the Parent Company are measured at average acquisition cost.

03.10.03. Share options

The Group has granted options on ACS, Actividades de Construcción y Servicios, S.A. shares to certain employees.

In accordance with IFRS 2, the options granted are considered as to be equity-settled share-based payment transactions. Accordingly, they are measured at fair value at the grant date and are expensed over the length of the vesting period with a credit to equity, based on the periods of irrevocability of the options.

Since market prices are not available, the value of the share options has been determined using valuation techniques taking into consideration all factors and conditions that would have been applied in an arm's length transaction between knowledgeable parties (Note 28.03).

In addition, the Hochtief Group has granted options on Hochtief, A.G. shares to management members.

03.11. Government grants

The ACS Group has received grants from various government agencies mainly to finance investments in property, plant and equipment for its Services business. Evidence of compliance with the conditions established in the related grant resolutions was provided to the relevant competent agencies.

Government grants received by the Group to acquire assets are taken to income over the same period and on the same basis as those used to depreciate the asset relating to the above grant.

Government grants to compensate costs are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

A government grant receivable as compensation for expenses or losses already incurred or for the purpose of giving financial support with no future related costs is recognised in profit or loss of the period in which it becomes receivable.

03.12. Financial liabilities

Financial liabilities are classified in accordance with the content and the substance of the contractual arrangements.

The main financial liabilities held by the Group companies relate to held-to-maturity financial liabilities, which are measured at amortised cost.

The Group derecognises financial liabilities when the obligations giving rise to them are cancelled.

The financial risk management policies of the ACS Group are detailed in Note 21.

03.12.01. Debentures, loans and debt securities

Interest-bearing bank loans and overdrafts are recognised at the proceeds received, net of direct issue costs. Finance costs, including premiums payable on settlement or redemption and direct issue costs, are recognised in profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Exchanges of debt instruments between the Group and the counterparty or substantial changes in the liabilities initially recognised are accounted for as an extinguishment of the original liability and the recognition of a new financial liability, provided that the instruments have substantially different terms. The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least ten per cent different from the discounted present value of the remaining cash flows of the original financial liability.

Where an exchange is recognised as an extinguishment of the original financial liability, the costs or fees are recognised in the consolidated income statement. Otherwise, the modified flows are discounted at the original effective interest rate, and any difference from the previous carrying amount is recognised in profit or loss. Similarly, the costs or fees incurred adjust the carrying amount of the financial liability and are amortised using the amortised cost method over the remaining term of the modified financial liability.

Debentures and other marketable securities, loans and credit facilities are subsequently measured at amortised cost.

Loans are classified as current items unless the Group has the unconditional right to defer repayment of the debt for at least 12 months from the end of the reporting period.

03.12.02. Trade and other payables

Trade payables are not interest bearing and are stated at their nominal value, which does not differ significantly from their fair value.

The heading of trade payables also includes the balances payable to suppliers through reverse factoring agreements with financial institutions, and the payments related to these agreements are also classified as trade flows since these transactions do not include either specific guarantees provided as pledges on the payments to be made or any changes that alter the commercial nature of the transactions.

03.12.03. Current/Non-current classification

In the accompanying consolidated statement of financial position debts due to be settled within 12 months are classified as current items and those due to be settled within more than 12 months as non-current items.

Loans due within 12 months but whose long-term refinancing is assured at the Group's discretion, through existing long-term credit loan facilities, are classified as non-current liabilities.

"Project finance with limited recourse" is classified based on the same criteria, and the detail is shown in Note 18.

03.12.04. Retirements benefit obligations

a. Post-employment benefit obligations

Certain Group companies have post-employment benefit obligations of various kinds to their employees. These obligations are classified by group of employees and may relate to defined contribution or defined benefit plans.

For defined contributions, the contributions made are recognised as expenditure under "Personnel expenses" in the consolidated income statement as they accrue.

ACS, Actividades de Construcción y Servicios, S.A. includes in defined benefit plans for Spanish companies those financed through the payment of insurance premiums in which there is a legal or constructive obligation to pay the employees the promised benefits when they become claimable. This obligation is fulfilled through the insurance company.

ACS, Actividades de Construcción y Servicios, S.A. is required, under specific conditions, to make monthly payments to a group of employees to supplement the mandatory public social security system benefits for retirement, permanent disability, death of spouse or death of parent.

In this sense, for the defined benefit plans, actuarial studies are conducted once a year by independent experts using market assumptions and the expenditure relating to the obligations is recognised on an accrual basis, classifying the normal cost for the current employees over their working lives under "Personnel expenses" and recognising the associated financial cost, in the event that the obligation were to be financed, by applying the rates relating to investment-grade bonds on the basis of the obligation recognised at the beginning of each year (see Note 20).

The post-employment benefit obligations include, among others, those arising from certain companies of the Hochtief Group, for which the Group has recognised the related liabilities and whose recognition criteria are explained in Note 03.13.

b. Other employee benefit obligations

The expense relating to termination benefits is recognised in full when there is an agreement or when the interested parties have a valid expectation that such an agreement will be reached that will enable the employees, individually or collectively and unilaterally or by mutual agreement with the company, to cease working for the Group in exchange for a termination benefit. If a mutual agreement is required, a provision is only recognised in situations in which the Group considers that it will give its consent to the termination of the employees.

03.12.05. Termination benefits

Under current legislation, Spanish consolidated companies and certain foreign companies are required to pay termination benefits to employees terminated without just cause. There are no employee redundancy plans making it necessary to record a provision in this connection.

03.13. Provisions

The Group's Consolidated Annual Accounts include all the material provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the Consolidated Annual Accounts, but rather are disclosed, as required by IAS 37.

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are reviewed and adjusted at the end of each year, are used to cater for the specific obligations for which they were originally recognised. Provisions are fully or partially reversed when such obligations cease to exist or are reduced.

Litigation and/or claims in process

At the end of 2021, certain litigation and claims were in process against the consolidated companies forming part of the ACS Group arising from the ordinary course of their operations. The Group's legal advisers and directors consider that the outcome of litigation and claims will not have a material effect on the annual accounts for the years in which they are settled.

Provisions for employee termination benefit costs

Pursuant to current legislation, a provision is recognised to meet the cost of termination of temporary employees with a contract for project work.

Provisions for pensions and similar obligations

In the case of foreign companies whose post-employment benefit obligations are not externalised, the provisions for pensions and similar obligations recognised by various Hochtief Group companies stand out, as explained below.

Provisions for pensions and similar obligations are recognised for current and future benefit payments to active and former employees and their surviving dependants. The obligations primarily relate to pension benefits, partly for basic pensions and partly for optional supplementary pensions. The individual benefit obligations vary from one country to another and are determined for the most part by length of service and pay scales. Turner's obligations to meet healthcare costs for retired staff are likewise included in the provisions for pensions due to their pension-like nature.

Provisions for pensions and similar obligations are calculated using the projected unit credit method. This determines the present value of future entitlements, taking into account current and future benefits already known at the reporting date plus anticipated future increases in salaries and pensions and, for the Turner Group, in healthcare costs. The calculation is based on actuarial appraisals using biometric accounting principles. As defined in IAS 19, plan assets are shown separately as deductions from the pension obligations. Plan assets comprise assets transferred to pension funds to meet pension obligations, shares in investment funds purchased under deferred compensation arrangements and qualifying insurance policies in the form of pension liability insurance. If the fair value of the plan assets is greater than the present value of the employee benefits, the difference is reported—subject to the limit in IAS 19—under "Non-current assets".

Amounts arising from the assessments of the defined benefit plans are recognised directly in the consolidated income statement during the period in which they arise. The current cost for the year is recognised under personnel expenses. The effect of interest on the increase in pension obligations, reduced by expected returns on plan assets (each calculated using the discount factor method for pension obligations), is reported in net investment and finance income.

Provisions for project completion

This corresponds to the estimated costs for site clearance and other expenses that may be incurred from completion of the project until its final settlement, which are accrued over the execution period on the basis of production volumes and are recognised under "Current provisions" on the liability side of the consolidated statements of financial position.

Decommissioning of fixed assets

The Group is obliged to decommission certain facilities at the end of their useful life at their location. The corresponding provisions have been made for this purpose and the present value of the cost of carrying out these tasks has been estimated, recognising an asset as a balancing entry.

Other provisions

Other provisions include mainly provisions for warranty costs.

03.14. Risk management policy

The ACS Group is exposed to certain risks that it manages by applying risk identification, measurement, concentration limitation and monitoring systems.

The main principles defined by the ACS Group for its risk management policy are as follows:

- Compliance with corporate governance rules.
- Establishment by the Group's various lines of business and companies of the risk management controls required to assure that market transactions are performed in accordance with the policies, standards and procedures of the ACS Group.

- Special attention to the management of financial risk, basically including interest rate risk, foreign currency risk, liquidity risk and credit risk (see Note 21).

The ACS Group's risk management is of a preventative nature and is aimed at the medium and long term, taking into account the most probable scenarios with respect to the future changes in the variables affecting each risk.

03.15. Financial derivatives

The ACS Group's activities are exposed to financial risks, mainly involving changes in foreign exchange rates and interest rates. The transactions performed are in line with the risk management policy defined by the Group.

Derivatives are initially recognised at fair value on the date on which the derivative contract is signed and are subsequently measured at fair value at each reporting date. Subsequent changes in fair value are recognised depending on whether the derivative has been designated as a hedging instrument and, if it has, on the nature of the item being hedged.

A financial derivative is a financial instrument or other contract whose value varies in response to changes in certain variables, such as an interest rate, financial instrument price, foreign exchange rate, credit rating or credit index or any other variable, which may be of a non-financial nature.

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

- Cash flow hedges: in hedges of this type, the changes in value of the hedging instrument are recognised provisionally in equity and are taken to income when the hedged item materialises.
- Fair value hedges: in this case, the changes in fair value of the hedging instrument are recognised in profit or loss as an adjustment of the carrying amount of the hedged item.
- Hedge of a net investment in a foreign operation: this type of hedge is aimed at covering foreign currency risk and are treated as cash flow hedges.

In accordance with IFRS 9 "Financial instruments," an efficiency test must be carried out, consisting of a qualitative assessment of the financial derivative to determine if it can be considered a hedging instrument and, therefore, effective.

The qualitative requirements that should be met are as follows:

- Formal designation and documentation, at inception of the hedge, of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.
- Documentation identifying the hedged item, the hedging instrument and the nature of the risk being hedged.
- It must meet the effectiveness requirements, i.e., there is an economic relationship between the hedged item and the hedging instrument so that both generally move in directions opposite to the hedged risk. Likewise, credit risk should not have a dominant effect on changes in value of the hedged items and the hedge ratio should be equivalent to the percentage of exposure to the risk hedged.

According to the qualitative effectiveness test, hedging will be considered fully effective as long as it meets these criteria. If this were not the case, the hedge would cease to be treated as such, the hedging relationship would be discontinued and the derivative would be accounted for at fair value through profit or loss.

Once the effectiveness of the instruments has been assessed, a quantitative analysis will be used to determine how they will be recognised. This quantitative analysis consists of a retrospective part, purely for accounting purposes, and a prospective part with the objective of analysing possible future deviations in the hedging relationship.

For the retrospective assessment, the analysis is adapted to the type of hedge and the nature of the instruments used:

- In cash flow hedges, as regards interest rate swaps (IRS) in which the Group receives a floating rate equal to that of the hedged financing and pays a fixed rate, since the objective is to reduce the variability of financing costs, the effectiveness is estimated using a test that determines whether changes in the fair value of the IRS cash flows offset the changes in the fair value of the hedged risk.

For accounting purposes, we follow the hypothetical derivative method typically used in the quantitative assessment of effectiveness, which establishes that the company will recognise in equity the lower, in absolute amounts, of the change in the value of the hypothetical derivative (hedged position) and the change in the value of the derivative arranged. The difference between the value of the change recognised in equity and the fair value of the derivative at the date on which the effectiveness test is being prepared will be considered the ineffective portion and will be recognised directly in the income statement.

For cash flow hedges in which the hedging derivative instrument is not an IRS but an option or a forward, we must differentiate between the designated portion and the non-designated portion:

- The treatment of the designated portion will be similar to that detailed for the IRS.
- For the non-designated portion (forward points or temporary value of the options), the change in its fair value will be recognised in other comprehensive income to the extent that it relates to the hedged item and will be accumulated in a separate component of equity. This amount will be reclassified from the separate component of equity to profit or loss for the period as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss for the period (for example, when a forecast sale occurs).

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

The measurement is carried out through methods and techniques determined using observable market inputs, such as:

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

Equity swaps are measured as the result of the difference between the quoted price at year end and the strike price initially agreed upon, multiplied by the number of contracts reflected in the swap.

Derivatives whose underlying asset is quoted on an organised market and that are not qualified as hedges are measured using the Black-Scholes model and applying market parameters such as implicit volatility and estimated dividends.

For those derivatives whose underlying asset is quoted on an organised market, but in which the derivative forms part of a financing agreement and where its arrangement substitutes the underlying assets, the measurement is based on the calculation of its intrinsic value at the calculation date.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and provided that the host contracts are not measured at fair value by recognising changes in fair value in the consolidated statement of comprehensive income.

The fair value includes the measurement of the credit risk of the counterparty in the case of the assets, or of the ACS Group in the case of liabilities, in accordance with the IFRS 13. Therefore, when a derivative presents unrealised gains, this amount is adjusted downward according to the risk of the banking counterparty due to make payment to a Group company, whereas when there are unrealised losses, this amount is reduced on the basis of own credit risk, as it will be the Group company that will be required to pay the counterparty.

The assessment of own and counterparty risk takes into account the existence of contractual guarantees (collateral), which can be used to offset a credit loss in the event of suspension of payments.

For derivatives with unrealised losses, the own credit risk applied to adjust the market price is that of each individual company or project assessed and not the Group or sub-group to which they belong. To do so, an internal rating is prepared for each company/project using objective parameters such as financial ratios, indicators, etc.

For derivatives with unrealised gains, since accounting standards do not provide a specific methodology that should be applied, an accepted "best practice" method has been used, which takes three elements into account in order to calculate the adjustment to obtain the result by multiplying the level of exposure in the position by the probability of default and by any loss in the event of non-compliance.

In addition, a sensitivity test is carried out on the derivatives and net financial debt in order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Group's accounts, under the assumption of an increase and a decrease in the rates at year end in different variation scenarios (see Note 21). The procedure is similar in the case of changes in exchange rates.

Meanwhile, any gains or losses on fair value for credit risk of derivatives are recognised in the consolidated income statement when the derivatives are qualified as speculative (non-hedging); if the derivatives are classified as hedging instruments and recognised directly in equity, then the gains or losses on fair value are also recognised in equity.

Financial instruments measured after their initial recognition at fair value are classified into levels 1 to 3 based on the degree to which fair value is observable (see Note 21).

Note 22 to these accompanying Consolidated Annual Accounts details the financial derivatives that the ACS Group has arranged, among other related aspects.

Interbank Interest Rate Reform

The Group maintains various hedging relationships with hedging instruments and hedged items where the interest rate benchmark is the Euribor. This interest rate benchmark is subject to reform and, therefore, certain long-term hedging relationships may be affected by the reform.

For this purpose, certain accounting policies applicable to hedging transactions are subject to a temporary exceptions as a result of the interbank interest rate reform.

The Group considers that a hedging relationship is directly affected by the reform only if the reform gives rise to uncertainties regarding:

- The interest rate benchmark designated as a hedged risk (contractually or non-contractually specified); and/or
- The timing or the amount of interest rate benchmark-based cash flows of the hedged item or of the hedging instrument.

The exceptions apply only to the requirements set out below while the remaining accounting requirements must be applied to the affected hedging relationships.

When determining whether a transaction is highly probable, the Group must assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform.

When determining whether future cash flows are expected to occur, the Group must assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform.

The Group must assume that the interest rate benchmark on which the hedged cash flows and/or hedged risk are based or the interest rate benchmark on which the cash flows from the hedging instrument are based is not altered as a result of the reform.

The Group assessed the potential impact that the interbank interest rate reform will have on the financial statements, and concluded that there will be no significant impact.

03.16. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the goods received and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Revenue and expenses are recognised on an accrual basis, i.e., when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

Pursuant to IFRS 15, the Group identifies and separates the various commitments to transfer a good or service under a contract. This implies recognising separately the revenue from each of the obligations that could be individually identified within the same host contract.

The Group also estimates the price of each of the contracts that have been identified taking into account, in addition to the initial price agreed in the contract, the amount of the variable consideration and the time value of money (where a significant financing component is considered) and non-cash considerations.

In those cases where the amount is variable or in line with claims not approved, the amount is estimated using the approach that best predicts the amount to which the Group will be entitled, using either a probability-based expected value or the single most likely amount. The above consideration will only be recognised to the extent that it is considered highly likely that a significant reversal of recognised revenue will not occur when the associated uncertainty is resolved.

Following is a detail of certain of the particular features of the business activities carried on by the Group:

Revenue from construction activities:

Revenue:

Due to the nature of the activity, its revenue usually comes from long-term contracts where the start date and end date of the contract's activity are generally in different accounting periods, therefore the initial estimates of income and expenses may be subject to variations that could affect the recognition of revenue, expenses and profit or loss.

The Group recognises the revenue from construction contracts in accordance with the percentage of completion method, whereby the percentage of completion is estimated either by reference to the stage of completion of the contract activity at the balance sheet date, determined on the basis of an examination of the work performed, or on the basis of the percentage of costs incurred compared to the total estimated costs. In the first case, based on the measurement of the units completed, the work performed is recognised in each period as revenue and the costs are recognised on an accrual basis corresponding to the units completed. In the second case, revenue is recognised in the income statement based on the stage of completion measured in terms of costs incurred (the costs incurred versus the total estimated costs in the contract), applied to the total project revenue that is considered highly likely to be obtained from the project. The latter is common in markets with an Anglo-Saxon influence and contracts without unit prices.

In some circumstances (for example, in the early stages of a contract), the Group may not be able to reasonably measure the outcome with a performance obligation, even if the Group expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Group recognises revenue from ordinary activities only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Also, in contracts where the estimated costs of a contract are considered to exceed the revenue from the contract, a provision is recognised for the expected losses with a charge to the consolidated income statement for the year in which they arise.

Contract revenue is recognised considering the initial amount of the contract agreed with the customer, and modifications and claims on the contract to the extent that it is highly probable that income will be obtained from the contract, which can be reliably measured and does not imply a significant reversal in the future.

A contract modification is considered to exist when there is an instruction from the customer to change the scope of the contract. A claim is considered to exist on contracts when costs not included in the initial contract are incurred by the customer or third parties (delays, errors in specifications or design, etc.) and the contractor has the right to be compensated for the overruns incurred either by the customer or by the third party from whom the overruns originated.

These modifications and claims are included as revenue from the contract when the customer has approved the related work, either in writing, by verbal agreement or implied by customary business practices, i.e. when payment is considered highly probable and there will be no significant reversal of revenue in the future.

In cases where the works are approved but not yet priced or where, although customer approval has not yet been obtained, the Group considers that final approval is highly likely due to negotiations having reached an advanced stage or as a result of internal technical and/or legal reports or reports from independent experts that support it, the amount to be recognised as revenue is estimated in accordance with the definition of "variable consideration" set out in IFRS 15, i.e. using those methods that better predict the amount of the consideration so that the most likely amount is obtained (a single most likely amount in a range of possible consideration amounts), taking into account all available information (historical, current and forecast) that is reasonably available and only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

As mentioned previously, construction contracts are subject to estimates of revenue and costs that need to be reviewed by project managers as the projects progress. Any modification of the estimates of revenue, expenses and the final profit or loss of the work is subject to revision by the various levels of upper management and when they are verified and approved, the effect is treated as a change in the accounting estimate in the year in which it occurs and in subsequent periods, in accordance with the accounting regulations in force.

Expenses:

Project costs include those directly related to the host contract and any modifications or claims associated with the contract. They also include those costs related to the procurement activity of each contract, such as insurance, consultants, design and technical assistance, etc.

These costs are recognised on an accrual basis, with the costs related to the completed units of work and the total indirect costs of the contract attributable to them being recognised as an expense.

Those expenses related to future contract activity, such as insurance premiums, work facilities, consultants, design and other preliminary work, are initially recognised as assets under "Inventories" — provided they are considered necessary for the performance of the contract and that they will be recovered with performance of the contract —, and are taken to the income statement in accordance with the percentage of completion of the contract.

Machinery removal and site installation dismantling costs, upkeep costs within the guarantee period and the costs, if any, arising in the period from the completion of the construction work to the date of final settlement are accrued over the life of the construction project, as they take into account more of the cost of the work and relate to both the completed units of work and the future activity of the contract.

As regards the depreciation of fixed assets involved in performance of the contract, those assets with an estimated useful life that coincides with the contractual term are depreciated throughout performance of the contract so that they are fully depreciated upon completion. For machinery with a useful life that exceeds the contractual term, the depreciation charge is distributed on the basis of technical criteria among the different contracts to which it will be assigned and it is depreciated on a straight-line basis over the course of each contract.

Late-payment interest resulting from a delay in the payment of progress billings by the customer is recognised as finance income only when it can be reliably measured and its collection is reasonably assured.

The Group Companies record in the Trade and the other receivables chapter in the "Completed work pending certification" account the positive difference between the recognized revenue of a contract and the amount related to the certifications from the same. They also record in the Trade and other payables chapter in the "Advances received on orders" account the amount of advance certifications for various items, including advances received from customer.

03.16.01. Construction activities

In construction contracts, as a general rule a single performance obligation is identified due to the high degree of integration and customisation of the different goods and services to offer a joint product, which is transferred to the customer over time.

As indicated above, the method chosen by the ACS Group as the preferred method is the "measured unit of work" based on the output method, which is applied provided that during execution the progress of the work carried out can be measured and there is an allocation of prices to each unit of work.

The input method known as "stage of completion measured in terms of costs incurred" can only be applied in those contracts where it is not possible to determine the unit price of the units to be completed.

In this case, revenue is recognised in the income statement based on the stage of completion measured in terms of costs incurred (costs incurred versus total estimated costs in the contract), applied to the total project revenue that is considered highly likely to be obtained from the project.

03.16.02. Services and other activities

In this case there is no single type of contract due to the wide variety of services provided. In general, contracts include various tasks and unit prices where revenue is recognised in the income statement

when services are provided on a time elapsed basis, i.e., when the customer simultaneously receives and consumes the benefits provided by the performance of the service as it occurs. This is the case, for example, for recurring or routine services such as facilities management, cleaning, etc.

Certain contracts include different types of activities that are subject to fixed unit price tables for the provision of the services that are delivered and that form part of the complete contract. The customer requests each service through work orders that are considered an independent performance obligation and the associated revenue is recognised depending on the specific requirements established in the contract for approval.

For complex long-term contracts that include the provision of various services involving different performance obligations (construction, maintenance, operation, etc.), where payment is made periodically and the price corresponding to these obligations is indicated in the contract or can be determined, revenue is recognised for the recurring services using the time elapsed method and the stage of completion method for more complex performance obligations where it is not possible to assign prices to each of the units completed.

3.17. Expense recognition

An expense is recognised in the consolidated income statement when there is a decrease in the future economic benefits related to a reduction of an asset, or an increase in a liability, which can be measured reliably. This means that an expense is recognised simultaneously to the recognition of the increase in a liability or the reduction of an asset.

Additionally, an expense is recognised immediately when a disbursement does not give rise to future economic benefits or when the requirements for recognition as an asset are not met.

Also, an expense is recognised when a liability is incurred and no asset is recognised, as in the case of a liability relating to a guarantee.

03.18. Offsetting

Asset and liability balances must be offset and the net amount is presented in the consolidated statement of financial position when, and only when, they arise from transactions in which, contractually or by law, offsetting is permitted and the Group companies intend to settle them on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities due to temporary differences are offset at year-end if they relate to the same jurisdiction and are consistent in nature and maturity. The ACS Group offsets deferred tax assets and deferred tax liabilities if, and only if, the entity:

- (a) has a legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

03.19. Income tax

The income tax expense represents the sum of the current tax expense and the change in deferred tax assets and liabilities.

The current income tax expense is calculated by aggregating the current tax arising from the application of the tax rate to the taxable profit (tax loss) for the year, after deducting the tax credits allowable for tax purposes, plus the change in deferred tax assets and liabilities.

Deferred tax assets and liabilities include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, unless the temporary difference arises from the initial recognition of goodwill or the initial recognition (except in the case of a business

combination) of other assets and liabilities in a transaction that affects neither accounting profit (loss) nor taxable profit (tax loss).

Deferred tax assets are recognised for temporary differences to the extent that it is considered probable that the consolidated companies will have sufficient taxable profits in the future against which the deferred tax asset can be utilised, and the deferred tax assets do not arise from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that affects neither accounting profit (loss) nor taxable profit (tax loss). The other deferred tax assets (tax loss and tax credit carryforwards) are only recognised when it is probable that the consolidated companies will have sufficient taxable profits in the future against which they can be utilised.

The deferred tax assets and liabilities recognised are reassessed at the end of each reporting period in order to ascertain whether they still exist and the appropriate adjustments are made on the basis of the findings of the analyses performed. Deferred tax assets and liabilities due to temporary differences are offset at year-end if they relate to the same jurisdiction and are consistent in nature and maturity.

The Spanish companies more than 75% owned by the Parent Company file consolidated tax returns, as part of Tax Group 30/99, in accordance with current law.

Tax uncertainties

If the Group determines that the tax authority is not likely to accept an uncertain tax treatment or a group of uncertain tax treatments, it considers this uncertainty in the determination of taxable profit (tax loss), tax bases, tax loss carryforwards, tax credits or tax rates. The Group determines the effect of the uncertainty on the corporate income tax return using the expected value method when the range of possible outcomes is highly dispersed, or the most likely amount method when the outcome is binary or concentrated on one value. In cases where the tax asset or liability calculated using these methods exceeds the amount reported in the self-assessments, this amount is recognised as current or non-current in the consolidated statement of financial position on the basis of the expected date of recovery or liquidation, whereas the amount of any late payment interest on the liability is recognised on the income statement as it accrues. The Group recognises changes in facts and circumstances regarding tax uncertainties as a change in estimates.

03.20. Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to the Parent Company by the weighted average number of ordinary shares outstanding during the year, excluding the average number of shares of the Parent Company held by the Group companies (see Note 31.01).

Diluted earnings per share are calculated by dividing net profit or loss attributable to ordinary shareholders adjusted by the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding during the year, adjusted by the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all the potential ordinary shares into ordinary shares of the Parent Company. 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 (Note 28.03) does not involve the issuance of new shares in the future and, therefore, does not affect diluted earnings per share. As at 31 December 2021, as a result of the simultaneous capital increase and reduction in 2022, for the same number of shares, the basic earnings and diluted earnings per share for continuing operations for 2021 are the same.

03.21. Foreign currency transactions

The Group's presentation currency is the euro. Therefore, transactions in currencies other than the euro are considered to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

Foreign currency transactions are initially recognised in the functional currency of the Group by applying the exchange rates prevailing at the date of the transaction.

At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The exchange rates of the main currencies in which the ACS Group operates in 2021 and 2020 are as follows:

	Average exchange rate		Closing exchange rate	
	2021	2020	2021	2020
1 U.S. Dollar (USD)	0.846	0.872	0.883	0.815
1 Australian Dollar (AUD)	0.634	0.604	0.640	0.629
1 Polish Zloty (PLN)	0.219	0.224	0.218	0.220
1 Mexican Peso (MXN)	0.042	0.040	0.043	0.041
1 Canadian Dollar (CAD)	0.677	0.651	0.696	0.643
1 British Pound (GBP)	1.165	1.127	1.190	1.119
1 Argentine Peso (ARS)	0.009	0.012	0.009	0.010
1 Saudi Riyal (SAR)	0.226	0.232	0.234	0.217

All exchange rates are in euros.

Any exchange differences arising on settlement or translation at the closing rates of monetary items are recognised in the consolidated income statement for the year, except for those arising on items that form part of an investment in a foreign operation, which are recognised directly in equity net of taxes until the date of disposal.

On certain occasions, in order to hedge its exposure to certain foreign currency risks, the Group enters into forward currency contracts and options (see Note 21 for details of the Group's accounting policies in respect of such derivative financial instruments).

On consolidation, the assets and liabilities of the Group's foreign operations are translated to euros at the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly. Any translation differences arising are classified as equity. These translation differences are recognised as income or as expenses in the period in which the investment is made or disposed of.

Goodwill and fair value adjustments arising on the acquisition of a company with a currency other than the euro are treated as assets and liabilities of that company and are translated at the closing rate.

03.22. Entities and branches located in hyperinflationary economies

Given the economic situation in Venezuela and in accordance with the definition of hyperinflationary economy provided by IAS 29, the country has been classified as hyperinflationary since 2009 and at the end of 2021 it continued to be classified as such. The ACS Group has investments in Venezuela through subsidiaries of the Construction and Industrial Services divisions; the amounts outstanding as at 31 December 2021 and 2020, with the volume of transactions in the years 2021 and 2020 being immaterial.

In 2021 and 2020, the Group recognised the relevant impact when considering the hyperinflationary economic situation in Argentina, as regards its ownership interests in subsidiaries in the Construction and Industrial Services Division, the impact of which was immaterial for the ACS Group.

None of the functional currencies of the consolidated subsidiaries and associates located abroad relate to hyperinflationary economies as defined by IFRSs. Accordingly, at the 2021 and 2020 accounting close it was not necessary to adjust the financial statements of any of the subsidiaries or associates to correct for the effect of inflation.

03.23. Consolidated statement of cash flow

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 easily 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 2021 and 2020 is as follows:

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

(*) Restated.

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

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

In preparing the consolidated statement of cash flows for 2021 and 2020, 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 15.04). In 2021 not only the amount received but also the cash derecognised as a result of the sale amounting to EUR 1,298,901 thousand were considered as a divestment as a result

of the sale of most of the Industrial Services Division. This also included the purchase of Devine (see Note 02.02.f), which was not held, for an amount of EUR 9.9 million (AUD 15.6 million). In 2020 this heading also included the acquisitions of treasury shares of Hochtief (EUR 168.1 million), the acquisition of Cimic shares by Hochtief (EUR 103.2 million) and the treasury shares acquired by Cimic (EUR 170.4 million).

In relation to the investee BIC Contracting LLC (BICC), EUR 53.6 million were included in 2021 (EUR 844.1 million in 2020) as cash outflows under "Other 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.

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

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

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

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

	Thousands of Euros	
	31/12/2021	31/12/2020
Initial net debt (Note 21)	(1,819,771)	(1,019,404)
Cash flows		
Issue of financial liabilities	(4,634,213)	(7,785,734)
Amortization of financial liabilities	4,362,179	5,881,261
Cash and cash equivalents	2,829,832	374,641
No Impact of Flows		
Change in net debt held for sale (Note 01.04)	329,515	452,780
Exchange difference	256,020	(200,246)
Reclassifications	131,288	561,207
Change in the consolidation perimeter and others	553,790	(84,276)
Final net debt (Note 29)	2,008,640	(1,819,771)

The changes in the consolidation perimeter relate mainly to the acquisition of Servicios Compresión de Gas CA-KU-A1, which was considered an asset held for sale at the end of 2021 (see Note 03.09.02).

03.24 Entry into force of new accounting standards

Changes in accounting policies

The following mandatory standards and interpretations, already adopted in the European Union, came into force in 2021 and, where applicable, were used by the Group in these preparation of the Consolidated Annual Accounts:

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

Approved for use in the European Union		Mandatory application in the years beginning on or after:
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 related to the benchmark reform (second phase).	1 January 2021
Amendments to IFRS 4 Deferral of the application of IFRS 9	Deferral of the application of IFRS 9 until 2023.	
Amendments to IFRS 16 Leases Rent concessions (published in March 2021)	Amendment to extend the deadline for application of the practical expedient of IFRS 16 envisaged for Covid-19-related rent concessions.	1 April 2021 (*)

(*) Early application is permitted.

As regards IFRS 9, IAS 39 and IFRS 7, the IASB has modified certain requirements of hedging relationships to be able to continue to apply hedge accounting on the assumption that certain interest rate benchmarks on which the cash flows of hedging instruments and hedged items are based are not affected by the uncertainties generated by the reform of supply interest rates in the interbank market (IBOR indices). As at 31 December 2020, Phase I of this amendment was completed and was not significant for the Group. The IASB continues to develop guidance and amendments to address the various accounting considerations that may arise when the various IBORs are modified or replaced by other rates. In this second phase, certain practical solutions, clarifications and exceptions are proposed with the aim of reflecting as best as possible the financial assets and liabilities, and lease liabilities in the financial statements of companies as a result of the IBOR reform.

The other rules have been applied without any significant impact on the figures presented or the presentation and disclosure of the information, either because they did not entail any material changes or because they refer to economic events that do not affect the ACS Group.

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

At the date of preparation of these Consolidated Annual Accounts, 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 Consolidated Annual Accounts 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 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.	1 January 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 recognised 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.	

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	Clarifications regarding the presentation of liabilities as current or non-current.	1 January 2023
Amendments to IAS 1 Disclosure of accounting policies (published in February 2021)	Amendments that require companies to appropriately identify the material accounting policy information that should be disclosed in the financial statements.	
Amendments to IAS 8 Definition of accounting estimate (published in February 2021)	Amendments and clarifications to help entities distinguish changes 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.	
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.	

The directors do not expect any significant impact from the introduction of the 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.

04. Intangible assets

04.01. Goodwill

The detail by line of business of the changes in goodwill in 2021 and 2020 is as follows:

Line of Business	Thousands of Euros							Balance at 31/12/2021
	Balance at 31/12/2020	Change consolidation method	Additions	Disposals and allocations	Impairment	Exchange differences	Transfers to/from other assets	
Parent	743,140	—	—	(188,720)	—	—	—	554,420
Infrastructure	1,934,814	—	7,728	5	—	13,978	12,353	1,968,878
Industrial Services	44,181	—	102	(43,835)	—	(448)	—	—
Services	140,918	—	5,850	—	—	2,187	—	148,955
Total	2,863,053	—	13,680	(232,550)	—	15,717	12,353	2,672,253

Line of Business	Thousands of Euros							Balance at 31/12/2020
	Balance at 31/12/2019	Change consolidation method	Additions	Disposals and allocations	Impairment	Exchange differences	Transfers to/from other assets	
Parent	743,140	—	—	—	—	—	—	743,140
Infrastructure	2,297,502	(89,303)	—	(244,675)	—	(29,550)	840	1,934,814
Industrial Services	58,991	(3,829)	532	—	—	(592)	(10,921)	44,181
Services	137,817	—	4,684	—	—	(1,583)	—	140,918
Total	3,237,450	(93,132)	5,216	(244,675)	—	(31,725)	(10,081)	2,863,053

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

In 2021, the most substantial variation relates to the reduction of goodwill held in the Parent Company tied to the Industrial Services business sold on 31 December 2021 for EUR 188,720 thousand in accordance with the agreement with Vinci, (see Note 03.09.02), and the goodwill of the Industrial Services Division itself, which was derecognised as a result of the sale and amounted to EUR 44,181 thousand at 31 December 2020.

The most significant variation in 2020 related to a reduction of EUR 244,675 thousand resulting from the loss of control in December 2020 due to the sale of 50% of the share capital of Thiess and the joint control agreement with Elliott (see Note 02.02.f). This company was fully consolidated and, therefore, the deconsolidation of all the assets and liabilities of this company led to the derecognition of the portion of the value corresponding to Thiess in the goodwill allocated to the business carried out by Hochtief Asia Pacific that was still recognised.

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

As regards the goodwill generated by the purchase of Hochtief, A.G. in 2011, in accordance with IAS 36.80, this goodwill was allocated to the main cash-generating units, namely Hochtief Asia Pacific and Hochtief Americas. The goodwill allocated to the business carried out by Hochtief Asia Pacific amounts to EUR 857 million (EUR 857 million at 31 December 2020 after the sale of 50% of Thiess completed on 31 December

2020), while EUR 287 million is allocated to the Hochtief Americas business (EUR 287 million at 31 December 2020). In 2021 the ACS Group assessed the recoverability of this goodwill.

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

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

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

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

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

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

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

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

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

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

The discount rate used is its weighted average cost of capital. In order to calculate discount rate for Dragados, a weighted discount rate by country is used taking into consideration Dragados' sales in the main countries in which it operates as of September 2021, i.e., the United States, Spain, Canada, Poland, the United Kingdom, Peru and Chile. The following are used to calculate the discount rate for each of the countries: the 10-year bond yield; the unlevered beta of the sector according to Damodaran, relevered by

the target debt; and the market risk premium by country according to Damodaran. The cost of the gross debt is the consolidated effective real cost of the debt at September 2021 and the tax rate used is the theoretical rate. The perpetual growth rate (g) used is equal to the weighted risk-free rate used to calculate the WACC. Given that the estimated weighted CPI increase in the countries where Dragados operates for 2026 according to the IMF report of October 2021 (2.07%) is higher than the risk-free rate of 1.43%, the risk-free rate is used as the assumption for the CPI increase.

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

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

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

After testing the impairment of the cash-generating unit to which the goodwill arising from the merger with the Dragados Group in 2003 has been allocated, it has been determined, based on the 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 recognise an impairment loss. The impairment tests for the Construction cash-generating unit showed that it would withstand substantial increases in the discount rates of over 800 basis points and significant negative deviations (over 2.5%) in the budgeted EBITDA without incurring an impairment loss.

According, the Directors consider that the sensitivity ranges of the tests as regards the key assumptions are within a reasonable range and, therefore, no impairment was detected in 2021 or 2020.

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

In the Construction area, it also includes the goodwill from the acquisitions of Pulice for EUR 61,050 thousand (EUR 50,400 thousand at 31 December 2020), Schiavone for EUR 52,719 thousand (EUR 48,660 thousand at 31 December 2020) and John P Picone for EUR 54,093 thousand (EUR 44,061 thousand at 31 December 2020), 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 recognised at 31 December 2021.

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

No impairment losses were recognised in 2021 or 2020 on the ACS Group's goodwill.

04.02. Other intangible assets

The changes in this heading in the consolidated statement of financial position in 2021 and 2020 were as follows:

	Thousands of Euros							
	Development	Computer software	Concessions	Other intangible assets	Total other intangible assets	Accumulated amortisation	Impairment losses	Total other intangible assets, net
Balance at 1 January of 2020	8,438	42,901	301,213	2,088,233	2,440,785	(1,436,622)	(58,254)	945,909
Changes in the consolidation perimeter	—	238	11,025	(143,614)	(132,351)	43,937	6,502	(81,912)
Additions or charges for the year	5,613	2,595	13,371	43,603	65,182	(106,521)	(11,339)	(52,678)
Disposals or reductions	—	(1,252)	(6,550)	(2,454)	(10,256)	9,730	3	(523)
Exchange differences	—	(729)	(2,240)	(28,013)	(30,982)	7,865	4,429	(18,688)
Transfers to/from other assets	—	358	2,128	3,468	5,954	(1,936)	—	4,018
Balance at 31 December of 2020	14,051	44,111	318,947	1,961,223	2,338,332	(1,483,547)	(58,659)	796,126
Changes in the consolidation perimeter	—	(356)	2,270	4,116	6,030	(3,877)	—	2,153
Additions or charges for the year	2,824	858	6,125	1,365	11,172	(68,888)	(5,623)	(63,339)
Disposals or reductions	—	(491)	(5,463)	(5,653)	(11,607)	10,148	—	(1,459)
Exchange differences	—	306	6,864	12,719	19,889	(10,739)	(3,981)	5,169
Transfers to assets held for sale and disposable groups of items	(9,040)	(25,007)	(15,551)	(141,923)	(191,521)	67,948	1,496	(122,077)
Transfers to/from other assets	69	452	3,614	(13,056)	(8,921)	(10,344)	9,851	(9,414)
Balance at 31 December of 2021	7,904	19,873	316,806	1,818,791	2,163,374	(1,499,299)	(56,916)	607,159

The additions in 2021 amounted to EUR 11,172 thousand (EUR 65,182 thousand in 2020) relating mainly to Hochtief in the amount of EUR 8,949 thousand (EUR 15,959 thousand in 2020), the Services area in the amount of EUR 1,612 thousand (EUR 792 thousand in 2020), and Dragados in the amount of EUR 482 thousand (EUR 792 thousand in 2020). The non-current assets held for sale of the Industrial Services division were transferred since this area was considered a discontinued operation in 2021 (see Note 03.09.02). As a result of the sale of Thiess, intangible assets amounting to EUR 104 million were derecognised at 31 December 2020.

In 2021 impairment losses amounting to EUR 5,623 thousand were recognised under “Other intangible assets” (EUR 11,111 thousand in 2020). No impairment losses were reversed in the consolidated income statements for 2021 or 2020.

The main assets recognised under “Other intangible assets” correspond to those generated in the first Hochtief consolidation process as a result of the allocation of the price to the fair value of the assets acquired and the liabilities assumed under the PPA (“Purchase Price Allocation”). This process most notably includes Hochtief’s construction backlog (mainly due to contracts in the Americas and Asia Pacific), prior to amortisation and impairment, amounting to EUR 603,655 thousand (EUR 603,655 thousand at 31 December 2020), which are fully amortised; the various trademarks of the Hochtief Group amounting to EUR 221,096 thousand (EUR 221,096 thousand at 31 December 2020); and the contractual relationships with customer of the Hochtief Group amounting to EUR 598,189 thousand (EUR 598,189 thousand at 31 December 2020). The accumulated amortisation on the above-mentioned assets amounted to EUR 1,037,505 thousand (EUR 996,511 thousand at 31 December 2020). The amortisation charge for the year amounted to EUR 41,937 thousand (EUR 45,147 thousand at 31 December 2020).

In 2021 and 2020, no development expenditure was recognised as an expense in the consolidated income statement for 2021 and 2020, respectively.

At 31 December 2021, the amount of assets with an indefinite useful life other than those reported as “Goodwill,” relate mainly the trademarks of the Hochtief Americas and Hochtief Asia Pacific divisions amounting to EUR 43,315 thousand (EUR 40,269 thousand at 31 December 2020). Indications of possible impairment is verified annually. There were no significant impairment losses on these assets in 2021 or 2020.

At the end of 2021, the ACS Group had fully amortised intangible assets still in use with a gross carrying amount of EUR 625,686 thousand (EUR 650,045 thousand at 31 December 2020).

There were no material intangible asset items whose title was restricted in 2021 or 2020.

05. Tangible assets – property, plan and equipment

The changes in this heading in the consolidated statement of financial position in 2021 and 2010 were as follows:

	Thousands of Euros							
	Land and buildings	Plant and machinery	Other intangible assets	Advances and Property, plant and equipment in the course of construction	Total tangible assets - property, plant and equipment	Accumulated depreciation	Impairment losses	Total net tangible assets - property, plant and equipment
Balance at 1 January of 2019	1,554,154	3,859,758	1,005,478	118,551	6,537,941	(3,817,363)	(41,091)	2,679,487
Changes in the consolidation perimeter	(131,340)	(1,937,059)	(14,873)	—	(2,083,272)	1,337,796	3,649	(741,827)
Additions or charges for the year	144,978	541,634	134,511	50,055	871,178	(852,721)	(903)	17,554
Disposals or reductions	(121,637)	(493,920)	(106,046)	(187)	(721,790)	663,413	473	(57,904)
Exchange differences	(90,994)	(257,400)	(43,233)	(8,351)	(399,978)	259,393	1,898	(138,687)
Transfers from / to other assets	56,907	(1,292)	(20,807)	2,238	37,046	(31,592)	—	5,454
Balance at 31 December of 2020	1,412,068	1,711,721	955,030	162,306	4,241,125	(2,441,074)	(35,974)	1,764,077
Changes in the consolidation perimeter	139	(27,938)	(27,902)	(108)	(55,809)	26,379	—	(29,430)
Additions or charges for the year	114,315	138,000	60,903	21,512	334,730	(395,660)	(358)	(61,288)
Disposals or reductions	(150,474)	(238,881)	(95,752)	(383)	(485,490)	449,320	61	(36,109)
Exchange differences	24,629	56,636	22,440	7,939	111,644	(60,025)	(1,710)	49,909
Transfers to assets held for sale and disposable groups of items	(235,531)	(208,626)	(294,308)	(25,353)	(763,818)	522,992	15,003	(225,823)
Transfers from / to other assets	10,700	35,908	2,854	(33,408)	16,054	(12,522)	—	3,532
Balance at 31 December of 2021	1,175,846	1,466,820	623,265	132,505	3,398,436	(1,910,590)	(22,978)	1,464,868

The most notable change in this heading relates to the transfer to non-current assets held for sale as a result of the Industrial Services Division being considered a discontinued operation, which was subsequently derecognised following the sale to Vinci (see Note 03.09.02).

In 2021 and 2020, items of property, plant and equipment were acquired for EUR 334,730 thousand and EUR 871,178 thousand, respectively. In accordance with IFRS 16, this heading includes the rights to use the leased assets.

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

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

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

At 31 December 2021, the Group had contractual commitments for the future acquisition of property, plant and equipment for a value of EUR 27,652 thousand (EUR 50,667 thousand at 31 December 2020), corresponding mainly to commitments to invest in machinery for Dragados amounting to EUR 7,023 thousand (EUR 2,411 thousand at 31 December 2020) and in technical installations for Hochtief amounting to EUR 20,544 thousand (EUR 46,931 thousand at 31 December 2020).

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

Leases

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

	Thousands of Euros						
	Land and buildings	Plant and machinery	Other intangible assets	Total tangible assets - property, plant and equipment	Accumulated depreciation	Impairment losses	Total net tangible assets - property, plant and equipment
Balance at 31 December of 2019	1,047,526	587,565	216,835	1,851,926	(965,982)	(70)	885,874
Changes in the consolidation perimeter	(66,115)	(439,288)	(18,814)	(524,217)	262,974	—	(261,243)
Additions or charges for the year	140,080	143,285	65,662	349,027	(343,778)	(66)	5,183
Disposals or reductions	(112,470)	(114,153)	(53,744)	(280,367)	255,259	—	(25,108)
Exchange differences	(22,731)	(29,415)	(8,978)	(61,124)	28,756	6	(32,362)
Transfers from / to other assets	(548)	3,323	(6,090)	(3,315)	3,856	—	541
Balance at 31 December of 2020	985,742	151,317	194,871	1,331,930	(758,915)	(130)	572,885
Changes in the consolidation perimeter	822	(25,349)	156	(24,371)	7,416	—	(16,955)
Additions or charges for the year	111,399	32,819	31,370	175,588	(174,718)	(173)	697
Disposals or reductions	(152,465)	(35,805)	(37,054)	(225,324)	209,546	—	(15,778)
Exchange differences	22,035	8,767	5,633	36,435	(19,554)	(3)	16,878
Transfers from / to other assets	(117,935)	(9,389)	(45,042)	(172,366)	86,495	—	(85,871)
Transfers to assets held for sale and disposable groups of items	(1,851)	(202)	(685)	(2,738)	1,778	—	(960)
Balance at 31 December of 2021	847,747	122,158	149,249	1,119,154	(647,952)	(306)	470,896

The change in “Right-of-use assets” in 2021 relates mainly to the transfer to non-current assets held for sale, given that it was considered a discontinued operation and these assets were subsequently derecognised following the sale to Vinci for a net amount of EUR 85,871 thousand (see Note 03.09.02). Furthermore, the additions in the Infrastructure area of EUR 132,497 thousand (EUR 263,530 thousand in 2020) should be noted, in particular the investments made by Hochtief amounting to EUR 115,007 thousand (EUR 212,533 thousand in 2020). In 2020, disposals most notably included the net change in the consolidation perimeter amounting to EUR 261,466 thousand, mainly due to the sale of 50% of Thiess.

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

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

The detail of the lease liabilities, by maturity, at 31 December 2021 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2022	2023	2024	2025	2026 and subsequent years	Total non-current
Lease liabilities	150,765	254,468	33,878	24,539	88,545	401,430

The detail of the lease liabilities, by maturity, at 31 December 2020 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2021	2022	2023	2024	2025 and subsequent years	Total non-current
Lease liabilities	192,173	294,657	50,135	28,328	99,716	472,836

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

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

There are assets leased under short-term leases or leases of low-value assets that do not apply IFRS 16 “Leases” since throughout the Group there are very short-term leases, generally for three to six months, or ongoing monthly agreements or contracts with termination clauses. For each lease, the Group analyses and assesses whether it is reasonably certain that the lease will be extended. These considerations include assessing the requirements of the asset in the project, the scope of the work that is to be carried out with this asset, and other relevant economic aspects to adequately assess the lease term. At 31 December 2021, the expenses accrued in the amount of EUR 228,394 thousand (EUR 246,373 thousand at 31 December 2020) on the above assets were recognised under “Other operating expenses” in the consolidated income statement. As indicated in Note 02.01, the impact on the ACS Group’s activities as a result of the COVID-19 pandemic was moderate or limited, so a potential impairment loss on the assets in this category was not considered.

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

At 31 December 2021 and 2020, no significant items of property, plant and equipment were subject to restrictions.

The ACS Group has mortgaged land and buildings with a carrying amount of approximately EUR 2,768 thousand (EUR 33,170 thousand in 2020) to secure banking facilities granted to the Group.

At 31 December 2021, the Group had recognised EUR 1,133,908 thousand, net of depreciation, relating to property, plant and equipment owned by foreign companies and branches of the Group (EUR 1,293,004 thousand at 31 December 2020).

06. Non-current assets in projects

The balance of "Non-current assets in projects" in the consolidated statement of financial position as at 31 December 2021, includes the costs incurred by the fully consolidated companies in the construction of transport, service and power plant infrastructures whose operation forms the subject matter 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. To better understand its activities relating to infrastructure projects, the Group considers it more appropriate to present its infrastructure projects in a grouped manner, although they are broken down by type of asset (financial or intangible) in this Note.

The most significant change in this heading relates to the consideration of the Industrial Services Division as a discontinued operation and the subsequent reclassification of its non-current assets in projects to non-current assets held for sale and their subsequent derecognition following the sale to Vinci (see Note 03.09).

All project investments made by the ACS Group at 31 December 2021 are as follows:

Type of infrastructure	End date of operation	Thousands of Euros		
		Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Highways / roads	2026	181,914	(114,936)	66,978
Other infrastructures	—	6,138	(263)	5,875
Total		188,052	(115,199)	72,853

The changes in this heading in 2021 and 2020 were as follows:

	Thousands of Euros					
	2021			2020		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	607,657	(201,506)	406,151	261,942	(92,732)	169,210
Changes in the consolidation perimeter	—	—	—	343,956	(98,713)	245,243
Additions or charges for the year	2,410	(12,725)	(10,315)	41,675	(13,803)	27,872
Exchange differences	(774)	(18)	(792)	(18,538)	2,826	(15,712)
Disposals or reductions	(12,965)	—	(12,965)	(1,944)	—	(1,944)
Transfers to assets held for sale and disposable groups of items	(99,630)	3,093	(96,537)	—	—	—
Transfers	(308,646)	95,957	(212,689)	(19,434)	916	(18,518)
Ending balance	188,052	(115,199)	72,853	607,657	(201,506)	406,151

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

- The concession assets identified as intangible assets, as a result of the Group assuming demand risk at 31 December 2021, are as follows:

Type of infrastructure	End date of operation	Thousands of Euros		
		Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Highways / roads	2026	181,873	(114,897)	66,976
Other infrastructures	-	1,819	(263)	1,556
Total		183,692	(115,160)	68,532

	Thousands of Euros					
	2021			2020		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	189,742	(104,424)	85,318	189,907	(91,785)	98,122
Changes in the consolidation perimeter	—	—	—	—	—	—
Additions or charges for the year	—	(12,719)	(12,719)	—	(12,655)	(12,655)
Exchange differences	140	(18)	122	(155)	16	(139)
Transfers to assets held for sale and disposable groups of items	(6,190)	2,001	(4,189)	—	—	—
Transfers	—	—	—	(10)	—	(10)
Ending balance	183,692	(115,160)	68,532	189,742	(104,424)	85,318

- The concession assets identified as financial assets, as a result of the Group not assuming the demand risk as at 31 December 2021, along with the changes in this heading in 2021 and 2020 are as follows:

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

	Thousands of Euros	
	2021	2020
Beginning balance	15,786	26,145
Investment	—	82
Finance income	2,410	3,448
Collections	—	(12,162)
Exchange differences	(914)	(1,102)
Transfers from/to other assets	—	(625)
Ending balance	4,317	15,786

In accordance with the measurement bases of IFRIC 12 and Note 03.04, the amount of financial remuneration included under “Revenue” amounted to EUR 2,410 thousand in 2021 (EUR 3,448

thousand in 2020), with no amounts in 2021 and 2020 corresponding to concession assets identified as financial assets classified as “Non-current assets held for sale and discontinued operations”.

The borrowing costs accrued in relation to the financing of the concessions classified under the financial asset model were immaterial in 2021 and 2020.

- 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 as at 31 December 2021 and the changes in this heading in 2021 and 2020 are as follows:

Type of infrastructure	End date of operation	Thousands of Euros		
		Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Highways / roads	2026	41	(39)	2
Other infrastructures	-	2	—	2
Total		43	(39)	4

	Thousands of Euros					
	2021			2020		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	402,129	(97,082)	305,047	45,891	(947)	44,944
Changes in the consolidation perimeter	—	—	—	343,956	(98,713)	245,243
Additions or charges for the year	—	(6)	(6)	50,307	(1,148)	49,159
Exchange differences	—	—	—	(17,281)	2,810	(14,471)
Disposals or reductions	—	—	—	(1,945)	—	(1,945)
Transfers to assets held for sale and disposable groups of items	(93,440)	1,092	(92,348)	—	—	—
Transfers	(308,646)	95,957	(212,689)	(18,799)	916	(17,883)
Ending balance	43	(39)	4	402,129	(97,082)	305,047

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

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

There were no significant additions to the consolidation perimeter in 2021. In 2020, the additions to the consolidation perimeter amounted to EUR 343,983 thousand, most notably including the Tonopah Solar Energy solar thermal plant. The transfers carried out in 2021 relate to the classification as “Non-current assets held for sale and discontinued operations”.

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

At 31 December 2021 and 2020, the Group had no significant contractual commitments for the acquisition of non-current assets in projects.

The financing relating to non-current assets in projects is explained in Note 18. The concession operators are also obliged to hold restricted cash reserves, known as reserve accounts, included under “Other current financial assets” (see Note 10.05).

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 03.09).

07. Investment property

The changes in this heading in 2021 and 2020 were as follows:

	Thousands of Euros	
	2021	2020
Beginning balance	42,298	41,595
Changes in the consolidation perimeter	—	4,460
Additions	—	12
Sales / decreases	—	(2,371)
Charges for the year	(1,563)	(1,045)
Transfers from / to other assets	1,789	(353)
Transfers to assets held for sale and disposable groups of items	(1,521)	—
Ending balance	41,003	42,298

The rental income earned from investment property amounted to EUR 6,962 thousand in 2021 (EUR 3,693 thousand in 2020). The average occupancy level of the above assets was 44% (33% in 2020) with an average leased area of 52,424 square metres (39,145 square metres in 2020).

The direct operating expenses arising from investment properties included under “Other operating expenses” amounted to EUR 1,732 thousand in 2021 (EUR 900 thousand in 2020).

There were no significant contractual obligations for the acquisition, construction or development of investment property or for repairs, maintenance and improvements.

At the beginning of 2021, the gross carrying amount was EUR 56,110 thousand and accumulated depreciation (increased by accumulated impairment losses) amounted to EUR 13,812 thousand. At year-end, the gross carrying amount and accumulated depreciation were EUR 57,191 thousand and EUR 16,188 thousand, respectively. There were no material differences with respect to fair value in the accompanying Consolidated Annual Accounts.

08. Joint arrangements

The main aggregates included in the accompanying Consolidated Annual Accounts relating to unincorporated joint ventures and economic interest groupings for 2021 and 2020, in proportion to the percentage of ownership interest in the share capital of each joint venture, are as follows:

	Thousands of Euros	
	2021	2020 (*)
Net asset	1,879,153	1,370,674
Pre-tax profit or loss	(133,342)	21,476
Income tax expense (-) / income (+)	33,622	(10,786)
Post-tax profit or loss	(99,720)	10,690
Other comprehensive income	(809)	(3,887)
Total comprehensive income	(100,529)	6,803

(*) Restated.

The identification data relating to the main ACS Group unincorporated joint ventures are detailed in Appendix II.

09. Investments in companies accounted for using the equity method

09.01. Companies accounted for using the equity method

The breakdown, by type of entity, of the companies accounted for using the equity method as at 31 December 2021 and 2020, is as follows:

	Thousands of Euros	
	2021	2020
Associates	3,081,312	3,033,374
Jointly controlled entities	1,442,917	1,446,177
Total	4,524,229	4,479,551

The changes in this heading in 2021 and 2020 were as follows:

	Thousands of Euros	
	2021	2020 (*)
Beginning balance	4,479,551	4,411,440
Additions	247,708	339,682
Disposals	(92,107)	(165,528)
Change in consolidation method	1,653	684,694
Transfers to assets held for sale and disposable groups of items	—	2,821
Profit for the year	254,555	87,415
Changes in the equity of associates		
Exchange differences/other	92,161	(75,577)
Cash flow hedges	91,754	(22,707)
Financial assets held for sale	(9,314)	(5,009)
Transfer to non-current assets held for sale/discontinued operations	1,119	528
Distribution of dividends	(454,031)	(716,523)
Others	(88,820)	(61,685)
Ending balance	4,524,229	4,479,551

(*) 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 2021 also include the profit or loss of companies accounted for using the equity method and that have been classified under “Non-current assets held for sale and discontinued operations”, which amounts to EUR 18,870 thousand (EUR 78,595 thousand in 2020).

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

Line of Business	Thousands of Euros					
	31/12/2021			31/12/2020		
	Share of net assets	Profit/(Loss) for the year	Total carrying amount	Share of net assets	Profit / (Loss) for the year	Total carrying amount
Infrastructure	4,268,373	255,753	4,524,126	4,355,858	109,530	4,465,388
Industrial Services	1,198	(1,198)	—	36,423	(22,115)	14,308
Services	103	—	103	—	—	—
Corporate unit and Adjustment	—	—	—	(145)	—	(145)
Total	4,269,674	254,555	4,524,229	4,392,136	87,415	4,479,551

– Infrastructure

At 31 December 2021, the Infrastructures area most notably includes the investment in Abertis amounting to EUR 2,782,886 thousand (EUR 2,868,396 thousand at 31 December 2020) and the remaining investments from the Hochtief Group accounted for using the equity method in the amount of EUR 1,398,485 thousand (EUR 1,268,949 thousand at 31 December 2020). In this last case, it should be noted that Thies is accounted for as a joint venture using the equity method for EUR 796 million (EUR 712 million at 31 December 2020) (see Note 02.02.f).

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

Joint ventures

As indicated in Note 02.02.f, the sale of Thies was completed on 31 December 2020, with the ACS Group jointly controlling Thies with Elliott. The transaction was therefore recognised at year-end 2020 as a sale of a subsidiary in accordance with IFRS 10 and the 50% interest retained in the entity was recognised as a joint venture as there is joint control with Elliott.

– Industrial Services

The changes in Industrial Services in 2021 are mainly the result of considering this business a discontinued operation and its transfer to non-current assets held for sale prior to its derecognition following the sale to Vinci. (see Note 03.09.02). The main change in Industrial Services in 2020 compared to 2019 related to the change in the method of consolidation of Tonopah Solar Energy, which is now fully consolidated, and to the results of these companies in 2020.

09.02. Material associates / Joint arrangements

Material associates and joint arrangements

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

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 Consolidated Annual Accounts.

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

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

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

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

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

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

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

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

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

Based on the sensitivity analysis performed, the impairment test shows certain leeway 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 15% and an increase in the WACC by more than 75 basis points could result in the need to recognise an impairment loss on the consolidated carrying amount of Abertis.

Thiess

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

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

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

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

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

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

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

In addition, the table below details the associates and the joint arrangements that are not material:

	Thousands of Euros			
	Associates		Jointly controlled entities	
	2021	2020	2021	2020
Carrying amount	298,426	164,978	646,695	734,047
		(*)		(*)
Profit before taxes	44,434	(7,102)	(3,940)	158,623
Income taxes	(12,501)	(2,621)	16,951	(18,741)
Profit after taxes	31,932	(9,723)	13,011	139,882
Other comprehensive income	13,638	(13,795)	26,337	(54,906)
Total comprehensive income	45,571	(23,518)	39,348	84,976

(*) Restated.

10. Financial assets

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

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

The derivative financial instruments are broken down in Note 22.

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

	Thousands of Euros			
	Value at 31/12/2021	Fair value with changes in profit or loss	Fair value with changes in other comprehensive income	Amortized cost
Non-current financial assets	771,011	339,823	14	431,174
Equity securities at long-term	87,878	87,864	14	—
Loans to companies at long-term	184,381	—	—	184,381
Loans to third parties	263,431	223,436	—	39,995
Debt securities at long-term	24,208	24,208	—	—
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 (Note 06)	4,317	—	—	4,317
Other current financial assets	1,280,079	196,742	542,763	540,574
Equity securities at short-term	178,026	25,223	152,803	—
Loans to group and associates to short-term	64,019	—	—	64,019
Loans to companies at short-term	178,440	—	—	178,440
Debt securities at short-term	483,898	93,938	389,960	—
Other financial assets at short-term	375,696	77,581	—	298,115
Trade receivables for sales and services	6,686,487	—	—	6,686,487
Other receivable	1,400,815	—	—	1,400,815
Cash and cash equivalents	11,253,419	—	—	11,253,419

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

10.01. Equity instruments

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

	Thousands of Euros			
	31/12/2021		31/12/2020	
	Non-Current	Current	Non-Current	Current
Infrastructures	84,327	178,026	74,912	127,912
Industrial Services	14	—	1,376	—
Services	19	—	64	—
Corporate Unit	3,518	—	3,518	—
Total	87,878	178,026	79,870	127,912

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

10.02. Loans to associates

The detail of the balances of “Loans to associates” and of the scheduled maturities as at 31 December 2021 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2022	2023	2024	2025	2026 and subsequent years	Total non-current
Loans to associates	64,019	106,764	—	—	77,617	184,381

The detail of the balances of “Loans to associates” and of the scheduled maturities as at 31 December 2020 was as follows:

	Thousands of Euros					
	Current	Non-current				
	2021	2022	2023	2024	2025 and subsequent years	Total non-current
Loans to associates	111,341	113,934	—	6,802	92,019	212,755

At 31 December 2021, this line item most notably included the loans granted by Hochtief to its associates in the amount of EUR 163,195 thousand. Furthermore, the loans granted by Iridium mature in the long term and include the subordinated loan granted to Road Management (A13) Plc. in the amount of EUR 46,477 thousand (EUR 40,409 thousand at 31 December 2020), the subordinated loan to Celtic Road Group (Portlaoise) in the amount of EUR 23,233 thousand (EUR 23,233 thousand at 31 December 2020) and the participating loan granted to Gorey to Enniscorthy M11 PPP Limited in the amount of EUR 13,251 thousand (EUR 13,278 thousand at 31 December 2020). In 2021, the changes in the loans were mainly due to the increase in the subordinated loan granted by Iridium Concesiones de Infraestructuras, S.A. to Iridium Hermes Road, S.L. in the amount of EUR 3,933 thousand, the purpose of which is to partially finance the investment in the additional works for Eix Diagonal. Furthermore, as explained in Note 02.02.f, as a result of the sale of 80% of Nuevo Hospital de Toledo, 80% of the participating loan has been derecognised since the conditions precedent to which the sale and purchase agreement was subject have been fulfilled, and the current balance of the loan at the new percentage of ownership (6.66%) is EUR 2,729 thousand (EUR 12,683 thousand at 31 December 2020).

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

10.03. Other loans

The detail of the balances of “Other loans” and of the scheduled maturities as at 31 December 2021 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2022	2023	2024	2025	2026 and subsequent years	Total non-current
Other loans	178,440	18,057	17,104	17,344	210,926	263,431

The detail of the balances of “Other loans” and of the scheduled maturities as at 31 December 2020 was as follows:

	Thousands of Euros					
	Current	Non-current				
	2021	2022	2023	2024	2025 and subsequent years	Total non-current
Other loans	53,083	7,818	1,941	764	46,360	56,883

At 31 December 2021, “Loans to third parties” under “Non-current financial assets” in the consolidated statement of financial position included the earn out corresponding to the sale of most of the Industrial Services Division, the fair value of which amounts to EUR 223,436 thousand, which have yet to be received as there is a maximum variable payment of EUR 600 million in cash at a rate of EUR 20 million for each half GW generated by the Industrial Services Division (up to “Ready to build” status) between 31 March 2021 and up to 7 years following the execution of the sale and purchase, which may be extended for an additional 18 months if the Industrial Services Division sold fails to generate 6 GW in the first 42 months (see Note 03.09.02).

These loans earn interest tied to Euribor plus a market spread.

10.04. Debt securities

At 31 December 2021, this heading included the investments in securities maturing in the short term relating mainly to investments in securities, investment funds and fixed-interest securities maturing at more than three months, and that it does not intend to hold until maturity, from Hochtief for EUR 394,803 thousand (EUR 345,625 thousand at 31 December 2020). Other significant amounts include those held by the Dragados Group amounting to EUR 89,095 thousand (EUR 53,801 thousand at 31 December 2020). The reduction in the year is due to the transfer to non-current assets held for sale prior to the sale of most of the Industrial Services Division for EUR 329,785 thousand.

10.05. Other financial assets and Non-current trade receivables

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

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

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

Impairment losses

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

11. Inventories

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

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

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

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

12. Trade and other receivables

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

	Thousands of Euros				
	Infrastructures	Industrial Services	Services	Corporate unit and adjustments	Balance at 31/12/2021
Trade receivables for sales and services	6,175,623	287,023	185,104	2,501	6,650,251
Receivable from group companies and associates	36,237	3	(4)	—	36,236
Other receivables	1,103,804	236,855	13,370	46,786	1,400,815
Current tax assets	137,076	4,113	102	151,763	293,054
Total	7,452,740	527,994	198,572	201,050	8,380,356

	Thousands of Euros				
	Infrastructures	Industrial Services	Services	Corporate unit and adjustments	Balance at 31/12/2020
Trade receivables for sales and services	5,746,081	2,400,275	195,850	—	8,342,206
Receivable from group companies and associates	49,533	108,493	12	—	158,038
Other receivables	1,038,759	708,336	14,382	954	1,762,431
Current tax assets	40,566	41,704	80	153,264	235,614
Total	6,874,939	3,258,808	210,324	154,218	10,498,289

12.01. Trade receivables for sales and services – Net trade receivables balance

The detail of “Trade receivables for sales and services” and net trade receivables balance, by line of business, at 31 December 2021 and 2020 is as follows:

	Thousands of Euros				
	Infrastructures	Industrial Services	Services	Corporate unit and adjustments	Balance at 31/12/2021
Trade receivables and notes receivable	3,825,425	242,865	183,428	6,998	4,258,716
Completed work pending certification	2,530,281	47,834	6,244	—	2,584,359
Allowances for doubtful debts	(180,083)	(3,676)	(4,568)	(4,497)	(192,824)
Total receivables for sales and services	6,175,623	287,023	185,104	2,501	6,650,251
Advances received on orders (Note 23)	(2,816,430)	(20,802)	(1,346)	(8,419)	(2,846,997)
Total liabilities from customer contracts	(2,816,430)	(20,802)	(1,346)	(8,419)	(2,846,997)
Total net trade receivables balance	3,359,193	266,221	183,758	(5,918)	3,803,254

	Thousands of Euros				
	Infrastructures	Industrial Services	Services	Corporate unit and adjustments	Balance at 31/12/2020
Trade receivables and notes receivable	3,690,781	1,348,206	179,516	4,497	5,223,000
Completed work pending certification	2,257,914	1,172,337	20,131	—	3,450,382
Allowances for doubtful debts	(202,614)	(120,268)	(3,797)	(4,497)	(331,176)
Total receivables for sales and services	5,746,081	2,400,275	195,850	—	8,342,206
Advances received on orders (Note 23)	(2,659,082)	(623,163)	(1,110)	—	(3,283,355)
Total liabilities from customer contracts	(2,659,082)	(623,163)	(1,110)	—	(3,283,355)
Total net trade receivables balance	3,086,999	1,777,112	194,740	—	5,058,851

The balances relating to contracts with customers are registered in accordance with the explanations in Note 03.16.

The breakdown of the amounts recognised for these entries in 2021 and 2020 is as follows:

	Thousands of Euros					
	Balance at 31/12/2020	Changes in the consolidation perimeter	Transfers to assets held for sale and disposable groups of items	Exchange differences	Others	Balance at 31/12/2021
Trade receivables and notes receivable (net of provisions)	4,891,824	174,584	(1,162,296)	18,294	143,486	4,065,892
Completed work pending certification	3,450,382	16,488	(1,137,418)	44,999	209,908	2,584,359
Total Contract assets	8,342,206	191,073	(2,299,715)	63,293	353,394	6,650,251
Total Contract liabilities	3,283,355	12,338	(612,388)	44,101	119,590	2,846,997

	Thousands of Euros				
	Balance at 31/12/2019	Changes in the consolidation perimeter	Exchange differences	Others	Balance at 31/12/2020
Trade receivables and notes receivable (net of provisions)	6,085,545	(249,493)	(62,016)	(882,212)	4,891,824
Completed work pending certification	4,244,099	(379,563)	(73,782)	(340,372)	3,450,382
Total Contract assets	10,329,644	(629,056)	(135,798)	(1,222,584)	8,342,206
Total Contract liabilities	3,416,279	4,202	(57,399)	(79,727)	3,283,355

“Others” basically includes changes related to production and/or invoicing to customers, and the amounts received from them. The revenue recognised in 2020 arising from performance obligations satisfied or partially satisfied in previous years amounted to a loss of EUR 869 million, mainly due to the Gorgon Jetty arbitration settlement (see Note 27.01) for EUR 694.4 million, which reduced the amount shown under “Others” as regards the changes in “Completed work pending certification”.

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

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

The main change in the year relates to the transfer of the Industrial Services Division to non-current assets held for sale since it was considered a discontinued operation in 2021 prior to its sale.

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

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

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

The revenue recognised in 2021 that was included in the balance of “Customer advances” (contract liabilities with customers) at the beginning of the year amounts to EUR 1,662 million (EUR 1,734 million in 2020), while the revenue recognised in 2021 resulting from performance obligations that were satisfied or partially satisfied in previous years amounts to a loss of EUR 35 million.

At 31 December 2021, retentions held by customers for contract work in progress amounted to EUR 1,215,207 thousand (EUR 1,157,650 thousand at 31 December 2020).

The Group companies assign trade receivables to financial institutions, without the possibility of recourse against them in the event of non-payment. The reduced balance of receivables amounted to EUR 1,012,001 thousand at 31 December 2021 (EUR 1,438,303 thousand at 31 December 2020).

Substantially all the risks and rewards associated with the receivables, 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 derecognised in the consolidated statement of financial position. The Group companies continued to manage collection during the year.

There was no customer as at 31 December 2021 and 2020, that represented more than 10% of total revenue.

12.02. Changes in the allowances for doubtful debts

The following is a breakdown, by line of business, of the changes in the allowances for doubtful debts in 2021 and 2020:

Movement in the impairment provision	Thousands of Euros				
	Infrastructures	Industrial Services	Services	Corporate unit and adjustments	Total
Balance at 1 January of 2020	(272,654)	(106,675)	(3,473)	(4,497)	(387,299)
Charges for the year	(339)	(46,605)	(1,600)	—	(48,544)
Reversals / Excesses	56,426	27,902	1,303	—	85,631
Changes in scope and other	13,953	5,110	(27)	—	19,036
Balance at 31 December 2020	(202,614)	(120,268)	(3,797)	(4,497)	(331,176)
Charges for the year	(32,537)	(44,642)	(3,172)	—	(80,351)
Reversals / Excesses	58,572	43,108	2,644	—	104,324
Changes in scope and other	(3,504)	118,126	(243)	—	114,379
Balance at 31 December 2021	(180,083)	(3,676)	(4,568)	(4,497)	(192,824)

A concentration of credit risk is not considered to exist since the Group has a large number of customers engaging in various activities.

In addition, a provision of AUD 675 million (equivalent to EUR 432 million as at 31 December 2021) was recognised by Cimic and is presented net of progress billings as at 31 December 2021 and 2020 (see Note 36).

The net trade receivables balance at 31 December 2021 amounted to EUR 3,803,254 thousand (EUR 5,058,851 thousand at 31 December 2020), of which EUR 411,579 thousand (EUR 1,300,817 thousand at 31 December 2020) relate to domestic activity and EUR 3,391,675 thousand (EUR 3,758,034 thousand at 31 December 2020) to international activity.

As regards domestic activity, EUR 288,578 thousand (EUR 558,338 thousand at 31 December 2020), 70% of the balance (43% of the balance at 31 December 2020), relates to the net balance receivable from the Spanish public authorities, the remainder relating to the private sector, without large concentration of balances.

As regards foreign activities, the majority arises from the private sector amounting to EUR 2,811,794 thousand (EUR 3,111,384 thousand at 31 December 2020), the majority of which relate to the Hochtief Group. The status of customers that are past due but not impaired as at 31 December 2021 and 2020 is detailed under "Credit risk" in Note 21.

13. Other current assets

This heading in the statement of financial position includes mainly short-term accruals of prepaid expenses and interest.

14. Cash and cash equivalents

"Cash and cash equivalents" includes the Group's cash and short-term bank deposits with an original maturity of three months or less. At 31 December 2021, this heading mainly included EUR 4,902 million corresponding to the sale of most of the Industrial Services Division (see Note 03.09.02). The carrying

amount of these assets amounting to EUR 312,392 thousand at 31 December 2021 (EUR 315,331 thousand at 31 December 2020) reflects their fair value and there are no restrictions as to their use.

15. Equity

15.01. Share capital

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

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

Subsequent to 2021 year-end, in accordance with the resolution passed at the Annual General Meeting held on 7 May 2021, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. agreed to reduce share capital, with a charge to profit or unrestricted reserves, through the retirement of the Company's treasury shares for a nominal amount of EUR 5 million through the retirement of 10 million ACS treasury shares, making the corresponding provision with a charge to reserves as indicated in section 335.e) Corporate Enterprises Act. Following this retirement of treasury shares, the share capital amounted to EUR 147,332 thousand and is represented by 294,664,594 fully subscribed and paid shares with a par value of EUR 0.5 each, all with the same voting and dividend rights (see Note 32).

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

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

The share capital increase(s) may be carried out, with or without a share premium, either by increasing the par value of the existing shares with the requirements set forth in the law, or by issuing new shares, ordinary or preferential, with or without voting rights, or redeemable shares, or any other type of shares permitted by law or several types at the same time, consisting of a consideration for the new shares or an increase in the par value of the existing ones, in terms of monetary contributions.

It was also agreed to authorise 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 of Directors is expressly granted the power to exclude, in whole 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 authorisation in relation to all or any of the issues agreed upon on the basis of this authorisation, in line with section 506 Corporate Enterprises Act, also including the exclusions of the pre-emption rights made in the framework of securities issues in accordance with the agreement approved at the Annual General Meeting of 10 May 2019.

At the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 7 May 2021, the shareholders resolved, among other matters, to carry out a share capital increase and reduction. The Company resolved to increase share capital to a maximum of EUR 574 million with a charge to unrestricted reserves, whereby the first capital increase may not exceed EUR 426 million and the second increase may not exceed EUR 148 million, indistinctly granting the Executive Committee, the Chairman of the Board 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 15.04).

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

On 3 January 2022, ACS, Actividades de Construcción y Servicios, S.A. decided to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 7 May 2021, and, on this same date, also resolved to carry out the second capital reduction of ACS, Actividades de Construcción y Servicios, S.A. for the same amount as the increase in share capital as a result of the second capital increase (see Notes 15.05 and 32).

At the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 8 May 2020, the shareholders resolved, among other matters, to carry out a share capital increase and reduction. The Company resolved to increase share capital to a maximum of EUR 630 million with a charge to voluntary reserves, whereby the first capital increase may not exceed EUR 487 million and the second increase may not exceed EUR 143 million, indistinctly granting the Executive Committee, the Chairman of the Board and the Director Secretary the power to execute the resolution. The capital increase is expected to take place, in the case of the first increase, within the three months following the date of the Annual General Meeting held in 2020 and, in the case of the second increase, within the first quarter of 2021, thereby coinciding with the dates on which the ACS Group has traditionally distributed the final dividend and the interim dividend. 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 15.04).

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

On 11 January 2021, ACS, Actividades de Construcción y Servicios, S.A. decided to carry out the second capital increase with a charge to the share premium approved by the shareholders at the Annual General Meeting held on 8 May 2020, and, on this same date, also resolved to carry out the second capital reduction of ACS, Actividades de Construcción y Servicios, S.A. for the same amount as the increase in share capital

as a result of the second capital increase (see Note 15.04). 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, and with an allocation to reserves for the same amount as the nominal value of the retired shares, i.e., EUR 1,284,082.50, as provided for in Article 335.c) of the Spanish Companies Act.

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 consolidation perimeter whose shares are listed on securities markets are Hochtief, A.G. on the Frankfurt Stock Exchange (Germany), and Cimic Group Limited on the Australia Stock Exchange.

At 31 December 2021, the shareholder with an ownership interest of over 10% in the Parent Company's share capital was Rosan Inversiones, S.L. with an interest of 12.93%.

15.02. Share premium

The share premium at 31 December 2021 and 2020 amounted to EUR 366,379 thousand and EUR 495,226 thousand, respectively. The reduction is due to the scrip dividend issued on 11 January 2021 (see Note 15.01).

The Consolidated Text Corporate Enterprises Act expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use.

15.03. Reserves

The detail of this heading at 31 December 2021 and 2020 is as follows:

	Thousands of Euros	
	Balance at 31/12/2021	Balance at 31/12/2020
Legal reserve	35,287	35,287
Voluntary reserves	3,602,560	3,251,185
Capital redemption reserve fund	48,027	39,578
Reserve for actuarial gains and losses	(875)	(14,702)
Others reserves	814,557	905,856
Reserves at consolidated companies	(866,542)	(608,505)
Total	3,633,014	3,608,699

This heading includes the reserves set up by the Group's Parent Company, mainly in relation to retained earnings and, where applicable, in compliance with the various applicable legal provisions.

Legal reserve

Under the Consolidated Text Corporate Enterprises Act, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

The legal reserve of the Group's Parent Company, which amounts to EUR 35,287 thousand, has reached the stipulated level at 31 December 2021 and 2020.

Voluntary reserves

These are reserves, the use of which is not limited or restricted in any way, freely set up by means of the allocation of the Parent Company's profits, after the payment of dividends and the required appropriations to the legal or other restricted reserves in accordance with current legislation.

Pursuant to the Consolidated Text Corporate Enterprises Act, profit may not be distributed unless the amount of the unrestricted legal reserves is at least equal to the amount of research and development expenses included under assets in the statement of financial position. In this case, the reserves allocated to meet this requirement are considered to be restricted reserves.

Certain Group companies have clauses in their financing agreements (this is standard practice in project financing) that place restrictions on the distribution of dividends until certain ratios are met.

Capital redemption reserve

As a result of the redemption of the Parent Company's shares carried out in 2021 and 2020, in accordance with section 335.c) of the Consolidated Text Corporate Enterprises Act, ACS, Actividades de Construcción y Servicios, S.A. established a restricted "Capital redemption reserve" of EUR 48,027 thousand (EUR 39,578 thousand at 31 December 2020), which is equivalent to the nominal value of the reduced share capital.

Reserve for actuarial gains and losses

This item includes the effects on pension plans due to actuarial impacts such as changes in the technical interest rate, mortality tables, etc.

15.04. Treasury shares

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

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

On 11 January 2021, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second capital increase with a charge to the share premium approved by the shareholders at the Annual General Meeting held on 8 May 2020, and also resolved to carry out the second capital reduction of ACS, Actividades de Construcción y Servicios, S.A. for the same amount as the increase in share capital as a result of the second capital increase through the retirement of the necessary treasury shares. The definitive number of shares, subject to the capital increase, was 2,568,165 shares for a nominal amount of EUR 1,284,082.50, which were retired simultaneously for the same amount, 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) Corporate Enterprises Act.

On 9 June 2021, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first capital increase with a charge to reserves approved at the Annual General Meeting held on 7 May 2021, so that once the process was concluded in July 2021, the definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued was 8,329,558 shares, and the nominal amount of the related capital increase was EUR 4,164,779. On that same date, ACS, Actividades de Construcción y Servicios, S.A. reduced share

capital by EUR 4,164,779 through the retirement of 8,329,558 treasury shares and allocated the same amount to reserves as the nominal value of the retired shares, i.e., EUR 4,164,779, as provided for in section 335.c) Corporate Enterprises Act (see Note 15.01).

On 11 November 2021, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. agreed to reduce capital by EUR 3 million of the nominal value through the retirement of 6 million shares of the Company's treasury stock, subject to authorisation by the shareholders at the Annual General Meeting of 7 May 2021 (see Note 15.01).

On 3 January 2022, ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 7 May 2021. The purpose of the capital increase is to implement a flexible formula for shareholder remuneration ("optional dividend"), so that shareholders may choose to continue to receive cash remuneration or to receive new shares in the Company.

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

On 4 February 2020, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second capital increase with a charge to reserves, approved at the Annual General Meeting held on 10 May 2019, setting the definitive number of ordinary shares of EUR 0.5 par value each to be issued at 2,899,168 shares, with the nominal value of the related capital increase being EUR 1,449,584.00. On that same date, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 1,449,584.00 through the retirement of 2,899,168 treasury shares and allocated the same amount to reserves as the nominal value of the retired shares, i.e., EUR 1,449,584.00, as provided for in section 335.c) Corporate Enterprises Act.

On 10 June 2020, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first capital increase with a charge to the share premium approved at the Annual General Meeting held on 8 May 2020, so that once the process was concluded in July 2020, the definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued was 11,377,057 shares, and the nominal amount of the related capital increase was EUR 5,688,528.50. On that same date, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 5,688,528.50 through the retirement of 11,377,057 treasury shares and allocated the same amount to reserves as the nominal value of the retired shares, i.e., EUR 5,688,528.50, as provided for in section 335.c) Corporate Enterprises Act (see Note 15.01).

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

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

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

15.05. Interim dividend

On 3 January 2022, ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 7 May 2021. The purpose of the capital increase is to implement a flexible formula for shareholder

remuneration (“optional dividend”), so that shareholders may choose to continue to receive cash remuneration or to receive new shares in the Company.

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

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

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

- The dividend was determined to be a total gross amount of EUR 57,425,748.12 (EUR 0.468 per share) and was paid on 1 February 2022.
- The number of final shares subject to the capital increase was 3,047,466 for a nominal amount of EUR 1,523,733.00, which were redeemed simultaneously for the same amount (see Note 32).

15.06. Adjustments for changes in value

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

	Thousands of Euros	
	2021	2020
Beginning balance	(668,772)	(356,377)
Hedging Instruments	86,233	7,449
Available-for-sale financial assets	20,700	(6,758)
Exchange differences	390,921	(313,086)
Ending balance	(170,918)	(668,772)

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

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

The translation differences at 1 January 2004 were recognised in the transition to IFRSs as opening reserves. Consequently, the amount presented in the Group’s consolidated statement of financial position at 31 December 2021 relates exclusively to the difference arising in the period from 2004 to 2021, net of the related tax effect, between the closing and opening exchange rates, on non-monetary items whose fair value is adjusted against equity and on the translation to euros of the balances in the functional currencies of fully and proportionally consolidated companies, and companies accounted for using the equity method, whose functional currency is not the euro.

The main translation differences, by currency, at 31 December 2021 and 2020 were as follows:

	Thousands of Euros	
	Balance at 31/12/2021	Balance at 31/12/2020
U.S. Dollar (USD)	21,433	(73,826)
Australian Dollar (AUD)	(10,063)	(46,442)
Canadian Dollar (CAD)	4,730	(9,607)
Argentine Peso (ARS)	(36,561)	(55,813)
Other currencies	(70,460)	(296,154)
Total	(90,921)	(481,842)

At 31 December 2021, in addition to the balance of translation differences, the balance of “Adjustments for changes in value” includes a loss of EUR 73,150 thousand for hedging instruments (loss of EUR 159,383 thousand at 31 December 2020) and a loss of EUR 6,847 thousand for financial assets through other comprehensive income (loss of EUR 27,547 thousand at 31 December 2020).

15.07. Non-controlling interests

The detail, by line of business, of the balance of “Non-controlling interests” in the consolidated statement of financial position at 31 December 2021 and 2020 is as follows:

Line of Business	Thousands of Euros					
	Balance at 31/12/2021			Balance at 31/12/2020		
	Non-controlling interests	Profit attributed to non-controlling interests	Result discontinued operations	Non-controlling interests	Profit attributed to non-controlling interests	Result discontinued operations
Construction	511,923	154,637	11,340	306,019	320,500	32,440
Industrial Services	(2,471)	14,223	—	81,995	259	2,590
Services	3,626	621	—	4,929	(1,304)	—
Total	513,078	169,481	11,340	392,943	319,455	35,030

“Non-controlling interests” mainly relates to the full consolidation of Hochtief, which includes both the ownership interests of the non-controlling shareholders of Hochtief and the non-controlling interests included in the statement of financial position of the German company, amounting to EUR 284,764 thousand at 31 December 2021 (EUR 293,012 thousand at 31 December 2020), which mainly relate to the non-controlling shareholders of Cimic Group Limited.

Accordingly, the only significant non-controlling interest is from Hochtief, with the following information:

	Thousands of Euros	
	31/12/2021	31/12/2020
Non-current assets	5,295,254	5,263,746
Current assets	10,939,811	11,717,809
Non-current liabilities	5,378,445	5,190,506
Current liabilities	9,770,859	10,828,429
Equity	1,085,761	962,620
Of which: Non-controlling interests Hochtief	284,764	293,012
Non-controlling interests of Hochtief included in equity of the ACS Group	667,429	612,908
Turnover	21,377,874	22,953,752
Profit before tax	434,982	881,946
Income tax	(141,585)	(332,305)
Profit for the period from continuing operations	293,397	549,641
Profit after tax from discontinued operations	(4,479)	32,439
Profit for the period	288,918	582,080
Of which: Non-controlling interests Hochtief	(80,997)	(154,839)
Profit attributable to the parent	207,921	427,241
Non-controlling interests included in profit or loss for the year	(180,329)	(358,948)
Cash flows from operating activities	387,196	707,328
Cash flows from investing activities	(219,999)	647,746
Cash flows from financing activities	(1,075,125)	(632,142)

“Non-controlling interests” in the accompanying consolidated statement of financial position reflects the proportionate share of the equity of Group companies in which there are non-controlling shareholders. The changes in 2021, by item, were as follows:

	Thousands of Euros
Balance at 31 December 2020	747,428
Profit for the year from continuing operations	180,821
Dividends received	(341,716)
Changes in shareholdings in controlled companies and others	(105,639)
Adjustments for changes in value	213,005
Balance at 31 December 2021	693,899

The changes in holdings in the companies controlled are mainly due to Cimic’s takeover bid for Devine (see Note 02.02 f).

The changes in 2020, by item, were as follows:

	Thousands of Euros
Balance at 31 December 2019	1,084,882
Profit for the year from continuing operations	354,485
Dividends received	(248,819)
Changes in shareholdings in controlled companies and others	(234,268)
Adjustments for changes in value	(208,852)
Balance at 31 December 2020	747,428

The decrease in non-controlling interests of EUR 234,268 thousand in 2020 is due mainly to the increase in the shareholding in Hochtief from 50.4% to 52.2% and in Cimic from 72.8% to 78.6% (see Note 02.02.f).

At 31 December 2021, the shareholders with an ownership interest equal to or exceeding 10% of the subscribed capital of the Group's main subsidiaries were as follows:

Group	Percentage of ownership	Shareholder
Construction		
Hochtief, A.G.	15.90%	Atlantia S. p. A.
Gasoductos y Redes Gisca, S.A.	47.50%	Spie Capag, S.A.
BICC Contracting LLC	55.00%	Riad Al Sadik
Industrial Services		
Energía Renovable de la Península, SAPI de C.V.	30.00%	Envisión Energy B.V. (24%)
Services		
Multiservicios Aeroportuarios, S.A.	49.00%	Iberia, S.A.

16. Grants

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

	Thousands of Euros	
	2021	2020 (*)
Beginning balance	3,485	2,697
Changes in the consolidation perimeter	(513)	—
Exchange differences	12	(1)
Additions	955	1,431
Transfers	4	(97)
Transfers to assets held for sale and disposable groups of items	(1,545)	(239)
Recognition in income statement	(299)	(306)
Ending balance	2,099	3,485

(*) Restated.

The grants related to assets recognised in the consolidated income statement (recognised under "Allocation of grants relating to non-financial non-current assets and others" in the consolidated income statement) amounted to EUR 299 thousand before tax in 2021 (EUR 306 thousand in 2020). The timing of recognition in profit or loss, by year, is detailed as follows:

	Thousands of Euros					
	31/12/2021			31/12/2020		
	<1	2-5	>5	<1	2-5	>5
Grants related to assets	182	605	1,312	1,111	1,307	1,067

The grants for COVID-19 were not significant in 2021 or 2020.

17. Bank borrowings, debentures and other marketable securities

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

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

17.01. Debentures and other marketable securities

At 31 December 2021, the ACS Group had debentures and bonds issued amounting to EUR 4,096,426 thousand in non-current issues and EUR 640,907 thousand in current issues (EUR 3,137,017 thousand in non-current issues and EUR 943,609 thousand in current issues, respectively, at 31 December 2020) from Cimic, Hochtief, ACS, Actividades de Construcción y Servicios, S.A. and ACS Servicios Comunicaciones y Energía, S.A.

The most significant variations as at 31 December 2021 are as follows:

- In 2021, ACS, Actividades de Construcción y Servicios, S.A. renewed the Euro Commercial Paper (ECP) programme for a maximum amount of EUR 750 million, which was registered in the Irish Stock Exchange. Through this programme, ACS may issue notes maturing between 1 and 364 days, thus enabling the diversification of financing channels in the capital market. As at 31 December 2021, the issues outstanding under the above programmes amounted to EUR 182,850 thousand (EUR 247,041 thousand at 31 December 2020).
- It also renewed its debt issue programme, called the Euro Medium-Term Note Programme (EMTN Programme), for a maximum amount of EUR 1,500 million, which was approved by the Central Bank of Ireland.
- Furthermore, ACS, Actividades de Construcción y Servicios, S.A. renewed the Negotiable European Commercial Paper (NEU CP) programme in 2021 for EUR 500 million, with a maximum issue term of 365 days, under the regulation of the Bank of France (pursuant to section D.213-2 of the French Monetary and Financial Code) listed on the Luxembourg Stock Exchange. As at 31 December 2021,

the issues outstanding under the above programmes amounted to EUR 254,000 thousand (EUR 238,000 thousand at 31 December 2020).

- On 26 April 2021, Hochtief issued a bond of EUR 500 million, with a term of 8 years and an annual coupon of 0.625% on the international capital market. The credit rating agency S&P gave the bond an investment grade rating of BBB-. The issue has allowed Hochtief to diversify and extend the maturity profile of its long-term loans.
- On 21 May 2021 and 2 June 2021, Cimic Finance Pty Limited issued a total of EUR 625 million in eight-year corporate bonds under the Euro Medium-Term Note Programme. The bonds accrue interest at an annual fixed rate of 1.5%, payable annually as of 28 May 2021, and mature on 28 May 2029. Moody's and Standard & Poor's gave the bond an investment grade rating of Baa2 and BBB-, respectively. In relation to this bond issue, Cimic entered into a cross-currency interest rate swap to hedge exposure to exchange rate fluctuations between the Australian dollar and the euro with an interest rate of 3.5% (see Note 22).

The detail, by maturity, of these debentures and bonds at 31 December 2021 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2022	2023	2024	2025	2026 and subsequent years	Total non-current
Debentures and bonds	640,907	50,000	—	1,292,476	2,753,950	4,096,426

The detail, by maturity, of these debentures and bonds at 31 December 2020 was as follows:

	Thousands of Euros					
	Current	Non-current				
	2021	2022	2023	2024	2025 and subsequent years	Total non-current
Debentures and bonds	943,609	164,458	50,000	—	2,922,559	3,137,017

The detail of the ACS Group's main bonds at 31 December 2021 and 2020 is as follows:

Bonds	Carrying amount 31/12/2021	Carrying amount 31/12/2020	Price 31/12/2021	Price 31/12/2020	Principal (Millions of Euros)	Coupon (%)	Initial term (in years)	Maturity
ACS 750	751,619	750,455	101.24%	102.67%	750	1.375%	5	April 2025
ACS 120	—	120,351	Expired	n.a.	120	0.375%	2	February 2021
ACS 50	50,002	50,001	n.a.	n.a.	50	0.785%	4.11	June 2023
ACS SC&E	757,598	755,551	105.15%	107.76%	750	1.875%	8	April 2026
HOCHTIEF 500	502,485	501,949	104.92%	107.06%	500	1.750%	7	July 2025
HOCHTIEF 50 CHF	48,524	46,389	n.a.	n.a.	49	0.769%	6	June 2025
HOCHTIEF 50	50,635	50,622	n.a.	n.a.	50	2.300%	15	April 2034
HOCHTIEF 500	496,960	496,278	100.51%	101.42%	500	0.500%	8	September 2027
HOCHTIEF 1000 NOK	100,745	96,083	n.a.	n.a.	101	1.700%	10	July 2029
HOCHTIEF 250	249,414	249,246	100.73%	102.38%	250	1.250%	12	September 2031
HOCHTIEF 500	495,499	—	97.21%	n.a.	500	0.625%	8	April 2029
CIMIC FINANCE 500 USD	176,591	164,458	102.13%	103.75%	177	5.950%	10	November 2022
CIMIC 625	620,271	—	100.06%	n.a.	625	1.500%	8	May 2029

17.02. Loans and credit facilities

17.02.01. Loans and credit facilities

The detail of the bank borrowings at 31 December 2021 and the repayment schedules are as follows:

	Thousands of Euros					
	Current	Non-current				
	2022	2023	2024	2025	2026 and subsequent years	Total non-current
Bank loans in euros	508,062	1,747,892	502,281	83,491	1,056,896	3,390,560
Foreign currency loans	596,766	671,726	131,445	6,289	263,703	1,073,163
Other financial debts	5,561	5,068	3,328	1,235	383	10,014
Total	1,110,389	2,424,686	637,054	91,015	1,320,982	4,473,737

The detail of the bank borrowings at 31 December 2020 and the repayment schedules were as follows:

	Thousands of Euros					
	Current	Non-current				
	2021	2022	2023	2024	2025 and subsequent years	Total non-current
Bank loans in euros	1,163,256	475,417	1,314,440	294,648	1,096,851	3,181,356
Foreign currency loans	669,155	620,719	600,786	615,555	6,370	1,843,430
Other financial debts	5,155	6,914	5,711	3,191	2,107	17,923
Total	1,837,566	1,103,050	1,920,937	913,394	1,105,328	5,042,709

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

- ACS, Actividades de Construcción y Servicios, S.A. has a syndicated loan in the amount of EUR 2,100,000 thousand divided into two tranches (tranche A of the loan, drawn down in full, in the amount of EUR 950,000 thousand, and tranche B, a liquidity facility, in the amount of EUR 1,150,000 thousand), which matures on 13 October 2025 and was extended at the end of July 2021 for an additional year until 13 October 2026. No amount has been drawn down on the liquidity facility of tranche B as at 31 December 2021 and 2020. There have been no changes as regards the other terms.
- As part of the acquisition of Abertis, ACS, Actividades de Construcción y Servicios, S.A. entered into loan agreements with various entities in the amount of EUR 700 million with differing maturities in 2023 (between 28 June and 12 December 2023), at market interest rates tied to the Euribor at 31 December 2021 and 2020.
- Hochtief's syndicated loan signed in May 2020 and that was fully drawn down in the amount of EUR 400 million had been fully repaid as of 31 December 2021.
- Cimic also had syndicated financing at 31 December 2021, with the following maturity dates:
 - AUD 1,300 million maturing on 18 September 2022.
 - AUD 950 million maturing on 25 September 2023.
 - AUD 950 million maturing on 25 September 2024.

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

- In the first quarter of 2021, Cimic signed a three-year syndicated guarantee facility for AUD 1,400 million.
- On 29 June 2017, the Company (Dragados, S.A.) and its investee (Dragados Construction USA, Inc.), as “Borrowers”, signed a syndicated loan agreement with a group of international financial institutions, amounting to USD 270,000 thousand (EUR 238,387 thousand), which was drawn down in full by Dragados Construction USA, Inc. The principal of this loan accrues interest at a rate tied to the Libor. On 22 June 2021, an agreement was reached to roll over the 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 205,499 thousand) and a tranche B of USD 62,250 thousand (EUR 54,962 thousand). Dragados Construction USA, Inc. used USD 37,250 thousand (EUR 32,897 thousand) of tranche B to partially repay the initial amount, whereby both tranches were drawn down in full at 2021 year-end. The total amount of the loan was EUR 295,000 thousand (EUR 260,460 thousand). In addition, the maturity date was extended to 28 June 2026, the date on which it will be fully repaid, with the rest of the terms unchanged.
- On 20 December 2018, Dragados, S.A. entered into a syndicated transaction amounting to a total of EUR 323,800 thousand, which was divided into tranche A as a loan amounting to EUR 161,900 thousand and tranche B as a credit facility for the same amount as tranche A. Subsequently, on 19 December 2019, this agreement was renewed, and tranches A and B were increased by EUR 70,000 thousand each, for a total of EUR 463,800 thousand. As at 31 December 2021, only EUR 231,900 thousand of tranche A had been drawn down. Tranche B has not been drawn down. The principal of the loan and the credit facility will accrue interest tied to the Euribor, maturing on 20 December 2023.
- The ACS Group held mortgage loans amounting to EUR 31,290 thousand at 31 December 2021 (EUR 28,329 thousand at 31 December 2020).
- At 31 December 2021, the Group companies had credit facilities with limits of EUR 7,211,379 thousand (EUR 7,975,802 thousand at 31 December 2020), of which EUR 5,590,790 thousand (EUR 5,492,655 thousand at 31 December 2020) was undrawn, which sufficiently covers the Group’s needs as regards its short-term obligations.

The undrawn balances of the credit facilities granted to Group companies at 31 December 2021, by maturity, are as follows:

	Thousands of Euros					
	Current	No corriente				
	2022	2023	2024	2025	2026 and subsequent years	Total non-current
Credit lines in euros	1,025,081	1,311,582	46,077	—	1,150,000	2,507,659
Credit lines in foreign currency	1,431,864	132,641	493,545	—	—	626,186
Total	2,456,945	1,444,223	539,622	—	1,150,000	3,133,845

The undrawn balances of the credit facilities granted to Group companies at 31 December 2020, by maturity, were as follows:

	Thousands of Euros					
	Current	No corriente				
	2021	2022	2023	2024	2025 and subsequent years	Total non-current
Credit lines in euros	1,772,279	804,719	517,721	—	1,150,000	2,472,440
Credit lines in foreign currency	736,870	511,066	—	—	—	511,066
Total	2,509,149	1,315,785	517,721	—	1,150,000	2,983,506

At 31 December 2021, current and non-current bank borrowings in foreign currencies amounted to EUR 1,669,929 thousand (EUR 2,512,585 thousand at 31 December 2020), of which mainly EUR 767,133 thousand are in Australian dollars (EUR 1,657,766 thousand at 31 December 2020), EUR 797,320 thousand are in US dollars (EUR 643,728 thousand at 31 December 2020) and EUR 47,521 thousand are in Canadian dollars (EUR 77,426 thousand at 31 December 2020).

Foreign currency loans and credits are recognised at their equivalent euro value at each year-end, calculated at the exchange rates prevailing at 31 December (see Note 03.21).

In 2021 the Group's euro loans and credits bore average annual interest of 1.12% (0.93% in 2020). Foreign currency loans and credits bore average annual interest of 1.30% (1.38% in 2020).

In accordance with its risk management policy and in order to reduce liquidity risk, the ACS Group attempts to achieve a reasonable balance between non-current financing for the Group's strategic investments (above all, limited recourse financing as described in Note 18) and current financing for the management of working capital. The effect of the changes in interest rates on finance costs are indicated in Note 21.

In 2021 and 2020, the ACS Group satisfactorily met its bank borrowing payment obligations on maturity. Additionally, up to the date of the preparation of the Consolidated Annual Accounts, the Group had not failed to meet any of its financial obligations. Accordingly, at 31 December 2021, the ACS Group met all ratios required by its financing arrangement.

17.02.02. Financial liabilities classification

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

	Thousands of Euros			
	Value at 31/12/2021	Fair value through profit or loss	Fair value through other comprehensive income (equity)	Amortized cost
Long Term Financial Liabilities	8,717,354	—	—	8,717,354
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

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

The derivative financial instruments are broken down in Note 22.

18. Project finance with limited recourse

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

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

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

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

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

The detail, by maturity, of non-current financing at 31 December 2021 and 2020 is as follows:

	Thousands of Euros				
	Maturity in				
	2023	2024	2025	2025 and subsequent years	Total
Balance at 31 December 2021	19,637	16,613	14,819	—	51,069

	Thousands of Euros				
	Maturity in				
	2022	2023	2024	2025 and subsequent years	Total
Balance at 31 December 2020	18,903	20,082	16,613	17,720	73,318

The Group has arranged various interest rate hedges in connection with the above financing (see Note 22).

The average interest rate for this type of project financing amounted to an annual 4.63% in 2021 and 4.31% in 2020.

The debts relating to limited recourse financing are secured by non-current assets in projects and include clauses requiring that certain ratios be complied with by the project and that were being met in all cases at 31 December 2021. Except as specifically mentioned in the previous paragraphs in relation to each of the most relevant financing, there were no guarantees in the form of collateral at 31 December 2021 and 2020.

In 2021 and 2020 the ACS Group satisfactorily settled all its project financing debts with limited recourse on maturity. Additionally, up to the date of the preparation of the Consolidated Annual Accounts, the Group had complied with all its financial obligations.

19. Other financial liabilities

The breakdown of the balances of this heading in the consolidated statements of financial position at 31 December 2021 and 2020 is as follows:

	Thousands of Euros			
	Balance at 31/12/2021		Balance at 31/12/2020	
	Non-current	Current	Non-current	Current
Non-bank borrowings at a reduced interest rate	20,754	4,424	34,251	6,404
Payable to associates	15,717	2,406	19,109	7,565
Other	59,651	31,893	63,632	74,541
Total	96,122	38,723	116,992	88,510

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.

“Non-bank borrowings at a reduced interest rate” are loans at reduced or zero interest rates granted by the Ministry of Economy, Industry and Competition and dependent agencies. The effect of the financing at market interest rates would not be material.

20. Provisions

20.01. Non-current

The changes in non-current provisions in 2021 were as follows:

NON-CURRENT	Thousands of Euros						Total
	Provision for pensions and similar obligations	Personnel-related Provisions	Provision for taxes	Provision for third-party liability	Provision for environmental actions	Provisions for actions on infrastructure	
Balance at 31 December 2020	481,609	134,507	7,113	649,188	—	3,958	1,276,375
Additions or charges for the year	9,907	44,587	311	763,294	—	3,348	821,447
Reversals	(12,508)	(19,909)	(33)	(12,402)	—	—	(44,852)
Amounts used	(1)	(44)	(594)	(27,398)	—	(3,266)	(31,303)
Increases due to the passing of time and the effect of exchange rates on discount rates	(43,735)	—	—	—	—	—	(43,735)
Exchange differences	6,101	10,834	4	21,620	—	—	38,559
Transfers and changes in the consolidation perimeter	—	(90)	(6,145)	(174,989)	—	—	(181,224)
Balance at 31 December 2021	441,373	169,885	656	1,219,313	—	4,040	1,835,267

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

The total amount of payments arising from lawsuits involving the ACS Group in 2021 and 2020 is not significant in relation to these Consolidated Annual Accounts.

The Group companies recognise provisions on the liability side of the accompanying consolidated statement of financial position for present obligations arising from past events which the companies consider will

probably require an outflow of resources embodying economic benefits to settle them on maturity. These provisions are recognised when the related obligation arises and the amount recognised is the best estimate at the date of the accompanying consolidated annual accounts of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value is recognised as interest cost in the consolidated income statement. The increase between years is mainly due to the provisions made to cover operational risks, litigation and claims both in Spain and abroad, including guarantees for possible claims related to assets sold, which were reassessed during the year.

Following is detailed information on the Group's provisions, distributed into three large groups:

20.01.01 Provisions for pensions and similar obligations

On the one hand, defined benefit pension obligations were entered into by companies included in the group as a result of the merger by absorption of the Dragados Group in 2003. These obligations were externalised through group life insurance policies, in which investments have been assigned whose flows coincide in timing and amount with the payment schedule of the insured benefits. Based on the valuation made, at 31 December 2021 the amounts required to cover the obligations to current and retired employees amounted to EUR 4,552 thousand (EUR 4,727 thousand in 2020) and EUR 130,707 thousand (EUR 142,990 thousand in 2020), respectively. The actuarial assumptions used in the 2021 and 2020 valuations detailed above, are as follows:

Annual rate of increase of maximum social security pension deficit	2.00%
Annual wage increase	2.35%
Annual CPI growth rate	2.00%
Mortality table (*)	PER2020_Col_1er.orden

(*) Guaranteed assumptions which will not vary

The interest rates applied since the pension obligations were externalised ranged from a maximum of 5.93% to a minimum 0.01%. In 2021 and 2020 the interest rate applied was 0.01%.

The amounts relating to the above pension obligations, recognised under "Personnel expenses" in the consolidated income statement for 2021, gave rise to an expense of EUR 10 thousand in 2021 (expense of EUR 1 thousand in 2020), relating mainly to the regularisation and redemption of the pension obligation, for unpaid income accrued, of a certain group of employees from the Dragados Group.

Additionally, ACS, Actividades de Construcción y Servicios, S.A. and other Group companies have alternative pension system obligations to certain members of the management team and Board of Directors of the Parent Company. These obligations have been formalised through several group savings insurance policies that provide benefits in the form of a lump sum, which represented a contribution of EUR 4,714 thousand in 2021 and was recognised under "Personnel expenses" in the consolidated statement of financial position. In 2020, the contribution in this connection amounted to EUR 4,790 thousand.

Except as indicated above, in general, the Spanish Group companies have not established any pension plans to supplement the social security pension benefits. However, pursuant to the Consolidated Pension Fund and Plan Law, in the specific cases in which similar obligations exist, the companies externalise their pension and other similar obligations to employees. The Group has no liability in this connection.

Some of the Group's foreign companies have agreed to supplement the retirement benefit and other similar obligations to its employees, including those from the Hochtief Group. The accrued obligations and, where appropriate, the related plan assets were measured by independent actuarial experts using generally accepted actuarial methods and techniques and the related amounts are recognised under "Non-current provisions – Provisions for pensions and similar obligations" in the accompanying consolidated statement of financial position, in accordance with IFRS.

Defined benefit plans

Under defined benefit plans, the Group's obligation is to provide agreed benefits to current and former employees. The main pension obligations in Germany consist of direct obligations under the current 2000+ pension plan and deferred compensation plans. The 2000+ plan, in force since 1 January 2000, takes the form of a defined contribution plan. The size of the annual pension component depends on employee income and age (resulting in an annuity conversion factor) and a general pension contribution reviewed by Hochtief A.G. every three years and adjusted as necessary. The amount of the future pension is the total sum of the pension components accrued each year. In isolated instances, length-of-service and final salary pension arrangements are in place for executive staff, however, except for Executive Board members, these arrangements have not been offered since 1995. Benefits comprise a retirement pension, an invalidity pension and a surviving dependants' pension and in almost all cases are granted as a life annuity.

Up until 31 December 2013, employees in Germany also had the option of deferred compensation in a company pension plan. The deferred compensation was invested in selected investment funds. The pension amount is based on the present value of the acquired fund units and the time of retirement, subject to a minimum of the deferred compensation amount plus an annual increase guaranteed by Hochtief that ranges from 3.50% to 1.75%. At retirement, there is a choice between a lump sum payment and an annuity for five or six years.

Outside of Germany, there are defined benefit pension plans at Turner in the United States and Hochtief (UK) in the United Kingdom. The main defined benefit pension plan at Turner was partially settled and transferred in part to insurance companies as at 30 September 2021. This plan was previously frozen on 31 December 2003 and, therefore, no new entitlements could be accrued under the plan. Prior to the transfer, beneficiaries were offered lump sum payments and/or options to begin their distributions, such as a rollover from Turner's defined contribution plan, the 401(k) Turner Retirement Investment Plan ("TRIP"). Defined benefit pension obligations that could not be settled were transferred to insurance companies. A total of EUR 194,544 thousand was paid to beneficiaries or insurance companies, resulting in gains of EUR 557 thousand from the plan settlement. Following the settlement, the remaining plan assets amounted to a total of EUR 11,679 thousand, which will be used for contributions to the 401(k) TRIP in 2022. The remaining obligations at Turner mainly include post-employment benefits in the form of health insurance for retired employees. Hochtief (UK) has a length-of-service and final salary pension plan. For each year of service, 1/75th of the eligible final salary is granted as a monthly pension. Benefits comprise a retirement pension, an invalidity pension and a surviving dependants' pension.

The detail of the Hochtief Group's defined benefit obligations as at 31 December 2021 and 2020 is as follows:

	Thousands of Euros		
	31/12/2021		
	Germany	USA	UK
Active members	141,511	174	11,099
Final salary	(31,832)	—	(11,099)
Not final salary	(109,679)	(174)	—
Vested benefits	155,684	9	20,572
Retirees	483,991	592	26,505
Similar obligations	86	62,572	—
Total	781,272	63,347	58,176
Duration in years (weighted)	14.6	13.8	17.4

	Thousands of Euros		
	31/12/2020		
	Germany	USA	UK
Active members	145,340	78,340	9,980
Final salary	(29,113)	—	(9,980)
Not final salary	(116,227)	(78,340)	—
Vested benefits	163,479	42,675	19,846
Retirees	509,540	90,078	26,225
Similar obligations	90	65,813	—
Total	818,449	276,906	56,051
Duration in years (weighted)	15.0	10.1	19.3

Plan assets

Germany

There are no legal or regulatory minimum funding requirements for pension plans in Germany. Domestic pension obligations are fully funded. The funded plans take the form of a contractual trust arrangement (CTA). The transferred assets are managed by an external trustee and are solely used to fund the domestic pension obligations of the fund. The transferred cash is invested in the capital market in accordance with investment principles set out in the trust agreement and the investment guidelines. Investment decisions are not taken by the trustee, but rather by an investment committee.

The investment guidelines and decisions are based on the findings of an asset liability matching (ALM) study compiled by outside specialists at regular intervals of three or five years. This uses Monte Carlo simulation method to model the development of the pension liabilities and other key economic factors over a very long forward horizon and in numerous combinations. Based on the ALM study, a range of criteria are then applied to determine the optimum asset allocation in order to ensure that pension liabilities can be met in the long term.

In order to achieve an optimal conservative risk structure, cross-sector risk management has also been adopted, which uses the services of an independent external cross-sector manager with an annual fixed risk budget in a clearly structured cross-sector risk management process. Hochtief aims to ensure the full funding of pension obligations and to fund new vested benefits on the basis of current service cost on an annual or at least timely basis. If at any time there is a shortfall, the companies would make an additional payment. Pension obligations in Germany in excess of the contribution assessment ceiling applied in the legal pension insurance scheme are also covered through pension liability insurance. Pension liabilities from deferred employee compensation offered up until 31 December 2013 were funded through the purchase of retail fund units. Funding of the obligations handled by Hochtief Pension Trust e.V. as at 31 December 2021 is around 47% (45% in 2020); the figure for Germany as a whole is around 53% (51% in 2020). It should be noted that pension obligations have increased significantly in recent years due to the low market interest rates and the expectation that the funding ratio will once again increase significantly when interest rates rise.

USA

The management of the Turner Group's frozen defined benefit pension obligations has also been entrusted to a pension fund. These obligations were transferred at 30 September 2021 and the plan assets were used for lump sum payments to insurance companies and beneficiaries. The surplus plan assets remaining after the transfer will be used in 2022 for the payment of benefits under defined contribution plans.

United Kingdom

The plan assets of the Hochtief (UK) plan are also funded by means of a trust. Legal minimum funding requirements apply. If funding is insufficient to make up a funding shortfall, an additional restructuring plan is

drawn up. Plan funding is reviewed at least once every three years. Funding of pension obligations at Hochtief (UK) is around 83% (74% in 2020).

Defined benefit obligations are covered by plan assets as follows:

Coverage of defined benefit obligations by plan assets

	Thousands of Euros			
	31/12/2021		31/12/2020	
	Defined benefit obligations	Plan assets	Defined benefit obligations	Plan assets
Uncovered by plan assets	63,347	—	67,008	—
Partially covered by plan assets	837,443	459,417	872,232	457,633
Not fully covered by plan assets	900,790	459,417	939,240	457,633
Fully covered by plan assets	2,005	2,418	212,166	228,342
Total	902,795	461,835	1,151,406	685,975

Actuarial assumptions

The size of pension provisions is determined on an actuarial basis. This necessarily involves estimates. Specifically, the actuarial assumptions used in 2021 and 2020 are as follows:

	Percent					
	2021			2020		
	Germany	USA	UK	Germany	USA	UK
Discount factor*	1.31	2.64	1.80	1.00	2.17	1.45
Salary increases	2.75	—	2.50	2.75	—	2.00
Pension increases*	1.75	—	3.45	1.50	—	3.30

* Weighted average

The discount factors are obtained from the Mercer Pension Discount Yield Curve (MPDYC) model, taking into account the company-specific duration of pension liabilities. Salary and pension increases ceased to be taken into account in the US (Turner Group) in 2004 as a result of changes in pension arrangements.

Biometric mortality assumptions are based on published country-specific statistics and experience. The following mortality tables were used in the actuarial calculation of pension obligations:

Germany	Heubeck 2018G mortality tables
USA	PRI2012 mortality table projected generationally with MP2020
UK	S2PxA CMI_2019 (1,25 %) year of birth

The present value of defined benefit obligations and the market value of plan assets have changed as follows:

Changes in the present value of defined benefit obligations

	Thousands of Euros					
	2021			2020		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Defined benefit obligations at start of year	818,449	332,957	1,151,406	800,024	337,982	1,138,006
Current service costs	7,126	2,780	9,906	6,992	2,454	9,446
Gain on settlements	—	(557)	(557)	—	—	—
Interest expense	7,999	5,837	13,836	10,159	9,168	19,327
Remeasurements						
Actuarial gains / (losses) arising from changes in demographic assumptions	—	(8,996)	(8,996)	—	(1,422)	(1,422)
Actuarial gains / (losses) arising from changes in financial assumptions	(16,019)	(5,940)	(21,959)	35,897	27,937	63,834
Actuarial gains / (losses) arising from experience adjustments	422	1,274	1,696	2,222	2,058	4,280
Benefits paid from Company assets	(391)	(3,606)	(3,997)	(425)	(2,814)	(3,239)
Benefits paid from fund assets	(36,263)	(24,943)	(61,206)	(36,383)	(14,462)	(50,845)
Settlements paid from Company assets	—	(74)	(74)	—	—	—
Settlements paid from funds assets	—	(194,470)	(194,470)	—	—	—
Employee contributions	—	83	83	—	98	98
Effect of transfers	(51)	—	(51)	(37)	—	(37)
Changes in the consolidation perimeter	—	—	—	—	—	—
Currency adjustments	—	17,178	17,178	—	(28,042)	(28,042)
Defined benefit obligations at end of year	781,272	121,523	902,795	818,449	332,957	1,151,406

Changes in the market value of plan assets

	Thousands of Euros					
	2021			2020		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Plan assets at start of year	418,566	267,409	685,975	452,797	272,529	725,326
Interest on plan assets	4,161	4,196	8,357	5,858	7,284	13,142
Plan expenses paid from plan assets recognized in profit or loss	—	(958)	(958)	—	(1,404)	(1,404)
Remeasurements						
Return on plan assets no included in net interest expense / income	20,871	(4,246)	16,625	(9,853)	23,902	14,049
Difference between plan expenses expected and recognized in profit or loss	—	(967)	(967)	—	88	88
Employer contributions	6,286	2,108	8,394	6,147	2,064	8,211
Employee contributions	—	83	83	—	98	98
Benefits paid	(36,263)	(24,943)	(61,206)	(36,383)	(14,462)	(50,845)
Settlements paid	—	(194,470)	(194,470)	—	—	—
Transfer of plan surplus after plan settlement	—	(11,679)	(11,679)	—	—	—
Effect of transfers	(8)	—	(8)	—	—	—
Currency adjustments	—	11,689	11,689	—	(22,690)	(22,690)
Plan assets at end of year	413,613	48,222	461,835	418,566	267,409	685,975

Investments in plan assets to cover future pension obligations gave rise to an actual expenditure of EUR 24,982 thousand in 2021 (EUR 27,191 thousand in 2020).

The pension provisions are determined as follows:

Reconciliation of pension obligations to provisions for pensions and similar obligations

	Thousands of Euros	
	31/12/2021	31/12/2020
Defined benefit obligations	902,795	1,151,406
Less plan assets	461,835	685,975
Funding status	440,960	465,431
Assets from overfunded pension plans	413	16,176
Provision for pensions and similar obligations	441,373	481,607

The fair value of the plan assets is divided among asset classes as follows:

Breakdown of plan assets

	Thousands of Euros			
	31/12/2021			
	Fair value		Total	%
Quoted in an active market	Not quoted in an active market			
Stock				
U.S. equities	30,886	—	30,886	6.69
European equities	22,940	—	22,940	4.97
Emerging market equities	7,913	—	7,913	1.71
Other equities	9,719	—	9,719	2.10
Bonds				
U.S. government bonds	13,585	1,094	14,679	3.18
European government bonds	20,626	—	20,626	4.47
Emerging market government bonds	20,419	—	20,419	4.42
Corporate bonds	67,571	—	67,571	14.63
Other bonds	2,070	782	2,852	0.62
Secure loans				
USA	8,392	—	8,392	1.82
Europe	8,550	—	8,550	1.85
Investment bonds	60,807	—	60,807	13.17
Real state	—	57,081	57,081	12.36
Infrastructure	—	40,539	40,539	8.78
Insurance policies	—	79,472	79,472	17.21
Cash	8,795	—	8,795	1.90
Other	764	(170)	594	0.13
Total	283,037	178,798	461,835	100.00

	Thousands of Euros			
	31/12/2020			
	Fair value		Total	%
	Quoted in an active market	Not quoted in an active market		
Stock				
U.S. equities	23,085	—	23,085	3.37
European equities	24,858	—	24,858	3.62
Emerging market equities	10,423	—	10,423	1.52
Other equities	14,867	—	14,867	2.17
Bonds				
U.S. government bonds	48,102	1,111	49,213	7.17
European government bonds	22,095	—	22,095	3.22
Emerging market government bonds	25,108	—	25,108	3.66
Corporate bonds	242,892	—	242,892	35.41
Other bonds	17,127	1,709	18,836	2.75
Secure loans				
USA	8,476	—	8,476	1.24
Europe	8,744	—	8,744	1.27
Investment bonds	51,591	—	51,591	7.52
Real state	—	55,866	55,866	8.14
Infrastructure	—	33,909	33,909	4.94
Insurance policies	—	81,085	81,085	11.82
Cash	13,412	—	13,412	1.96
Other	697	818	1,515	0.22
Total	511,477	174,498	685,975	100.00

Pension expenses under defined benefit plans are broken down as follows:

	Thousands of Euros					
	2021			2020		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Current service cost	7,126	2,780	9,906	6,992	2,454	9,446
Post service cost	—	—	—	—	—	—
Gain on settlements	—	(557)	(557)	—	—	—
Total personnel expense	7,126	2,223	9,349	6,992	2,454	9,446
Interest expense for accrued benefit obligations	7,999	5,837	13,836	10,159	9,168	19,327
Interest on plan assets	(4,161)	(4,196)	(8,357)	(5,858)	(7,284)	(13,142)
Net interest expense / income (net investment and interest income)	3,838	1,641	5,479	4,301	1,884	6,185
Plan expenses paid from plan assets recognized in profit or loss	—	958	958	—	1,404	1,404
Total amount recognized in profit or loss	10,964	4,822	15,786	11,293	5,742	17,035

In addition to the expenses recognised in the income statement, the consolidated statement of comprehensive income includes EUR 32,173 thousand (actuarial losses of EUR 38,747 thousand in 2020) in adjustments to defined benefit plans in 2021 before deferred taxes and after changes in the consolidation perimeter and exchange rate. Before deferred taxes, cumulative actuarial losses amounted to EUR 505,604 thousand (EUR 537,777 thousand in 2020).

The Turner Group's obligations to meet healthcare costs for retired employees are included in the pension provisions due to their pension-like nature. At 31 December 2021, the defined benefit obligation came to EUR 62,572 thousand (EUR 65,813 thousand in 2020). Healthcare costs represented EUR 2,522 thousand (EUR 2,194 thousand in 2020) of the current service cost and EUR 1,670 thousand (EUR 2,016 thousand in 2020) of the interest expense.

Sensitivity analysis

Pension obligations in the Hochtief Group are subject to the following significant risks:

Interest rate risk

For defined contribution plans, (notional) contributions are translated into benefits using a table of fixed interest rates, independent of the current market interest rate. Hochtief thus bears the risk of general capital market interest rate changes as regards the determination of benefits. Pension obligations have increased significantly in recent years due to the generally low level of interest rates in capital markets. This has a significant impact due to the relatively long term of the obligations.

Inflation risk

By law, company pensions in Germany must be raised in line with the inflation rate at least every three years. German company pensions under the 2000+ plan rise at an annual fixed rate of 1% and, therefore, there is only minor inflation risk in the payment phase. Turner's pension plans are not exposed to inflation risk.

Longevity risk

Granting pensions in the form of life annuities means that Hochtief bears the risk of pensioners living longer than predicted by actuarial calculations. This risk normally averages out across all pension plan participants and only comes into play if general longevity is longer than expected.

The impact of the stated risks on the defined benefit obligations under a corresponding change in actuarial assumptions is shown in the sensitivity analysis that follows.

Impact on the defined benefit obligations

	Thousands of Euros					
	31/12/2021					
	Germany		Rest of the world		Total	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0,50% / -0,50%	(53,814)	60,436	(8,880)	10,011	(62,694)	70,447
Discount rate +1,00% / -1,00%	(101,569)	130,211	(16,782)	21,334	(118,351)	151,545
Salary increases +0,50% / -0,50%	589	(571)	563	(521)	1,152	(1,092)
Pension increases +0,25% / -0,25%	20,211	(19,268)	1,425	(1,397)	21,636	(20,665)
Life expectancy +1 year	40,407	n/a	3,858	n/a	44,265	n/a

	Thousands of Euros					
	31/12/2020					
	Germany		Rest of the world		Total	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0,50% / -0,50%	(57,951)	64,904	(18,327)	20,409	(76,278)	85,313
Discount rate +1,00% / -1,00%	(107,900)	138,887	(34,851)	43,221	(142,751)	182,108
Salary increases +0,50% / -0,50%	619	(602)	591	(558)	1,210	(1,160)
Pension increases +0,25% / -0,25%	19,947	(19,191)	1,442	(1,376)	21,389	(20,567)
Life expectancy +1 year	41,615	n/a	9,678	n/a	51,293	n/a

Future cash flows

Benefit payments

At 31 December 2021, the future pension plan payments are as follows:

	Thousands of Euros
Due in 2022	40,128
Due in 2023	41,489
Due in 2024	41,292
Due in 2025	41,729
Due in 2026	42,117
Due in 2027 to 2031	200,108

Contributions to defined benefit plans

Contributions to defined benefit plans in 2022 are expected to amount to EUR 8,700 thousand.

Defined contribution plans

Under defined contribution plans, the Company pays into a state or private pension fund voluntarily or in accordance with legal or contractual provisions. It has no obligation to pay further contributions.

There are defined contribution plans at Turner, Flatiron and E.E. Cruz in the US, and at Cimic in Australia. Depending on length of service, Turner pays between 3% and 9% of the employee's salary into external funds managed by the defined contribution registrar. In addition, Turner employees have the option to defer a portion of their base salary up to the IRS annual limits in the defined contribution or 401(k) plan. Turner then matches the first 5% of the employee's base salary up to 100%, depending on length of service. All eligible employees are automatically enrolled in the plan immediately after being hired and are vested in the company's contributions after three years' service. The majority of payments into the fund are tax exempt, but it is also possible to make contributions out of taxable income and receive the investment returns tax free, with the investment risk being borne by the employees. The defined contribution plans at Flatiron and E.E. Cruz are also 401(k) plans. All non-union employees are entitled to participate. For salaried employees, an initial contribution of 3.0% of their salary is made, regardless of the contribution they make. Employees can increase their contributions through deferred compensation. Employees' own contribution is doubled up to an additional 3.0% of their salary. In E.E Cruz, this also applies to manual workers. For the workers at Flatiron, 4.0% of their salary is deducted as a contribution payment, regardless of their own participation in the plan. In Australia, Cimic has paid 10.00% (previously 9.50%) of the total wage and salary into the legal (retirement) pension plan since 1 July 2021. The contribution rate is expected to gradually increase up to 12.0% by 2025. Employees have a choice of investment funds and bear the investment risk. In addition, they can make supplementary contributions on a voluntary basis, which are tax exempt. Además, pueden

realizar aportaciones complementarias con carácter voluntario, las cuales se benefician de una exención fiscal.

The following amounts were paid into defined contribution plans and state pension schemes in 2021 and 2020:

	Thousands of Euros	
	2021	2020
Amounts paid into defined contribution plans		
Cimic	103,088	129,443
Turner	55,001	53,578
Flatiron	8,805	10,036
Other	979	863
Total	167,873	193,920
Amounts paid into state pension schemes (employer share)	26,419	26,561

The expenses are recognised as personnel expenses in the consolidated income statement.

20.01.02. Provisions for taxes

Non-current provisions include the amounts estimated by the Group to settle claims brought in connection with the payment of various taxes, levies and local taxes, mainly property tax and other possible contingencies, and the estimated consideration required to settle probable or certain liabilities and outstanding obligations for which the exact amount of the corresponding payment cannot be determined or for which the actual settlement date is not known, since they are contingent upon meeting certain terms. These provisions have been provided in accordance with the specific analysis of the probability that the related tax contingency or challenge might be contrary to the interests of the ACS Group, under the consideration of the country in which it has its origin and in accordance with the tax rates in this country. Since the timing for these provisions is dependent on certain facts, in some cases associated with the decisions handed down by the courts or similar bodies, the Group does not update these provisions given the uncertainty of the exact time in which the related risk may arise or disappear. The change during the year is mainly due to the exclusion of most of the Industrial Division from the consolidation perimeter as a result of the sale of the majority of this division (see Note 03.09.02).

20.01.03. Provisions for third-party liabilities.

These relate mainly to the following:

Provisions for litigation

These provisions cover the risks arising from ACS Group companies which are party to certain legal proceedings due to the liability inherent to the activities carried on by them. The lawsuits, although numerous, represent scanty material amounts when considered individually based on the size of the ACS Group. Period charges to these provisions are made based on an analysis of the lawsuits or claims in progress, according to the reports prepared by the legal advisers of the ACS Group. As in the case of provisions for taxes, these amounts are not updated to the extent that the time at which the risk arises or disappears depends on circumstances linked to judgments or arbitration and it is impossible to determine the date on which they will be resolved. Additionally, these provisions are not derecognised until the judgments handed down are final and payment is made or there is no doubt as to the disappearance of the associated risk. The increase between years is mainly due to the provisions made to cover operational risks, litigation and claims both in Spain and abroad, including guarantees for possible claims related to assets sold, which were reassessed during the year. Note 36 refers to the ACS Group's main contingencies.

Guarantees and contractual and legal obligations

This heading includes the provisions to cover the expenses arising from contractual and legal obligations of a non-environmental nature. A significant portion of these provisions is made by increasing the value of those assets related to the obligations assumed in relation to administrative concession administrative at the beginning of the contractual agreement, whose effect on profit or loss occurs when the asset is depreciated on the basis of the depreciation rates. Additionally, it includes provisions for toll road concession companies, in relation to the costs of future expropriations borne by the concession companies in accordance with agreements with the grantors, and the current value of the investments made in concession contracts (including the improvements in infrastructure already foreseen and unavoidable in the initial agreement), according to the respective financial economic models.

Period charges to these provisions are mainly made to cover the costs associated with toll road concession contracts and other activities undertaken in the form of a concession. Such provisions are made when the associated commitments arise, the timing of their use being associated with the use of the infrastructure and/or its wear. Timing is analysed according to the financial and economic model of each concession, considering related historical information in order to adjust for possible deviations that might arise in the payment schedule set for these models.

The breakdown of provisions for third-party liabilities, by line of business, at 31 December 2021 is as follows:

Line of Business	Thousands of Euros
Construction	506,673
Industrial Services	445,019
Services	29,636
Corporation	237,985
Total	1,219,313

The most significant provisions in the Infrastructure area relate to the Hochtief Group, for which period provisions were made at 31 December 2021 amounting to EUR 287,968 thousand (EUR 224,376 thousand at 31 December 2020) for employee obligations and claims.

20.02. Current

The changes in current provisions in 2021 were as follows:

CURRENT	Thousands of Euros			
	Provision for termination benefits	Provision for contract work completion	Provision for other traffic operations	Total
Balance at 31 December 2020	14,692	30,001	876,685	921,378
Additions or charges for the year	8,749	15,893	562,361	587,003
Amounts used	(338)	(5,732)	(371,994)	(378,064)
Reversals	(10,943)	(5,433)	(75,235)	(91,611)
Exchange differences	(290)	45	37,480	37,235
Changes in the consolidation perimeter	(10,483)	2,211	(71,105)	(79,377)
Transfers	—	—	—	—
Balance at 31 December 2021	1,387	36,985	958,192	996,564

The provision for the completion of the corresponding work, which is for the most part the budgeted or estimated losses during the execution of the works associated with onerous contracts.

The provision for other ordinary operations relates mainly to provisions recorded for the construction activities to cover risks and claims associated with the works.

21. Financial risk and capital management

In view of its activities, the ACS Group is exposed to various financial risks, mainly arising from the ordinary course of its operations, the borrowings to finance its operating activities, and its investments in companies with functional currencies other than the euro. Consequently, the Group assesses the risks arising from market performance and how they may affect the consolidated financial statements. The financial risks to which the operating units are subject include mainly interest rate, foreign currency, liquidity and credit risks. The ACS Group's exposure to climate risk is described in Note 21.08. and in the integrated report.

21.01. Cash flow interest rate risk

This risk arises from changes in future cash flows relating to borrowings bearing interest at floating rates (or with current maturity and likely renewal) as a result of fluctuations in market interest rates.

The objective of the management of this risk is to mitigate the impact on borrowing costs arising from fluctuations in interest rates. For this purpose, financial derivatives that guarantee fixed interest rates or rates with caps and floors are arranged for a substantial portion of the borrowings that may be affected by this risk (see Note 22).

The sensitivity of the ACS Group's profit and equity to changes in interest rates, taking into account its existing hedging instruments and fixed rate financing, is as follows:

Year	Increase / Decrease in the interest rate (basic points)	Thousands of Euros	
		Effect on profit or loss	Effect on equity
		(prior to tax)	(after tax)
2021	50	28,244	17,154
	-50	(28,244)	(17,154)
2020	50	8,840	25,743
	-50	(8,840)	(25,743)

21.02. Foreign currency risk

The foreign currency risk arises mainly from the foreign operations of the ACS Group that makes investments and carries out business transactions in functional currencies other than the euro, and from loans granted to Group companies in currencies other than those of the countries in which they are located.

To hedge the risk inherent to structural investments in foreign operations with a functional currency other than the euro, the Group endeavours to make these investments in the same functional currency as the assets being financed.

For the hedging of net positions in currencies other than the euro in the performance of contracts in force and contracts in the backlog, the Group uses various financial instruments for the purpose of mitigating exposure to foreign currency risk (see Note 22).

The sensitivity analysis shown below reflects the potential effect on the ACS Group, both on equity and on the consolidated income statement, of a five per cent fluctuation in the most significant currencies in comparison with the functional currency of each Group company, based on the situation at the end of the reporting period.

Effect on profit or loss before tax:

Functional currency	Currency	Millions of Euros			
		2021		2020	
		5%	-5%	5%	-5%
EUR	USD	-12.0	12.0	-11.0	11.0
EUR	CAD	-5.3	5.3	4.0	-4.0
USD	EUR	-5.0	5.0	-0.2	0.2
CZK	EUR	3.2	-3.2	-1.2	1.2
EUR	MXN	2.7	-2.7	1.4	-1.4
EUR	GBP	1.8	-1.8	0.6	-0.6
AUD	USD	1.0	-1.0	3.2	-3.2
AUD	SGC	0.7	-0.7	1.3	-1.3

Effect on equity before tax:

Functional currency	Currency	Millions of Euros			
		2021		2020	
		5%	-5%	5%	-5%
EUR	USD	87.3	-87.3	102.0	-102.0
AUD	EUR	32.1	-32.1	-0.3	0.3
EUR	GBP	15.4	-15.4	11.0	-11.0
EUR	CAD	13.9	-13.9	12.1	-12.1
EUR	MXN	9.7	-9.7	16.5	-16.5
EUR	PEN	6.6	-6.6	6.0	-6.0
EUR	NOK	4.9	-4.9	4.7	-4.7
EUR	DZD	2.8	-2.8	3.1	-3.1

The following tables show the breakdown of the major foreign currencies of the financial assets and liabilities of the ACS Group:

At 31 December 2021

	Millions of Euros							Balance at 31/12/2021
	US Dollar (USD)	Polish zloty (PLN)	Pound sterling (GBP)	Chilean Peso (CLP)	Mexican Peso (MXP)	Australian Dollar (AUD)	Other currencies	
Marketable securities (portfolio of short-term and long-term investments)	—	—	—	—	—	53,903	—	53,903
Loans to associates	849,274	—	37,477	—	—	68,400	1,551	956,702
Other loans	20,517	—	—	—	—	—	4,153	24,670
Bank borrowings, debt, and other held-for-trading liabilities (non-current)	277,758	2,762	28,273	—	—	767,133	620,385	1,696,311
Bank borrowings, debt, and other held-for-trading liabilities (current)	470,213	18,942	11,190	1,564	49,403	176,591	47,680	775,583

At 31 December 2020

	Millions of Euros							
	US Dollar (USD)	Brazilian Real (BRL)	Moroccan Dirham (MAD)	Chilean Peso (CLP)	Mexican Peso (MXP)	Australian Dollar (AUD)	Other currencies	Balance at 31/12/2020
Marketable securities (portfolio of short-term and long-term investments)	—	—	—	1,438	24,963	35,918	9	62,328
Loans to associates	770,459	3	13	—	65,522	57,286	42,061	935,344
Other loans	1,512	—	—	5,564	14	—	2,191	9,281
Bank borrowings, debt, and other held-for-trading liabilities (non-current)	275,887	18,131	—	—	—	1,690,115	27,738	2,011,871
Bank borrowings, debt, and other held-for-trading liabilities (current)	340,088	27,248	(72)	23,151	(7,634)	132,109	135,067	649,957

21.03. Liquidity risk

This risk arises from the timing differences between borrowing requirements for business investment commitments, debt maturities, working capital requirements, etc. and the funds obtained from the conduct of the Group's ordinary operations, different forms of bank financing, capital market transactions and divestments.

The ACS Group has a policy for proactively managing its liquidity risk, closely monitoring its cash and the maturity of its financial obligations. The Group also manages liquidity risk through the efficient management of investments and working capital and the arrangement of lines of long-term financing.

The Group's objective with respect to the management of liquidity risk to maintain a balance between the flexibility, term and conditions of the credit facilities arranged on the basis of projected short-, medium-, and long-term fund requirements. In this connection, the use of project finance with limited recourse as described in Note 18 and current financing for working capital requirements are noteworthy.

Certain transactions were carried out in 2021 that significantly reduced the liquidity risk of the ACS Group. The following stand out:

- ACS, Actividades de Construcción y Servicios, S.A. renewed the Euro Commercial Paper (ECP) programme for a maximum amount of EUR 750 million, the Negotiable European Commercial Paper (NEU CP) programme for EUR 500 million, and the debt issuance programme known as Euro Medium-Term Note Programme (EMTN Programme) for a maximum amount of EUR 1,500 million.
- Hochtief and Cimic have issued bonds in the amount of EUR 500 million and EUR 625 million with a term of 8 years, respectively.
- On 30 December 2021, the ACS Group received EUR 4,901.7 million in cash corresponding to the sale of most of the Industrial Services Division, which is recognised under "Cash and cash equivalents" in the accompanying statement of financial position.
- 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.

These refinancing transactions improved the liquidity of the ACS Group's operations, which, combined with the funds generated by its activities, will allow it to adequately fund its operations in 2022.

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

EUR 198,842 thousand at 31 December 2021 (EUR 247,163 thousand at 31 December 2020) are considered to be liquid, since they may be disposed of at any time (see Note 22).

Lastly, as a precautionary measure against this risk, the shareholders at the ACS Group's Annual General Meeting held on 10 May 2020 approved a motion to delegate to the Board of Directors the power to issue, on one or more occasions, within a maximum term of five years following 10 May 2020, securities convertible into and/or exchangeable for shares of the Company, and warrants or other similar securities that may directly or indirectly provide the right to the subscription or acquisition of the shares, for a total amount of up to EUR 3,000 million; and the power to increase the share capital by the necessary amount, along with the power to exclude, where appropriate, the pre-emption rights up to a limit of 20% of the share capital, as indicated in Note 15.01.

21.04. Credit risk

This risk relates mainly to the non-payment of trade receivables. The objective of credit risk management is to reduce the impact of credit risk exposure as far as possible by means of the preventive assessment of the solvency rating of the Group's potential customers. When contracts are being performed, the credit quality of the outstanding amounts receivable is periodically evaluated and the estimated recoverable amounts of doubtful receivables are adjusted and written down with a charge to profit and loss for the year. The credit risk has historically been very limited.

Additionally, the ACS Group is exposed to the risk of breach by its counterparties in transactions involving financial derivatives and cash placement. The Corporate management of the ACS Group establishes counterparty selection criteria based on the credit quality of the financial institutions, which translates into a portfolio of entities of high quality and solvency.

The status of customers that are past due but not impaired as at 31 December 2021 and 2020 is detailed below:

	Thousands of Euros			
	31/12/2021			
	< 30 days	between 30 and 90 days	> 90 days	Total
Public Sector	11,139	5,705	7,444	24,288
State	248	58	(15)	291
Autonomous Communities	3,652	2,661	3,726	10,039
Municipalities	5,752	2,805	3,837	12,394
Autonomous organizations and Government Companies	1,487	181	(104)	1,564
Private Sector	27,541	1,156	69,712	98,409
Total	38,680	6,861	77,156	122,697

	Thousands of Euros			
	31/12/2020			
	< 30 days	between 30 and 90 days	> 90 days	Total
Public Sector	32,347	32,369	479,224	543,940
State	9,588	6,737	44,410	60,735
Autonomous Communities	6,444	1,935	2,985	11,364
Municipalities	12,281	5,850	13,381	31,512
Autonomous organizations and Government Companies	4,034	17,847	418,448	440,329
Private Sector	98,988	18,871	63,380	181,239
Total	131,335	51,240	542,604	725,179

The Directors consider that the foregoing past-due balances, particularly those related to public bodies over which there are rights to demand payment for interest, would not entail significant losses for the Group considered on an individual basis.

21.05. Exposure to publicly traded share price risk

The ACS Group is exposed to risks relating to the performance of the share price of listed companies.

In 2021, the exposure in derivative agreements related to remuneration systems and in forward contracts settled by differences tied to the performance of the ACS, Actividades de Construcción y Servicios, S.A. share price (see Note 22) is noteworthy. Equity swaps eliminate the uncertainty regarding the exercise price of the remuneration systems, however, since the derivatives do not qualify for hedge accounting, their market value has an effect on the consolidated income statement (positive in the case of an increase in share price up to the strike value offered to the beneficiaries and negative if this is not the case).

Changes in the price of the shares of listed companies, with regard to which the ACS Group has derivative instruments, financial investments, etc., will have an impact on its consolidated income statement.

21.06. Capital management

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

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

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

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

	Thousands of Euros	
	31/12/2021	31/12/2020
Net recourse debt / (cash)	(2,078,181)	1,730,330
Non-current bank borrowings (Note 17.02)	4,473,737	5,042,709
Current bank borrowings (Note 17.02)	1,110,389	1,837,564
Issue of bonds and debentures (Note 17.01)	4,737,333	4,080,626
Other financial liabilities (Note 19)	134,844	205,504
Long term deposits, other current financial assets and cash	(12,534,484)	(9,436,073)
Project financing (Note 18)	69,541	89,441
Net financial debt	(2,008,640)	1,819,771
Equity (Note 15)	7,028,203	4,275,907

21.07. Estimate of fair value

The detail at 31 December 2021 and 2020 of the ACS Group's assets and liabilities measured at fair value, based on the hierarchy levels mentioned in Note 03.08.06, is as follows:

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

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

Level 2 of the Fair Value Measurement Hierarchy includes all the ACS Group's financial derivatives and other financial assets and liabilities that are not listed on organised markets. They are measured internally on a quarterly basis, using standard valuation techniques used in financial markets, compared against valuations received from counterparties when necessary.

In this connection, based on the nature of the derivative, the use of the following methodologies is noteworthy:

- Interest rate hedges are measured using the zero-coupon rate curve, determined based on the deposits and rates traded on the market at the reporting date to obtain discount factors and applying it to the schedule of future flows from collections and payments.
- Derivatives where the underlying asset is quoted on an organised market and that are not qualified as hedges are measured using the Black-Scholes methodology and applying market parameters such as implicit volatility, repo costs, market interest rates and estimated dividends.
- For those derivatives where the underlying asset is quoted on an organised market, but the Group intends to hold them to maturity, either because the derivative forms part of a financing agreement

or because its arrangement substitutes the underlying asset, the measurement is based on the calculation of its intrinsic value at the reporting date.

As regards the assets included under Debt securities in level 2, it should be pointed out that these assets relate mainly to liquidity surpluses allocated to the formalisation of fixed income securities maturing in more than three months from the date of acquisition, which are highly liquid and high-rotation assets. These amounts are mainly recognised in the Dragados division, amounting to EUR 89,095 thousand (EUR 53,801 thousand at 31 December 2020), and the Hochtief division, amounting to EUR 24,257 thousand (EUR 19,159 thousand at 31 December 2020).

The equity instruments classified under level 3, the fair value of which amounts to EUR 75,359 thousand (EUR 70,019 thousand at 31 December 2020), relate to unlisted financial assets through other comprehensive income. The assets are held by various non-controlling interests in concession assets outside Spain (mainly those from Hochtief that were measured on an individual basis using the discounted cash flow method at year-end market interest rates) with amounts ranging from EUR 51,487 thousand to EUR 17 thousand (EUR 36,200 thousand to EUR 17 thousand at 31 December 2020) and many of these interests were accounted for at historical cost.

Lastly, the loans to third parties classified under level 3 relate to the earn-out from the sale of most of the Industrial Services Division (see Note 0.09.02).

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

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

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

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

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

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.

21.08. Climate change risk. Risk management and opportunities related to climate change

In order to respond to the need for comprehensive and uniform risk management, ACS has established a model that includes the identification, assessment, classification, measurement, management and follow-up of risks throughout the Group and its operating divisions. These identified risks are used to create a risk map that is regularly updated based on the different variables that comprise it and on the Group's areas of activity. In line with its commitment to ongoing improvement, the ACS Group has continued working to identify and assess the specific risks related to climate change, applying a well-tested methodology.

Various scenarios have therefore been assessed by categorising two types of risks:

- a. Physical risks: the risks that emerge from the physical effects of climate change and environmental degradation.
- b. Transition risks: the risks arising from social and economic changes that mark the shift towards a low-carbon and more climate-friendly future.

The results obtained make it possible to identify the risks that may have a significant impact on the ACS Group, classified based on the probability of occurrence over the time horizon (short, medium and long term) and the related impact. Significant risks are considered to be those assessed with a medium or high level of probability in any of the time horizons considered in the scope of this analysis. It is important to note that, in accordance with the risk management methodology, the priority aspects from a Group management perspective are taken into consideration and, therefore, should not be understood as a list of weaknesses or threats that are not adequately covered.

Short term (2025)	Medium term (2030)	Long term (2045)
<ul style="list-style-type: none"> • Increase in reporting obligations on performance in climate change • Increase on raw material cost 	<ul style="list-style-type: none"> • Increase in the price of Greenhouse Gas Emissions • Regulation of project and service specifications • Transition costs to low-emission technology • Increase in financing cost • Increase in severity and frequency of weather events 	<ul style="list-style-type: none"> • Exposure to litigation and sanctions related to noncompliance with regulations on climate change • Changes in stakeholder expectations or preferences • Changes in rainfall and wind patterns • Increase in average temperatures, thermal stress

The ACS Group bases the Risk Control System on a range of strategic and operational actions to mitigate these risks and fulfil the objectives set by the Board of Directors. Therefore, as regards the risks related to climate change, the main risk management and mitigation measures are determined by the commitments and basic guiding principles defined in the Group's Environmental Policy and in the strategic lines and objectives set out in the ACS Group's 2025 Sustainability Master Plan.

The ACS Group's leadership position in the infrastructure sector, and the actions carried out by the various ACS Group companies in the fight against climate change, means that the Group is also well positioned with a competitive edge to take advantage of the opportunities arising from climate change mitigation and adaptation activities. In 2021, the projects managed by Hochtief and its subsidiaries in Green Building and Green Infrastructure stood at approximately EUR 9,700 million in 2021 (compared to EUR 8,300 million in 2020), and sales of sustainably certified projects by the Dragados Group amounted to EUR 988 million.

Similarly, the data obtained by the ACS Group in an initial EU taxonomy analysis show that activities are carried out in key sectors identified by the European Commission as contributing to the transition towards a low-carbon economy and society.

%ACS Group's Taxonomically eligible activities	2021
% Taxonomically eligible Turnover	86,3%
% Taxonomically eligible Capex	82,8%
% Taxonomically eligible Opex	77,8%

For further information, see section 5.1.1 Fight against Climate Change, and section 5.11 European Union Taxonomy in the Non-Financial Information Statement in the Consolidated Directors' Report.

In preparing the Consolidated Annual Accounts at 31 December 2021, the ACS Group considered the impact of climate change on the main assumptions of its accounting estimates and judgements, and did not identify any indications of impairment on its property, plant and equipment or intangible assets, changes in the measurement of financial instruments, or additional obligations to those already recognised.

22. Derivative financial instruments

The ACS Group's different lines of business expose it to financing risks, mainly foreign currency and interest rate risks. In order to minimise the impact of these risks and in accordance with its risk management policy (see Note 21), the ACS Group has arranged various financial derivatives, most of which have non-current maturities.

The detail, by maturity, of the notional amounts of the above hedging instruments at 31 December 2021 and 2020, based on the nature of the contracts, is as follows:

2021	Thousands of Euros							
	Notional value	2022	2023	2024	2025	2026	Subsequent years	Net fair value
Interest rate	802,966	—	746,104	—	—	56,862	—	(18,918)
Exchange rate	1,266,136	5,129	233,613	—	253,654	—	773,740	4,836
Price	—	—	—	—	—	—	—	—
Non-qualified hedges	1,019,906	332,423	612,851	66,307	—	—	8,325	20,693
Total	3,089,008	337,552	1,592,568	66,307	253,654	56,862	782,065	6,611

2020	Thousands of Euros							
	Notional value	2021	2022	2023	2024	2025	Subsequent years	Net fair value
Interest rate	1,768,742	950,000	—	754,566	—	—	64,176	(37,942)
Exchange rate	872,058	7,473	642,474	1,851	—	217,067	3,193	(12,337)
Price	4,620	4	—	—	—	—	4,616	(21)
Non-qualified hedges	1,138,810	—	483,284	502,397	—	—	153,129	114,212
Total	3,784,230	957,477	1,125,758	1,258,814	—	217,067	225,114	63,912

The notional amount for non-current assets and liabilities held for sale relating to renewable energy and concession activities at 31 December 2021 was as follows:

	Thousands of Euros						
	Notional value	2022	2023	2024	2025	2026	Subsequent years
Interest rate	391,608	17,281	—	152,899	—	20,125	201,303

The notional amount for non-current assets and liabilities held for sale relating to renewable energy and concession activities at 31 December 2020 was as follows:

	Thousands of Euros						
	Notional value	2021	2022	2023	2024	2025	Subsequent years
Interest rate	348,485	315	—	—	167,540	—	180,630

The following table shows the fair value of the hedging instruments at 31 December 2021 and 2020, based on the nature of the contracts:

	Thousands of Euros			
	31/12/2021		31/12/2020	
	Assets	Liabilities	Assets	Liabilities
Interest rate	1	18,919	—	37,942
Exchange rate	11,943	7,107	20,569	32,906
Price	—	—	—	21
Non-qualified hedges	200,508	179,815	248,594	134,382
Total	212,452	205,841	269,163	205,251

The Group does not have any hedges of its foreign investments, since the foreign currency risk is hedged by the transactions performed in the local currency. Additionally, most significant foreign investments were made with long-term financing in which the interest rates on project financing debt are hedged.

Cash flow hedges (interest rate)

The purpose of using these derivatives is to limit changes in interest rates on its borrowings and to guarantee fixed interests rates, mainly by arranging interest rate swaps as the borrowings are arranged and used.

Most hedges are interest rate swaps that expire at the same time or slightly sooner than the underlying that they are hedging.

Hedges of this type are mainly related to the various loans within the Group and to project and other non-current financing, both at 31 December 2021 and 31 December 2020 (see Notes 17 and 18).

In relation to its long-term loans, ACS, Actividades de Construcción y Servicios, S.A. has arranged hedges in the amount of EUR 725,000 thousand. As at 31 December 2020, hedges amounting to EUR 1,675,000 thousand were also arranged on the syndicated loan and other long-term loans of ACS, Actividades de Construcción y Servicios, S.A. Various interest rate swaps have been arranged for the same amounts as the underlying loans and the same maturity dates. In addition, long-term loans with fixed rates amounting to EUR 130,000 thousand have been taken out. In January 2022 new hedges were taken out for the syndicated loan amounting to EUR 940,000 thousand maturing in September 2026.

Cash flow hedges (exchange rate)

Foreign currency risk relates mainly to projects in which payments and/or collections are made in a currency other than the functional currency.

In 2018, new hedging transactions carried out to mitigate exchange rate risks in projects in North America where payments will have to be made in a currency other than that corresponding to the collections and maturing in 2025.

Also of note, due to their importance, are the derivatives contracted from Hochtief for a notional amount of EUR 1,007,353 thousand, which primarily mature after 2026 (EUR 623,282 thousand in 2020, maturing mainly in 2022).

Derivative instruments not classified as hedges

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

In the second half of 2018, a new ACS share option plan was established 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 28.04). Pursuant to the contracts with the financial institutions, the latter do not assume any risk arising from the drop in the share price below the exercise price. The negative fair value of the derivatives related to ACS shares amounted to EUR 170,954 thousand at 31 December 2021 (negative EUR 125,813 thousand at 31 December 2020), recognised under "Current derivative financial instruments" on the liability side of the accompanying consolidated statement of financial position.

ACS, Actividades de Construcción y Servicios, S.A. has had the following derivative since 1 November 2020, that was renewed in 2021, with the following current conditions: a forward derivative contract, settled by differences, on its own shares with a financial institution for a maximum total of 12,000,000 shares with a strike price of EUR 10.91 per share, adjustable on the basis of future dividends and 104 maturities between 10 October 2022 and 3 March 2023 at a rate of 115,385 shares per session.

Since 21 December 2020, ACS, Actividades de Construcción y Servicios, S.A. has had a forward contract on ACS shares, settled by differences, for a total of 11,970,088 treasury shares, at the date of authorisation for issue of these Annual Accounts, to be settled exclusively in cash by differences between 7 March 2023 and 2 August 2023, which was renewed subsequent to 2021 year-end, for a forward contract on 11,970,088 treasury shares, to be settled exclusively in cash by differences, to be settled between 7 March 2023 and 2 August 2023 at a rate of 115,095 shares per session.

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

The amounts provided as security (see Note 10.05) relating to the above derivatives arranged by the Group amounted to EUR 194,095 thousand at 31 December 2021 (EUR 118,565 at 31 December 2020).

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

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

The fair value of the put option cannot be assessed using the market price. A probability-weighted expected return methodology is used to obtain the value of the income from the put option based on future potential payments if the option is exercised, adjusted for minimum annual distributions as per the shareholders' agreement, and compared to the estimated exercise price to determine a fair value. At 31 December 2021, the fair value of the put option was determined to be AUD 13 million, equivalent to EUR 8.3 million (AUD 13 million, equivalent to EUR 8.2 million at 31 December 2020).

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

23. Trade and other payables

This heading mainly includes the amounts outstanding for trade purchases and related costs, and customer advances for contract work amounting to EUR 2,291,777 thousand in 2021 (EUR 2,403,251 thousand in 2020) (see Note 12) and the amount of the work billed in advance totalling EUR 555,220 thousand in 2021 (EUR 880,104 thousand in 2020).

The Group has entered into reverse factoring arrangements and supply chain financing agreements (as they are called in other countries) with various financial institutions in order to facility, at their discretion, early payment to its suppliers, under which suppliers may exercise their collection rights against the Group companies or entities, obtaining the amount invoiced less the finance costs of discounting and the fees charged by those financial institutions. The amount drawn down against the reverse factoring arrangements and supply chain financing agreements totalled EUR 565,860 thousand at 31 December 2021 (EUR 914,563 thousand at 31 December 2020, including, for comparison purposes, the supply chain financing amounts). These arrangements do not change the main terms and conditions of payment to suppliers and, therefore, they continue to be classified as trade payables.

Disclosures on the period of payment to suppliers. Final Provision Two of Law 31/2014, of 3 December

The following is a summary of the disclosures required by Final Provision Two of Law 31/2014, of 3 December, which was prepared in accordance with Spanish Accounting and Audit Institute Resolution of 29 January 2016, on the disclosures to be included in the annual accounts in relation to the average period of payment to suppliers in commercial transactions in Spain:

	2021	2020
	Days	
Average period of payment to suppliers	58	60
Ratio of transactions paid	50	57
Ratio of transactions pending payment	78	67
	Thousands of Euros	
Total payments made	1,373,688	2,836,313
Total payments pending	526,606	1,372,500

The figures shown in the above table in relation to payments to suppliers relate to suppliers that, because of their nature, are trade creditors for the supply of goods and services and, therefore, they include the figures relating to "Trade and other payables - Suppliers" under current liabilities in the accompanying consolidated statement of financial position.

"Average period of payment to suppliers" is taken to be the period that elapses from the delivery of the goods or the provision of the services by the supplier to the effective payment of the transaction. This "Average period of payment to suppliers" is calculated as the quotient where the numerator is the sum of the ratio of transactions paid multiplied by the total amount of payments made plus the ratio of transactions not yet paid multiplied by the total amount of payments outstanding, and where the denominator is the total amount of payments made and payments outstanding.

The ratio of transactions paid is calculated as the quotient where the numerator is the sum of the products of multiplying the amounts paid by the number of days until payment, and where the denominator is the total amount of payments made. Number of days until payment is understood to mean the number of calendar days that have elapsed from the date on which calculation of the period began until the effective payment of the transaction.

Likewise, the ratio of transactions not yet paid corresponds to the quotient where the numerator is the sum of the products of multiplying the amounts payable by the number of days of outstanding payment, and where the denominator is the total amount of payments outstanding. Number of days of outstanding

payment is understood to mean the number of calendar days that have elapsed from the date on which calculation of the period began until the last day of the period of the annual accounts.

The Group will use the date of receipt of the products or provision of the services to being calculating the period for both the number of days until payment and the number of days of outstanding payment. In the absence of reliable information as to when this circumstance occurs, the Company will use the date of receipt of the invoice.

24. Other current liabilities

The detail of this heading at 31 December 2021 and 2020 is as follows:

	Thousands of Euros	
	31/12/2021	31/12/2020
Advance payments received	42,515	40,744
Payable to non-current asset suppliers	5,289	10,513
Deposits and guarantees received	2,146	2,396
Other	216,750	173,235
Total	266,700	226,888

Items such as the amounts relating to the current accounts with unincorporated joint ventures and other third parties with a credit balance are included under "Other."

25. Segments

25.01. Basis of segmentation

The structure of the ACS Group reflects its focus on different lines of business or activity areas. Segment reporting based on the different lines of business includes information regarding the Group's internal organisation, taking into account the bodies involved in monitoring operations and taking decisions.

25.01.01. Primary segments - business segments

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

The main areas of the Group in 2021 are divided into:

a) Infrastructure

The Infrastructure segment includes Construction activities (through Dragados and Hochtief — including Cimic) and Concession activities (through Iridium and the Group's interest in Abertis), and is aimed at carrying out all types of civil construction and building projects, and the development and operation of infrastructure concessions, such as transportation, etc. 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..

The Group presents both Construction and Concession activities within the Infrastructure segment, mainly due to the fact that the activities of these sub-segments are directly related to one another, in other words, they correspond to business lines whose activities are complementary. The integration of both activities, i.e., construction and concessions, gives the ACS Group a comprehensive offer of

solutions in the infrastructure area that allows the Group to strengthen its offer in the target markets. The integration of directly interrelated activities under the same management or the conceptual title of "segment manager", as defined in paragraph 9 of IFRS 8, brings important synergies for the Group, such as optimisation of the international business support structure. As a consequence of the above, this functional decentralisation allows a common management or segment manager to report directly to the highest operating decision-making authority and to remain in constant contact with that authority, in order to discuss operating activities, financial results, forecasts or plans for the segment in question. In this context, the Group presents the information corresponding to these integrated activities under the title "Infrastructure", in line with the Group's strategy as a comprehensive provider of infrastructure services, whose financial and management information is assessed jointly and periodically by senior executives under a single management structure.

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

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

b) Industrial Services

The area was dedicated to applied industrial engineering, developing activities of construction, operation and maintenance of energy, industrial and mobility infrastructures through an extensive group of companies headed by Grupo Cobra and Dragados Industrial. This area had a presence in more than 50 countries, with a predominant exposure to the Mexican and Spanish market despite the rapid growth in new Asian and Latin American countries. In 2021, most of this business area was sold to the Vinci Group and was therefore classified during the year as a discontinued operation (see Note 03.09.02).

c) Services

This area only includes Clece's business activity, which offers comprehensive maintenance services for buildings, public places and organisations, and assistance to people. This area is fundamentally 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.

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

	Thousands of Euros			
	Assets		Liabilities	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Infrastructure	25,372,976	26,135,396	20,258,279	21,133,150
Industrial Services	8,825,648	8,987,261	8,130,812	7,862,573
Services	1,559,489	1,434,431	764,412	658,969
Corporate unit and adjustments	-93,768	776,632	-517,361	3,403,121
Total	35,664,345	37,333,720	28,636,142	33,057,813

25.01.02 Geographical segments

The ACS Group is managed by business segments and the management based on geographical segments is irrelevant. Accordingly, a distinction is made between Spain and the rest of the world, in accordance with IFRS 8.

25.02. Basis and methodology for business segment reporting

The reporting structure is designed in accordance with the effective management of the various segments comprising the ACS Group. Each division has its own resources based on the entities engaging in the related business and, accordingly, has the assets required to operate the business.

Each of the business segments relates mainly to a legal structure, in which the companies report to a holding company representing each activity for business purposes. Accordingly, each legal entity has the assets and resources required to carry on its business activities in an autonomous manner.

The segment information on these business activities prior to the allocation of expenses to subsidiaries in the income statement is presented below.

25.02.01. Income statement by business segment: 2021

	Thousands of Euros				
	Infrastructure	Services	Industrial Services	Corporate unit and adjustments	Total Group
REVENUE	25,972,167	1,642,527	230,168	(8,204)	27,836,658
Operating expenses net	(25,050,688)	(1,556,465)	(156,118)	(50,774)	(26,814,045)
Depreciation and amortisation	(436,971)	(41,117)	(888)	(470)	(479,446)
Impairment and gains or losses on the disposal of non-current assets	247,845	28,043	4,923	(480,453)	(199,642)
Other results	(244,906)	(1,393)	(463)	(28)	(246,790)
Ordinary results of companies accounted for using the equity method	255,074	—	17,671	—	272,745
Financial results	(143,184)	(6,578)	(51,313)	(34,029)	(235,104)
Changes in the fair value of financial instruments	1,644	—	—	(93,465)	(91,821)
Impairment and gain or losses on the disposal of financial instruments	14,270	(3)	—	—	14,267
Non-ordinary results of companies accounted for using the equity method	680	—	—	—	680
PROFIT / (LOSS) BEFORE TAX	615,931	65,014	43,980	(667,423)	57,502
Income tax	(105,728)	(7,020)	(96,788)	(579,836)	(789,372)
PROFIT / (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	510,203	57,994	(52,808)	(1,247,259)	(731,870)
Profit after tax from discontinued operations	(4,479)	—	445,992	3,516,591	3,958,104
PROFIT / (LOSS) FOR THE PERIOD	505,724	57,994	393,184	2,269,332	3,226,234
Profit / (Loss) attributed to non-controlling interests	(166,882)	(621)	(2,883)	905	(169,481)
Profit / (loss) from discontinued operations attributed to non-controlling interests	—	—	(11,340)	—	(11,340)
PROFIT / (LOSS) ATTRIBUTABLE TO THE PARENT	338,842	57,373	378,961	2,270,237	3,045,413

Income statement by business segment: 2020

	Thousands of Euros (*)				
	Infrastructure	Services	Industrial Services	Corporate unit and adjustments	Total Group
REVENUE	27,608,116	1,554,649	148,505	(6,573)	29,304,697
Operating expenses net	(27,057,301)	(1,494,363)	(75,875)	(54,608)	(28,682,147)
Depreciation and amortisation	(834,648)	(39,321)	(1,560)	(789)	(876,318)
Impairment and gains or losses on the disposal of non-current assets	1,154,650	(87)	(77,495)	2	1,077,070
Other results	(3,065)	1,175	7,311	(3,500)	1,921
Ordinary results of companies accounted for using the equity method	98,818	—	56,480	—	155,298
Financial results	(226,823)	(4,089)	(29,123)	(15,821)	(275,856)
Changes in the fair value of financial instruments	(4,514)	—	—	82,149	77,635
Impairment and gain or losses on the disposal of financial instruments	7,414	—	1,097	102,900	111,411
Non-ordinary results of companies accounted for using the equity method	10,712	—	—	—	10,712
PROFIT / (LOSS) BEFORE TAX	753,359	17,964	29,340	103,760	904,423
Income tax	(333,132)	(1,622)	38,538	41,095	(255,121)
PROFIT / (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	420,227	16,342	67,878	144,855	649,302
Profit after tax from discontinued operations	32,440	—	246,748	—	279,188
PROFIT / (LOSS) FOR THE PERIOD	452,667	16,342	314,626	144,855	928,490
Profit / (Loss) attributed to non-controlling interests	(320,500)	1,304	(259)	—	(319,455)
Profit / (loss) from discontinued operations attributed to non-controlling interests	(32,440)	—	(2,590)	—	(35,030)
PROFIT / (LOSS) ATTRIBUTABLE TO THE PARENT	99,727	17,646	311,777	144,855	574,005

(*) Restated.

Statement of financial position by business segment: 2021

ASSET	Thousands of Euros				
	Infrastructure	Services	Industrial Services	Corporate unit and adjustments	Total Group
NON CURRENT ASSETS	10,081,783	1,095,983	265,362	(433,097)	11,010,031
Intangible assets	2,995,239	235,395	182	48,596	3,279,412
Goodwill	2,474,702	148,955	—	48,596	2,672,253
Other intangible assets	520,537	86,440	182	—	607,159
Tangible assets-property, plant and equipment / investment property	1,225,134	155,329	652	124,756	1,505,871
Non-current assets in projects	72,851	—	—	2	72,853
Financial assets non-current	5,059,751	622,716	223,461	(615,005)	5,290,923
Other current assets	728,808	82,543	41,067	8,554	860,972
CURRENT ASSETS	15,291,193	463,506	8,560,286	339,329	24,654,314
Inventories	545,622	408	1,560	194,502	742,092
Trade and other receivables	7,934,939	242,225	533,183	(329,991)	8,380,356
Other current financial assets	1,006,180	1,112	133,210	139,577	1,280,079
Derivative financial instruments	2,033	—	—	198,842	200,875
Other current assets	198,327	3,418	118	976	202,839
Cash and cash equivalents	5,567,501	216,343	5,334,152	135,423	11,253,419
Non-current assets held for sale and discontinued operations	36,591	—	2,558,063	—	2,594,654
TOTAL ASSETS	25,372,976	1,559,489	8,825,648	(93,768)	35,664,345

EQUITY AND LIABILITIES	Thousands of Euros				
	Infrastructure	Services	Industrial Services	Corporate unit and adjustments	Total Group
EQUITY	5,114,697	795,077	694,836	423,593	7,028,203
Equity attributed to the Parent	4,436,797	790,830	683,084	423,593	6,334,304
Non-controlling interests	677,900	4,247	11,752	—	693,899
NON-CURRENT LIABILITIES	6,650,278	327,809	1,189,884	3,276,875	11,444,846
Grants	—	2,099	—	—	2,099
Non-current financial liabilities	4,756,213	211,371	744,626	3,005,144	8,717,354
Long term lease liabilities	337,846	63,349	201	34	401,430
Derivative financial instruments	26,038	—	—	7,012	33,050
Other liabilities non-current	1,530,181	50,990	445,057	264,685	2,290,913
CURRENT LIABILITIES	13,608,001	436,603	6,940,928	(3,794,236)	17,191,296
Current financial liabilities	1,018,409	119,361	222,088	448,633	1,808,491
Short term lease liabilities	136,268	14,187	158	152	150,765
Derivative financial instruments	1,836	—	—	170,955	172,791
Trade and other payables	11,207,358	279,656	245,870	5,551	11,738,435
Other liabilities current	1,244,130	23,399	4,415,262	(4,419,527)	1,263,264
Liabilities relating to non-current assets held for sale and discontinued operations	—	—	2,057,550	—	2,057,550
TOTAL EQUITY AND LIABILITIES	25,372,976	1,559,489	8,825,648	(93,768)	35,664,345

Statement of financial position by business segment: 2020

ASSET	Thousands of Euros				
	Infrastructure	Services	Industrial Services	Corporate unit and adjustments	Total Group
NON CURRENT ASSETS	10,364,528	1,078,114	1,376,242	199,911	13,018,795
Intangible assets	3,021,926	233,270	166,668	237,315	3,659,179
Goodwill	2,440,639	140,918	44,182	237,314	2,863,053
Other intangible assets	581,287	92,352	122,486	1	796,126
Tangible assets-property, plant and equipment / investment property	1,420,042	144,914	234,756	6,663	1,806,375
Non-current assets in projects	96,920	—	309,229	2	406,151
Financial assets non-current	4,979,139	622,473	259,896	(621,118)	5,240,390
Other current assets	846,501	77,457	405,693	577,049	1,906,700
CURRENT ASSETS	15,770,868	356,317	7,611,019	576,721	24,314,925
Inventories	630,969	413	84,224	(365)	715,241
Trade and other receivables	6,894,737	216,178	3,324,520	62,854	10,498,289
Other current financial assets	763,132	1,344	472,142	118,364	1,354,982
Derivative financial instruments	3,330	—	824	247,162	251,316
Other current assets	208,773	2,394	20,438	1,549	233,154
Cash and cash equivalents	6,432,317	135,988	1,365,346	147,157	8,080,808
Non-current assets held for sale and discontinued operations	837,610	—	2,343,525	—	3,181,135
TOTAL ASSETS	26,135,396	1,434,431	8,987,261	776,632	37,333,720

EQUITY AND LIABILITIES	Thousands of Euros				
	Infrastructure	Services	Industrial Services	Corporate unit and adjustments	Total Group
EQUITY	5,002,246	775,462	1,124,688	(2,626,489)	4,275,907
Equity attributed to the Parent	4,343,142	771,837	1,039,844	(2,626,344)	3,528,479
Non-controlling interests	659,104	3,625	84,844	(145)	747,428
NON-CURRENT LIABILITIES	6,527,136	296,128	1,057,734	2,724,992	10,605,990
Grants	52	1,888	1,545	—	3,485
Non-current financial liabilities	4,799,329	197,597	792,255	2,580,855	8,370,036
Long term lease liabilities	361,141	48,836	62,859	—	472,836
Derivative financial instruments	34,647	—	1,793	13,351	49,791
Other liabilities non-current	1,331,967	47,807	199,282	130,786	1,709,842
CURRENT LIABILITIES	14,606,014	362,841	6,804,839	678,129	22,451,823
Current financial liabilities	1,443,950	112,835	566,773	762,250	2,885,808
Short term lease liabilities	152,834	13,215	26,124	—	192,173
Derivative financial instruments	22,290	—	—	133,170	155,460
Trade and other payables	11,097,530	219,720	4,613,517	(106,733)	15,824,034
Other liabilities current	1,052,286	17,071	189,467	(110,558)	1,148,266
Liabilities relating to non-current assets held for sale and discontinued operations	837,124	—	1,408,958	—	2,246,082
TOTAL EQUITY AND LIABILITIES	26,135,396	1,434,431	8,987,261	776,632	37,333,720

25.02.02. The breakdown of revenue for 2021 and 2020 in the Construction business is as follows:

	Thousands of Euros	
	2021	2020
Spain	1,441,198	1,415,565
Dragados	1,385,921	1,356,105
Concessions	55,277	59,461
International	24,530,968	26,192,551
Dragados	3,115,204	3,211,466
Hochtief	21,377,874	22,953,752
Concessions	37,890	27,333
Total	25,972,167	27,608,116

The breakdown of revenue for 2021 and 2020 in the Industrial Services business is as follows:

	Thousands of Euros	
	2021	2020 (*)
Networks	—	899
Specialized facilities	26,347	25,944
Integrated projects	65,833	25,412
Renewable energy: generation	137,989	96,249
Total	230,168	148,505

(*) Restated.

Of the total revenue from Industrial Services, EUR 178,802 thousand in 2021 and EUR 96,834 thousand in 2020 relate to international operations, representing 77.7% and 65.2%, respectively.

The breakdown of revenue in the Services business is as follows:

	Thousands of Euros	
	2021	2020
Facility Management	1,642,527	1,554,649
Total	1,642,527	1,554,649

Of the total revenue from the Services business, EUR 139,446 thousand in 2021 and EUR 117,993 thousand in 2020 relate to international operations, representing 8.5% and 7.6%, respectively.

Revenue is allocated on the basis of the geographical distribution of customers.

The reconciliation of revenue, by segment, to consolidated revenue at 31 December 2021 and 2020 is as follows:

Segments	Thousands of Euros					
	2021			2020 (*)		
	External income	Inter-segment income	Total income	External income	Inter-segment income	Total income
Infrastructure	25,998,120	(25,953)	25,972,167	27,604,678	3,438	27,608,116
Industrial Services	198,958	31,210	230,168	148,290	215	148,505
Services	1,639,580	2,947	1,642,527	1,551,729	2,920	1,554,649
(-) Adjustments and eliminations of ordinary inter-segment income	—	(8,204)	(8,204)	—	(6,573)	(6,573)
Total	27,836,658	—	27,836,658	29,304,697	—	29,304,697

(*) Restated.

Inter-segment sales are made at market prices.

The reconciliation of the profit/(loss), by business, with consolidated profit/(loss) before taxes at 31 December 2021 and 2020 is as follows:

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

(*) Restated.

Revenue by geographical area for 2021 and 2020 is as follows:

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

(*) Restated.

The following table shows the breakdown, by geographical area, of certain of the Group's consolidated balances:

	Thousands of Euros			
	Spain		Rest of the world	
	2021	2020 (*)	2021	2020 (*)
Revenue	2,987,802	2,883,340	24,848,856	26,421,357
Segment assets	13,964,883	10,386,694	21,699,462	26,947,026
Total investments / (divestments) net	(3,693,351)	(409,427)	295,708	117,116

(*) Restated.

25.02.03 Breakdown of assets

The assets at 31 December 2021 and 2020, by geographical area, are as follows:

	Thousands of Euros	
	31/12/2021	31/12/2020
Europe	17,718,151	15,396,071
Spain	13,964,883	10,386,694
Germany	3,119,486	3,531,240
Rest of Europe	633,782	1,478,137
Rest of geographic areas	17,946,194	21,937,649
Americas	10,849,287	13,323,021
Asia	38,749	314,012
Australasia	7,014,259	8,141,402
Africa	43,899	159,214
TOTAL	35,664,345	37,333,720

The additions to non-current assets, by line of business, were as follows:

	Thousands of Euros	
	2021	2020
Infrastructure	274,066	722,752
Services	56,339	45,714
Industrial Services	83	209,475
Corporate unit and adjustments	59	107
Total	330,547	978,048

26. Tax matters

26.01. Consolidated Tax Group

Pursuant to current law, ACS, Actividades de Construcción y Servicios, S.A. is the Parent Company of Tax Group 30/99, which includes the Spanish subsidiaries in which the Parent Company has a direct or indirect ownership interest of at least 75% and that meet the requirements provided for in Spanish regulations governing the tax consolidation regime.

The Group's other subsidiaries file individual tax returns in accordance with the tax law in force in each country, either individually or with groups of companies.

26.02 Reconciliation of the current income tax expense to accounting profit

The reconciliation of the income tax expense for continuing operations resulting from the application of the standard tax rate in force in Spain to the current tax expense recognised, and the determination of the average effective tax rate, are as follows:

	Thousands of Euros	
	31/12/2021	31/12/2020 (*)
Consolidated profit before tax	57,502	904,423
Net profit from equity accounted investments	(273,425)	(166,010)
Permanent differences	546,229	(105,749)
Taxable profit	330,306	632,664
Tax at 25%	82,578	158,166
Deductions for incentives	(2,550)	(4,810)
Effect of different standard tax rate in other countries	22,077	85,566
Current tax income expense	102,105	238,922
Effective rate, excluding equity method	30.9%	37.8%

(*) Restated.

The permanent differences in 2021 are mainly due to the 5% taxation on capital gains from the sale of subsidiaries and on dividends received, including those from the Tax Group. In 2020 these differences related to capital gains on the sale of subsidiaries and tax-exempt dividends, and the reversal of provisions that were not tax deductible, and, conversely, expenses and losses that were not tax deductible..

The tax credits basically include both double taxation tax credits and tax credits for donations and those for R&D activities carried out in Spain and in other countries.

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.

26.03. Detail of income tax expense

The detail of the income tax expense is as follows:

	Thousands of Euros	
	31/12/2021	31/12/2020 (*)
Current income tax expense (Note 26.02)	102,105	238,922
Expense / (income) relating to adjustments to prior year's tax	642,321	12,031
(Income) arising from the application of prior year's deferred tax assets	(54,188)	(31,741)
Expense arising from deferred tax assets generated in the year and not capitalised	27,154	112,087
Tax expense (income) due to impact on defferred taxes from changes in legislation	75	215
Expense / (Income) other adjustments to tax for the year	71,905	(76,393)
Final balance of the income tax	789,372	255,121

(*) Restated.

The expense relating to adjustments to prior years' tax is mainly due to the cancellation of tax loss carryforwards and tax credits for the Spanish Tax Group (see Note 26.05) and to the derecognition of deferred tax assets related to the sale of most of the Industrial Services division.

The expense relating to deferred tax assets arising in the year and not recognised in 2020 is a result mainly of the decision, in accordance with the principle of prudence, not to recognise the tax assets associated with tax losses and the temporary difference due to non-deductible finance costs incurred mainly by Group companies in Germany.

Accordingly, the tax expense incurred in 2021, related to the profit from discontinued operations, amounted to EUR 77,064 thousand (EUR 132,232 thousand in 2020), without prejudice to the fact that it was included, but broken down, under the line item relating to profit after tax from discontinued operations, in the accompanying consolidated income statement. 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.

	Thousands of Euros	
	31/12/2021	31/12/2020
Profit before taxes from discontinued operations	4,035,168	411,420
Permanent differences	(3,726,913)	117,508
Taxable profit	308,255	528,928
Tax at 25% / 28%	77,064	132,232

26.04. Taxes recognised in equity

In addition to the tax effects recognised in the consolidated income statement, in 2021 a charge of EUR 78,290 thousand was recognised directly in the Group's equity (a credit of EUR 14,683 thousand in 2020). These amounts relate to tax effects of adjustments to financial assets through other comprehensive income, with a charge of EUR 15,903 thousand in 2021 (credit of EUR 9,161 thousand in 2020), cash flow derivatives, with a charge of EUR 26,623 thousand in 2021 (charge of EUR 3,723 thousand in 2020), actuarial losses, with a charge of EUR 35,990 thousand in 2021 (credit of EUR 9,779 thousand in 2020) and translation difference, with a credit of EUR 226 thousand in 2021 (charge of EUR 534 thousand in 2020).

26.05. Deferred taxes

The breakdown, by temporary differences, of the balance of these assets and the liabilities is as follows:

	Thousands of Euros	
	31/12/2021	31/12/2020
Deferred tax assets arising from:		
Asset valuation adjustments and impairment losses	262,426	397,663
Other provisions	223,246	308,745
Pension costs	38,784	95,902
Income with different tax and accounting accruals	9,879	13,575
Losses of establishments abroad	79,798	119,406
Financial expenses not deductible	8,094	10,860
Other	303,473	340,101
Total	925,700	1,286,252
Assets for tax loss	292,374	815,346
Assets for deductions in quota	76,664	194,537
Total	1,294,738	2,296,135
Compensations of deferred tax assets/liabilities	(445,343)	(407,282)
Total deferred tax assets	849,395	1,888,853
Deferred tax liabilities arising from:		
Assets recognised at an amount higher than their tax base	307,484	307,867
Income with different tax and accounting accrual	68,195	156,413
Other	296,776	263,490
Total	672,455	727,770
Compensation of deferred tax assets/liabilities	(445,343)	(407,282)
Total deferred tax liabilities	227,112	320,488

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

The detail of and changes in the main deferred tax assets and liabilities recognised by the Group in 2021 and 2020 is as follows:

	Thousands of Euros								
	Balance at 31 December 2020	Current movement in the year	Charge/credit to equity				Business combinations		Balance at 31 December 2021
			Actuarial gains and losses	Charge/credit to asset and liability revaluation reserve	Available-for-sale financial assets	Other	Period acquisitions	Period disposals	
Assets	2,296,135	(597,336)	(35,990)	(29,184)	—	11,641	4,292	(354,820)	1,294,738
Temporary differences	1,286,252	(58,970)	(35,990)	(29,184)	—	8,260	2,664	(247,332)	925,700
Tax losses	815,346	(448,760)	—	—	—	3,381	—	(77,593)	292,374
Tax credits	194,537	(89,606)	—	—	—	—	1,628	(29,895)	76,664
Liabilities	727,770	(9,801)	—	—	—	5,468	1,552	(52,534)	672,455
Temporary differences	727,770	(9,801)	—	—	—	5,468	1,552	(52,534)	672,455

	Thousands of Euros								
	Balance at 31 December 2019	Current movement in the year	Charge/credit to equity				Business combinations		Balance at 31 December 2020
			Actuarial gains and losses	Charge/credit to asset and liability revaluation reserve	Available-for-sale financial assets	Other	Period acquisitions	Period disposals	
Assets	2,802,513	(477,437)	9,779	7,269	—	(18,992)	—	(26,997)	2,296,135
Temporary differences	1,337,709	(28,159)	9,779	7,269	—	(23,789)	—	(16,557)	1,286,252
Tax losses	1,254,145	(433,923)	—	—	—	5,564	—	(10,440)	815,346
Tax credits	210,659	(15,355)	—	—	—	(767)	—	—	194,537
Liabilities	1,079,292	(335,879)	—	22	—	(10,355)	—	(5,310)	727,770
Temporary differences	1,079,292	(335,879)	—	22	—	(10,355)	—	(5,310)	727,770

Tax loss and tax credit carryforwards relating to the ACS Spanish Tax Group amounted to EUR 72,704 thousand at 31 December 2021 (EUR 651,738 thousand at 31 December 2020).

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

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

The tax loss carryforwards of the ACS Spanish Tax Group arose from the consolidated tax loss for 2012, mainly due to the impairment and unrealised losses related to the investment in Iberdrola, S.A. This tax credit does not expire. In 2021, as a result of the sale of most of the Industrial Services Division to the Vinci Group, the ACS Group reassessed the recoverability of the tax credits as at 31 December 2021. Given that most of the taxable profit justifying the recoverability of the tax loss carryforwards and tax credits of the Spanish Tax Group came from the Industrial Services Division sold, EUR 459,982 thousand in tax loss

carryforwards and EUR 90,735 thousand in tax credits had to be derecognised. This effect was recognised under "Income tax" in the accompanying consolidated income statement. However, the Spanish Tax Group retains its rights from a tax point of view, so that they may be recognised in the future if the conditions for doing so are considered to have been met.

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

The deferred tax liabilities, which amount to EUR 227,112 thousand (EUR 320,488 thousand at 31 December 2020), have not substantially changed with respect to 31 December 2020. In relation to the amendment made by the Spanish Government's General State Budget for 2021, which set a limit of 95% on the exemption of dividends received by Spanish companies, the Group assessed the impact of this measure at the end of 2020, taking into account, among other factors, the interim dividends approved prior to the reporting date, the effects of Covid-19 on the profits of the various companies during the year and the corporate transactions that may, where applicable, prove to be profitable over the coming year, and concluded that this will not have a significant impact on these Consolidated Annual Accounts.

Pursuant to current regulations, deferred tax assets arising from temporary difference are not subject to expiration periods.

Furthermore, as regards the tax assets arising due to tax losses, their use is subject to various conditions and deadlines established by the different applicable national regulations; in particular, in the case of Australia, where the most significant tax asset was generated, there is no statutory expiration period.

In turn, tax credit carryforwards corresponding to the Spanish Tax Group, included on the asset side of the consolidated statement of financial position in the amount of EUR 72,704 thousand (EUR 189,444 thousand in 2020), are set to expire according to the type of asset as set out in the Corporation Tax Act. The unused tax credits in 2021 mainly relate to tax credits arising between 2010 and 2020 for reinvestment of gains and R&D expenses, the statutory expiration periods of which are 15 and 18 years, respectively.

As regards the tax credits of the Spanish Tax Group, an impairment test is carried out every year to determine which tax credits are used by the Group within the expiration period.

The key assumptions of this test, which are consistent with those applied in previous years, were as follows:

- Profit before tax, calculated based on taxable profit, of the business areas in Spain that, with respect to that obtained in 2021, increases for subsequent years at annual rates of 3%.
- General maintenance of the consolidation perimeter of companies in the Tax Group at the reporting date following the sale of most of the Industrial Services Division.
- The finance charge for the Group's corporate debt in Spain was specifically recalculated taking into account the new breakdown of this debt and a reduction at an average annual rate of 2% was estimated for subsequent years.
- The minimum tax rate of 15% of taxable profit was taken into account and a maximum of 25% of adjusted gross tax liability was set regarding the use of the gross tax liability adjusted by tax credits for R&D, reinvestment and others.

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

Positive factors

- History of recurring profits by the tax group.
- Existence of new business opportunities for the tax group. Having a solid portfolio.
- The Group is not a start-up.

- Compliance with business plans and profit forecasts in the coming financial years.
- Some of the businesses that make up the tax group are not very complex in terms of making projections.

Negative factors

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

On the basis of these assumptions, the tax assets of the Spanish Tax Group recognised in the statement of financial position would be used before they expire. However, it is worth noting that significant negative deviations between the above profits and the estimates used in the impairment test, in overall terms, i.e., that may not be offset by subsequent positive deviations within the expiration period, could represent a recoverability risk as regards the tax credit. In particular, based on the test performed, negative changes in the Spanish Tax Group's attributable profit, in overall (not specific) terms, throughout the relevant period, with respect to the average of those generated in the last two years, would determine the beginning of the partial expiration of the tax credits.

In addition to the amounts recognised on the asset side of the consolidated statement of financial position, as detailed in the table above, the Group has other deferred tax assets and tax loss and tax credit carryforwards not recognised on the asset side of the consolidated statement of financial position because it is not possible to predict the future flows of economic benefits.

They most notably include those of the Hochtief Group, both from residents in Germany and in other countries, for which the tax asset associated with tax losses in the amount of EUR 1,689,758 thousand (EUR 1,737,722 thousand in 2020) was not recognised; those for municipal taxes in the amount of EUR 1,367,241 thousand (EUR 1,578,831 thousand in 2020), for which the Group also did not recognise the tax asset for temporary differences on finance costs in the amount of EUR 398,880 thousand (EUR 440,867 thousand in 2020) offset against corporation tax; and, lastly, deductible temporary differences not capitalised in the amount of EUR 253,882 thousand (EUR 82,952 thousand in 2020).

26.06 Tax audits

Under the current law, taxes cannot be considered to have been definitely settled until the tax returns filed have been reviewed by the tax authorities or until the limitation period has expired.

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 the Annual Accounts.

27. Revenue and backlog

27.01. Revenue

The distribution of revenue in 2021 and 2020 relating to the Group's ordinary operations, by business segment, is as follows:

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

(*) Restated.

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

Revenue in 2020 included EUR 694.2 million corresponding to the reversal of the income received for the Gorgon Jetty project in accordance with IFRS 15 for variable consideration (see Note 12.01).

Revenue by type for 2021 is as follows:

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

Revenue by type for 2020 was as follows:

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

(*) Restated.

In 2021 foreign currency transactions relating to sales and services amounted to EUR 23,461,166 thousand (EUR 28,124,298 thousand in 2020) and those relating to purchases and services received amounted to EUR 17,534,569 thousand (EUR 21,629,768 thousand in 2020).

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

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

(*) Restated.

27.02. Backlog

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

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

(*) Restated.

Revenue by backlog at 31 December 2021 is as follows:

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

Revenue by backlog at 31 December 2020 was as follows:

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

(*) Restated.

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

The term of the contracts varies depending on the different business areas, with the average contract term for construction activities ranging from 1 to 5 years, for maintenance, construction and services up to 10 years, and for the construction and operation of concessions up to 30 years.

Capitalised expenses amounting to EUR 556 thousand (EUR 1,205 thousand in 2020), relating mainly to in-house work on property, plant and equipment and intangible assets, were recognised under "Capitalised expenses of in-house work on assets" in the consolidated income statement for 2021.

The Group mainly includes expenses invoiced to unincorporated joint ventures in the Construction business, claims against insurance companies and grants related to income received under "Other operating income".

28. Expenses

28.01. Procurements

The detail of this heading in 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020 (*)
Cost of merchandise sold	171,380	31,248
Cost of raw materials and other consumables used	16,780,504	18,250,517
Contract work carried out by other companies	2,074,995	2,221,661
Impairment of merchandise, raw material and procurements	(7,061)	(1,150)
Total	19,019,818	20,502,276

(*) Restated.

28.02. Personnel expenses

The breakdown of personnel expenses in 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020 (*)
Wages and salaries	5,236,548	5,734,101
Social security costs	801,969	815,673
Other personal expenses	202,194	228,059
Provisions	(1,425)	(410)
Total	6,239,286	6,777,423

(*) Restated.

Personnel expenses amounting to EUR 4,471 thousand in 2021 (EUR 4,471 thousand in 2020) relating to ACS, Actividades de Construcción y Servicios, S.A. share option plans are recognised in the consolidated income statement. These share option plans were recognised under "Wages and salaries".

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

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

(*) Restated.

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

The distribution of the average number of employees in 2021 and 2020, by line of business, was as follows:

	Average number of employees	
	2021	2020 (*)
Construction	45,058	60,278
Industrial Services	181	226
Services	75,519	76,202
Corporate Unit and other	69	54
Total	120,827	136,760

(*) Restated.

The average number of employees with disabilities at ACS Group companies with offices in Spain in 2021 amounted to 6,866 people (6,972 people in 2020). This represents 10.1% (9.4% in 2020) of the ACS Group's average workforce in Spain.

The breakdown of the average number of employees, by gender and professional category, with a disability greater than or equal to 33% in Spain is as follows:

	Average number of employees with disabilities >33% in Spain					
	2021			2020 (*)		
	Men	Women	Total	Men	Women	Total
University graduates	14	14	28	15	14	29
Junior college graduates	14	33	47	20	42	62
Non-graduate line personnel	87	153	240	1,382	1,367	2,749
Clerical personnel	24	73	97	29	74	103
Other employees	2,651	3,803	6,454	1,384	2,645	4,029
Total	2,790	4,076	6,866	2,830	4,142	6,972

(*) Restated.

28.03. Shared-based remuneration systems

ACS

On 25 July 2018, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A., in application of the authorisations granted by the Company's Annual General Meetings held on 28 April 2015 and 4 May 2017, and after a favourable report of the Remuneration Committee held on that same date, decided to establish an Options Plan on shares of ACS, Actividades de Construcción y Servicios, S.A. (2018 Options Plan), governed by the following terms and conditions:

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

The stock market price of ACS shares at 31 December 2021 and 2020 was EUR 23,570 and EUR 27,150 per share, respectively.

The commitments arising from these plans are hedged through financial institutions (see Note 22). In relation to plans described above, the share options are to be settled through equity instruments and never in cash. However, since the Parent Company has hedged the commitments arising from these plans with a financial institution, their settlement will not involve, under any circumstances, the issue of equity instruments in addition to those outstanding as at 31 December 2021. In 2021, EUR 4,471 thousand (see Note 28.02) (EUR 4,471 thousand in 2020) related to share-based remuneration were recognised as personnel expenses in the consolidated income statement, with a balancing entry in equity. To calculate the total cost of the above share plans, the Parent Company considered the finance cost of the shares on the date on which the plan was granted based on the futures curve on the notional value of each of them, the

effect of the estimated future dividends during the period of the plans, and the put value granted to the financial institution by applying the Black-Scholes formula. This cost is distributed over the vesting years of the plan.

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 total amount provisioned for these share-based payment plans at 31 December 2021 is EUR 6,682 thousand (EUR 8,356 thousand at 31 December 2020). EUR 765 thousand (EUR 985 thousand in 2020) were taken to the consolidated income statement in this connection in 2021. 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.

The following share-based remuneration plans were in force for executives of Hochtief, A.G. and its investees in 2021:

Long-term Incentive Plan 2017

The Long-term Incentive Plan 2017 (LTIP 2017) was launched in that same year by resolution of the Supervisory Board and is open to Executive Board members and certain executives. This plan is based on performance share awards (PSA).

The terms and conditions stipulate that for each performance share award (PSA) exercised within an exercise period of two years after a waiting period of three years, entitled individuals receive from the issuer a payment equal to the closing price of Hochtief shares on the last trading day on the stock markets before the exercise date, plus a performance bonus. The amount of this bonus depends on the adjusted available cash flow existing in the last full year prior to the exercise date.

The gain is limited to EUR 514.62 per PSA.

Long-term Incentive Plan 2018

The Long-term Incentive Plan 2018 (LTIP 2018) was launched in that same year by resolution of the Supervisory Board and is open to Executive Board members and certain executives. This plan is based on performance share awards (PSA).

The terms and conditions stipulate that for each performance share award (PSA) exercised within an exercise period of two years after a waiting period of three years, entitled holders receive from the issuer a payment equal to the closing price of Hochtief shares on the last trading day on the stock markets before the exercise date, plus a performance bonus. The amount of this bonus depends on the applicable effective performance indicator for each company in the last full year prior to the exercise date. The performance bonus for Executive Board members and executives of Hochtief, A.G. depends on the adjusted available cash flow.

The gain is limited to EUR 533.70 per PSA.

Long-term Incentive Plan 2019

The Long-term Incentive Plan 2019 (LTIP 2019) was launched in that same year by resolution of the Supervisory Board and is open to Executive Board members and certain executives. This plan is based on performance share awards (PSA).

The terms and conditions stipulate that for each performance share award (PSA) exercised within an exercise period of two years after a waiting period of three years, entitled holders receive from the issuer a payment equal to the closing price of Hochtief shares on the last trading day on the stock markets before the exercise date, plus a performance bonus. The amount of this bonus depends on the applicable effective performance indicator for each company in the last full year prior to the exercise date. The performance

bonus for Executive Board members and executives of Hochtief, A.G. depends on the adjusted available cash flow.

The gain is limited to EUR 477.12 per PSA.

Long-term Incentive Plan 2021

The Long-term Incentive Plan 2021 (LTIP 2021) was launched in that same year by resolution of the Supervisory Board and is open to Executive Board members and certain executives. This plan is based on performance share awards (PSA).

The terms and conditions stipulate that for each performance share award (PSA) exercised within an exercise period of two years after a waiting period of three years, entitled holders receive from the issuer a payment equal to the closing price of Hochtief shares on the last trading day on the stock markets before the exercise date, plus a performance bonus. The amount of this bonus depends on the applicable effective performance indicator for each company over the last three years prior to the exercise date. The performance bonus for Executive Board members and executives of Hochtief, A.G. depends on the adjusted available cash flow in the last full year prior to the exercise date.

The gain is limited to EUR 292.95 per PSA.

The terms and conditions of all plans stipulate that, when this right is exercised—and subject to fulfilment of all other requisite criteria—Hochtief, A.G. normally has the option of delivering Hochtief shares instead of paying out the gain in cash. When the entitled individuals are not employees of Hochtief, A.G., the expenses incurred on exercise are borne by the investee concerned.

The amounts granted, expired and exercised under the plans to date are as follows:

	Originally granted	Outstanding at 31 Dec 2020	Granted in 2021	Expired in 2021	Exercised / settled in 2021	Outstanding at 31 Dec 2021
LTIP 2017 – performance stock awards	20,081	16,181	—	—	13,981	2,200
LTIP 2018 – performance stock awards	20,069	20,069	—	—	2,450	17,619
LTIP 2019 – performance stock awards	21,485	21,485	—	300	—	21,185
LTIP 2019 – performance stock awards	—	—	12,857	—	—	12,857

Provisions recognised for the share-based payment plans totalled EUR 6,682 thousand at the reporting date (EUR 8,356 thousand in 2020). The total expense recognised for these plans in 2021 amounted to EUR 765 thousand (EUR 985 thousand in 2020). The intrinsic value of options to be exercised at the end of the reporting period was EUR 1,321 thousand (EUR 1,309 thousand in 2020).

28.04. Changes in the fair value of financial instruments

This heading includes the effect on the consolidated income statement of derivative instruments that do not meet the efficiency criteria provided in IAS 39, or that are not hedging instruments. The most significant effect in 2021 relates to derivatives on ACS, Actividades de Construcción y Servicios, S.A. share options, which gave rise to a loss of EUR 45,142 thousand (a loss of EUR 106,773 thousand in 2020), as described in Note 11. Additionally, this heading reflects the negative effect associated with the derivatives on ACS shares (forward contracts settled by differences), which resulted in a loss of EUR 48,321 thousand (a profit of EUR 181,366 thousand in 2020 relating to reverse collars) (see Note 22).

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

28.05. Financial costs

The breakdown of finance costs in 2021 and 2020 is as follows:

Financial costs	Millions of Euros	%	Millions of Euros	%
	2021		2020 (*)	
Debt-related financial expenses	268.7	74	244.1	65
Financial expenses for Collateral and Guarantees	26.9	7	29.9	8
Other financial expenses	66.9	19	102.7	27
Total	362.5	100	376.7	100

(*) Restated.

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

29. Impairment and gains or losses on the disposal of non-current assets and financial instruments and Other gains or losses

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

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

(*) Restated.

In 2021, "Gains or losses on disposal of assets" includes the profit on the sale of the shares representing the entire share capital of Continental Rail, S.A.U. on 30 June 2021 for EUR 14.8 million to the French group CMA CGM, and the gain on the sale (see Note 02.02.f) of the transmission lines in Brazil, photovoltaic plants in Bonete and Galisteo, the Toledo Hospital, the public offering of Ventia's shares and the earn-out received in the year from the sale of Urbaser in 2016 for EUR 28 million. "Impairment / Reversal of assets" relates mainly to the provisions made as a result of the reassessment of the Group's operating risks at the end of 2021.

In 2020, the gains on the disposal of non-current assets mainly included the gain on the sale of 50% of Thiess and subsequent joint control with the partner Elliot by Cimic (see Note 02.02.f and Note 09) at the end of the year in the amount of EUR 1,111 million and the gain on the sale of the shadow toll roads (see Note 02.02.f).

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

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

(*) Restated.

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

30. Distribution of profit

As in previous years, at the date of the call notice of the Annual General Meeting, the Parent Company's Board of Directors agreed to propose an alternative remuneration system allowing shareholders to receive bonus shares of the Company, or cash through the sale of the corresponding bonus issue rights. This option would be instrumented through a bonus issue, which will be subject to approval by the shareholders at the Company's General Meeting. In the event that it is approved, the bonus issue could be executed by the Board of Directors on up to two occasions, in July and in the first few months of the following year, coinciding with the times when dividends are customarily paid. During the execution of each bonus issue, each shareholder of the Company receives a bonus issue right for each share. The rights received will be traded on the Madrid, Barcelona, Bilbao and Valencia stock exchanges. Depending on the alternative chosen, shareholders would be able to either receive new bonus shares of the Company or sell their bonus issue rights on the market or sell them to the Company at a specific price calculated using the established formula.

The distribution of the profit for 2021 that the Board of Directors will propose for approval at the Annual General Meeting is the transfer to voluntary reserves of the profit for the year of ACS, Actividades de Construcción y Servicios, S.A., amounting to EUR 4,290,973 thousand.

31. Earnings per share from continuing and discontinued operations

31.01. Basic earnings per share

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

Accordingly:

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

(*) Restated.

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

31.02. 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 28.03) does not involve the issuance of new shares in the future and, therefore, does not affect diluted earnings per share. As at 31 December 2021, as a result of the simultaneous capital increase and reduction in 2022, for the same number of shares, the basic earnings and diluted earnings per share for continuing operations for 2021 are the same.

32. Events after the reporting date

On 3 January 2022, ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 7 May 2021. The purpose of the capital increase is to implement a flexible formula for shareholder remuneration ("optional dividend"), so that shareholders may choose to continue to receive cash remuneration or to receive new shares in the Company.

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

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

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

- The dividend was determined to be a total gross amount of EUR 57,425,748.12 (EUR 0.468 per share) and was paid on 1 February 2022.
- The number of final shares subject to the capital increase was 3,047,466 for a nominal amount of EUR 1,523,733.00, which were redeemed simultaneously for the same amount (see Note 15.05).

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

shares, making the corresponding provision with a charge to reserves as indicated in section 335.e) Corporate Enterprises Act.

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

Russia began its invasion of Ukraine on 24 February 2022. To date this has had limited or no impact on the Group in terms of its business activities, as it does not have a presence in the territories or geographical areas concerned. However, given the current uncertainty in the markets, which has worsened the situation of the commodities market and resulted in an energy crisis that has driven up the price of the main energy sources, Group management is constantly analysing and monitoring the effects that this increase in raw materials may have.

33. Related party transactions and balances

Transactions between the Parent and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note. Transactions between the Group and its associates are disclosed below. Transactions between the Parent and its subsidiaries and associates are disclosed in the Parent's separate financial statements.

The Group companies perform all of their transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Parent Company's directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

33.01. Transactions with associates

During the year, the Group companies performed the following transactions with related parties that do not form part of the Group:

	Thousands of Euros	
	2021	2020
Sale of goods and services	109,937	109,680
Purchase of goods and services	(63)	229
Accounts receivable	321,351	448,005
Accounts payable	134,072	95,759

Transactions between related parties are carried under normal market conditions.

33.02. Related party transactions and balances

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

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

The following transactions were performed in 2021:

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

2021 Related transactions Other transactions	Other related parties		
	Banco Sabadell	Fapin Mobi, S.L.	Total
Thousands of Euros			
Financing agreements: loans and capital contributions (lender)	415,452	—	415,452
Dividends and other profit distributed	—	1,206	1,206

The following transactions were performed in 2020:

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

2020 Related transactions Other transactions	Other related parties		
	Banco Sabadell	Fapin Mobi, S.L.	Total
Thousands of Euros			
Financing agreements: loans and capital contributions (lender)	413,416	—	413,416
Dividends and other profit distributed	—	1,166	1,166

The transactions with other related parties are listed due to the relationship of certain board members of ACS, Actividades de Construcción y Servicios, S.A. with companies in which they are either shareholders or senior executives. The transactions with Fidalsar, S.L. and Fapin Mobi, S.L. are listed due to the relationship of the Board member Pedro Lopez Jimenez with these companies. The transactions with Banco Sabadell were detailed due to the relationship of Board member Javier Echenique until he ceased to hold the position of Vice President at that Bank in July 2021.

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

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

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

34. Board of Directors and senior executives

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

	Thousands of Euros	
	2021	2020
Remuneration for membership of the Board and / or Commissions	3,760	3,769
Wages	4,766	6,347
Variable cash remuneration	5,558	4,404
Total	14,084	14,520

The amount charged to the consolidated income statement in relation to share options granted in 2018 to members of the Board of Directors with executive duties was EUR 457 thousand (EUR 457 thousand in 2020). This amount relates to the proportion of the value of the plan at the date on which it was granted.

The amounts paid to Board members relating to mutual funds, pension plans and life insurance at 31 December 2021 and 2020 are as follows:

	Thousands of Euros	
	2021	2020
Long-term savings systems	3,252	4,413
Other concepts	33	33
Total	3,285	4,446

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

34.01. Transactions with members of the Board of Directors

The transactions with members of the Board of Directors or with companies in which they have an ownership interest giving rise to a relation with the ACS Group are indicated in Note 33.02 on transactions with related parties.

34.02. Remuneration of senior executives

The remuneration of the Group's senior executives, who are not executive directors, for the periods ended 31 December 2021 and 2020, was as follows:

	Thousands of Euros	
	2021	2020
Salary remuneration (fixed and variable)	23,526	35,777
Pension plans	2,067	2,610
Life insurances	41	59

The reduction between periods is mainly due to the sale of most of the Industrial Services Division in 2021, which has led to a decrease of EUR 9,487 thousand in the amounts received due to the departure of executives belonging to this Division. The amounts recognised in the consolidated income statement in 2021 as a result of the share options granted to the Group's senior executives in July 2018 amounted to EUR 4,014 thousand (EUR 4,014 thousand in 2020) and are not included in the 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 31 December 2021 and 2020.

35. Other disclosures concerning the Board of Directors

In accordance with the information held by the Company, no direct or indirect conflicts of interest arise with the Company as set out in applicable regulations (currently in accordance with that established in section 229 Corporate Enterprises Act), all without prejudice to the information on related party transactions reflected in the notes to the financial statements. The amount corresponding to the premiums for the third-party liability insurance taken out on behalf of the Parent Company's directors, among others, amounted to EUR 2,648 thousand in 2021 (EUR 2,291 thousand in 2020).

In 2021 and 2020, the Company had commercial relationships with companies in which some of their directors perform management functions. All these commercial relationships were carried out on an arm's-length basis in the ordinary course of business, and related to ordinary Company transactions.

36. Guarantee commitments to third parties and other contingent liabilities

36.01. Guarantee commitments to third parties

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

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

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

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

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

The above amounts include the guarantees granted by Cimic on the sale of Thies to Elliot (as described in Note 02.02.f). The ACS Group has recognised as a derivative financial instrument the value of the put option for Elliott to sell all or part of its 50% interest in Thies to Cimic after the third year, i.e., four to six years after the sale on 31 December 2020. The fair value of the option at 31 December 2021 (see Note 22) amounts to EUR 8.3 million (AUD 13 million). At 31 December 2020, the fair value of the option (see Note 22) was EUR 8.2 million (AUD 13.0 million).

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

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

All of the project financing, including that under "Non-current assets in projects" and that under "Non-current assets held for sale and discontinued operations" in the accompanying consolidated statement of financial position, whether fully consolidated or accounted for using the equity method, has construction guarantees until the project enters into service.

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

36.02. Other contingent liabilities

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

Both the investment of the ACS Group in Alazor (highways R3 and R5) and the accounts receivable for Alazor have been fully provided for in the Consolidated Annual Accounts of the ACS Group for 2021 and 2020.

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 Shareholders' Support Agreement to claim payment of EUR 757 million from the shareholders of Alazor and their respective guarantors (EUR 169 million would correspond to the ACS Group). After the corresponding preliminary hearing was held before the Madrid Court of First Instance No. 13 (held on 8 March 2021), and the first hearing took place on 29 November 2021, it was suspended due to illness and has been rescheduled for 4 July 2022.

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

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

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

In relation to the ACS Group's investment in Irasa (R2 highway), it should be noted that in September 2019 ACS, Actividades de Construcción y Servicios, S.A., and Desarrollo de Concesiones Viarias Uno, S.L.

were notified that the creditor funds had filed a declaratory judgment action in which, invoking clause two of the Shareholders' Commitment Agreement, they demanded payment from the shareholders of Irasa and their respective guarantors of a total of EUR 551.50 million (EUR 193 million would correspond to the ACS Group) to cover construction and expropriation costs. After having submitted a statement of defence and holding the preliminary hearing on 7 February 2022, the Madrid Court of First Instance No. 37 has set the dates for the hearing for 23 and 24 May 2022.

The insolvency proceedings of Henarsa, Irasa, Accesos de Madrid and Alazor were all declared to be unforeseen. The Henarsa and Accesos de Madrid trustees in bankruptcy handed over the operation of the R2, R3 and R5 highways to the State in documents dated 28 February and 9 May 2018, respectively, and they are being managed by the Ministry of Transport, Mobility and Urban Agenda through SEITTSA — the state-owned land transport infrastructure company — under an agreement signed in August 2017, which was extended in 2018 until 2022, and it is assumed that it will be extended again.

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

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

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

Both the claim brought by the concession operator against Peru and the counterclaim by Peru against the concession operator have been consolidated into a single arbitration process with the ICSID. The process has followed its normal course: in the first half of May 2019, the evidentiary hearing was held in Washington, where various witnesses gave their testimony, two rounds of briefs were presented during June and July 2019 in relation to issues raised during the evidentiary hearing, and final pleadings were presented by both the concession operator and the State of Peru on 20 September 2019.

On 6 July 2021, the Court issued a partial award through the "Decision on Jurisdiction and Liability", which dismissed the counterclaim of the Republic of Peru and upheld virtually all of the claims of the concession operator, with the final award yet to be handed down on the amount of damages and costs of the proceedings. In particular, the Decision declares that (1) the Republic of Peru has breached its obligation to deliver most of the Areas of Stage 1A and all of the Areas of Stages 1B and 2 within the periods agreed, and (2) the Republic of Peru has breached its contractual obligations regarding the procedure for overseeing and approving the Detailed Engineering Studies, and that the Republic of Peru has failed to properly exercise its contractual supervisory role. 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 1. On 11 August 2021, the Court issued Procedural Order No. 8 instructing the experts of the concession operator and of Peru to perform additional calculations based on the findings set forth in the Decision. On 11 October 2021, following the Court's procedural order, based on the delays determined by the Court in the Decision, the concession operator reduced its claim from USD 109.0 million to USD 84.7 million and the other members of the consortium other than the concession operator also made an adjustment to the damages initially claimed. On 30 December 2021, the concession grantor submitted to the Court its response to the concession operator's adjusted damage calculations, rejecting most of these damages and submitting much lower alternative calculations. On 31 January 2022, the Parties submitted a joint WACC Calculator to the Arbitral Tribunal and, subsequently, each party has submitted its own "instructions" for using the Calculator. The award for damages is expected to be issued in the first half of 2022.

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

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

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

On 1 October 2018, an accusation was brought against Dragados and other companies for possible infringements of section 1 of the Spanish Competition Law (*Ley de Defensa de la Competencia*) and Article 101 of the Treaty on the Functioning of the European Union, consisting of agreements and exchanges of information between these companies in the field of tenders called by the various public authorities in Spain for the construction and refurbishment of infrastructures and buildings. On 16 July 2020, this accusation was declared to have exceeded its validity, although on 6 August 2020 a new accusation was brought in relation to the same facts as the expired accusation. On 16 September 2020, Dragados filed an appeal for judicial review against the ruling that decreed the expiration, which was admitted on 9 October 2020, with the claim being filed on 16 December 2020. On 6 July 2021, the Directorate of Competition of the CNMC issued a new preliminary ruling for the new accusation with proposed liquidated damages of EUR 58 million, indicating that the company could also be banned from entering into contracts with public authorities. The corresponding pleadings have been submitted against this preliminary ruling. The Group's Management considers that the final ruling on this matter is unlikely to have a significant effect on the company.

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

37. Information on the environment

The ACS Group combines its business aims with the objective of protecting the environment and appropriately managing the expectations of its stakeholders in this area. The ACS Environmental Policy defines the general principles to be followed, but are sufficiently flexible to accommodate the elements of policy and planning development by the companies in the various business areas and meet the requirements of the most recent version of the ISO 14001 standard and other commitments assumed by the companies to other environmental standards, such as EMAS, or standards relating to their carbon footprint or water footprint. This Policy establishes the following commitments:

1. To comply with applicable regulations and standards in general and other voluntary commitments entered into in each of the offices, branches, projects, works and services of the ACS Group.

2. To prevent contamination, by assessing the potential environmental risks at every stage of a project, job or service, with the aim of designing processes that minimise environmental impact as far as possible.
3. To continuously improve management of environmental activities, by setting and following up on environmental goals.
4. To strive for transparency in external communications, by periodically publishing information about environmental initiatives to all stakeholders, meeting their demands and expectations, either in compliance with regulations or independently.
5. To enhance skills and raise awareness, by providing training and educational activities to employees, suppliers, customers and other stakeholders.

The significant level of implementation of an environmental management system, present in companies representing 95.7% of Group sales, is based on the objective of seeking adoption of the ISO 14001 standard in the majority of the Group's activities, which is implemented in 87.3% of the ACS Group's operations.

In order to implement and roll out a policy based on these environmental commitments, the most significant commitments are identified at the corporate level, based on their impact on the environment and external requirements, and are then compared with each company's management systems and the environmental priorities for each business activity.

Considering the environmental impacts identified, the main environmental activities of ACS Group companies will be specifically and operationally focused around four main areas.

1. Energy and emissions.
2. Circular economy.
3. Efficient and responsible use of water resources.
4. Biodiversity.

<i>Key Management - Environment Indicators</i>	2021	2020 (*)
Water extraction (m3)	12,632,963	9,867,471
Ratio: m3 water / Sales (€mn)	218.5	94.9
Direct emissions (Scope 1) (tCO2 equiv.)	323,889	352,891
Carbon Intensity Ratio Scope 1: Emissions / Sales (€mn)	12.1	13.2
Indirect emissions (Scope 2) (tCO2 equiv.)	103,637	92,466
Carbon Intensity Ratio Scope 2: Emissions / Sales (€mn)	3.9	3.5
Indirect emissions (Scope 3) (tCO2 equiv.)	2,637,182	2,130,554
Carbon Intensity Ratio Scope 3: Emissions / Sales (€mn)	98.3	79.6
Total emissions (tCO2 equiv.)	3,064,708	2,575,911
Total Carbon Intensity Ratio: Total Emissions / Sales (€mn)	114.2	96.2
Non-hazardous waste sent for management (t)	17,894,515	15,941,779
Ratio: Tons of non-hazardous waste / Sales (€mn)	667.1	595.4
Hazardous waste sent for management (t)	400,895	358,311
Ratio: Tons of hazardous waste / Sales (€mn)	14.9	13.4

(*) 2020 data recalculated based on the data scope and criteria reported in 2021

Overseeing the environmental activities of the ACS Group and implementing the planes of action and improvement programmes is the responsibility of the Environment Department of each group of companies;

these departments are also responsible for taking the measures necessary to reduce and mitigate the environmental impacts of the Group's activities.

Environmental expenses incurred in 2021 amounted to EUR 6,943 thousand (EUR 2,044 thousand in 2020).

38. Auditors' fees

The fees for financial audit services provided to the various companies in 2021 and 2020 were as follows:

	Thousands of Euros	
	2021	2020
Audit service fees	12,269	11,483
Main auditor	7,721	7,143
Other auditors	4,548	4,340
Other verification services	639	551
Main auditor	639	551
Fees for tax services	1,410	2,042
Main auditor	351	1,056
Other auditors	1,059	986
Other services	2,055	1,798
Main auditor	394	457
Other auditors	1,661	1,341
Total	16,373	15,874

The fees relating to audit services provided by KPMG Auditores, S.L. for the Annual Accounts amounted to EUR 1,953 thousand (EUR 1,817 thousand in 2020), while those relating to other verification services amounted to EUR 370 thousand (EUR 410 thousand in 2020) and the fees for other services amounted to EUR 30 thousand (EUR 10 thousand in 2020).

In the above table, amount of the other verification services for 2021 includes EUR 370 thousand for services provided by KPMG Auditors, S.L. (EUR 410 thousand in 2020). These services correspond to the limited review of the interim consolidated financial statements, the comfort letters and the ICFR Report, which must be presented by the auditors in accordance with applicable regulations.

Likewise, in the above table, the amount of other services for 2021 includes EUR 30 thousand for services provided by KPMG Auditors, S.L. (EUR 10 thousand in 2020). These services mainly correspond to reports on agreed procedures and compliance with covenants.

Furthermore, in relation to the lead auditor, "Other verification services" essentially include limited reviews of interim financial statements, services for issuing comfort letters services and other assurance work (ISAE 3000) provided to the Parent Company and the companies it controls. "Fees for tax services" mainly includes fees for advisory services regarding transfer pricing documentation, corporation taxes and indirect taxation. Finally, "Other services" mainly includes legal services, consultancy services and generally agreed-upon procedures.

APPENDICES

As stated in Note 02 to the financial statements, Appendices I and II list the subsidiaries, unincorporated joint ventures and economic interest groupings of the ACS Group in 2021, including their registered office and the Group's effective percentage of ownership. The effective percentage indicated in the Appendices includes, in the event it is applicable to subsidiaries, the proportionate part of the treasury shares held by the subsidiary.

For the companies domiciled in the Group's four main countries — Spain, Germany, Australia and the United States —, covering about 86% of sales, a breakdown is provided for the registered office of the main headquarters or management office, expressly declared for income tax purposes in the country of residence (in particular, 'domicilio fiscal' in Spain, 'geschäftsanschrift' in Germany, 'business address of main business' in Australia and 'corporation's principal office' or 'place of business' in the United States). In the other countries, the registered office given is the address considered legally relevant in each case.

The information is grouped in accordance with the management criteria of the ACS Group on the basis of the different business segments or lines of business carried on. Note 25.01 explains the bases for segmentation and the reorganisation carried out in the year and their restatement for the purposes of comparison, in relation to the infrastructure and concessions businesses.

1. CORPORATION

In 2021 this mainly includes the activity of the Group's Parent Company, ACS, Actividades de Construcción y Servicios, S.A.

2. INFRASTRUCTURE

This area comprises the activities of:

2.1. CONSTRUCTION

Information is separated on the basis of the two companies heading this line of business:

- Dragados
This includes both domestic and foreign activities relating to civil construction works (highways and roads, railways, hydraulic infrastructures, coasts and ports, etc.), and residential and non-residential buildings.
- Hochtief
This segment includes the activities carried on by the different business segments of this company:
 - Hochtief Americas - Its activity is mainly carried on in the US and Canada and relates to the construction of buildings (public and private), infrastructures, civil engineering, and educational and sports facilities.
 - Hochtief Asia Pacific - Its activities are carried on by its Australian subsidiary Cimic, in particular construction, mining contracts (mainly through the Thiess joint venture), operation and maintenance activity, and development of real estate infrastructures.
 - Hochtief Europe - This segment mainly operates through Hochtief Solutions A.G., which designs, develops, constructs and operates infrastructure projects, real estate and facilities.

2.2. CONCESSIONS

- Iridium
It carries out infrastructure promotion and development, both in relation to transport and public facilities, managing different public-private collaboration models.

- Abertis

This relates to the ACS Group's ownership interest in Abertis.

3. INDUSTRIAL SERVICES

The area was dedicated to applied industrial engineering, developing activities of construction, operation and maintenance of energy, industrial and mobility infrastructures through an extensive group of companies headed by Grupo Cobra and Dragados Industrial. This area had a presence in more than 50 countries, with a predominant exposure to the Mexican and Spanish market despite the rapid growth in new Asian and Latin American countries. In 2021, most of this business area was sold to the Vinci Group and was therefore classified during the year as a discontinued operation (see Note 03.09.02).

4. SERVICES

This area only includes Clece's business activity, which offers comprehensive maintenance services for buildings, public places and organisations, and assistance to people. This area is fundamentally 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.

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
PARENT		
ACS, Actividades de Construcción y Servicios, S.A.	Avda. de Pío XII, 102. 28036 Madrid. España.	
Altomira Eólica, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100.00 %
Andasol 4 Central Termosolar Cuatro, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España.	100.00 %
Cariátide, S.A.	Avda. de Pío XII, 102. 28036 Madrid. España.	100.00 %
Comunidades Gestionadas, S.A.	C/ Orense, 34-1º. 28020 Madrid. España.	100.00 %
Funding Statement, S.A.	Avda. de Pío XII, 102. 28036 Madrid. España.	100.00 %
Infraestructuras Energéticas Medioambientales Extremeñas, S.L.	Polígono Industrial Las Capellanías. Parcela 238B. Cáceres. España.	100.00 %
Nexplore, S.A.	Avda. de Pío XII, 102. 28036 Madrid. España.	100.00 %
Protide, S.A. Unipersonal	C/ Orense,34-1º 28020 Madrid - España	100.00 %
Residencial Monte Carmelo, S.A.U.	Avda. de Pío XII, 102. 28036 Madrid. España.	100.00 %
Statement Structure, S.A.	Avda. de Pío XII, 102. 28036 Madrid. España.	100.00 %
INFRASTRUCTURES - DRAGADOS		
Dragados, S.A.	Avda. del Camino de Santiago, 50. 28050 Madrid. España.	100.00 %
Apadil Armad. Plást. y Acces. de Iluminación, S.A.	E.N. 249/4 Km 4.6 Trajouce. São Domingos de Rana. 2775, Portugal	100.00 %
Aparcamiento Tramo C. Rambla-Coslada, S.L.	C/ Orense, 34-1º. 28020 Madrid. España.	100.00 %
Besalco Dragados, S.A.	Avda. Tajamar nº 183 piso 1º Las Condes. Santiago de Chile. Chile.	50.00 %
Blue Clean Water, LLC.	150 Meadowlands Parkway, 2nd Fl.Seacaucus 07094. New Jersey. Estados Unidos.	76.40 %
Consorcio Constructor Hospital de Quellón, S.A.	Av. Tajamar, 183, depto P-5 Las Condes. Santiago de Chile. Chile.	49.99 %
Consorcio Constructor Juzgado de Garantía de Osorno, S.A.	Avda. Vitacura 2939, ofic. 2201. Las Condes. Santiago de Chile. Chile.	100.00 %
Consorcio Constructor Puente Santa Elvira, S.A.	Avenida Tajamar 183, piso 5. Las Condes.Santiago. Chile.	49.99 %
Consorcio Dragados Conpax Dos, S.A.	Avda. Vitacura 2939 ofic 2201. Las Condes.Santiago de Chile Chile	55.00 %
Consorcio Dragados Conpax, S.A.	Avda. Vitacura 2939 ofic. 2201.Las Condes - Santiago de Chile. Chile.	60.00 %
Consorcio Embalse Chironta, S.A.	Avda. Vitacura nº 2939. 2201 Las Condes. Santiago de Chile. Chile.	49.99 %
Consorcio Teadra, S.A.	Almirante Pastene, 244.702 Providencia. Santiago de Chile. Chile.	100.00 %
Construcciones y Servicios del Egeo, S.A.	Alamanas,1 151 25 Maroussi.Atenas. Grecia.	100.00 %
Drace Geocisa, S.A.	Avda. del Camino de Santiago, 50. 28050 Madrid. España	100.00 %
Drace Infrastructures UK, Ltd.	Regina House second floor, 1-5 Queen Street.Londres EC4N 15W. Reino Unido	100.00 %
Drace Infrastructures USA, Llc.	701 5 th Avenue, Suite 7170 Seattle, WA 98104.Washington. Estados Unidos.	100.00 %
Dragados Australia PTY Ltd.	Level 32, 101 Miller Street - North Sydney - 2060 - NSW. Sydney. Australia.	100.00 %
Dragados Canadá, Inc.	150 King Street West, Suite 2103.Toronto ON. Canadá.	100.00 %
Dragados Construction USA, Inc.	810 Seventh Ave. 9th Fl.New York, NY 10019. Estados Unidos.	100.00 %
Dragados CVV Constructora, S.A.	Avda. Vitacura 2939 of.2201.Las Condes.Santiago de Chile. Chile.	80.00 %
Dragados Inversiones USA, S.L.	Avda. Camino de Santiago, 50 - 28050 Madrid. España.	100.00 %
Dragados Ireland Limited	70 Sir John Rogerson's Quay, Dublin 2, D02R296. Dublin. Irlanda.	100.00 %
Dragados Norge AS	c/o Econ Partner AS, Dronning Mauds gate 15, 0250.. Oslo. Noruega.	100.00 %
Dragados UK Ltd.	Regina House 2Nd Floor, 1-5. Queen Street. EC4N 1SW-London-Reino Unido	100.00 %
Dragados USA, Inc.	810 Seventh Ave. 9th Fl.New York, NY 10019. Estados Unidos.	100.00 %
Dycasa, S.A.	Avda.Leandro N.Alem.986 Piso 4º.Buenos Aires Argentina.	66.10 %
Electren UK Limited	Regina House 1-5 Queen Street.Londres. Reino Unido.	100.00 %
Electrén, S.A.	Avda. del Brasil, 6. 28020 Madrid. España	100.00 %
Gasoductos y Redes Gisca, S.A.	C/ Orense, 6. 2ª Planta 28020 Madrid. España	52.50 %
Geocisa UK Ltd.	Chester House, Kennington Park, 1-3 Brixton Road. Londres SW9 6DE. Reino Unido	100.00 %
Geotecnia y Cimientos del Perú, S.A.C.	C/ El Santuario, 140, Dept. 303. Callao. Lima. Perú.	100.00 %
gGrav-can, Inc.	150 King Street West, Suite 2103.Toronto. Toronto. Canadá.	100.00 %
gGravity Engineering, S.A.	Av. del Camino de Santiago, 50. 28050. Madrid. España.	100.00 %
gGravity, Inc.	810 Seventh Ave. 9th Fl., NY 10019. Nueva York. Estados Unidos.	100.00 %
Inmobiliaria Alabega, S.A.	C/ Orense, 34-1º. 28020 Madrid. España	100.00 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
J.F. White Contracting Company	10 Burr Street, Framingham, MA 01701. Estados Unidos.	100.00 %
John P. Picone Inc.	31 Garden Lane. Lawrence.NY 11559 Estados Unidos.	100.00 %
Lining Precast, LLC .	P.O. Box 12274.Seattle, WA 98102. Estados Unidos.	100.00 %
Mostostal Pomorze, S.A.	80-557 Gdansk ul. Marynarki Polskiej 59. Polonia	100.00 %
Muelle Melbourne & Clark, S.A.	Avenida Tajamar 183, piso 5.Las Condes. Santiago. Chile	50.00 %
Newark Real Estate Holdings, Inc.	810 Seventh Ave. 9th Fl.New York, NY 10019. Estados Unidos.	100.00 %
PA CONEX Sp. z.o.o.	Dworska 1, 05-500 (Wólka Kozodawska). Piaseczno. Polonia.	100.00 %
PA Wyroby Betonowe Sp. z.o.o.	82-300 Elblag ul. Plk. Dabka 215. Polonia	100.00 %
Piques y Túneles, S. A.	Avda. Tajamar 183, piso 5. Las Condes.Santiago de Chile. Chile	49.99 %
Polaqua Sp. z o. o.	Dworska 1, 05-500 Piaseczno (Wólka Kozodawska). Polonia.	100.00 %
Prince Contracting, LLC.	10210 Highland Manor Drive, Suite 110.Tampa, FL, 33610. Estados Unidos.	100.00 %
Pulice Construction, Inc.	8660 E. Hartford Drive, Suite 305, Scottsdale, AZ 85255. Estados Unidos.	100.00 %
Roura Cevasa México, S.A. de C.V	Calle Oxford, 30, Colonia Juarez, CP 06600, Cuauhtemoc. Ciudad de México. México.	100.00 %
Roura Cevasa, S.A.	C/ Chile 25, P.I. Azque, 28.806 Alcalá de Henares. Madrid. España.	100.00 %
Schiavone Construction Company	150 Meadowlands Parkway, 2nd Fl.Seacaucus 07094 New Jersey. Estados Unidos.	100.00 %
Sussex Realty, LLC.	31 Garden Lane Lawrence, NY 11559. EE.UU.	100.00 %
Técnicas e Imagen Corporativa, S.L.	Avda. de Paris, 1 - 19200 Azuqueca de Henares.Guadalajara.España	100.00 %
TECO Sp. z.o.o.	51-501 Wroclaw ul. Swojczycka 21-41. Polonia	100.00 %
Tecsa Empresa Constructora, S.A.	Plaza Circular Nº 4, planta 5ª. 48001 Bilbao. España.	100.00 %
Vias USA, Inc.	810 7th Avenue, 9th Floor. 10019 Nueva York. Estados Unidos.	100.00 %
Vias y Construcciones, S.A.	Avenida del Camino de Santiago, nº 50.. 28050 Madrid. España.	100.00 %

INFRASTRUCTURES -IRIDIUM (Concessions)

Iridium Concesiones de Infraestructuras, S.A.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
ACS 288 Holdings, LLC	One Alhambra Plaza suite 1200. Coral Gables. Estados Unidos.	100.00 %
ACS BNA GP Inc.	595 Burrard Street, Suite 2600, P.O Box 4, Vancouver, BC V7X 1L3. Vancouver. Canadá.	100.00 %
ACS BNA Holdco Inc.	595 Burrard Street, Suite 2600, P.O Box 4, Vancouver, BC V7X 1L3. Vancouver. Canadá.	100.00 %
ACS BNA O&M GP Inc	Suite 2600, Three Bentall Cent 595 Burrard St. P.O. Box 4 Vancouver BC V7X 1L3. Vancouver. Canadá.	100.00 %
ACS Crosslinx Maintenance Inc.	550 Burrard Street, 2300, Vancouver, British Columbia. Canad V6C 2B5	100.00 %
ACS Crosslinx Partner Inc.	666 Burrard Street, Vancouver, B.C. V6C 2Z7. Canadá.	100.00 %
ACS EgLRT Holdings Inc.	666 Burrard Street, Vancouver, B.C. V6C 2Z7. Canadá.	100.00 %
ACS Infraestructuras Perú SAC	Avenida Pardo y Aliaga N 652, oficina304A. San Isidro, Lima 27. Perú.	100.00 %
ACS Infraestructuras México, S. R. L. de C. V.	C/ Oxford, 30, Colonia Ju rez, Delegación Cuauhtémoc.CP: 06600 México, Distrito Federal. México.	100.00 %
ACS Infrastructure Canadá, Inc.	155 University Avenue, Suite 1800,Toronto, Ontario M5H 3B7. Canadá.	100.00 %
ACS Infrastructure Development, Inc.	One Alhambra Plaza suite 1200. Coral Gables. Estados Unidos.	100.00 %
ACS Link 427 Holdings Inc.	2800 Park Place. 666 Burrard Street. BC V6C 2Z7.. Vancouver. Canadá.	100.00 %
ACS Link 427 Partner Inc.	2800 Park Place. 666 Burrard Street. BC V6C 2Z7.. Vancouver. Canadá.	100.00 %
ACS LINXS Holdings, LLC	One Alhambra Plaza, Suite 1200, Coral Gables, Florida 33134. Coral Gables. Estados Unidos.	100.00 %
ACS LINXS O&M Holdings, LLC	One Alhambra Plaza, Suite 1200, Coral Gables, Florida 33134. Coral Gables. Estados Unidos.	100.00 %
ACS Mosaic Transit Partners Holding Inc.	745 Thurlow Street, Suite 2400 Vancouver, British Columbia V6E 0C5. Vancouver. Canadá.	100.00 %
ACS MTP Maintenance INC	745 Thurlow Street, Suite 2400 Vancouver, British Columbia V6E 0C5. Vancouver. Canadá.	100.00 %
ACS MTP Partner INC	745 Thurlow Street, Suite 2400 Vancouver, British Columbia V6E 0C5. Vancouver. Canadá.	100.00 %
ACS OLRT Holdings INC.	2800 Park Place, 666 Burrard Street Vancouver, British Columbia V6C 2Z7. Vancouver. Canadá.	100.00 %
ACS Portsmouth Holdings, L.L.C.	One Alhambra Plaza, Suite 1200, Coral Gables. Florida 33134. Estados Unidos.	100.00 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
ACS RT Maintenance Partner INC.	2800 Park Place, 666 Burrard Street Vancouver, British Columbia V6C 2Z7. Vancouver. Canadá.	100.00 %
ACS RTF Holdings Inc.	2800 Park Place, 666 Burrard Street, Vancouver BC V6C 2Z7. Vancouver. Canadá.	100.00 %
ACS RTF Partner Inc.	2800 Park Place, 666 Burrard Street, Vancouver BC V6C 2Z7. Vancouver. Canadá.	100.00 %
ACS RTG Partner INC.	2800 Park Place, 666 Burrard Street Vancouver, British Columbia V6C 2Z7. Vancouver. Canadá.	100.00 %
ACS SSLG Partner Inc.	1400-1501 av. McGill College Montréal, QC H3A 3M8. Canadá.	100.00 %
ACS St. Lawrence Bridge Holding Inc.	1400-1501 av. McGill College Montréal, QC H3A 3M8. Canadá.	100.00 %
ACS WEP Holdings, Inc.	1 Germain Street Suite 1500.Saint John NB E2L4V1. Canadá.	100.00 %
Angels Flight Development Company, LLC	One Alhambra Plaza Suite 1200, 33134.. Los Ángeles. Estados Unidos.	86.66 %
Autovía Medinaceli-Calatayud Soc.Conces.Estado, S.A.	Avda. Camino de Santiago, 50 - 28050 Madrid. España.	100.00 %
Can Brians 2, S.A.	Avinguda Josep Tarradellas, 8, 2º. 08029 Barcelona. España.	100.00 %
CAT Desenvolupament de Concessions Catalanes, S.L.	Avinguda Josep Tarradellas, 8, 2º. 08029 Barcelona. España.	100.00 %
Concesiones de Infraestructuras Chile Dos, S.A.	José Antonio Soffia 2747 Oficina 602 Comuna de Providencia. Santiago. Chile.	100.00 %
Concesiones de Infraestructuras Chile Tres, S.A.	José Antonio Soffia 2747 Oficina 602 Comuna de Providencia. Santiago. Chile.	100.00 %
Concesiones de Infraestructuras Chile Uno S.A.	Avenida Apoquindo 3001 piso 9, Comuna Las Condes. Chile	100.00 %
Concesiones Viarias Chile Tres, S.A.	José Antonio Soffia N°2747, Oficina 602, Comuna de Providencia. Santiago de Chile. Chile	100.00 %
Desarrollo de Concesionarias Viarias Dos, S.L.	Avenida del Camino de Santiago, 50. 28050 Madrid. España.	100.00 %
Desarrollo de Concesionarias Viarias Uno, S.L.	Avenida del Camino de Santiago, 50. 28050 Madrid. España.	100.00 %
Desarrollo de Concesiones Ferroviarias, S.L.	Avenida del Camino de Santiago, 50. 28050 Madrid. España.	100.00 %
Dragados Concessions, Ltd.	Hill House, 1 - Little New Street. London EC4A 3TR. Inglaterra.	100.00 %
Dragados Waterford Ireland, Ltd.	70 Sir John Rogerson´s Quay. Dublin. Irlanda	100.00 %
Estacionament Centre Direccional, S.A.	Avenida de la Universitat, s/n. 43206 Reus. Tarragona. España.	100.00 %
Explotación Comercial de Intercambiadores, S.A.	Avda. de America, 9A (Intercambiador de Tptes)28002 Madrid. España.	100.00 %
FTG O&M Solutions ACS GP Ltd.	Suite 2400, 745 Thurlow Street, Vancouver, British Columbia, V6E 0C5. Vancouver. Canadá.	100.00 %
FTG O&M Solutions Limited Partnership	Suite 2400, 745 Thurlow Street, Vancouver, British Columbia, V6E 0C5. Vancouver. Canadá.	75.00 %
Iridium Aparcamientos, S.L.	Avenida del Camino de Santiago, 50. 28050 Madrid. España.	100.00 %
Iridium Portlaoise Ireland Limited	70 Sir John Rogerson´s Quay. Dublin. Irlanda	100.00 %
Operadora Autovia Medinaceli Calatayud, S.L.	Avda Camino de Santiago 50. 28050 Madrid. España.	100.00 %
Parking Mérida III, S.A.U.	Avenida Lusitania, 15, 1º, Puerta 7. 06800 Mérida. Badajoz. España.	100.00 %
Parking Nou Hospital del Camp, S.L.	Avenida de la Universitat, s/n.43206 Reus. Tarragona. España.	100.00 %
Parking Palau de Fires, S.L.	Avenida de la Universitat, s/n.43206 Reus. Tarragona. España.	100.00 %
Soc Conc Nuevo Complejo Fronterizo Los Libertadore	José Antonio Soffia N 2747, Oficina 602 - comuna de Providencia.Santiago de Chile. Chile.	100.00 %

INFRASTRUCTURES - HOCHTIEF

Hochtief Aktiengesellschaft	Essen, Alemania	52.23 %
Beggen PropCo Särl	Luxemburgo, Luxemburgo	52.23 %
Builders Direct SA	Luxemburgo, Luxemburgo	52.23 %
Builders Insurance Holdings S.A.	Steinfort, Luxemburgo	52.23 %
Builders Reinsurance S.A.	Luxemburgo, Luxemburgo	52.23 %
Eurafrica Baugesellschaft mbH	Essen, Alemania	52.23 %
Hochtief Insurance Broking and Risk Management Solutions GmbH	Essen, Alemania	52.23 %
Independent (Re)insurance Services S.A.	Luxemburgo, Luxemburgo	52.23 %
NEXPLORE Hong Kong Ltd.	Hongkong	52.23 %
NEXPLORE Technology GmbH	Essen, Alemania	52.23 %
NEXPLORE Technology Holding GmbH & Co. KG	Essen, Alemania	52.23 %
NEXPLORE Technology Verwaltungs GmbH	Essen, Alemania	52.23 %
Steinfort Multi-Asset Fund SICAV-SIF	Luxemburgo, Luxemburgo	52.23 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
Steinfort PropCo Sàrl	Luxemburgo, Luxemburgo	52.23 %
Vintage Real Estate HoldCo Sàrl	Luxemburgo, Luxemburgo	52.23 %
Hochtief Americas		
Hochtief Americas GmbH	Essen, Alemania	52.23 %
Auburndale Company Inc.	Ohio, Estados Unidos	52.23 %
Audubon Bridge Constructors	New Roads, Estados Unidos	28.20 %
Canadian Borealis Construction Inc.	Alberta, Canadá	40.72 %
Canadian Turner Construction Company Ltd.	Toronto, Canadá	52.23 %
CB Finco Corporation	Alberta, Canadá	40.72 %
CB Resources Corporation	Alberta, Canadá	40.72 %
Clark Builders Partnership	Alberta, Canadá	40.72 %
Clark Turner Dawson Creek JV	Vancouver, Canadá	26.17 %
E.E. Cruz and Company Inc.	Holmdel, Estados Unidos	52.23 %
FECO Equipment	Denver, Estados Unidos	52.23 %
Flatiron Construction Corp.	Wilmington, Estados Unidos	52.23 %
Flatiron Constructors Canada Ltd.	Vancouver, Canadá	52.23 %
Flatiron Constructors Inc.	Wilmington, Estados Unidos	52.23 %
Flatiron Constructors Inc. – Blythe Development Company JV	Firestone, Estados Unidos.	31.34 %
Flatiron Constructors Inc. Canadian Branch	Vancouver, Canadá	52.23 %
Flatiron Electric Group	Wilmington, Estados Unidos	52.23 %
Flatiron Equipment Company Canada	Calgary, Canadá	52.23 %
Flatiron Holding Inc.	Wilmington, Estados Unidos	52.23 %
Flatiron Parsons JV	Los Angeles, Estados Unidos	36.56 %
Flatiron West Inc.	Wilmington, Estados Unidos	52.23 %
Flatiron/Dragados/Sukut JV	Benicia, Estados Unidos.	18.28 %
Flatiron/Goodfellow Top Grade JV	Wilmington, Estados Unidos	37.86 %
Flatiron/Turner Construction of New York LLC	New York, Estados Unidos	52.23 %
Flatiron-Blythe Development Company JV	Firestone, Estados Unidos	36.56 %
Flatiron-Branch Civi JV	Broomsfield, Estados Unidos	31.34 %
Flatiron-Lane JV	Longmont, Estados Unidos	28.72 %
Flatiron-Skanska-Stacy and Witbec JV	San Marcos, Estados Unidos	20.89 %
Hochtief Argentina S.A.	Buenos Aires, Argentina	52.23 %
Hochtief USA Inc.	Delaware, Estados Unidos	52.23 %
Lakeside Alliance	Chicago, Estados Unidos	26.64 %
Maple Red Insurance Company	Vermont, Estados Unidos	52.23 %
OMM Inc.	Plantation, Estados Unidos	52.23 %
Real PM Ltd.	Reino Unido	52.23 %
Saddleback Constructors	Mission Viejo, Estados Unidos	28.20 %
Services Products Buildings Inc.	Ohio, Estados Unidos	52.23 %
SourceBlue Canada Ltd.	Toronto, Canadá	52.23 %
SourceBlue LLC	New Jersey, Estados Unidos	52.23 %
The Lathrop Company Inc.	Ohio, Estados Unidos	52.23 %
The Turner Corporation	Dallas, Estados Unidos	52.23 %
Tompkins Builders Inc.	Washington, Estados Unidos	52.23 %
Tompkins Turner Grunley Kinsley JV (C4ISR Aberdeen & Proving Grounds)	Maryland, Estados Unidos	26.64 %
Trans Hudson Brokerage, LLC	Delaware, Estados Unidos.	52.23 %
Turner – Martin Harris (Las Vegas Convention and Visitors Authority)	Las Vegas, Estados Unidos	33.95 %
Turner (East Asia) Pte. Ltd.	Singapur	52.23 %
Turner AECOM-Hunt NFL JV (NFL Stadium)	Inglewood, Estados Unidos.	26.11 %
Turner Canada Holdings Inc.	New Brunswick, Canadá	52.23 %
Turner Canada LLC	New York, Estados Unidos	52.23 %

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Company	Registered Office	% Effective Ownership
Turner Clayco Memorial Stadium JV (UIUC Memorial Stadium)	Chicago, Estados Unidos	26.64 %
Turner Clayco Willis Tower JV (Willis Tower)	Chicago, Estados Unidos	26.64 %
Turner Construction Company	New York, Estados Unidos	52.23 %
Turner Construction Company of Ohio LLC	Ohio, Estados Unidos	52.23 %
Turner Construction/Sano-Rubin Construction Services (St. Peter's Health Ambulatory Center)	Albany, Estados Unidos	31.34 %
Turner Consulting (Thailand) Ltd.	Tailandia	52.23 %
Turner Consulting and Management Services Pvt. Ltd.	India	52.22 %
Turner International (East Asia) Ltd.	Hongkong	52.23 %
Turner International (Hong Kong) Ltd.	Hongkong	52.23 %
Turner International (UK) Ltd.	Londres, Reino Unido	52.23 %
Turner International Consulting (Thailand) Ltd.	Tailandia	26.11 %
Turner International Industries Inc.	New York, Estados Unidos	52.23 %
Turner International LLC	New York, Estados Unidos	52.23 %
Turner International Malaysia Sdn. Bhd.	Malasia	52.23 %
Turner International Professional Services Ltd. (Ireland)	Irlanda	52.23 %
Turner International Professional Services, S. de R.L. de C.V.	México	51.70 %
Turner International Proje Yonetimi Ltd. Sti.	Turquía	52.23 %
Turner International Pte. Ltd.	Singapur	52.23 %
Turner International Support Services, S. de R.L. de C.V.	México	51.70 %
Turner JLN JV (Lyndhurst Elementary)	Baltimore, Estados Unidos	36.56 %
Turner Management Consulting (Shanghai) Co. Ltd.	Shanghai, China	52.22 %
Turner Partnership Holdings Inc.	New Brunswick, Canadá	52.23 %
Turner Project Management India Pvt. Ltd.	India	52.22 %
Turner Sanorubin JV (Health Alliance)	Albany, Estados Unidos	26.64 %
Turner Southeast Europe d.o.o Beograd	Belgrado, Serbia	52.23 %
Turner Surety & Insurance Brokerage Inc.	New Jersey, Estados Unidos	52.23 %
Turner Vietnam Co. Ltd.	Vietnam	52.23 %
Turner/Con-Real (Terrell High School Academy)	Texas, Estados Unidos	30.29 %
Turner/Con-Real (University of Arkansas)	Texas, Estados Unidos	26.64 %
Turner/Flatiron JV	San Diego, Estados Unidos	52.23 %
Turner/Ozanne/VAA (Cleveland Convention Center Hotel)	Ohio, Estados Unidos	26.64 %
Turner-Flatiron JV (Denver International Airport)	Colorado, Estados Unidos	52.23 %
Turner-Kiewit JV (GOAA South Airport)	Florida, Estados Unidos	41.78 %
Turner-McKissack JV (HHC – FEMA Coney Island Hospital Campus Renovation)	New York, Estados Unidos	31.34 %
Turner-PCL JV (LAX Midfield)	New York, Estados Unidos	26.11 %
Turner-PCL JV (San Diego Airport)	San Diego, Estados Unidos	26.11 %
Turner-SG Contracting (Hartfield Jackson)	Georgia, Estados Unidos	39.17 %
Turner-Welty JV (Duke Energy Corp.)	North Carolina, Estados Unidos	31.34 %
Universal Construction Company Inc.	Alabama, Estados Unidos.	52.23 %
West Coast Rail Constructors	San Marco, Estados Unidos	33.95 %

Hochtief Asia Pacific

Hochtief Asia Pacific GmbH	Essen, Alemania	52.23 %
Hochtief Australia Holdings Ltd.	Sydney, Australia	52.23 %
Cimic Group Ltd.	Victoria, Australia	41.04 %
512 Wickham Street Pty. Ltd.	Nueva Gales del Sur, Australia	41.04 %
512 Wickham Street Trust	Nueva Gales del Sur, Australia	41.04 %
A.C.N. 126 130 738 Pty. Ltd.	Victoria, Australia	41.04 %
A.C.N. 151 868 601 Pty. Ltd.	Victoria, Australia	41.04 %
Alloy Fab Pty. Ltd.	Western Australia, Australia	41.04 %
Arus Tenang Sdn. Bhd.	Malasia	41.04 %
BCJHG Nominees Pty. Ltd.	Victoria, Australia	41.04 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
BCJHG Trust	Victoria, Australia	41.04 %
Broad Construction Pty. Ltd.	Queensland, Australia	41.04 %
Broad Construction Services (NSW/VIC) Pty. Ltd.	Western Australia, Australia	41.04 %
Broad Construction Services (WA) Pty. Ltd.	Western Australia, Australia	41.04 %
Broad Group Holdings Pty. Ltd.	Western Australia, Australia	41.04 %
Capstone Infrastructure Finance Pty. Ltd.	Queensland, Australia	41.04 %
Cimic Admin Services Pty. Ltd.	Nueva Gales del Sur, Australia	41.04 %
Cimic Finance (USA) Pty. Ltd.	Nueva Gales del Sur, Australia	41.04 %
Cimic Finance Ltd.	Nueva Gales del Sur, Australia	41.04 %
Cimic Group Investments No. 2 Pty. Ltd.	Victoria, Australia	41.04 %
Cimic Group Investments No. 3 Pty. Ltd.	Victoria, Australia	41.04 %
Cimic Group Investments Pty. Ltd.	Victoria, Australia	41.04 %
Cimic Residential Investments Pty. Ltd.	Victoria, Australia	41.04 %
CM2A Finance Pty. Ltd.	Victoria, Australia	41.04 %
CMENA Pty. Ltd.	Victoria, Australia	41.04 %
CPB Contractors (PNG) Ltd.	Papua Nueva Guinea	41.04 %
CPB Contractors Pty. Ltd.	Nueva Gales del Sur, Australia	41.04 %
CPB Contractors UGL Engineering JV	Victoria, Australia	41.04 %
Curara Pty. Ltd.	Western Australia, Australia	41.04 %
D.M.B. Pty. Ltd.	Queensland, Australia	41.04 %
Dais Vic Pty. Ltd.	Victoria, Australia	41.04 %
Devine Constructions Pty. Ltd.	Queensland, Australia	41.04 %
Devine Funds Pty. Ltd.	Victoria, Australia	41.04 %
Devine Funds Unit Trust	Queensland, Australia	41.04 %
Devine Homes Pty. Ltd.	Queensland, Australia	41.04 %
Devine Land Pty. Ltd.	Queensland, Australia	41.04 %
Devine Management Services Pty. Ltd.	Queensland, Australia	41.04 %
Devine Projects (VIC) Pty. Ltd.	Queensland, Australia	41.04 %
Devine Pty. Ltd.	Queensland, Australia	41.04 %
Devine Queensland No. 10 Pty. Ltd.	Queensland, Australia	41.04 %
Devine SA Land Pty. Ltd.	Queensland, Australia	41.04 %
Devine Springwood No. 1 Pty. Ltd.	Nueva Gales del Sur, Australia	41.04 %
Devine Springwood No. 2 Pty. Ltd.	Queensland, Australia	41.04 %
DoubleOne 3 Pty. Ltd.	Queensland, Australia	41.04 %
EIC Activities Pty. Ltd.	Victoria, Australia	41.04 %
EIC Activities Pty. Ltd. (NZ)	Nueva Zelanda	41.04 %
Giddens Investment Ltd.	Hongkong	41.04 %
Glenrowand Solar Farm Pty. Ltd.	Victoria, Australia	41.04 %
Glenrowand Solar Holdings Pty. Ltd.	Victoria, Australia	41.04 %
Hamilton Harbour Developments Pty. Ltd.	Queensland, Australia	41.04 %
Hamilton Harbour Unit Trust (Devine Hamilton Unit Trust)	Victoria, Australia	41.04 %
ICC Infrastructure Pty. Ltd.	Western Australia, Australia	41.04 %
ICC Mining Pty. Ltd.	Western Australia, Australia	41.04 %
Industrial Composites Engineering Pty. Ltd.	Western Australia, Australia	41.04 %
Innovated Asset Solutions Pty. Ltd. & UGL Operations and Maintenance (Services) Pty. Ltd.	Western Australia, Australia	41.04 %
Innovative Asset Solutions Group Pty. Ltd.	Western Australia, Australia	41.04 %
ITCO Pty. Ltd.	Nueva Gales del Sur, Australia	41.04 %
Jarra Wood Pty. Ltd.	Western Australia, Australia	41.04 %
Jet-Cut Pty. Ltd.	Western Australia, Australia	41.04 %
JH ServicesCo Pty. Ltd.	Victoria, Australia	41.04 %
JHAS Pty. Ltd.	Victoria, Australia	41.04 %
JHI Investment Pty. Ltd.	Victoria, Australia	41.04 %
Kings Square Developments Pty. Ltd.	Queensland, Australia	41.04 %
Kings Square Developments Unit Trust	Queensland, Australia	41.04 %
Legacy JHI Pty. Ltd.	Victoria, Australia	41.04 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
Leighton (PNG) Ltd.	Papua Nueva Guinea	41.04 %
Leighton Asia (Hong Kong) Holdings (No. 2) Ltd.	Hongkong	41.04 %
Leighton Asia Ltd.	Hongkong	41.04 %
Leighton Asia Southern Pte. Ltd.	Singapur	41.04 %
Leighton Companies Management Group LLC	Emiratos Arabes Unidos	20.11 %
Leighton Contractors (Asia) Ltd.	Hongkong	41.04 %
Leighton Contractors (Indo-China) Ltd.	Hongkong	41.04 %
Leighton Contractors (Laos) Sole Co. Ltd.	Laos	41.04 %
Leighton Contractors (Malaysia) Sdn. Bhd.	Malasia	41.04 %
Leighton Contractors (Philippines) Inc.	Filipinas	16.41 %
Leighton Contractors Inc.	Estados Unidos	41.04 %
Leighton Contractors Infrastructure Nominees Pty. Ltd.	Victoria, Australia	41.04 %
Leighton Contractors Infrastructure Pty. Ltd.	Victoria, Australia	41.04 %
Leighton Contractors Infrastructure Trust	Victoria, Australia	41.04 %
Leighton Contractors Lanka (Private) Ltd.	Sri Lanka	41.04 %
Leighton Contractors Pty. Ltd.	Nueva Gales del Sur, Australia	41.04 %
Leighton Engineering & Construction (Singapore) Pte. Ltd.	Singapur	41.04 %
Leighton Engineering Sdn. Bhd.	Malasia	41.04 %
Leighton Equity Incentive Plan Trust	Nueva Gales del Sur, Australia	41.04 %
Leighton Foundation Engineering (Asia) Ltd.	Hongkong	41.04 %
Leighton Group Property Services Pty. Ltd.	Victoria, Australia	41.04 %
Leighton Harbour Trust	Queensland, Australia	41.04 %
Leighton Holdings Infrastructure Nominees Pty. Ltd.	Victoria, Australia	41.04 %
Leighton Holdings Infrastructure Pty. Ltd.	Victoria, Australia	41.04 %
Leighton Holdings Infrastructure Trust	Victoria, Australia	41.04 %
Leighton India Contractors Pvt. Ltd.	India	41.04 %
Leighton Infrastructure Investments Pty. Ltd.	Nueva Gales del Sur, Australia	41.04 %
Leighton International Ltd.	Cayman Islands, Reino Unido	41.04 %
Leighton International Mauritius Holdings Ltd. No. 4	Mauricio	41.04 %
Leighton Investments Mauritius Ltd. No. 4	Mauricio	41.04 %
Leighton JV	Hongkong	41.04 %
Leighton Middle East and Africa (Holding) Ltd.	Cayman Islands, Reino Unido	41.04 %
Leighton Offshore Eclipse Pte. Ltd.	Singapur	41.04 %
Leighton Offshore Faulkner Pte. Ltd.	Singapur	41.04 %
Leighton Offshore Mynx Pte. Ltd.	Singapur	41.04 %
Leighton Offshore Pte. Ltd.	Singapur	41.04 %
Leighton Offshore Sdn. Bhd.	Malasia	41.04 %
Leighton Offshore Stealth Pte. Ltd.	Singapur	41.04 %
Leighton Portfolio Services Pty. Ltd.	Australian Capital Territory, Australia	41.04 %
Leighton Projects Consulting (Shanghai) Ltd.	China	41.04 %
Leighton Properties (Brisbane) Pty. Ltd.	Queensland, Australia	41.04 %
Leighton Properties (VIC) Pty. Ltd.	Victoria, Australia	41.04 %
Leighton Properties (WA) Pty. Ltd.	Nueva Gales del Sur, Australia	41.04 %
Leighton Properties Pty. Ltd.	Queensland, Australia	41.04 %
Leighton Services UAE Co. LLC	Emiratos Arabes Unidos	41.04 %
Leighton Superannuation Pty. Ltd.	Nueva Gales del Sur, Australia	41.04 %
Leighton U.S.A. Inc.	Estados Unidos	41.04 %
LH Holdings Co. Pty. Ltd.	Victoria, Australia	41.04 %
LMENA No. 1 Pty. Ltd.	Victoria, Australia	41.04 %
LMENA Pty. Ltd.	Victoria, Australia	41.04 %
LNWR Pty. Ltd.	Victoria, Australia	41.04 %
LNWR Trust	Nueva Gales del Sur, Australia	41.04 %
Newest Metro Pty. Ltd.	Nueva Gales del Sur, Australia	41.04 %
Nexus Point Solutions Pty. Ltd.	Nueva Gales del Sur, Australia	41.04 %
Opal Insurance (Singapore) Pte. Ltd.	Singapur	41.04 %
Optima Activities Pty. Ltd.	Nueva Gales del Sur, Australia	41.04 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
Pacific Partnerships Energy Pty. Ltd.	Victoria, Australia	41.04 %
Pacific Partnerships Holdings Pty. Ltd.	Victoria, Australia	41.04 %
Pacific Partnerships Investments 2 Pty. Ltd.	Victoria, Australia	41.04 %
Pacific Partnerships Investments 2 Trust	Victoria, Australia	41.04 %
Pacific Partnerships Investments Pty. Ltd.	Victoria, Australia	41.04 %
Pacific Partnerships Investments Trust	Victoria, Australia	41.04 %
Pacific Partnerships Pty. Ltd.	Victoria, Australia	41.04 %
Pacific Partnerships Services NZ Ltd.	Nueva Zelandia	41.04 %
Pekko Engineers Ltd.	Hongkong	41.04 %
Pioneer Homes Australia Pty. Ltd.	Queensland, Australia	41.04 %
PT Leighton Contractors Indonesia	Indonesia	38.99 %
Regional Trading Ltd.	Hongkong	41.04 %
Riverstone Rise Gladstone Pty. Ltd.	Queensland, Australia	41.04 %
Riverstone Rise Gladstone Unit Trust	Queensland, Australia	41.04 %
Sedgman Asia Ltd.	Hongkong	41.04 %
Sedgman Botswana (Pty.) Ltd.	Botswana	41.04 %
Sedgman Canada Ltd.	Canadá	41.04 %
Sedgman Chile S.p.a.	Chile	41.04 %
Sedgman Consulting Pty. Ltd.	Queensland, Australia	41.04 %
Sedgman CPB JV (SCJV)	Queensland, Australia	41.04 %
Sedgman Employment Services Pty. Ltd.	Queensland, Australia	41.04 %
Sedgman Engineering Technology (Beijing) Co. Ltd.	China	41.04 %
Sedgman International Employment Services Pty. Ltd.	Queensland, Australia	41.04 %
Sedgman Mozambique Ltda.	Mozambique	41.04 %
Sedgman Operations Employment Services Pty. Ltd.	Queensland, Australia	41.04 %
Sedgman Operations Pty. Ltd.	Queensland, Australia	41.04 %
Sedgman Projects Employment Services Pty. Ltd.	Queensland, Australia	41.04 %
Sedgman Pty. Ltd.	Queensland, Australia	41.04 %
Sedgman SAS (Colombia)	Colombia	41.04 %
Sedgman South Africa (Proprietary) Ltd.	Sudáfrica	41.04 %
Sedgman South Africa Holdings (Proprietary) Ltd.	Sudáfrica	41.04 %
Sedgman USA Inc.	Estados Unidos	41.04 %
Silverton Group Pty. Ltd.	Western Australia, Australia	41.04 %
Sustaining Works Pty. Ltd.	Queensland, Australia	41.04 %
Talcliff Pty. Ltd.	Queensland, Australia	41.04 %
Tambala Pty. Ltd.	Mauricio	41.04 %
Tasconnect Finance Pty. Ltd.	Victoria, Australia	41.04 %
Telecommunication Infrastructure Pty. Ltd.	Victoria, Australia	41.04 %
Thai Leighton Ltd.	Tailandia	41.04 %
Thiess Infrastructure Nominees Pty. Ltd.	Victoria, Australia	41.04 %
Thiess Infrastructure Pty. Ltd.	Victoria, Australia	41.04 %
Thiess Infrastructure Trust	Victoria, Australia	41.04 %
Think Consulting Group Pty. Ltd.	Victoria, Australia	41.04 %
Townsville City Project Pty. Ltd.	Nueva Gales del Sur, Australia	41.04 %
Townsville City Project Trust	Queensland, Australia	41.04 %
Trafalgar EB Pty. Ltd.	Queensland, Australia	41.04 %
Trafalgar EB Unit Trust	Queensland, Australia	41.04 %
Tribune SB Pty. Ltd.	Queensland, Australia	41.04 %
Tribune SB Unit Trust	Queensland, Australia	41.04 %
UGL (Asia) Sdn. Bhd.	Malasia	41.04 %
UGL (NZ) Ltd.	Nueva Zelandia	41.04 %
UGL (Singapore) Pte. Ltd.	Singapur	41.04 %
UGL Engineering Pty. Ltd.	Queensland, Australia	41.04 %
UGL Engineering Pvt. Ltd.	India	41.04 %
UGL Operations and Maintenance (Services) Pty. Ltd.	Queensland, Australia	41.04 %
UGL Operations and Maintenance Pty. Ltd.	Victoria, Australia	41.04 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
UGL Pty. Ltd.	Western Australia, Australia	41.04 %
UGL Rail (North Queensland) Pty. Ltd.	Queensland, Australia	41.04 %
UGL Rail Pty. Ltd.	Nueva Gales del Sur, Australia	41.04 %
UGL Rail Services Pty. Ltd.	Nueva Gales del Sur, Australia	41.04 %
UGL Regional Linx Pty. Ltd.	Nueva Gales del Sur, Australia	41.04 %
UGL Resources (Contracting) Pty. Ltd.	Victoria, Australia	41.04 %
UGL Resources (Malaysia) Sdn. Bhd.	Malasia	41.04 %
UGL Solutions Pty. Ltd.	Western Australia, Australia	41.04 %
UGL Unipart Rail Services Pty. Ltd.	Victoria, Australia	28.73 %
UGL Utilities Pty. Ltd.	Nueva Gales del Sur, Australia	41.04 %
United Group Infrastructure (NZ) Ltd.	Nueva Zelanda	41.04 %
United KG (No. 1) Pty. Ltd.	Nueva Gales del Sur, Australia	41.04 %
United KG (No. 2) Pty. Ltd.	Victoria, Australia	41.04 %
Wai Ming M&E Ltd.	Hong Kong	41.04 %
Western Port Highway Trust	Victoria, Australia	41.04 %

Hochtief Europe

Company	Registered Office	% Effective Ownership
Hochtief Solutions AG	Essen, Alemania	52.23 %
A.L.E.X.-Bau GmbH	Essen, Alemania	52.23 %
Deutsche Bau- und Siedlungs-Gesellschaft mbH	Essen, Alemania	52.23 %
Deutsche Baumanagement GmbH	Essen, Alemania	52.23 %
Dicentra Copernicus Roads Sp. z o.o.	Varsovia, Polonia	52.23 %
forum am Hirschgarten Nord GmbH & Co. KG	Essen, Alemania	52.23 %
forum am Hirschgarten Süd GmbH & Co. KG	Essen, Alemania	52.23 %
Hochtief (UK) Construction Ltd.	Swindon, Gran Bretaña	52.23 %
Hochtief Bau und Betrieb GmbH	Essen, Alemania	52.23 %
Hochtief BePo Hessen Bewirtschaftung GmbH	Essen, Alemania	52.23 %
Hochtief BePo Hessen GmbH	Essen, Alemania	52.23 %
Hochtief Construction Austria GmbH & Co. KG	Viena, Austria	52.23 %
Hochtief Construction Chilena Ltda.	Santiago de Chile, Chile	52.23 %
Hochtief Construction Management Middle East GmbH	Essen, Alemania	52.23 %
Hochtief CZ a.s.	Praga, República Checa	52.23 %
Hochtief Development Czech Republic s.r.o.	Praga, República Checa	52.23 %
Hochtief Development Poland Sp. z o.o.	Varsovia, Polonia	52.23 %
Hochtief Engineering GmbH	Essen, Alemania	52.23 %
Hochtief Infrastructure GmbH	Essen, Alemania	52.23 %
Hochtief LINXS Holding LLC	Wilmington, Estados Unidos	52.23 %
Hochtief OBK Vermietungsgesellschaft mbH	Essen, Alemania	52.23 %
Hochtief Offshore Crewing GmbH	Essen, Alemania	52.23 %
Hochtief Operators Holding LLC	Wilmington, Estados Unidos	52.23 %
Hochtief ÖPP Projektgesellschaft mbH	Essen, Alemania	52.23 %
Hochtief Polska S.A.	Varsovia, Polonia	52.23 %
Hochtief PPP Europa GmbH	Essen, Alemania	52.23 %
Hochtief PPP Operations Austria GmbH	Viena, Austria	52.23 %
Hochtief PPP Operations GmbH	Essen, Alemania	52.23 %
Hochtief PPP Schulpartner Braunschweig GmbH	Braunschweig, Alemania	52.23 %
Hochtief PPP Solutions (Ireland) Ltd.	Dublin, Irlanda	52.23 %
Hochtief PPP Solutions (UK) Ltd.	Swindon, Gran Bretaña	52.23 %
Hochtief PPP Solutions GmbH	Essen, Alemania	52.23 %
Hochtief PPP Solutions Netherlands B.V.	Vianen, Países Bajos	52.23 %
Hochtief PPP Solutions North America Inc.	Wilmington, Estados Unidos	52.23 %
Hochtief PPP Transport Westeuropa GmbH	Essen, Alemania	52.23 %
Hochtief Projektentwicklung GmbH	Essen, Alemania	52.23 %
Hochtief SK s.r.o.	Bratislava, Eslovaquia	52.23 %
Hochtief Solutions Middle East Qatar W.L.L.	Doha, Qatar	25.59 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
Hochtief Solutions Real Estate GmbH	Essen, Alemania	52.23 %
Hochtief Solutions Saudi Arabia LLC	Al-Khobar, Arabia Saudi	29.59 %
Hochtief Trade Solutions GmbH	Essen, Alemania	52.23 %
Hochtief U.S. Holdings LLC	Wilmington, Estados Unidos	52.23 %
Hochtief ViCon GmbH	Essen, Alemania	52.23 %
HTP Immo GmbH	Essen, Alemania	52.23 %
I.B.G. Immobilien- und Beteiligungsgesellschaft Thüringen-Sachsen mbH	Essen, Alemania	52.23 %
LOFTWERK Eschborn GmbH & Co. KG	Essen, Alemania	52.23 %
Maximiliansplatz 13 GmbH & Co. KG	Essen, Alemania	52.23 %
MK 1 Am Nordbahnhof Berlin GmbH & Co. KG	Essen, Alemania	52.23 %
Perlo Sp. z o.o.	Varsovia, Polonia	52.23 %
prefolio Securitisation S.à r.l.	Wasserbillig, Luxemburgo	52.23 %
Project Development Poland 3 B.V.	Amsterdam, Paises Bajos	52.23 %
Project SP1 Sp. z o.o.	Varsovia, Polonia	52.23 %
Projektgesellschaft Börsentor Frankfurt GmbH & Co. KG	Essen, Alemania	52.23 %
Projektgesellschaft Konrad-Adenauer-Ufer Köln GmbH & Co. KG	Essen, Alemania	52.23 %
Projektgesellschaft Marco Polo Tower GmbH & Co. KG	Hamburg, Alemania	36.56 %
Raststätten Betriebs GmbH	Viena, Austria	52.23 %
Spiegel-Insel Hamburg GmbH & Co. KG	Essen, Alemania	52.23 %
synexs GmbH	Essen, Alemania	52.23 %
Tivoli Garden GmbH & Co. KG	Essen, Alemania	52.23 %
Tivoli Office GmbH & Co. KG	Essen, Alemania	52.23 %
TRINAC GmbH	Essen, Alemania	52.23 %
TRINAC Polska Sp. z o.o.	Varsovia, Polonia	52.23 %
ViA6West Service GmbH	Bad Rappenau, Alemania	52.23 %

INDUSTRIAL SERVICES

ACS Servicios Comunicaciones y Energía, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100.00 %
ACS Industrial Activities, Inc.	1235 North Loop West Suite 1020, Houston, TX 77008. Estados Unidos.	100.00 %
Avanzia Instalaciones MX, S.A. de C.V.	Hamburgo, 213, Planta 15, Colonia Juárez, CP 06600. Ciudad de Méjico. México.	100.00 %
B.I. Josebeso, S.A.	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	82.80 %
Cajamarca LT Invest, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100.00 %
Cobra Energy Investment Finance, LLC	1235 North Loop West Suite 1020, Houston, TX 77008. Estados Unidos.	100.00 %
Cobra Energy Investment, LLC.	1235 North Loop West Suite 1020, Houston, TX 77008. Estados Unidos.	100.00 %
Cobra Instalaciones y Servicios Internacional, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100.00 %
Cobra Thermosolar Plants, Inc.	7380 West Sahara Avenue, Suite 160 Las Vegas, Nevada, 89117. Estados Unidos.	100.00 %
Concesionaria Desaladora del Sur, S.A.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Perú	100.00 %
Crescent Dunes Finance , Inc.	1235 North Loop West Suite 1020, Houston, TX 77008. Estados Unidos.	100.00 %
Crescent Dunes Investment, LLC	1235 North Loop West Suite 1020, Houston, TX 77008. Estados Unidos.	100.00 %
Energía Renovable de la Península, SAPI de CV	Paseo Tamarindos 400 B, suite 101. Colonia Bosques Lomas, Cuajimalpa de Morelos. Ciudad de Méjico. México.	70.00 %
Energía y Servicios Dinsa I, S.L.	Bajo de la Cabezueta, s/n.11510 Puerto Real. Cádiz. España.	100.00 %
Energías Ambientales de Oaxaca, S.A.	Jose Luis Lagrange N° 103, Piso 8. Colonia Los Morales. Ciudad de Méjico. México.	100.00 %
Extresol 4, S.A.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100.00 %
Geida Beni Saf, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100.00 %
Golden State Environmental Tedagua Corporation, S.A.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100.00 %
Grazigystix Pty Ltd	1st Floor, Building 9 - St Andrews, Inanda Greens Office Park, 54 Wierda Road West, Sandton, Johannesburg. Sudáfrica.	65.00 %
Grupo Cobra South Africa Proprietary Limited	1st Floor, Building 9 - St Andrews, Inanda Greens Office Park, 54 Wierda Road West, Sandton, Johannesburg. Sudáfrica.	100.00 %
Hidromanta Invest, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100.00 %
Hydro Management, S.L.	Avda.Teneniente General Gutierrez Mellado, 9. 30008 Murcia. España	79.63 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
Instalaciones y Servicios Codeven, C.A.	Avda.S.Fco Miranda. Torre Parque Cristal. Torre Este, planta 8. Oficina 8-10. Chacao. Caracas. Venezuela	100.00 %
Instalaciones y Servicios Spínola III, S.L.U	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100.00 %
Kinkandine Offshore Windfarm Limited	20 Castle Terrace. Edimburgo. Reino Unido (Escocia).	90.00 %
LT La Niña, S.A.C.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Perú	75.00 %
Manchasol 1 Central Termosolar Uno, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100.00 %
Mantenimientos, Ayuda a la Explotación y Servicios, S.A. (MAESSA)	Cardenal Marcelo Spínola,10.28016 Madrid. España.	100.00 %
Parque Eólico Kiyú, S.A.	Ruta a Kiyú, km 10, Sección Judicial 6. San José. Uruguay.	100.00 %
Parque Eólico Valdehierro, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100.00 %
Península Wind Holding, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100.00 %
Peruana de Inversiones en Energía Renovables, S.A.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Perú	100.00 %
Pilot Offshore Renewables Limited	20 Castle Terrace. Edimburgo. Reino Unido (Escocia).	90.00 %
Pío XII Industrial División Brit Assets, S.L.U.	Cardenal Marcelo Spínola, 10. 28016.. Madrid. España.	100.00 %
Pío XII Industrial División Global Assets, S.A.U.	Cardenal Marcelo Spínola, 10. Madrid. España.	100.00 %
Planta de Tratamiento de Aguas Residuales, S.A.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Perú	100.00 %
Railways Infraestructures Instalac y Servicios LLC	Alameer Sultan Street North, Alnaeem dist. (4), Ahmed Al-Hamoody Street Building no. (8) Jeddah. Arabia Saudi	100.00 %
Saneta Luz S.L	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100.00 %
Sativa Green Plant, S.L.	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100.00 %
Sedmive, C.A. (Sociedad Española Montajes Industriales Venezuela)	Av. Francisco de Miranda, con Av. Eugenio Mendoza, Edf. Sede Gerencial La Castellana, Piso 8, Oficina 8A, La Castellana. Caracas. Venezuela.	100.00 %
Servicios Compresión de Gas CA-KU-A1, S.A.P.I. de C.V.	Jose Luis Lagrange, 103, P8 Col. Polanco I sección Deleg. Miguel Hidalgo. México D.F. México.	100.00 %
Spinning Assets, S.L.U	Cardenal Marcelo Spínola 10. Madrid 28016. España.	100.00 %
Tejavana Fotovoltaica Canaria, S.L.U.	Procesador, 19. Telde 35200 Las Palmas. Islas Canarias. España	100.00 %
Tesca Ingeniería del Ecuador, S.A.	Avda. 6 de diciembre N37-153 Quito. Ecuador	100.00 %
Tonopah Solar Energy, LLC	11 Gabbs Pole Line Rd Box 1071, Tonopah, NV 89049. Estados Unidos.	100.00 %
Venezolana de Limpiezas Industriales, C.A. (VENELIN)	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	82.80 %
Vientos del Pastore, S.A	Luis Alberto de Herrera 1052, Oficina 1402. Montevideo. Uruguay.	90.00 %
Zero-E Spanish PV 2	Cardenal Marcelo Spínola 10. Madrid. España.	100.00 %

SERVICES

ACS Servicios y Concesiones, S.L.	Avda. Camino de Santiago, 50.28050 Madrid. España.	100.00 %
Clece, S.A.	Avda. Manoter, 46 Bis 2ª Planta. 28050 Madrid. España.	100.00 %
Accent Social, S.L.	C/ Josep Ferrater y Mora 2-4 2ª Pl. 08019 - Barcelona. España.	100.00 %
All Care (GB) Limited	West Wing, 17th Floor, 389 Chiswick High Road, W4 4AL. Londres. Reino Unido.	100.00 %
Atende Servicios Integrados, S. L.	Avda. República Argentina, 21-Bº 3ª planta Oficina 9 CP 41011 Sevilla. España.	100.00 %
Avio Soluciones Integradas, S.A.	Avda Manoter, 46 Bis 1ª Planta.28050 Madrid. España.	100.00 %
Call-In Homecare Limited	Bonnington Bond (Suite 70), 2 Anderson Pl, EH6 5NP. Edimburgo. Reino Unido.	100.00 %
Care Relief Team Limited	13 Hope Street, Crook, Co Durham, England, DL15 9HS. Durham. Reino Unido.	100.00 %
Clece Care Services, Ltd.	West Wing, 17th Floor, 389 Chiswick High Road, W4 4AL. Londres. Reino Unido.	100.00 %
Clece Seguridad S.A.U.	Avda. de Manoter, 46, Bis 1ª Pl. Mod. C 28050 Madrid. España.	100.00 %
Clece Vitam S.A.	Av. Manoter, 46 Bis 1ª Planta. 28050.. Madrid. España.	100.00 %
Clece Vitam, S.A. (Portugal)	Concelho de Oeiras, Lisboa. Lisboa. Portugal.	100.00 %
Clece, S.A. (Portugal)	Concelho de Oeiras.Lisboa. Portugal.	100.00 %
Dale Care Ltd.	Hope Street, 13. Crook. Reino Unido.	100.00 %
Diamond Quality Care Services Limited	West Wing, 17th Floor, 389 Chiswick High Road, W4 4AL. Londres. Reino Unido.	100.00 %
Eleva2 Comercializadora S.L.	Avenida de Manoter. 46 BIS 2 Planta 2. 28050 Madrid. España.	100.00 %
Enequip Serveis Integrals S.L.	C/ Calçat, 6 1ª Planta Edificio Tolero 07011 - Palma de Mallorca España	100.00 %
Hartwig Care Ltd.	West Wing, 17th Floor, 389 Chiswick High Road, W4 4AL. Londres. Reino Unido.	100.00 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
HazelHead Home Care Limited	Bonnington Bond (Suite 70), 2 Anderson Pl, EH6 5NP. Edimburgo. Reino Unido.	100.00 %
Homecarers (Liverpool) Limited	8 Childwall Valley Road. Liverpool. Reino Unido.	100.00 %
Ideal Complex Care, Ltd.	West Wing, 17th Floor, 389 Chiswick High Road, W4 4AL. Londres. Reino Unido.	100.00 %
Inserlimp Soluciones S.L.	C/ Cabeza Mesada 5 Pta. 4ª Dcha. 28031. Madrid. España.	100.00 %
Integra Formación Laboral y Profesional, S.L.	C/ Cabeza Mesada 5 Pta. 4ª Dcha. 28031. Madrid. España.	100.00 %
Integra Logística, Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo, S.L.	C/ Cabeza Mesada 5 Pta. 4ª Dcha. 28031. Madrid. España.	100.00 %
Integra Manteniment Gestio i Serveis Integrats Centre Especial D'Ocupacio Illes Balears, S.L. Unipersonal	C/ Maquinaria, 4 - 2ª Planta Oficina nº1. 07011 Palma de Mallorca 07008 Islas Baleares. España.	100.00 %
Integra Manteniment, Gestio i Serveis Integrats, Centre Especial de Treball, Catalunya, S.L.	c/ Josep Ferrater i Mora, 2-4, planta 3, módulo B 08019 Barcelona.España	100.00 %
Integra Mantenimiento, Gestión Y Servicios Integrados Centro Especial de Empleo Andalucía, S.L.	Polígono Industrial PISA C/ Industria, 1 -Edif. Metropoli I Pta.2ª Mod 15-16 CP 41927 Mairena de Aljarafe. Sevilla. España	100.00 %
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Galicia S.L.	Centro de Negocios BCA-28 Calle Copérnico, 6 Polígono Industrial A Grela, Oficina 6 y 7 15008. A Coruña. España	100.00 %
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Murcia, S.L.	Avda. Abenarabi, 28, Torre Damasco, oficina 3, CP 30008.. Murcia. España.	100.00 %
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Valencia, S.L.	C/ Músico José orti Soriano, 18 Pta. BJ 46900 - Torrent. Valencia. España	100.00 %
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo, S.L.	C/ Cabeza Mesada 5 Pta. 4ª Dcha. 28031. Madrid. España.	100.00 %
Integra Mantenimiento, Gestión y Servicios Integrados Extremadura Centro Especial de Empleo, S.L.U.	C/ Luis Alvarez Lencero, 3 Edif. Eurodom 5.Badajoz 06011. Extremadura. España.	100.00 %
Klemark Espectaculos Teatrales, S.A.	Avda. Landabbarri, 4, Leioa. Vizcaya. España.	100.00 %
Koala Soluciones Educativas, S.A.	Avda Manoterías, 46 Bis 1ª Planta.28050. Madrid. España.	100.00 %
Lauriem Complete Care Limited	Suite B, Cobdown House, London Road Ditton. Aylesford. Reino Unido.	100.00 %
Limpiezas Deyse, S.L.	C/ Lérida, 1. Manresa. Barcelona. España	100.00 %
Lirecan Servicios Integrales, S.A.	C/ Ignacio Ellacuría Beascochea, 23-26 Planta 2, Playa del Hombre.Telde. Las Palmas. España.	100.00 %
Multiserveis Ndvant, S.L.	C/Josep Ferrater i Mora, 2-4 Barcelona. España.	100.00 %
Multiservicios Aeroportuarios, S.A.	Avda. Manoterías 46 Bis 2ª Planta. 28050 Madrid. España	51.00 %
NV Care Ltd.	West Wing, 17th Floor, 389 Chiswick High Road, W4 4AL. Hounslow. Reino Unido.	100.00 %
Perfect Care (HOLDINGS) Limited	Lumley House Whitfield Court St. Johns Road, Meadowfield Ind Estate, DH7 8XL. Durham. Reino Unido.	100.00 %
Perfect care Limited	Lumley House Whitfield Court St. Johns Road, Meadowfield Ind Estate, DH7 8XL. Durham. Reino Unido.	100.00 %
R & L Healthcare, Ltd.	West Wing, 17th Floor, 389 Chiswick High Road, W4 4AL. Londres. Reino Unido.	100.00 %
Richmond 1861, S.L.	Avda. Movera, 600.50016 - Zaragoza. España.	100.00 %
Samain Servizos a Comunidade, S.A.	Pza. América,1, bloque 1, 1ª Pta, 36211.. Vigo. España.	100.00 %
Senior Servicios Integrales, S.A.	Avda Manoterías, 46 Bis 1ª Planta.28050. Madrid. España.	100.00 %
Serveis Educatius Cavall de Cartró, S.L.	C/ Josep Ferrater y Mora, 2-4 2ª Pl. 08019 - Barcelona. España.	100.00 %
Serveis Integrals Lafuente, S.L.	Parque Tecnológico C/. Alessandro Volta 2-4-6 Bloq 3. 46980 Paterna, Valencia. España.	100.00 %
StarCare Limited	West Wing 17th Floor, 389 Chiswick High Road, London, England, W4 4AL. London. Reino Unido.	100.00 %
Talher, S.A.	C/ Quintanavides, 19 edificio 4 1ª planta. 28050. Madrid. España.	100.00 %
Universal Care Services (UK) Limited	West Wing, 17th Floor, 389 Chiswick High Road, W4 4AL. Londres. Reino Unido.	100.00 %
Zaintzen, S.A.U.	Landabbarri Zeharbidea 3 Zbekia, 4ª Pisia G.48940 Leioa (Bizkaia). España.	100.00 %
Zenit Logistics S.A.	Avda. de Manoterías, 46 Bis.28050 Madrid. España.	100.00 %

APPENDIX II

UTE's/EIG's

UTE / EIG	Address	% Effective Ownership	Revenue 100%
Thousand euros			
INFRASTRUCTURES - DRAGADOS			
Yesa	Cl. Rene Petit, 25 - Yesa	33.33 %	11,201
Estructura Sagrera Ave	Cl. Vía Laietana, 33, 5ª Planta - Barcelona	33.50 %	29,806
Sector 2	Cl. Gran Vía, 53 - Bilbao	85.00 %	43,088
HS2 Euston Station	Cl. Moorgate, 155 - Londres	50.00 %	168,329
Consorcio Constructor Metro Lima	Av. de la República de Colombia 791 - Lima	35.00 %	210,551
Hospital de Guadalajara	Av. Camino de Santiago, 50 - Madrid	50.00 %	10,398
El Reguerón	Cl. General Pardiñas, 15 - Madrid	33.33 %	27,259
Embalse de Amudevar	Cl. Antonio Valcarreres, 1 - Zaragoza	26.00 %	29,640
MIV Lote Norte	Cl. Francisco Gervás, 14 - 1ªA - Madrid	100.00 %	18,967
MIV Centro	Av. Camino de Santiago, 50 - Madrid	29.00 %	19,462
MIV Noroeste	Cl. Viriato 47 - 3º - Barcelona	5.00 %	28,231
Sierrapando	Av. Camino de Santiago, 50 - Madrid	70.00 %	20,520
Mantenimiento Madrid - Sur Lote 1	Av. Europa 18 - Parque Empresarial la Moraleja - Alcobendas	50.00 %	10,218
Estación Chamartin Vías - Azvi	Av. Camino de Santiago, 50 - Madrid	55.00 %	21,065
Mantenimiento Ave	Cl. Zafiro, s/n Edif. 1. 28021 - Madrid	14.86 %	16,581
Mantenimiento Lote 2 Noroeste	Cl. Federico Echevarría, 1 - León	17.00 %	21,479
Lote 7 Ram	Cl. Julián Camarillo, 6 - Madrid	35.00 %	15,623
3rd Track Constructors	900 Merchants Concourse, Westbury, NY 11590	23.00 %	322,930
GCT Constructors	150 Meadowlands Pkwy, Secaucus, NJ 07094	100.00 %	13,795
Skanska Picone 26W-20	75-20 Astoria Blvd, Suite 200, East Elmhurst, NY 11370	35.00 %	14,501
Bay Park Conveyance	2 Marjorie Lane, East Rockaway, NY 11518-2020	70.00 %	80,678
Hampton Roads	240 Corporate Blvd., Norfolk, VA 23502	42.00 %	436,495
HSR 2-3	1610 Arden Way, Suite 175, Sacramento, CA 95815	50.00 %	305,828
Gordie Howe Int'l Bridge	1001 Springwells Ct, Detroit, MI, 48209	40.00 %	205,819
I-16 at I-95 Interchange	20 Martin Court, Savannah, GA 31419	100.00 %	48,973
Chesapeake Tunnel	2377 Ferry Road, Virginia Beach, VA 23455	100.00 %	50,175
Harbor Bridge	500 N. Shoreline Blvd, Suite 500, Corpus Christi, TX 78401	50.00 %	113,936
Isabella Lake Dam	2959 Eve Avenue - Lake Isabelle, CA 93240	35.00 %	103,251
I2/I69C Interchange	1708 Hughes Landing Blvd, The Woodlands, TX 77380	100.00 %	69,085
Automated People Mover	2959 Eve Avenue - Lake Isabelle, CA 93240	20.00 %	411,219
Broadway Curve	3157 East Elwood, Phoenix, AZ 85034	40.00 %	65,794
Unionport Constructors	150 Meadowlands Pkwy, Secaucus, NJ 07094	55.00 %	25,812
Potomac Yards Constructors	421 E. Route 59, Nanuet, NY 10954	40.00 %	20,693
New Bridge Sant Lawrence	2015 Rue Peel, Montreal Quebec H3A 1T8	25.00 %	45,581
Eglinton Crosslinx Transit Solutions - Constructors	4711 Yonge St, Suite 1500, Toronto M2N 7E4	25.00 %	353,212
Link 427	1 Royal Gate Boulevard, Unit G, Woodbridge, ON L4L 8Z7	50.00 %	35,140
Ottawa LRT Constructors OLRT Phase II	1600 Carling Avenue, Suite 450, PO Box 20, Ottawa K1Z 1G3	33.33 %	14,143
White Rose SNC-DRAGADOS-PENNECON G.P.	1133 Topsail Road, Mount Pearl, Newfoundland, A1N 5G2	40.00 %	35,730
REM	1140 boulevard de Maissonneuve, Montreal, Quebec H3A 1M8	24.00 %	887,610
Finch - Mosaic Transit Constructors GP	150 King Street West, Suite 2103, Toronto M5H 1J9	33.33 %	315,290
Gordie Howe - BNA Constructors Canada GP	150 King Street West, Suite 2103, Toronto M5H 1J9	40.00 %	363,593
Site C- Aecon-Flatiron-Dragados-EBC Partnership	1055 Dunsmuir Street, Suite 2124, Vancouver, BC V7X1G4	27.50 %	358,138
Centennial Expansion Partners	851 Centennial Road, Vancouver, BC V6A 1A3	60.00 %	95,709

APPENDIX II

UTE's/EIG's

UTE / EIG	Address	% Effective Ownership	Revenue 100%
Thousand euros			
Eglinton West Advance Tunnel Project	20 Carlson Court, Suite 105, Toronto, ON M9W7K6	40.00 %	43,519

INFRASTRUCTURES - HOCHTIEF

ARGE A7 Tunnel Altona	Hamburg, Germany	65.00 %	40,500
ARGE BAUARGE A6 West	Heilbronn, Germany	60.00 %	65,083
ARGE BMG Berlin	Berlin, Germany	50.00 %	59,636
ARGE Ersatzneubau K30	Hamburg, Germany	75.00 %	17,657
ARGE SBT 1.1 Tunnel Gloggnitz	Gloggnitz, Austria	40.00 %	103,110
ARGE Tunnel Rastatt	Ötigheim, Germany	50.00 %	34,138
ARGE U2/22 x U5/2 Rathaus/Frankplatz	Vienna, Austria	33.33 %	35,325
ARGE U-Bahn Nürnberg U3 SW BA 2.2	Nuremberg, Germany	50.00 %	35,871
ARGE VE41 Hp Marienhof	Munich, Germany	50.00 %	25,570
BAB A100, 16. Bauabschnitt	Berlin, Germany	50.00 %	12,827
Citylink	Danderyd, Sweden	50.00 %	30,828
CRSH1 – Sydhavn	Copenhagen, Denmark	50.00 %	150,826
London Power Tunnels Phase 2	London, United Kingdom	50.00 %	136,480
Praha – Pojezdová dráha TWY+stání OP Jih	Prague, Czech Republic	40.00 %	19,238
Quay Wall Amalia Harbour – Civil Works Package	Amstelveen, Netherlands	50.00 %	16,124
Stuttgart 21 PFA 1. Los 3 Bad Cannstatt	Stuttgart, Germany	40.00 %	25,991
VIA15 (A12/A15)	Utrecht, Netherlands	25.00 %	70,970
Zuidasdok	Amsterdam, Netherlands	42.50 %	15,922

APPENDIX III

CHANGES IN THE CONSOLIDATION PERIMETER

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

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

APPENDIX III

CHANGES IN THE CONSOLIDATION PERIMETER

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

APPENDIX III

CHANGES IN THE CONSOLIDATION PERIMETER

Flatiron / United JV
 Clark Turner Dawson Creek JV
 Mckissack Turner Velez A Tri Venture
 Gilbane Turner JV
 Turner - Janey Joint Venture
 Turner-d'Escoto-Powers & Sons-Cullen Joint Venture (Chicon Collaborative)

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

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

APPENDIX III

CHANGES IN THE CONSOLIDATION PERIMETER

Semi Engineering and Construction Corporation
 Humiclíma USA Inc.
 Humiclíma Haiti, S.A.
 Brilhante Transmissora de Energias, S.A.
 Brilhante Transmissora de Energias 2, S.A.
 Família Concília Serviços para el Hogar, S.L.
 Continental Rail, S.A.
 Construrail, S.A.
 Sicsa Rail Transport, S.A.
 Rail & Truck Strait Union, S.L.
 Leighton Companies Management Group Llc
 Leighton Contractors (Philippines), Inc.
 Leighton Contractors Asia (Cambodia) Co., Ltd
 Leighton Services Uae Co Llc
 Mtct Services Pty Ltd
 Thai Leighton Limited
 Metacon Technology Solutions, LLC
 LightHorse Innovation Corporation (Formerly: 1887719 Alberta Ltd.)
 Mideast Construction Services, Inc.
 Nalanda Global, S.A.
 Cymimasa, S.A.
 Libergia, S.L.
 Hochtief Development Hungary Kft.
 Hochtief Presidio Holding Llc
 Golden Link Concessionaire Llc
 Devine Building Management Services Pty Ltd
 Leighton Contractors (China) Limited
 Sedgman Malaysia Sdn Bhd
 UGL Rail Fleet Services Pty Limited
 LCIP Co-Investment Unit Trust
 Mulba Mia Leighton Broad Joint Venture
 Leighton - China State - Van Oord Joint Venture
 New Generation Sístems S.R.L.
 Innovantis, S.A.
 Brisa Esparsa - Energias Renováveis Unipessoal, Lda.
 Celtic Roads Group (Waterford) Limited
 Sarl Ofiteco Argelia
 Sice Llc.
 Sociedad Ibéric de Construcciones Eléctricas en Chile, Spa
 Telcarrier, S.A.
 Liquefine, S.L.
 Sete Lagoas Transmissora de Energia Ltda.
 Giovanni Sanguinetti Transmissora de Energia, S.A.
 Veredas Transmissora de Electricidade, S.A.
 Maessa France SASU
 Heath Lodge Care Servic LTD
 Central Solar Termoeléctrica Cáceres, S.A.U.
 Bonete Fotovoltaica 1, S.L.U.
 Geocisa USA Inc.
 Dragados Obra Civil y Edificac México S.A de C.V.
 Acainsa, S.A.

APPENDIX III

CHANGES IN THE CONSOLIDATION PERIMETER

Lucampa, S.A.
 Gestifisa, S.A. Unipersonal
 Residencial Leonesa, S.A. Unipersonal
 Switchgear & Substation Alliance Ltd.
 CIS-WRC, LLC
 Cobra Servicios, Comunicaciones y Energía, S.L.U.
 Vetra MPG Holdings, 2 LLC.
 Vetra MPG Holdings, LLC
 Cobra Instalaciones y Servicios, S.A.
 Cobra Infraestructuras Internacional, S.A.
 Argencobra, S.A.
 Atil-Cobra, S.A.
 Cobra Bolivia, S.A.
 Emplogest, S.A.
 Serpista, S.A.
 Gerovitae La Guancha, S.A.
 Cobra Servicios Auxiliares, S.A.
 Humiclíma Est, S.A.
 Humiclíma Caribe Cpor A.Higüey
 Humiclíma Jamaica Limited
 Humiclíma Mexico, S.A. de C.V.
 Opade Organizac. y Promoc de Actividades Deport, S.A.
 Cobra Sistemas de Seguridad, S.A.
 Coinsmar Instalaciones y Servicios SARLAU
 Cobra Sistemas y Redes, S.A.
 Hidráulica del Chiriqui, S.A.
 Iberoamericana de Hidrocarburos, S.A. de C.V.
 Cobra Chile Servicios, S.A.
 Avanzia Areas Territoriales, S.A. de C.V.
 Cobra Perú,S.A.
 Cobra Industrial Activities, Inc.
 Cobra Proyectos Singulares, S.A.
 Servicios Logísticos y Auxiliares de Occidente, S.A.
 Soluciones Auxiliares de Guatemala, S.A.
 Soluc Eléctricas Integr de Guatemala, S.A.
 Humiclíma Panamá, S.A.
 Cobra Brasil Serviços, Comunicações e Energia, S.A.
 Instalaciones de Construcción Cobra, S.A.
 Consorcio Especializado Medio Ambiente, S.A.de C.V
 Repotenciación C.T. Manzanillo, S.A. de C.V.
 Ing d Transp y Distrib de Energ Elect, S.L. (Intradel)
 COICISA Industrial, S.A. de C.V.
 Instalaciones y Servicios INSERPA, S.A.
 Moncobra, S.A.
 Concesionaria Angostura Sigüas, S.A.
 Hidráulica Río Piedra, S.A.
 Remodelación el Sauz, S.A. de C.V.
 Actividades y Servicios, S.A.
 Trigeneración Extremeña, S.L.
 Planta de Reserva Fría Eten, S.A.
 Spcobra Instalações e Serviços, Ltda.

APPENDIX III

CHANGES IN THE CONSOLIDATION PERIMETER

Cobra Great Island Limited
 Cobra Georgia, Llc.
 Engemisa Engenharia Limitada
 Cobra Group Australia Pty Ltd.
 Taxway, S.A.
 Moncobra Constructie si Instalare, S.R.L.
 Moncobra Dom
 Instalaciones y Servicios Uribe Cobra, S.A. de C.V
 EPC Plantas Fotovoltaicas Lesedi y Letsatsi, S.L.
 Conyceto Pty, Ltd.
 Firefly Investments 261
 Remodelación Diesel Cadereyta, S.A. de C.V.
 Cogeneración Cadereyta, S.A. de C.V.
 Cobra Construcciones y Servicios Perú, S.A.
 Cobra Railways UK Limited
 Tedagua Mexico, S.A. de C.V.
 Alianz Petroleum S de RL de CV
 Monclova Pirineos Gas, S.A. de C.V.
 Petrolíferos Tierra Blanca S.A., de C.V.
 Oleorey, S.A. de C.V.
 Conyblox Proprietary Limited
 Dankocom, Pty Ltd
 Avanzia Operaciones S.A. de C.V.
 Avanzia Recursos Administrativos,S.A. de C.V.
 ASON Electrónica Aeronautica S.A.
 Petrointegral S.A.P.I. de C.V.
 Oilserv S.A.P.I. de C.V.
 Avanzia S.A de C.V.
 Dragados Proyectos Industriales de Méjico S.A. de
 Serpimex S.A. de C.V.
 Comercial y Servicios Larco S.A.
 Cobra Brasil Construcoes, S.A.
 O&M Plantas Fotovoltaicas Lesedi y Letsatsi, S.L.
 Fides Facility Services, S.L.
 Gercobra GMBH, S.L.
 Cobra Industrial Services Pty
 O&M Lesedi PV Plant Pty Ltd
 O&M Letsatsi PV Plant Pty Ltd
 Tedagua Singapore Pte.Ltd.
 Al Hamra Water Co LLC
 Humiclíma Barbados, Ltd
 Fides Hispalía Servicios Generales, S.L.
 Afelco Engineering, S.L.
 Cobra Wind Intenacional, Ltd
 Cobra Instalaciones y Servicios Malaysia SDN BHD
 Cobra Infraestructuras Hidráulicas Peru, S.A.
 Mantiqueira Trasmisora de Energia, S.A.
 Iberoamericana de Hidrocarburos CQ Exploración & Producción, S.A.S.
 Avanzia Sistemas, S.A. de C.V.
 Humiclíma St Lucia, Ltd
 Iberoamericana Hidrocarburos CQ Exploración & Producción, S.A C.V.

APPENDIX III

CHANGES IN THE CONSOLIDATION PERIMETER

Red Eléctrica del Norte, S.A.
 Caitan Spa
 Seratype
 Cobra Cote D'Ivoire Sarl
 Avanzia Exploración y Producción, S.A. de C.V.
 Instalac y Serv Uribe-Cobra Panama, ISUC Panama, S.A.
 Cuyabenopetro, S.A.
 Grupo Cobra East Africa Limited
 Servicios Integrales de Mantenimiento, S.A.
 Soluciones logísticas Auxiliares, S.A.
 Soluciones Eléctricas Auxiliares, S.A.
 Istoguard Pty Ltd
 Ingweguard Pty Ltd
 Cobra Oil & Gas, S.L.U.
 Cobra Industrial Japan, Co Ltd.
 Cobra Tedagua Contracting LLC
 GS Oil and Gas SAPI de CV
 Fides Acerca Facility Services, S.L.
 Construcciones de las Conducciones, S.A.U. (Cotronic)
 Cymi Mejico Sc, S.A. de C.V.
 Fides Facility Services, S.A.
 Cobra Industrial Services, LLC
 Maessa Naval, S.L.U.
 Offshore Wind Limited
 Taif Independent Water Plant
 Energia e Sust. Do Brasil, S.A.
 Humiclíma Est Benin
 Humiclíma Abidjan
 Operadora Caitan Spa
 Transferable Backlog Proyects, S.L.
 ISUC Residencial, S.A. de C.V.
 Hidrocaleras, S.L.
 Taif Independent Construction Company
 Taif Independent O & M
 Humiclíma Guadalupe, SAS
 Moncobra France SAS
 Instalaciones y Servicios Moscardó, S.L.U.
 Instalaciones y Servicios Moscardó I, S.L.U.
 Instalaciones y Servicios Moscardó II, S.L.U.
 Instalaciones y Servicios Moscardó III, S.L.U.
 Instalaciones y Servicios Moscardó IV, S.L.U.
 Instalaciones y Servicios Moscardó V, S.L.U.
 Servicios Integrales Cobra, S.L.U.
 Servicios Integrales Cobra I, S.L.U.
 Servicios Integrales Cobra II, S.L.U.
 Servicios Integrales Cobra III, S.L.U.
 Servicios Integrales Cobra IV, S.L.U.
 Servicios Integrales Cobra V, S.L.U.
 Salto Fotovoltaico Holding, S.L.
 Arenas Solar, S.A.
 Salto Solar, S.A.

APPENDIX III

CHANGES IN THE CONSOLIDATION PERIMETER

Ladogustix
 Parque Solar Fotovoltaico Lora I, S.L.
 Parque Solar Fotovoltaico Lora IV, S.L.
 Bruma Energy Fotovoltaico, S.L.
 Bruma Energy
 Parque Solar Fotovoltaico Gallego I, S.L.
 Mochis PV
 Parque Solar Fotovoltaico Gallego II, S.L.
 Saltillo FV
 Luya Solar Holding, S.L.
 Parque Solar Fotovoltaico Herrera II, S.L.
 Parque Solar Fotovoltaico Herrera I, S.L.
 Parque Solar Fotovoltaico Murcia 1, S.L.
 Parque Solar Fotovoltaico Ronda I, S.L.
 Parque Solar Fotovoltaico Ronda II, S.L.
 Belwood Spain, S.L.
 Pandomix (Pty), Ltd.
 Hummansrus I
 Donley Invest, S.L.
 Pandonox (Pty) Ltd
 Hummansrus II
 Culmore Invest, S.L.
 Elmocode (Pty) Ltd
 Fairview Investment, S.L.
 Elmocol (Pty) Ltd
 Elmovert (Pty) Ltd
 Bow Power Invest, S.L.
 Sirbow México Serv. Admon
 Sirbow México S. de R.L. de CV
 Tacuarembó Solar, S.A.
 Sirbow Uruguay, S.A.
 Bow Power Sudáfrica (Pty) Ltd.
 Valdehierro Parque Solar, S.L.
 Dunas Solar Holding, S.L.
 Solatio Energia Gestao de Projetos de Belmonte I Ltda.
 Solatio Energia Gestao de Projetos de Belmonte II Ltda.
 Cobra Sweden AB
 Humiclíma Grenada, Ltd.
 Cobra Tecton Private Limited
 Richards Bay Gas Power 2 Pty
 Ingwepath Pty
 Istofon Pty
 Vive Energía Suministro SAPI de CV
 Pirapora 1 GD Parque Solar, S.A.
 Aracuai 1 GD Parque Solar, S.A.
 Varjao de Minas 1 GD Parque Solar, S.A.
 Bocaiuva 1 GD Parque Solar, S.A.
 Mirabela 1 GD Parque Solar, S.A.
 Belmonte Solar Holding, S.A.
 Cristino Castro Holding, S.A.
 Bow Power Perú, S.R.L.

APPENDIX III

CHANGES IN THE CONSOLIDATION PERIMETER

Madrid PV (Pty) Ltd.
 Mundo Novo Solar Holding, S.A.
 Eólica del Caribe Mexicano, S.A. de C.V.
 Xadrez Renovaveis Holding, S.A.
 Gordonia Solar PV (Pty)
 Duneveld PV (Pty) Ltd.
 Hari PV (Pty) Ltd.
 Bushmanland PV (Pty) Ltd.
 CS Gas North, S.L.
 Taioberas 1 GD Parque Solar Ltda
 Proyectos e Instalaciones Cobra I, S.L.U.
 Proyectos e Instalaciones Cobra II, S.L.U.
 Proyectos e Instalaciones Cobra III, S.L.U.
 Proyectos e Instalaciones Cobra IV, S.L.U.
 Proyectos e Instalaciones Cobra V, S.L.U.
 Cobra South Africa Gas Pty
 Cobra South Africa Holdings Pty
 Sarl Maintenance Cobra Algeria
 Instalcobra
 Tedagua
 Cobra Infraestructuras Hidráulicas S.A.
 Injar S.A.
 Moncobra Perú
 OCP Perú
 ACS Perú
 Cobra Instalações e Serviços, Ltda.
 Actividades de Instalaciones y Servicios Cobra SA
 Cobra Rep. Dominicana
 Actividades de Montajes y Servicios S.A. de C.V.
 Instcobra (Ecuador)
 Instalaciones y Servicios Codeni, S.A.
 Instalaciones y Servicios Codepa, S.A.
 Percomex
 Coinsal Instalaciones y Servicios S.A. de C.V.
 Codehon Instalaciones y Servicios S de RL
 Hidrolazan
 Avanzia Instalaciones S.A. de C.V.
 Cobra Instalaciones y Serv. India PVT
 Cobra Concesiones Brasil S.L.
 Eolfi Greater China Co ,Ltd.
 Renovables Spínola II, S.L.U
 Renovables Spínola III, S.L.U
 Cobra Gestión Infraestructuras Internacional, S.L.U.
 Solar Oufico Requena, S.L.
 Solar Merope Requena, S.L.
 Fotovoltaica Casiopea Requena, S.L.
 Fotovoltaica Alcor Requena, S.L.
 Solar Acamar Requena, S.L.
 Solar Acrab Requena, S.L.
 Villonacoenergy, S.A.
 Proyecto Zirconio, S.L.

APPENDIX III

CHANGES IN THE CONSOLIDATION PERIMETER

Proyecto Mendelerio, S.L.
 Proyecto Estroncio, S.L.
 Proyecto Tantalio, S.L.
 Proyecto Holmio, S.L.
 Proyecto Berilio, S.L.
 Proyecto Selenio, S.L.
 Proyecto Francio, S.L.
 Proyecto Rubidio, S.L.
 Proyecto Flerovio, S.L.
 Cobra Gestión de Infraestructuras S.A.U.
 Cobra Concesiones S.L.
 Control y Montajes Industriales de Méjico S.A. de
 Servicios Cymimex S.A. de C.V.
 Tedra Australia Pty. L.T.D.
 Energías Renovables de Ricobayo S.A.
 P.E.Donado S.L.
 Aldebarán S.M.E. S.A.
 Desarrollos Energéticos Asturianos S.L.
 Centro de Control Villadiego S.L.
 Vieyra Energía Galega S.A.
 Recursos Eólicos de Mexico S.A. de C.V.
 Energía y Recursos Ambientales Internacional S.L.
 Energías Renovables Andorranas S.L.
 Parque Eólico La Val S.L.
 Parque Cortado Alto S.L.
 Energía y Recursos Ambientales de Perú S.A.
 Montrasa Maessa Asturias S.L.
 Cobra Msa Ltd.
 Semi Israel
 ACS Servicios Comunicac y Energía de México SA CV
 CCR Platforming Cangrejera S.A. de C.V.
 Electricidad Eleia, S.L.
 Zero-E Proyectos Visigodos, S.L.U.
 PV XII Teudiselo, S.L.U
 PV XIII Agila, S.L.U
 PV XIV Atanagildo, S.L.U
 PV XV Liuva, S.L.U
 PV XVI Leovigildo, S.L.U
 PV XVII Recaredo, S.L.U
 PV XVIII Witerico, S.L.U
 PV XIX Gundemarro, S.L.U
 PV XX Sisebuto, S.L.U
 PV XXI Suínthila, S.L.U
 PV XXII Sisenando, S.L.U
 PV XXIII Chintila, S.L.U
 PV XXIV Tulga, S.L.U
 PV XXV Chindasvinto, S.L.U
 PV XXVI Recesvinto, S.L.U
 PV XXVII Wamba, S.L.U
 PV XXVIII Ervigio, S.L.U
 PV XXIX Égica, S.L.U

APPENDIX III

CHANGES IN THE CONSOLIDATION PERIMETER

PV XXX Witiza, S.L.U
PV XXXI Rodrigo, S.L.U.
PV II Sigerico, S.L.U.
PV III Walia, S.L.U.
PV IV Teodored, S.L.U.
PV V Teodorico, S.L.U.
PV VI Turismundo, S.L.U.
PV VII Eurico, S.L.U.
PV VIII Alarico, S.L.U.
PV IX Gesaleico, S.L.U.
PV X Amalarico, S.L.U.
PV XI Theudis, S.L.U.
Palmares Investment, S.L.
Alcañiz Solar
Caliza Solar
Navabuena
Pucela Solar
Valdealiño Solar
Area de Agra
Cantarranas Solar
Alabastro Solar
Entrepinos Solar
Overuela Solar
Pintia Solar
Andarrios
Taburete Solar, S.L.U
Sistema Fotovoltaico de Levante, S.A.U.
Ictio Solar Perseus, S.L.
Ictio Solar Orión, S.L.
Peaker Solar, S.L.U.
P.E. Monte das Aguas S.L.
Energia Olmedo - Ourense. Fase I S.A.
Titán 2020,S.A.
Zero-E Spanish PV 1
Esplendor Solar, S.L.
Hazaña Solar, S.L.
Logro Solar, S.L.
Palabra Solar, S.L.
Talento Solar, S.L.
Planta Solar Alcázar 2, S.L.
Emoción Solar S.L.U.
Envitero Solar S.L.U.
Escarnes Solar S.L.U
Escatron Solar Dos, S.L.U.
Ignis Solar Uno. S.L.U.
Mediomonte Solar, S.L.U.
Mocatero Solar, S.L.U.
Energías Ambientales de Soria S.L.
Ribagrande Energía S.L.
Robledo Eólica S.L.
Energía Sierrezuela S.L.

APPENDIX III

CHANGES IN THE CONSOLIDATION PERIMETER

Valdelagua Wind Power S.L.
 Parque Eólico de Valdecarro S.L.
 Planta Solar Alcázar 1, S.L.
 Energía Faeton, S.L.
 Energía de Suria, S.L.
 Instalaciones y Servicios Spínola I, S.L.U
 Instalaciones y Servicios Spínola II, S.L.U
 Renovables Spínola I, S.L.U
 Ictio Toledo Solar, S.L.U.
 Ictio Solar, S.L.U.
 Ictio Solar Auriga, S.L.U.
 Ictio Manzanares Solar, S.L.U.
 Ahin PV Solar, S.L.U.
 Ictio Solar Andromeda, S.L.U.
 Ictio Solar Berenice, S.L.U.
 Chimarrao Transmissora de Energia, S.A.
 Procme S. A.
 Cme S. A.
 Tecneira S. A.
 Enipro S. A.
 Cme Angola S. A.
 Imocme S. A.
 Afta S. A.
 Agadirver
 Tecneira Novas Enerias SGPS S.A.
 Ciclo Combinado Lares ACE
 CM- Construções LTDA
 CME Cabo Verde S.A.
 Biorio Lda.
 Rioparque Lda.
 Gestão de Negócios Internacionais SGPS S.A.
 Small Medium Enterprises Consulting B.V.
 CME Perú S.A.
 Enervouga - Energias do Vouga Lda.
 Hydrotua - Hidroelectricas do Tua Lda.
 OKS Lda.
 Procme Southern Africa do Sul
 CME Southern Africa do Sul
 Optic1
 Restel, SAS
 Procme Madeira S. A.
 Sunbee I - Energias Renováveis, Unipessoal Lda.
 Sunbee II - Energias Renováveis, Unipessoal Lda.
 Sunbee III - Energias Renováveis, Unipessoal Lda.
 Sunbee IV - Energias Renováveis, Unipessoal Lda.
 Sunbee V - Energias Renováveis, Unipessoal Lda.
 IRTE - Integrateur de Reseaux Tele SAS
 Control y Montajes Industriales S.A.
 Cymi Seguridad S.A.
 Enelec S.A.
 Control y Montajes Industriales Cymi Chile Ltda.

APPENDIX III

CHANGES IN THE CONSOLIDATION PERIMETER

Cymi Industrial INC.
 Cymi DK LLC
 Cymi Canada. INC.
 Internacional de Pipelines, DAIP, S.L.
 Masa Méjico S.A. de C.V.
 SAS Controle et Montages Industriels
 Mantenimiento y Montajes Industriales S.A. (Masa)
 Dragados Industrial Algeria S.P.A.
 Masa Algeciras S.A.
 Masa Galicia S.A.
 Masa Huelva S.A.
 Sistemas Integrales de Mantenimiento S.A.
 Masa Norte S.A.
 Masa Puertollano S.A.
 Masa Servicios S.A.
 Masa Tenerife S.A.
 Masa do Brasil Manutenção e Montagens Ltda.
 Masa Maroc s.a.r.l.
 Energia Olmedo - Ourense. Fase I S.A.
 Cymi Brasil, S.L.
 Cymi do Brasil Ltd.
 Cymi O&M Ltda.
 Cymi Tech Soluções e Sistemas Ltda
 Triana do Brasil Projetos e Serviços Ltda.
 Cymi Construções e Participações, S.A.
 Mantiqueira Transmissora de Energia S.A.
 Transmissora Sertaneja de Electricidade, S.A.
 Chimarrao Transmissora de Energia, S.A.
 Pampa Transmissão de Energia S.A.
 Dunas Transmissão de Energia S.A.
 Cymi Saneamento e Participações, S.A.
 Cymi Transmissão de Energia S.A.
 Dragados Industrial S.A.U.
 Dragados Industrial Canada Inc.
 Dragados Construc. Netherlands S.A.
 Initec Energía S.A.
 Initec Energía Ireland LTD.
 Initec Energía Maroc, SARLAU
 Intecsa Ingeniería Industrial S.A.
 Incro S.A.
 Avanzia Ingeniería S. A. de C. V.
 Dragados Gulf Construction Ltd.
 Makiber S.A.
 Consorcio Makim
 Makiber Gulf LLC
 Odelga Medical Engineering GmbH
 Makiber Belgium
 EDAR Cádiz San Fernando (AIE)
 Electronic Trafic, S.A.
 Equipos de Señalización y Control S.A.
 Etra Bonal S.A.

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CHANGES IN THE CONSOLIDATION PERIMETER

Etra Investigación y Desarrollo S.A.
 Etralux S.A.
 Etranorte S.A.
 Lumicán S.A.
 Murciana de Tráfico S.A.
 Etra Traf, S.A.
 Hidrogestión S.A.
 Monelec S.L.
 Etra Interandina
 Electromur S.A.
 Emurテル S.A.
 Consorcio de Telecomunicaciones Avanzadas S.A.
 Imsidetra, S.A. de C.V.
 Etracontrol S.L.
 Electronic Traffic de Mexico S.A. de C.V.
 Etrabras Mobilidade e Energia Ltda.
 Idetra S.A. de C.V.
 Etra France SAS
 Etra Deutschland GmbH
 Mundo Nuevo DV, S.A. de C.V.
 Zonair3D, S.L.
 Energía y Servicios Dinsa III, S.L.U.
 Etra Colombia, S.A.S.
 Etra Air, S.L.
 Plataforma Integral Movilidad Madrid A.I.E.
 Gestión Inteligente de Cargas S.L.
 API Movilidad S.A.
 API Fabricación S.A.
 Trafiurbe S.A.
 Viabal Manteniment i Conservacio S.A.
 Empresa Mantenimiento y Explotación M-30 S.A.
 Madrid Calle 30 S.A.
 Parking libre sistema de reservas, S.L.
 ImesAPI S.A.
 Albatros Logistic S.A.
 Cosersa S.A.
 Dimática S.A.
 Trabajos de Movilidad S.A.
 Sermicro S.A.
 Serveis Catalans Serveica S.A.
 Desarrollo Informático S.A.
 Grupo Imesapi S.L.
 Albatros Logistic Maroc S.A.
 Audeli
 Ecocivil Electromur G.E. S.L.
 ImesAPI Maroc
 Instalacion y mantenimiento de dispositivos, S.A.
 Midasco Llc.
 Sermicro do Brasil Servicos e Informática Ltda.
 Hiez Hornidurak, Instalazioak eta Zerbitzuak S.A.
 Plataforma Integral Movilidad Madrid A.I.E.

APPENDIX III

CHANGES IN THE CONSOLIDATION PERIMETER

Imesapi S.A.C.
 Sermicro Perú S.A.C.
 Consorcio Santa María
 Consorcio Saneamiento INCA
 Consorcio Makim
 Avanzia Soluciones y Movilidad, S.A. de C.V.
 Carreteras de Coahuila y San Luis
 Consorcio Ejecutor Lima
 Operadora de Carreteras de Coahuila y San Luis
 Copemobe, S.L.
 Costeraneo, S.L.
 Fanelate, S.L.
 Libaquera, S.L.
 Azius Luz S.L.
 Belenus Luz S.L.
 Celeritas Luz S.L.
 Ignis Luz S.L.
 Ilio Luz S.L.
 Taxos Luz
 Dirdam Luz S.L.
 Imapex S.A de C.V.
 Sermicro Colombia S.A.S
 Sermicro France, S.A.S
 Venelin Colombia SAS
 Maetel Instalaciones y Servicios Industriales S.A.
 Maetel Peru S.A.C.
 Maetel Saudi Arabia Construction Company Limited
 Maetel Japan KK
 Maetel Construction Japan KK
 Aratel Energías Renovables, S.L.
 AMR 1 Energías Renovables, S.L.
 AMR 2 Energías Renovables, S.L.
 AMR 3 Energías Renovables, S.L.
 AMR 4 Energías Renovables, S.L.
 AMR 5 Energías Renovables, S.L.
 AMR 6 Energías Renovables, S.L.
 AMR 7 Energías Renovables, S.L.
 AMR 8 Energías Renovables, S.L.
 AMR 9 Energías Renovables, S.L.
 AMR 10 Energías Renovables, S.L.
 AMR 11 Energías Renovables, S.L.
 AMR 12 Energías Renovables, S.L.
 AMR 13 Energías Renovables, S.L.
 Avanzia Energia, S.A. de C.V.
 Dragados Offshore S.A. (Offshore)
 Dragados Offshore de Méjico S.A. de C.V.
 Dragados Offshore USA Inc.
 Asistencia Offshore S.A.
 Dragados Micoperi Offshore S A P I De C.V.
 Soc. Española de Montajes Industriales S.A. (Semi)
 Semi Maroc S.A.

APPENDIX III

CHANGES IN THE CONSOLIDATION PERIMETER

Mexsemi S.A. de C.V.
 France Semi S.A.
 Alfrani S.L.
 Algarmo S.R.L.
 SEMI Panamá S.A.
 Semona S.R.L.
 Semi Ingeniería S.r.L.
 SEMIUR Montajes Industriales S.A.
 Semi Chile Spa
 Semi Peru Montajes Industriales S.A.C.
 Semi Procoin Solar Spa
 SEMI Saudi
 Semi El Salvador Limitada de Capital Variable
 Semi Israel
 SEMI Engineering Germany GmbH
 Energia Olmedo - Ourense. Fase I S.A.
 Dyctel Infraestructuras de Telecomunicaciones S.A.
 Dragados Telecomunicaciones Dyctel Brasil Ltda.
 Sice Tecnología y Sistemas S.A.
 Enclavamientos y Señalización Ferroviaria Enyse, S.A.U.
 Moyano Telsa Sist Radiantes y de Telecomunicaciones, S.A.
 Sociedad Ibérica de Construcciones Eléctricas S.A.
 Sociedad Industrial de Construcciones Eléctricas S
 Sice Sudáfrica Pty. Ltd.
 Sumipar S.A.
 Sistemas Sec S.A.
 Sice PTY. Ltd.
 Soc.Iberica de Construc Eléctricas de Seguridad SL
 Societe Industrielle de Construcion Eletrique SARL
 Sice Inc
 Oficina Técnica de Estudios y Control de Obras S.A
 Sociedad Industrial de Construc Eléctricas SL Ltda
 Sice Energía S.L.
 Mexicana de Servicios Auxiliares S.A. de C.V.
 Sice NZ Limited
 Moyano Maroc SRALU
 Salam Sice Tech Solutions Llc.
 Operadora OCACSA-SICE S.A. de C.V.
 Sice Canada Inc.
 Consorcio Sice Disico
 Consorcio Ofiteco Geoandina
 Ecisa Sice Spa
 Consorcio Tunel del Mar
 Consorcio Tráfico Urbano de Medellín
 SICE Ardan projects
 Ofiteco-Gabi Shoef
 SPA Mobeal
 Sice Vaan
 Osipass, S.A. de C.V.
 SICE Nordics AB
 Hochtief Vicon Qatar W.L.L.

APPENDIX III

CHANGES IN THE CONSOLIDATION PERIMETER

1. WohnArt-Projektentwicklung GmbH & Co. KG

Devine Bacchus Marsh Pty Ltd

Boggo Road Project Pty. Ltd.

Boggo Road Project Trust

Shaped NZ Hold GP Limited

Shaped NZ Hold LP

Leighton - China State - Van Oord Joint Venture

Mulba Mia Leighton Broad Joint Venture

Turner Sabinal JV (SAISD 2010 Bond Program)

Turner- Gilbane

Turner Clayco Brampton JV

Turner - Eastern York Annex Joint Venture

Tishman-Turner Joint Venture II



Auditor's Report on ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries

(Together with the consolidated annual accounts and consolidated directors' report of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries for the year ended 31 December 2021)

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



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

Independent Auditor's Report on the Consolidated Annual Accounts

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

To the shareholders of ACS, Actividades de Construcción y Servicios, S.A.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of ACS, Actividades de Construcción y Servicios, S.A. (the "Parent") and Subsidiaries (together the "Group"), which comprise the consolidated statement of financial position at 31 December 2021, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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



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

Key Audit Matters

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

Recognition of revenue from long-term contracts

See notes 03.16, 12 and 27 to the consolidated annual accounts

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>A significant portion of the ACS Group's revenue relates to construction contracts, in which revenue is recognised using the percentage of completion method or based on the stage of completion of the contract.</p> <p>The recognition of revenue and the profit/loss on these contracts therefore entails a high level of judgement by management and the Directors, and control of the estimates made and any deviations that might arise over the contract term. The estimates take into account all costs and revenue associated with the contracts, including any additional costs not initially budgeted, any risks or claims being disputed, and any revenue under negotiation with or being claimed from the customer.</p> <p>Due to the uncertainty associated with these estimates and the fact that changes therein could lead to material differences in the revenue recorded, this has been considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none">– evaluating the design and implementation of the key controls associated with the process of recognising revenue from long-term contracts;– selecting a sample of construction contracts based on certain quantitative and qualitative criteria, so as to evaluate the most significant and complex estimates used in the recognition of revenue. We obtained documentation supporting these estimates and evidence of any judgements made by management and the Directors;– conducting a comparative analysis of profit/loss on completed contracts with the budgeted profit/loss;– analysing the key clauses of a selection of contracts, identifying relevant contractual mechanisms, such as penalties, and assessing whether or not such clauses have been appropriately reflected in the amounts recognised in the consolidated annual accounts;– assessing the reasonableness and the judgement applied by management and the Directors in evaluating completed works with progress billings pending and awaiting approval by the customer, recognised as revenue at year end, and for a sample of such works analysing the status of negotiations with customers of the main contracts and evaluating the reasonableness and consistency of the



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

Recognition of revenue from long-term contracts	
See notes 03.16, 12 and 27 to the consolidated annual accounts	
<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
	<p>documentation underpinning the probability of recovery, considering our own expectations based on knowledge of the component and our experience in the sector and in the countries in which the Group operates;</p> <ul style="list-style-type: none">– assessing whether the provisions recognised at year end in relation to each of the contracts reasonably reflect the main obligations and the level of risk of the contracts, evaluating the judgement applied by management and the Directors in these estimates;– assessing whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.



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

Measurement of the investment in ABERTIS
 See note 09 to the consolidated annual accounts

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 31 December 2021 the Group holds an equity-accounted investment in Abertis Holdco, S.A. which is recognised under “Investments accounted for using the equity method” in the consolidated statement of financial position in an amount of Euros 2,782,886 thousand. As required under the applicable financial reporting framework, once the investment has been accounted for using the equity method, the Group assesses whether there are any indications that its net investment in the associate may be impaired. Where there are indications of impairment, the Group calculates the recoverable amount.</p> <p>The recoverable amount is calculated by applying valuation techniques that often require the exercising of judgement by the Directors and management, as well as the use of assumptions and estimates.</p> <p>Due to the uncertainty and judgement associated with these estimates, as well as the significance of the carrying amount of the investment, we have considered the measurement thereof a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - evaluating the design and implementation of key controls related to process of estimating the recoverable amount; - assessing whether there are indications that the investment may be impaired, for the purpose of determining whether the carrying amount exceeds the recoverable amount; - evaluating the reasonableness of the methodology, assumptions and data used by management and the Directors when estimating the recoverable amount of the investment in Abertis Holdco, S.A., with the involvement of our corporate finance specialists, and analysing the sensitivity of this amount to changes in certain key assumptions, in order to determine the impact thereof on the measurement; - assessing whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.



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Accounting treatment of the sale of the Industrial Services Division See note 03.09.02 to the consolidated annual accounts	
<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As mentioned in note 03.09.02 to the accompanying consolidated annual accounts, on 31 December 2021 the ACS Group sold most of the Industrial Services Division to the VINCI Group.</p> <p>This transaction was agreed on 31 March 2021 through the execution of a binding sale-purchase agreement, although certain conditions precedent had not yet been fulfilled, in particular as regards competition.</p> <p>Once the sale-purchase deed was executed on 31 December 2021, and having been fulfilled the conditions precedent contained in the binding sale-purchase agreement of 31 March 2021, the Group derecognised the assets and liabilities sold, recognising a net profit of Euros 3,517 million under “Profit after tax from discontinued operations” in the consolidated income statement, on considering that the criteria laid down in the applicable financial reporting framework for the sale transaction to be considered a discontinued operation had been met.</p> <p>Due to the significance of the sale transaction and the inherent judgement associated therewith, this has been considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - reading and understanding the binding sale-purchase agreement executed on 31 March 2021, and the sale-purchase deed of 31 December 2021, in order to comprehend the terms and conditions set forth therein; - evaluating whether the conditions laid down in the financial reporting framework applicable to the Group have been met, as regards the presentation of the profit/loss of the discontinued operations associated with the part of the business sold; - analysing the post-tax profit/loss of discontinued operations by examining the main variables affecting the calculation thereof, including the cash consideration received by the Group, the calculation of the fair value of the earn-out provided for under the contract, and the carrying amount of the net assets disposed of in the sale transaction; - assessing whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.



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Recoverability of deferred tax assets See notes 03.09.02, 03.19 and 26.05 to the consolidated annual accounts	
<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 31 December 2020, “Deferred tax assets” in the Group’s consolidated statement of financial position included Euros 651,738 thousand in respect of tax credits (tax losses and deductions) of the Spanish tax group.</p> <p>The recognition and measurement of deferred tax assets entails a high level of judgement by management and the Directors in assessing the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and tax planning opportunities.</p> <p>Due to the sale of most of the Industrial Services Division to the VINCI Group, and given that a significant amount of the estimated future taxable profits that, from an accounting perspective, underpin the recoverability of the Spanish tax group’s deferred tax assets would have been generated by the Industrial Services Division, at the 2021 reporting date management of the ACS Group has recognised impairment of Euros 459,982 thousand in respect of tax credits for loss carryforwards and Euros 90,735 thousand for deductions.</p> <p>In view of the significance of these balances and the judgement associated with the assumptions used to estimate the recoverable amount of deferred tax assets, this has been considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - assessing the design and implementation of the controls over the recognition and measurement of deferred tax assets; - assessing the key assumptions used to estimate the Group's future taxable profits; - comparing these key assumptions with data from external sources, such as economic forecasts, and with the Group's historical data; - bringing in our tax specialists to perform an assessment of the appropriateness of the tax approach used to calculate future taxable profits; - evaluating the sufficiency of future taxable profits to offset deferred tax assets, considering the estimated time scale for such offset as well as their consistency with the financial reporting framework applicable to the Group; - assessing whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.



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

Other Information: Consolidated Directors' Report

Other information solely comprises the 2021 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility regarding the information contained in the consolidated directors' report is defined in the legislation regulating the audit of accounts, as follows:

- a) Determine, solely, whether the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.
- b) Assess and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts. Also, assess and report on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2021, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent's Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.



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

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts

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

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

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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



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We also provide the Parent's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

We have examined the digital files of ACS, Actividades de Construcción y Servicios, S.A. and subsidiaries for 2021 in European Single Electronic Format (ESEF), which comprise the XHTML file that includes the consolidated annual accounts for the aforementioned year and the XBRL files tagged by the Parent, which will form part of the annual financial report.

The Directors of ACS, Actividades de Construcción y Servicios, S.A. are responsible for the presentation of the 2021 annual financial report in accordance with the format and mark-up requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation"). In this regard, they have incorporated the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration by means of a reference thereto in the consolidated directors' report.

Our responsibility consists of examining the digital files prepared by the Directors of the Parent, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the consolidated annual accounts included in the aforementioned digital files fully corresponds to the consolidated annual accounts we have audited, and whether the consolidated annual accounts and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined fully correspond to the audited consolidated annual accounts, and these are presented and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

Additional Report to the Audit Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 24 March 2022.



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

Contract Period

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 10 May 2019 for a period of three years, beginning the year ended 31 December 2019.

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

Manuel Martín Barbón

On the Spanish Official Register of Auditors ("ROAC") with No. 16239

24 March 2022