ACS
ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS

2022

ECONOMIC AND FINANCIAL REPORT

- StatementsConsolidated 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”

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2022

ASSETS	Note	Thousands of Euros	
		31/12/2022	31/12/2021
NON-CURRENT ASSETS		**12,420,992**	**11,010,031**
Intangible assets	04	**3,283,899**	**3,279,412**
Goodwill		2,716,197	2,672,253
Other intangible assets		567,702	607,159
Tangible assets - property, plant and equipment	05	**1,572,180**	**1,464,868**
Non-current assets in projects	06	**281,746**	**72,853**
Investment property	07	**68,561**	**41,003**
Investments accounted for using the equity method	09	**4,828,089**	**4,524,229**
Non-current financial assets	10	**1,434,655**	**765,707**
Long term deposits	10	**405**	**987**
Derivative financial instruments	22	**112,190**	**11,577**
Deferred tax assets	26.05	**839,267**	**849,395**
CURRENT ASSETS		**25,159,308**	**24,654,314**
Inventories	11	**828,968**	**742,092**
Trade and other receivables	12	**8,564,653**	**8,380,356**
Trade receivables for sales and services	10	7,383,175	6,686,487
Other receivable	10	1,006,282	1,400,815
Current tax assets	26	175,196	293,054
Other current financial assets	10	**1,180,617**	**1,280,079**
Derivative financial instruments	22	**252,839**	**200,875**
Other current assets	13	**226,771**	**202,839**
Cash and cash equivalents	10 y 14	**9,419,987**	**11,253,419**
Non-current assets held for sale and discontinued operations	03.09	**4,685,473**	**2,594,654**
TOTAL ASSETS		**37,580,300**	**35,664,345**

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 2022.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2022

EQUITY AND LIABILITIES	Note	Thousands of Euros	
		31/12/2022	31/12/2021
EQUITY	15	**6,375,877**	**7,028,203**
SHAREHOLDERS' EQUITY		**5,166,439**	**6,505,222**
Share capital		**142,082**	**152,332**
Share premium		**366,379**	**366,379**
Reserves		**4,625,358**	**3,633,014**
(Treasury shares and equity interests)		**(622,170)**	**(691,916)**
Profit for the period of the parent		**668,227**	**3,045,413**
(Interim dividend)		**(13,437)**	**—**
ADJUSTMENTS FOR CHANGES IN VALUE		**380,957**	**(170,918)**
Financial assets with changes in other comprehensive income		**(60,016)**	**(6,847)**
Hedging instruments		**343,293**	**(73,150)**
Translation differences		**97,680**	**(90,921)**
EQUITY ATTRIBUTED TO THE PARENT		**5,547,396**	**6,334,304**
NON-CONTROLLING INTERESTS		**828,481**	**693,899**
NON-CURRENT LIABILITIES		**11,484,229**	**11,444,846**
Grants	16	**2,039**	**2,099**
Non-current provisions	20	**1,549,091**	**1,835,267**
Non-current financial liabilities		**8,878,681**	**8,717,354**
Bank borrowings, debt instruments and other marketable securities	17	8,565,069	8,570,163
Project finance with limited recourse	18	205,476	51,069
Other financial liabilities	19	108,136	96,122
Long term lease liabilities	05	**550,746**	**401,430**
Derivative financial instruments	22	**23,569**	**33,050**
Deferred tax liabilities	26.05	**294,346**	**227,112**
Other non-current liabilities		**185,757**	**228,534**
CURRENT LIABILITIES		**19,720,194**	**17,191,296**
Current provisions	20	**926,631**	**996,564**
Current financial liabilities		**1,498,323**	**1,808,491**
Bank borrowings, debt instruments and other marketable securities	17	1,445,417	1,751,296
Project finance with limited recourse	18	33,666	18,472
Other financial liabilities	19	19,240	38,723
Short term lease liabilities	05	**155,055**	**150,765**
Derivative financial instruments	22	**131,537**	**172,791**
Trade and other payables	23	**13,192,884**	**11,738,435**
Suppliers		7,126,000	5,940,236
Other payables		5,898,483	5,637,192
Current tax liabilities	26	168,401	161,007
Other current liabilities	24	**336,288**	**266,700**
Liabilities relating to non-current assets held for sale and discontinued operations	03.09	**3,479,476**	**2,057,550**
TOTAL EQUITY AND LIABILITIES		**37,580,300**	**35,664,345**

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 2022.

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

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Thousands of Euros	
		2022	2021
REVENUE	27	**33,615,234**	**27,836,658**
Changes in inventories of finished goods and work in progress		10,242	19,437
Capitalised expenses of in-house work on assets	27	250	556
Procurements	28.01	(23,375,215)	(19,019,818)
Other operating income	27	170,138	105,529
Personnel expenses	28.02	(7,249,882)	(6,239,286)
Other operating expenses		(2,272,551)	(1,680,762)
Depreciation and amortisation	04,05,06 y 07	(620,750)	(479,446)
Allocation of grants relating to non-financial assets and others	16	299	299
Impairment and gains or losses on the disposal of non-current assets	29	692,646	(199,642)
Other results	29	(277,597)	(246,790)
Ordinary results of companies accounted for using the equity method	09	380,918	272,745
Financial income		178,369	102,555
Financial costs	28.05	(484,152)	(362,517)
Changes in the fair value of financial instruments	22 y 28.04	219,220	(91,821)
Exchange differences		9,583	24,858
Impairment and gains or losses on the disposal of financial instruments	29	7,345	14,267
Non-ordinary results of companies accounted for using the equity method	09	4,554	680
PROFIT BEFORE TAX		**1,008,651**	**57,502**
Income tax	26.03	(201,200)	(789,372)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**807,451**	**(731,870)**
Profit after tax from discontinued operations	03.09	65,333	3,958,104
PROFIT FOR THE PERIOD		**872,784**	**3,226,234**
(Profit) / loss attributed to non-controlling interests	15.07	(204,557)	(169,481)
(Profit) / loss from discontinued operations attributable to non-controlling interests	15.07	—	(11,340)
PROFIT ATTRIBUTABLE TO THE PARENT		**668,227**	**3,045,413**

EARNINGS PER SHARE	Note	Euros per share	
		2022	2021
Basic earnings per share	31	2.50	10.74
Diluted earnings per share	31	2.50	10.74
Basic earnings per share from discontinued operations	31	0.24	13.91
Basic earnings per share from continuing operations	31	2.26	(3.18)
Diluted earnings per share from discontinued operations	31	0.24	13.91
Diluted earnings per share from continuing operations	31	2.26	(3.18)

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 2022.

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

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

	Thousands of Euros	
	2022	**2021**
(A) CONSOLIDATED RESULTS FOR THE PERIOD	**872,784**	**3,226,234**
(B) OTHER COMPREHENSIVE INCOME - ITEMS THAT ARE NOT RECLASSIFIED TO PROFIT OR LOSS FOR THE PERIOD:	**150,204**	**(3,817)**
For actuarial gains and losses	197,747	32,173
Tax effect (Note 26.04)	(47,543)	(35,990)
(C) OTHER COMPREHENSIVE INCOME - ITEMS THAT MAY BE RECLASSIFIED AFTER THE INCOME FOR THE PERIOD:	**618,721**	**713,801**
1. Hedging transactions:	**130,225**	**45,324**
Valuation gains/(losses)	119,592	24,666
Amounts transferred to the profit and loss account	10,633	20,658
2. Conversion differences:	**93,478**	**389,614**
Valuation gains/(losses)	115,036	162,223
Amounts transferred to the profit and loss account	(21,558)	227,391
3. Share in other comprehensive income recognized for investments in joint ventures and associates:	**504,765**	**247,121**
Valuation gains/(losses)	504,765	247,121
4. Debt instruments at Fair value through other comprehensive income	**—**	**—**
5. Other income and expenses that may be reclassified after the result of the period:	**(97,980)**	**74,042**
Valuation gains/(losses)	(97,980)	74,118
Amounts transferred to the profit and loss account	—	(76)
6. Tax effect (Note 26.04)	**(11,767)**	**(42,300)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (A + B + C)	**1,641,709**	**3,936,218**
Attributed to the controlling entity	1,331,915	3,542,392
Attributed to non-controlling interests	309,794	393,826

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 2022.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Thousands of Euros								
	Share capital	Share premium	Retained earnings and other reserves	Treasury shares	Valuation adjustments	Profit/(Loss) attributed to the Parent	Interim dividend	Non-controlling interests	TOTAL
Balance at 01 January 2021	**155,332**	**495,226**	**3,608,699**	**(636,011)**	**(668,772)**	**574,005**	**—**	**747,428**	**4,275,907**
Income / (expenses) recognised in equity	—	—	(875)	—	497,854	3,045,413	—	393,826	**3,936,218**
Capital increases (Note 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**
Income / (expenses) recognised in equity	—	—	111,813	—	551,875	668,227	—	309,794	**1,641,709**
Capital increases (Note 15)	6,090	—	(6,090)	—	—	—	—	—	**—**
Capital reductions (Note 15)	(10,250)	—	10,250	—	—	—	—	—	**—**
Stock options	—	—	4,471	—	—	—	—	—	**4,471**
Distribution of profit from the prior year:									
To reserves	—	—	3,045,413	—	—	(3,045,413)	—	—	**—**
Acquisition of free allocation rights against 2021 (Note 15)	—	—	(128,736)	—	—	—	—	—	**(128,736)**
Remaining allotment rights from 2021 accounts (Note 15)	—	—	71,310	—	—	—	—	—	**71,310**
Acquisition of additional free allocation rights 2021 (Note 15)	—	—	(388,861)	—	—	—	—	—	**(388,861)**
Remaining allotment rights from 2021 accounts (Note 15)	—	—	203,294	—	—	—	—	—	**203,294**
To dividends	—	—	—	—	—	—	(13,437)	(97,712)	**(111,149)**
Treasury shares (Note 15.04)	(6,090)	—	(773,438)	69,746	—	—	—	—	**(709,782)**
Treasury shares through investees	—	—	155	—	—	—	—	64	**219**
Changes in the ownership interest in controlled entities	—	—	(1,097,057)	—	—	—	—	(430,683)	**(1,527,740)**
Change in the consolidation perimeter and other effects of a lesser amount	—	—	(60,180)	—	—	—	—	353,119	**292,939**
Balance at 31 December 2022	**142,082**	**366,379**	**4,625,358**	**(622,170)**	**380,957**	**668,227**	**(13,437)**	**828,481**	**6,375,877**

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 2022.

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

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

		Note	Thousands of Euros	
			2022	2021
A)	**CASH FLOWS FROM OPERATING ACTIVITIES**		**1,743,338**	**203,141**
1	**Profit before tax**		**1,008,651**	**57,502**
2	**Adjustments for:**		**376,951**	**1,425,478**
	Depreciation and amortisation		620,750	479,446
	Other adjustments to profit (net)	03.23	(243,799)	946,032
3	**Changes in working capital**		**44,135**	**(1,303,175)**
4	**Other cash flows from operating activities:**		**313,601**	**23,336**
	Interest paid	17, 18 y 19	(470,524)	(386,596)
	Dividends received		640,225	466,765
	Interest received	03.23	169,947	108,976
	Income tax (paid) / received	26	(26,047)	(165,809)
B)	**CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES**	04, 05, 06 y 07	**(198,099)**	**3,397,643**
1	**Investment paid:**		**(772,986)**	**(690,715)**
	Group companies, associates and business units		(452,476)	(202,327)
	Property, plant and equipment, intangible assets, projects and property investments		(285,175)	(386,207)
	Other financial assets		(35,278)	(102,181)
	Other assets		(57)	—
2	**Divestment:**	03, 04, 05, 06, 07 y 09	**574,887**	**4,088,358**
	Group companies, associates and business units		484,327	3,753,996
	Property, plant and equipment, intangible assets, projects and investment property		76,062	48,149
	Other financial assets		14,498	282,134
	Other assets		—	4,079
C)	**CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES**		**(3,537,774)**	**(770,952)**
1	**Equity instrument proceeds / (and payment):**	02.02.f y 15	**(2,233,472)**	**(484,692)**
	Issue		60,932	—
	Acquisition		(2,294,674)	(493,055)
	Disposal		270	8,363
2	**Liability instrument proceeds / (and payment):**	17, 18 y 19	**(376,983)**	**272,034**
	Issue		3,703,193	4,634,213
	Refund and repayment		(4,080,176)	(4,362,179)
3	**Dividends paid and remuneration relating to other equity instruments:**	15.01	**(351,747)**	**(396,012)**
4	**Other cash flows from financing activities:**		**(575,572)**	**(162,282)**
	Payment of operating lease principal		(201,955)	(232,214)
	Other financing activity proceeds and payables	03.23	(373,617)	69,932
D)	**EFFECT OF CHANGES IN EXCHANGE RATES**		**159,103**	**342,779**
E)	**NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS**		**(1,833,432)**	**3,172,611**
F)	**CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD**		**11,253,419**	**8,080,808**
G)	**CASH AND CASH EQUIVALENTS AT END OF THE PERIOD**		**9,419,987**	**11,253,419**

1. CASH FLOWS FROM OPERATING ACTIVITIES		—	(370,532)
2. CASH FLOWS FROM INVESTING ACTIVITIES		—	(149,403)
3. CASH FLOWS FROM FINANCING ACTIVITIES		—	718,252
NET CASH FLOWS FROM DISCONTINUED OPERATIONS		**—**	**198,317**

CASH AND CASH EQUIVALENTS AT END OF THE PERIOD			
Cash and banks		6,078,133	10,432,399
Other financial assets		3,341,854	821,020
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**9,419,987**	**11,253,419**

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 2022.

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

Notes to the Consolidated Annual Accounts for the year ended 31 December 2022

01. Group activity

ACS, Actividades de Construcción y Servicios, S.A., the Parent Company, is a 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), concessions and services (for individuals and buildings, cities and their surroundings), which make up the ACS Group. The Company is therefore required to prepare, in addition to its own Individual Annual Accounts, the Consolidated Annual Accounts for the ACS Group, which include subsidiaries, interests in joint ventures and investments in associates.

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, 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, erection, 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 the 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 law. 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 law and, in particular, the law on the stock market, attribute 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 2022 were prepared:

- By the Parent Company's directors, at the Board meeting held on 23 March 2023.
- 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 2022 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 2022 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.

Notwithstanding the above, as a result of the current situation caused by the conflict between Ukraine and Russia that began in February 2022, and that has led to uncertainty regarding 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.

Effect of the Ukraine-Russia conflict

The Russian army's invasion of Ukraine began on 24 February 2022. In addition, several countries have imposed sanctions and taken actions with the aim of isolating and weakening the Russian economy. Although the impact on the ACS Group's activity has not been significant as of the date of these Consolidated Annual Accounts, it is resulting in inflationary pressures, causing problems in supply chains and, in general, is having a significant effect on the global economy, increasing economic uncertainty and the volatility of asset values. The ACS Group continues to monitor the impact that the conflict could have on operating and financial performance in the activities of the Group's various divisions. Although the current situation caused by the conflict leads to uncertainty regarding the performance and development of the markets and the construction industry, the Group is highly diversified by activities and location in developed regions with stable political frameworks, and has a very significant backlog (see Note 27.02).

Issues related to climate change

ACS, Actividades de Construcción y Servicios, S.A., as the head of the ACS Group, integrates environmental, social and governance (ESG) factors and, in particular, the risks and opportunities of climate change, into its operating activities. Environmental, social and governance factors are integrated into its strategy, risk management and the establishment of measurable and objective parameters and their assessment. ACS, Actividades de Construcción y Servicios, S.A., as the Parent Company of the ACS Group, is committed to operating in a sustainable manner and the ACS Group's Directors' Report (and in particular the Non-Financial Information Statement) provides detailed information on its performance and progress in environmental, social and governance matters.

The potential impacts of environmental, social and governance factors, and especially those related to climate change, were considered in the Consolidated Annual Accounts (see Note 21.08), including the potential impact on expected cash flows from the ACS Group's construction, concession and services activities. It should be noted that the ACS Group's business activities primarily consist of construction and services activities and that, with the exception of certain concession investments, it is not the long-term owner of the projects it carries out.

Comparative information

The information contained in these Consolidated Annual Accounts of the ACS Group for the year ended 31 December 2021 is presented solely for comparative purposes with each item in the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the Consolidated Annual Accounts for 2022, which differ from explanatory notes corresponding to the figures for 2021 in the information by business segment as a result of the new classification by business segment (see Note 25).

The explanatory notes include events or changes that might appear significant in explaining changes in the financial position and consolidated results of the ACS Group since the Group's last Consolidated Annual Accounts for 2021.

The ACS Group's Consolidated Annual Accounts for 2021, (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 6 May 2022.

The ACS Group's Consolidated Annual Accounts for 2022 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 2022 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 2022, estimates were occasionally made by the senior executives of the Group and of the consolidated entities, to quantify certain of the assets, liabilities, income, expenses and obligations reported in these 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 assumptions and hypotheses considered in analysing the recoverability 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 contracts, put option granted to Elliott on the interest in Thiess, the put option granted to Elliott to sell its Class C preference shares in Thiess, etc.) mentioned in Note 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 loss of significant influence in Ventia (Note 02.02.f).
- The determination of the fair value of financial assets ("earn-out") and their consideration as discontinued operations (Note 03.09.02).
- 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 2022. There were also no significant changes in accounting policies.

Bases of consolidation

The bases of consolidation applied in 2022 are consistent with those applied in the Consolidated Annual Accounts for 2021 (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 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

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 2022 and 2021 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 and they are fully consolidated.

As at 31 December 2022, 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 2021). 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 2022, 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 2021).

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, 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 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 in proportion to the Group's 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 has significant influence or joint control are accounted for using the equity method in those cases where they do not meet the requirements of 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.

In addition, the Group's share of other comprehensive income of the associates obtained since the date of acquisition is recognised as an increase or decrease in the value of the investments in associates and the balancing entry is recognised by nature in other comprehensive income. Dividend distributions are recognised as reductions in the value of the investments. To determine the Group's share of profit or loss, including impairment losses recognised by associates, income or expenses arising from the acquisition method are taken into consideration.

After applying the equity method, the Group assesses whether there is objective evidence of impairment of the net investment in the associate.

The impairment loss is calculated by comparing the carrying amount of the net investment in the associate with its recoverable amount, which is understood as the higher of value in use or fair value less costs to sell or of disposal. Value in use is calculated based on the Group's interest in the present value of the estimated cash flows from ordinary activities and the amounts that could be received from the ultimate disposal of the associate. The recoverable amount of an investment in an associate is assessed in relation to each associate unless it does not constitute a cash-generating unit (CGU).

The impairment loss is not allocated to goodwill or other assets embedded in the investment in associates as a result of applying the acquisition method. In subsequent periods, impairment losses on investments are reversed in profit or loss if there is an increase in the recoverable amount. The impairment loss is recognised separately from the Group's share in the profit or loss of the associates.

Note 09 contains relevant information on material entities.

f) Business combinations and changes in the consolidation perimeter

Business combinations

The Group accounts for business combinations using the purchase method. The acquisition date is the date on which the Group takes control of the acquired business.

The consideration given in the business combination is determined on the acquisition date as the sum of the fair values of the assets delivered, the liabilities incurred or assumed, the equity instruments issued and any contingent consideration that depends on future events or compliance with certain conditions in exchange for control of the acquired business, excluding any expenditure that does not form part of the exchange for the acquired business. The costs related to the acquisition are recognised as an expense as they are incurred.

The Group recognises the assets acquired, the liabilities assumed and any non-controlling interests at fair value on the acquisition date. The non-controlling interests in the acquired business are recognised at the amount corresponding to the ownership interest in the fair value of the net assets acquired. The liabilities assumed include contingent liabilities insofar as they represent present obligations that arise from past events and their fair value can be reliably measured.

The excess between the consideration given, plus the value assigned to non-controlling interests, and the net amount of assets acquired and liabilities assumed is recognised as goodwill. Any deficiency, after assessing the amount of the consideration given, the value assigned to non-controlling interests and the identification and measurement of the net assets acquired, is recognised under a separate line item in the consolidated income statement.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer will report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer will retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

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 2022 are detailed in Appendix III.

Acquisitions, sales, and other corporate transactions

Acquisitions

On 23 February 2022, Hochtief, the majority shareholder of Cimic with a 78.6% interest, announced its intent to carry out an off-market takeover bid, which would be unconditional and final (unless a counter-offer is submitted by a third party), to acquire the remaining shares of Cimic for AUD 22 per share. Cimic's shareholders that accepted the offer received payment in cash within five business days of acceptance. On 6 May 2022, Cimic's shares were suspended from trading on the Australian stock exchange after Hochtief reached a 96% shareholding in the company and a squeeze-out was initiated. Therefore, in 2022 the shareholding was increased to 100% with the purchase of all Cimic shares held by third parties and their delisting from the stock exchange in 2022 (see Note 15.07).

On 8 June 2022, Hochtief, A.G. decided to increase its share capital by just under 10% through a monetary contribution by using authorised capital. The company's share capital was increased through the issue of 7,064,593 new shares at EUR 57.50 per share, excluding shareholders' pre-emption rights. The new shares were issued with dividend rights as of 1 January 2022. ACS, Actividades de Construcción y Servicios, S.A. agreed to participate in the takeover bid in proportion to its current shareholding in Hochtief and to back the capital increase in full with respect to all remaining new shares that were not placed among other corporate and institutional investors. ACS, Actividades de Construcción y Servicios, S.A. was therefore assigned 85% of the total number of new shares, which represents an increase in its shareholding in Hochtief, A.G. from 50.41% to 53.55% of the shares representing the share capital. The cash obtained in the capital increase was used to repay part of the financing obtained for the acquisition of Cimic (see Note 15.07).

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

Between August and October 2022, Iridium entered into a purchase agreement, through its North American subsidiary ACS Infrastructure Development, Inc., with four of the concession operator's partners to purchase 56.76% of the North American company Blueridge Transportation Group (BTG), which is the concession operator of a 17 km segment of the SH 288 highway in Houston, Texas. After the fulfilment of the conditions precedent on which this purchase depended, the acquisition was accounted for in December 2022. The investment in this acquisition amounted to USD 1,141 million. The Group's total interest in the project, after this acquisition, amounts to 78.38%, which means that the Group now holds the majority of the voting rights and, therefore, has control of the company, which will allow it to manage its relevant activities. This means that the company is now fully consolidated, so that having previously held a 21.62% interest in this concession for a total carrying amount of approximately EUR 70 million, and taking into consideration that the fair value of this pre-existing interest amounted to EUR 406 million, in accordance with accounting standards, this had a positive impact on the income statement as a result of the consolidation at fair value of EUR 334.8 million, which is recognised under "Impairment and gains or losses on disposal of non-current assets" in the accompanying consolidated income statement (see Note 29).

The acquired company meets all the conditions to qualify as a business under the applicable accounting standards. In accordance with the applicable regulations, after obtaining control, this company was fully consolidated at the fair value of its net assets and, in addition, the pre-existing interest was measured at fair value after the deconsolidation of the previous interest, accounted for using the equity method, with the difference recognised in the income statement.

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

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

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

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

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

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

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

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

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

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

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

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

A formal decision was made by the Group to sell the asset, and a plan for its sale was initiated. The asset is currently available for sale and the sale is expected to be completed within a period of 12 months from the date of its classification as a non-current asset held for sale. All of these assets and liabilities are presented in a single line item of the statement of financial position, and the consolidated profit contributed is recognised in the income statement based on its nature. The Group is currently analysing the situation and in the process of carrying out the sale and, therefore, has classified these assets and liabilities under “Non-current assets held for sale” and “Liabilities related to non-current assets held for sale” (see Note 03.09.01). The Group has assessed whether the fair value less costs to sell is lower than its carrying amounts and, therefore has not recognised any adjustment.

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

On 26 July 2022, Thiess announced that it had entered into a bid execution agreement with MACA Limited (“MACA”). Thiess agreed to make an offer to MACA shareholders to acquire all of the issued shares through a conditional off-market takeover bid. Thiess offered MACA shareholders a consideration in cash of AUD 1.025 per share. The takeover bid for MACA launched by Cimic was concluded in October 2022 for EUR 242 million. This acquisition is an important part of the strategy that Thiess has to diversify its operations among commodities, services and geographical areas (see Note 09.02).

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

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).

Sales and other transactions

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

As at 31 December 2021, Cimic had recognised its investment in Ventia as being accounted for using the equity method, given that it exercised significant influence. In the first quarter of 2022, Cimic decided, for an initial period of 18 months until September 2023, to remove its directors appointed to the board of directors of Ventia and to waive some of its rights as a significant shareholder under the agreement with Ventia regarding the appointment of directors and other protective rights. The company’s shareholding is still 32.8% (see Notes 10 and 29).

As a result of the above, and in accordance with current accounting regulations, Cimic’s Management considered that it no longer had significant influence over Ventia, since it no longer has decision-making powers over the financial and operating policies of its investment in Ventia. In addition, the protective rights established in the agreement are rights that may be exercised by any Ventia shareholder. Ventia has therefore lost its status as associate and is now recognised as a financial asset under IFRS 9 at fair value through profit or loss based on Ventia's quoted market price at 31 March 2022 (level 1 of the hierarchy). As a result, on 31 March 2022 Cimic recognised a profit before tax (without any effect on cash flow) of EUR 338.3 million (AUD 502 million) under "Impairment and gains or losses on disposal of non-current assets" (see Note 29) in the accompanying consolidated income statement. Cimic has made an irrevocable election under IFRS 9 to recognise future changes in the value of the financial asset under "Other comprehensive income". As of the date of these Consolidated Annual Accounts, Group Management has monitored the above conditions and concluded that they have not changed and, therefore, has maintained the accounting treatment for Ventia.

In 2021, the sale of most of the Industrial business mentioned in Note 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 Transmisora 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.

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 retained a 32.8% interest in Ventia as at 31 December 2021 and, since the ACS Group no longer jointly controlled Ventia, the investment was reclassified from a joint arrangement to an associate. The partial disposal resulted in a profit before tax of AUD 60.3 million (EUR 38.2 million).

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 statements of financial position 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 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 statements of financial position 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:

- 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 at 31 December 2022 or 2021.

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 chose 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 with regard to 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 before 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.

The infrastructures of all the ACS Group’s concessions were built by Group companies and no infrastructure was built by third parties. The revenue and expenses relating to infrastructure construction or upgrade services are recognised at their gross amount (recognition of sales and associated costs), with the construction margin 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 upgrade 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 that are considered financial assets is impaired so that, as indicated in Note 03.06, an impairment loss can be recognised or reversed 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 revaluate 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 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 CGU 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 CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) 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 (CGU) 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 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.

The Group reclassifies financial assets when it changes the business model for their management.

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 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 related to non-current assets held for sale and discontinued operations

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

2022

At 31 December 2022, non-current assets held for sale related mainly to the renewable energy and water assets that the Group still held following the sale of most of the Industrial Services Division to Vinci (see Note 03.09.02) effective as of 31 December 2021, and to certain assets relating to a highway of the Concessions business.

In all the above cases a formal decision was made by the Group to sell these assets, and a plan for their sale was initiated. These assets are currently available for sale and the sale is expected to be completed within a period of 12 months from the date of their classification as assets held for sale. It should be noted that the assets, which were classified as held for sale at 31 December 2022, were held in this category for a period of more than twelve months, but they were not sold due to certain circumstances, which at the time of their classification were not likely. Paragraph B1 (c) of appendix B of IFRS 5 exempts a company from using a one-year period as the maximum period for classifying an asset as held for sale if, during this period, circumstances arise that were previously considered unlikely, the assets were actively marketed at a price that is reasonable, they 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 2022 the total value of the non-current assets held for sale increased to EUR 2,090,819 thousand and the liabilities related to these assets increased to EUR 1,421,926 thousand. The change is due to the inclusion during the year of the SH 288 highway in Houston (United States) (see Note 02.02.f) and the decrease in renewable energies is mainly the result of the sale of the wind farms of Vientos del Pastorale, S.A. and Parque Eólico Kiyú, S.A. in Uruguay and the hydroelectric plant Hidromanta in Peru that belongs to Spinning Assets, S.L.U. for an amount equal to EUR 108.0 million in June 2022. In addition, the renewable energy plants of Tonopah in the United States and Manchasol 1 Central Termosolar Uno, S.L. in Spain were no longer considered to be assets held for sale because the conditions required by accounting regulations for this classification were not met.

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

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

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

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

The amount relating to net debt included under assets held for sale and liabilities related to these assets at 31 December 2022 totalled EUR 1,593,715 thousand (EUR 1,592,943 thousand at 31 December 2021), of which EUR 678,880 thousand (EUR 1,138,362 thousand at 31 December 2021) relates to renewable energies, EUR 479,412 thousand to highways and EUR 435,423 thousand (EUR 454,581 thousand at 31 December 2021) to other assets. The total amount of this net debt includes EUR 741,236 thousand (EUR 522,255 thousand at 31 December 2021) corresponding to limited recourse project financing. Net debt is calculated using the arithmetic sum of the current and non-current financial liabilities, less long-term deposits, other current financial assets, and cash and cash equivalents.

2021

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

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

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

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

Furthermore, a 5% interest in Servicios Compresión de Gas CA-KU-A1, S.A.P.I. de C.V. was acquired in 2021, through which control over the company was obtained, which was then fully consolidated instead of accounted for using the equity method. Therefore, all assets and liabilities were restated at the fair value of the purchase and income was 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 María de Macedo de Electricidade, S.A., Giovanni Sanguinetti Transmisora de Energia, S.A., Veredas Transmissora de Electricidades, S.A., Sete Lagoas Transmissora de Energia, Ltda, Brilhante Transmissora de Energias, S.A. and Brilhante Transmissora de Energias 2, S.A. in Brazil, and all the photovoltaic plants of Bonete Fotovoltaica 1, S.L.U. and Central Solar Termoeléctrica de Cáceres, S.A.U. and Parque Eólico Las Tadeas, S.L.

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

	Thousands of Euros			
	31/12/2022			
	Renewable energy	Highways	Other	Total
Exchanges differences	894	—	21,651	22,545
Cash flow hedges	3,453	—	—	3,453
Adjustments for changes in value	**4,347**	**—**	**21,651**	**25,998**

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

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

03.09.02. Discontinued operations

BICC

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

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

Pursuant to the sale agreement, SALD was granted powers that allowed it to govern BICC during the transitional period, while the equity interests of each of the BICC entities were formally transferred to SALD. Using these powers, SALD appointed its own representatives to BICC’s board of directors, replacing Cimic’s representatives. As a result of the agreements entered into for the sale transaction, BICC was no longer fully consolidated in the consolidated financial statements as of 2021, as all risks and rewards were transferred to the buyer and, from the date on which the agreement was signed, it therefore no longer had the power to direct the relevant activities of the company or the capacity or exposure to variable returns.

The transaction involved several steps, including the transfer of control of the businesses and the subsequent formal transfer of shares of the BICC Group companies to SALD. During the year ended 31

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

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

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

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

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

Industrial

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

As is customary in these types of transactions, its execution included a condition precedent indicating that all the necessary authorisations had to be obtained, particularly with regard to competition. Likewise, as a result of signing the sale and purchase agreement, in addition to establishing the price of the transaction and the form of payment of the consideration, the range of companies to be included in the scope of the sale was concluded, and an assessment was carried out regarding any pending authorisations, which concluded that it was highly probable that these authorisations would be obtained, and they were classified as non-substantive conditions for accounting purposes, which is why the Group began to classify the assets and liabilities related to the Industrial business as non-current assets held for sale and liabilities related to non-current assets held for sale and its operations as discontinued operations.

In accordance with IFRS 5, considering that the "carrying amount would be recovered principally through a sale transaction rather than through continuing use" since, upon signing the binding agreement, there was a commitment for both parties once an agreement was reached on the most relevant aspects, such as financial terms, and it was not a mere non-binding offer as was the case up until the agreement was signed, which is why the assets and liabilities related to most of the Industrial business were classified as non-current assets held for sale and liabilities related to non-current assets held for sale before the effective sale. Given the size of the Industrial business being sold, which basically represented all of ACS' operations and cash flows in this business that could be separated from the rest of the Group's operations, the decision was made to recognise the Industrial 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.

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 business, with the carve-out process yet to be concluded for certain predetermined assets that the ACS Group will retain, which was mostly carried out in 2022, mainly in the months after the transaction is concluded.

As consideration, the ACS Group received 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 by the Industrial business sold (up to “Ready to build” status) between 31 March 2021 and up to 7 years following the execution of the sale, which may be extended for an additional 18 months if the Industrial business sold fails to generate 6 GW in the first 42 months, when determining the capital gain, the ACS Group considered an earn-out with a fair value that amounted to EUR 223 million at 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. At 31 December 2022, after updating the valuation carried out by the ACS Group based on the best information available, the fair value of the earn-out was EUR 329 million (see Note 10.08). In accordance with IFRS 5.35, the impacts related to the disposal of discontinued operations in a prior period will be classified separately in the information on these discontinued operations, which is why the change in value was recognised under “Profit after tax from discontinued operations”.

In addition, taking into account that the portion of the Industrial business sold generated most of the tax benefits of the Spanish Tax Group, the ACS Group, in accordance with IAS 12, derecognised certain unused tax assets and tax credits for accounting purposes (see Note 26) and, therefore, obtained a net gain of EUR 2,909 million in 2021 from the above impacts.

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

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

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 2022 and 2021 are summarised in Note 15.04. Treasury shares were deducted from equity in the accompanying consolidated statement of financial position as at 31 December 2022 and 2021.

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, and they are recognised when there is reasonable assurance that the conditions associated with their award have been met and that they will be received.

Government grants received by the Group to acquire assets are recorded to income over the same period and on the same basis as those used to depreciate the asset relating to this 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 cease to exist.

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 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. Therefore, the Group considers only fees paid or received by the lender, including fees paid or received by the Group or the lender on behalf of the counterparty.

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. Retirement 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.

As regards 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 finance 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 law, 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 probable 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 2022 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 law, 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 most notably include those recognised by various Hochtief Group companies, 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 employees 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 tangible 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 ensure 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 determined to be effective are recognised provisionally in equity and are recorded to income when the hedged item materialises.
- Fair value hedges: in this case, the changes in Fair value hedges: in this case, the changes in value of the hedging instrument are recognised in profit or loss, and the changes in value of the hedged item adjusted by the hedged risk are recognised in profit or loss.
- Hedge of a net investment in a foreign operation: the purpose of this type of hedging transactions is to hedge foreign currency risk and they are accounted for as hedges and recognised in the same way as cash flow hedges.

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

The 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 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 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 where the 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 where the 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 asset, 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 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 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 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 exception 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 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.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's carrying amount.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's carrying amount.

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

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 probable amount. This consideration will only be recognised to the extent that it is considered highly probable 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 based on 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 recorded in 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 tangible 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 recognise the positive difference between the contract revenue recognised and the amount related to the progress billings from this contract under "Completed work pending certification" under "Trade and other receivables". They also recognise the amount of advance billings for various items, including advances received from the customer, under "Advances received on orders" under "Trade and other payables".

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 the progress of the work carried out can be measured during execution 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 are 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.

03.17. 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 to ascertain whether they still exist and the appropriate adjustments are made based on 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 based on the expected date of recovery or settlement, whereas the amount of any late payment interest on the liability is recognised in 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 (see Note 28.03) does not involve the issuance of new shares in the future and, therefore, does not affect diluted earnings per share. At 31 December 2022, as a result of the simultaneous share capital increase and reduction decided in 2023 for the same number of shares, basic earnings and diluted earnings per share for continuing operations for the first half of 2022 are the same.

03.21. Foreign currency transactions

The euro is the presentation currency of the Group's Consolidated Annual Accounts. 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 2022 and 2021 are as follows:

	Average exchange rate		Closing exchange rate	
	2022	2021	2022	2021
1 U.S. Dollar (USD)	0.952	0.846	0.938	0.883
1 Australian Dollar (AUD)	0.660	0.634	0.637	0.640
1 Polish Zloty (PLN)	0.213	0.219	0.213	0.218
1 Mexican Peso (MXN)	0.047	0.042	0.048	0.043
1 Canadian Dollar (CAD)	0.729	0.677	0.691	0.696
1 British Pound (GBP)	1.170	1.165	1.131	1.190
1 Argentine Peso (ARS)	0.007	0.009	0.005	0.009
1 Saudi Riyal (SAR)	0.253	0.226	0.249	0.234

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

In 2022 and 2021, the Group considered the relevant impact when taking into account the hyperinflationary economic situation in Argentina and Venezuela, as regards its ownership interests in its subsidiaries, 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 IFRS. Accordingly, at the 2022 and 2021 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 flows

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

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

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

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

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

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

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

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

In preparing the consolidated statement of cash flows for 2022 and 2021, the acquisitions of ACS treasury shares were included under “Equity instrument proceeds/(and payment)” in the section on cash flows from financing activities (see Note 15.04). In addition, in 2022 “Cash flows from/(used in) financing activities” included the cash inflows from third parties as a result of the 10% capital increase of Hochtief through a monetary contribution in the amount of EUR 60.9 million (see Note 15.07), the acquisition of an additional 14.46% shareholding in Hochtief, A.G. amounting to EUR 578 million in the third quarter of 2022, and purchases in the fourth quarter of 2022 of Hochtief shares in the amount of EUR 26 million (see Note 15.07). Cash outflows as a result of the takeover bid to acquire the remaining shares of Cimic for AUD 22 per share were also included under “Cash flows from/(used in) financing activities” at 31 December 2022. In 2022, the shareholding was therefore increased through Hochtief’s takeover bid for Cimic from 78.6% to 100% for AUD 1,500 million, which at the exchange rate prevailing at that date of each share acquired amounted to EUR 985 million (EUR 940 million considering the average hedging rate) (see Note 20.01).

In relation to the investee BIC Contracting LLC (BICC), EUR 25.6 million were included in 2022 (EUR 53.6 million in 2021) as cash outflows under “Other financing activity proceeds and payables” in the statement of cash flows as a result of the obligations assumed in 2019 following the exit of BICC (see Note 03.09.02). This same heading in the statement of cash flows includes the payments made in 2022 by Hochtief in the amount of EUR 238 million for the settlement of the CCPP project in Australia (see Note 29.a) and the final payment for the Chilean Alto Maipo project, and payments for legal costs and financial expenses arising from the litigation relating to the closure of the Seattle project in the amount of EUR 40 million (see Note 29.c).

In 2021 not only the amount received but also the cash derecognised as a result of the sale amounting to EUR 1,298,901 thousand were considered as a divestment as a result of the sale of most of the Industrial Services Division. This also included the purchase of Devine (see Note 01.08), which was not held, for an amount of EUR 9.9 million (AUD 15.6 million).

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

The reconciliation of the carrying amount of the liabilities arising from financing activities, separately disclosing the changes that generate cash flows from those that do not for 2022 and 2021, is as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Initial net cash (debt) (Note 21)	**2,008,640**	**(1,819,771)**
Cash flows		
Issue of financial assets / (liabilities)	(3,703,193)	(4,634,213)
Payments of financial liabilities	4,080,176	4,362,179
Cash and cash equivalents	(1,992,535)	2,829,832
No Impact of Flows		
Change in net debt held for sale (Note 01.04)	772	329,515
Exchange difference	119,335	256,020
Reclassifications	(506,339)	131,288
Change in the consolidation perimeter and others	217,149	553,790
Final net cash (debt) (Note 21)	**224,005**	**2,008,640**

The amount corresponding to reclassifications at 31 December 2022 mainly includes the reclassification of the net debt arising from the full consolidation of the SH 288 highway to non-current assets held for sale and liabilities related to non-current assets held for sale (see Notes 02.02.f and 03.09.01). The changes in the consolidation perimeter and other changes at the end of 2022 mainly include the change in net debt resulting from the sale of the non-current assets held for sale of the Industrial business. The changes in the consolidation perimeter at the end of 2021 related mainly to the acquisition of Servicios Compresión de Gas CA-KU-A1, which was considered an asset held for sale at 31 December 2021 (see Note 02.02.f).

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 2022 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 2022:

Approved for use in the European Union		**Mandatory application in the years beginning on or after:**
Amendments to IFRS 3 Reference to the Conceptual Framework (published in May 2020)	IFRS 3 is updated to bring the definitions of assets and liabilities in a business combination into line with those contained in the conceptual framework. In addition, certain clarifications are introduced regarding the recognition of contingent liabilities and assets.	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.	

In relation to previous standards, the ACS Group applied the standards in 2022 but they did not have a significant impact on the figures or the presentation and disclosure of the information, either because they did not entail any significant changes or because they refer to economic events that do not affect the ACS Group.

(2) New standards, amendments and interpretations whose application is mandatory subsequent to the calendar year beginning 1 January 2022 (applicable from 2023 onwards):

At the date of preparation of these Consolidated Annual Accounts, the following standards and interpretations had been published by the IASB (International Accounting Standards Board) 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 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.	1 January 2023
Amendments to IAS 8 Definition of accounting estimate (published in February 2021)	Amendments and clarifications on the definition of a change in accounting estimates.	
Amendments to IAS 12 Deferred tax related to assets and liabilities arising from a single transaction (published in May 2021)	Clarifications on how companies should account for deferred tax on transactions such as leases and decommissioning obligations.	
Amendments to IFRS 17 Insurance Contracts - Initial application of IFRS 17 and IFRS 9 Comparative information (published in December 2021)	Amendments to the transition requirements of IFRS 17 for insurers applying both IFRS 17 and IFRS 9 for the first time.	
IFRS 17, Insurance contracts and its amendments (published in May 2017 and the amendments in June 2020)	It replaces IFRS 4 and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts to ensure that entities provide relevant and reliable information that gives a basis for users of the financial information to assess the effect that insurance contracts have on the financial statements	

Not yet approved for use in the European Union		**Mandatory application in the years beginning on or after:**
Amendments to IAS 1 Classification of liabilities as current or non-current (published in January 2020)	Clarifications regarding the presentation of liabilities as current or non-current.	1 January 2024
Amendments to IFRS 16 Lease liability in a sale and leaseback transaction	This amendment clarifies how companies subsequently account for lease liabilities arising on sale and leaseback transactions.	

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

04. Intangible assets

04.01. Goodwill

The detail by line of business of the changes in goodwill in 2022 and 2021 is as follows:

Line of Business	Thousands of Euros							
	Balance at 31/12/2021	Change consolidation method	Additions	Disposals and allocations	Impairment	Exchange differences	Transfers to/ from other assets	**Balance at 31/12/2022**
Parent	**554,420**	—	—	—	—	—	—	**554,420**
Construction	**1,968,878**	—	12,516	—	—	(7,990)	18,508	**1,991,912**
Concessions	**—**	—	388,203	—	—	(785)	(387,418)	**—**
Services	**148,955**	—	23,969	—	—	(3,269)	210	**169,865**
Total	**2,672,253**	**—**	**424,688**	**—**	**—**	**(12,044)**	**(368,700)**	**2,716,197**

Line of Business	Thousands of Euros							
	Balance at 31/12/2020	Change consolidation method	Additions	Disposals and allocations	Impairment	Exchange differences	Transfers to/ from other assets	**Balance at 31/12/2021**
Parent	**743,140**	—	—	(188,720)	—	—	—	**554,420**
Construction	**1,934,814**	—	7,728	5	—	13,978	12,353	**1,968,878**
Concessions	**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**

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 2022 (EUR 1,144,226 thousand at 31 December 2021), 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 2022 (EUR 554,420 thousand at 31 December 2021).

There were no significant changes in 2022, except for the acquisition and subsequent transfer of the goodwill relating to the SH-288 highway explained in Note 02.02.f).

In 2021, the most significant change related to the reduction of goodwill held in the Parent Company tied to the Industrial Services business sold on 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.

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. The amounts were restated on 30 September in accordance with its accounting policy. There have been no significant changes in the assumptions used when testing the Group’s goodwill for impairment that could give rise to a significant risk of 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 2021), while EUR 287 million is allocated to the Hochtief Americas business (EUR 287 million at 31 December 2021). In 2022 and 2021, the ACS Group assessed the recoverability of this goodwill.

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

- Five-year forecasts used based on internal estimates.
- Weighted perpetual growth rate of 2.53% (1.86% in 2021).
- Weighted discount rate of 11.99% (8.31% in 2021). The discount rate used represents a premium of 791 basis points over the return on the long-term interest rate (10-year bond weighted based on the countries in which it operates) published by Bloomberg on 30 September 2022.

As for the sensitivity analysis of the impairment test on the goodwill allocated to Hochtief's Asia Pacific business, the most relevant aspects are that the goodwill test would withstand a discount rate of approximately 15.51%, representing a range of approximately 352 basis points, and a perpetual growth rate of 0.34%. Furthermore, it would withstand an annual drop in cash flows of approximately 37.9% compared to projected cash flows.

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

- Five-year forecasts used based on internal estimates.
- Perpetual growth rate of 2.3% (1.5% in 2021).
- Discount rate of 9.52% (5.48% in 2021).

As for the sensitivity analysis of the impairment test on the goodwill allocated to Hochtief's Americas business, the most relevant aspects are that the goodwill test, even assuming a cash position of zero euros, would withstand a discount rate of more than 50%, and an annual drop in cash flows of more than 80% compared to the projected cash flows.

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

Along with the goodwill arising from the full consolidation of Hochtief, A.G. mentioned above, the most significant goodwill, which amounted to EUR 554,420 thousand (EUR 554,420 thousand at 31 December 2021), arose from the merger with the Dragados Group in 2003 and related to the amount paid in excess of the value of the assets on the acquisition date. This goodwill was allocated mainly to the Construction cash-generating unit of Dragados.

In 2022, the ACS Group assessed the recoverability of the goodwill allocated to Construction, comparing the carrying amount of the company or cash-generating unit (CGU) against its value in use, determined using the discounted cash flow method and internal projections for each of the companies. In 2021, the recoverability of the Construction goodwill was also assessed.

The discount rate used is its weighted average cost of capital. To calculate the discount rate for Dragados, a weighted discount rate by country is used taking into consideration Dragados' sales in the main countries in which it operates as of September 2022, i.e., the United States, Spain, Canada, Poland, the United Kingdom, Peru and Chile. The following are used to calculate the discount rate for each of the countries: the 10-year bond yield; the unlevered beta of the sector according to Damodaran, relevered by the target debt; and the market risk premium by country according to Damodaran. The cost of the gross debt is the consolidated effective real cost of the debt at September 2022 and the tax rate used is the theoretical rate. The perpetual growth rate (g) used is equal to the increase in the CPI weighted in the countries in which Dragados operates for 2027 based on the IMF's report of October 2022 (1.95%).

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

- Five-year forecasts used based on internal estimates.
- Weighted perpetual growth rate of 1.95% (1.43% in 2021).
- Weighted discount rate of 10.12% (5.63% in 2021).

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

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

No reasonable scenario gave rise for the need to 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 460 basis points and significant negative deviations (over 1.4%) in the budgeted EBITDA without incurring an impairment loss.

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

In relation to the remaining goodwill, excluding that generated by the merger between ACS and the Dragados Group and the goodwill arising from the full consolidation of Hochtief, A.G., in the case of the Services area, the total amount comes to EUR 169,865 thousand (EUR 148,955 thousand at 31 December 2021), corresponding to 30 different companies, the largest of which relates to the purchase of 25% of Clece for EUR 115,902 thousand (EUR 115,902 thousand at 31 December 2021).

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

In these areas, the impairment tests to calculate the goodwill are based on assumptions similar to those described for each area of activity or in the case of the 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 2022.

As indicated in IAS 36, as of 31 December 2022 the Group has not found any evidence of significant impairment on goodwill and other assets subject to impairment testing. There have been no significant changes in the assumptions used when testing the Group’s goodwill for impairment that could give rise to a significant risk of 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 2022 or 2021 on the ACS Group’s goodwill.

04.02. Other intangible assets

The changes in this heading in the consolidated statement of financial position in 2022 and 2021 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 2021	**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**
Changes in the consolidation perimeter	—	974	9,143	8,847	**18,964**	(1,592)	(308)	**17,064**
Additions or charges for the year	2,010	934	9,584	1,224	**13,752**	(78,437)	(572)	**(65,257)**
Disposals or reductions	—	(2,090)	(10,419)	(11,673)	**(24,182)**	23,604	302	**(276)**
Exchange differences	—	160	1,532	7,506	**9,198**	(4,958)	(4,441)	**(201)**
Transfers to/from other assets	—	677	1,395	(14,397)	**(12,325)**	(4,833)	26,371	**9,213**
Balance at 31 December of 2022	**9,914**	**20,528**	**328,041**	**1,810,298**	**2,168,781**	**(1,565,515)**	**(35,564)**	**567,702**

The additions in 2022 amounted to EUR 13,752 thousand (EUR 11,172 thousand in 2021) relating mainly to Hochtief in the amount of EUR 11,653 thousand (EUR 8,949 thousand in 2021), the Services area in the amount of EUR 1,177 thousand (EUR 1,612 thousand in 2021), and Dragados in the amount of EUR 732 thousand (EUR 482 thousand in 2021). In 2021, the Industrial business was transferred to non-current assets held for sale as a result of being classified as a discontinued operation (see Note 03.09.02) before the actual sale.

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

The main assets recognised under “Other intangible assets” correspond to those generated in the first Hochtief consolidation process as a result of allocating 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), before amortisation and impairment, amounting to EUR 603,655 thousand (EUR 603,655 thousand at 31 December 2021), which is fully amortised; the various trademarks of the Hochtief Group amounting to EUR 221,096 thousand (EUR 221,096 thousand at 31 December 2021); and the contractual relationships with customer of the Hochtief Group amounting to EUR 598,189 thousand (EUR 598,189 thousand at 31 December 2021). The accumulated amortisation on the above assets amounted to EUR 1,078,499 thousand (EUR 1,037,505 thousand at 31 December 2021). The amortisation charge for the year amounted to EUR 41,937 thousand (EUR 41,937 thousand at 31 December 2021).

In 2022 and 2021, no development expenditure was recognised as an expense in the consolidated income statement for 2022 and 2021, respectively.

At 31 December 2022, the amount of assets with an indefinite useful life other than those reported as "Goodwill" relate mainly to the trademarks of the Hochtief Americas and Hochtief Asia Pacific divisions amounting to EUR 46,027 thousand (EUR 43,315 thousand at 31 December 2021). Indications of possible impairment is verified annually. There were no significant impairment losses on these assets in 2022 or 2021.

At the end of 2022, the ACS Group had fully amortised intangible assets still in use with a gross carrying amount of EUR 628,880 thousand (EUR 625,686 thousand at 31 December 2021).

There were no material intangible asset items whose title was restricted in 2022 or 2021.

05. Tangible assets - Property, plant and equipment

The changes in this heading in the consolidated statement of financial position in 2022 and 2021 were as follows:

	Thousands of Euros							
	Land and buildings	Plant and machinery	Other tangible 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 2021	**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**
Changes in the consolidation perimeter	18,958	(8,771)	1,821	—	**12,008**	(3,171)	(2)	**8,835**
Additions or charges for the year	232,627	199,328	76,089	65,219	**573,263**	(438,856)	(349)	**134,058**
Disposals or reductions	(52,883)	(209,863)	(55,500)	(337)	**(318,583)**	287,169	527	**(30,887)**
Exchange differences	6,934	25,719	11,812	6,284	**50,749**	(25,683)	(1,311)	**23,755**
Transfers from / to other assets	(26,330)	58,474	15,554	(58,653)	**(10,955)**	(17,494)	—	**(28,449)**
Balance at 31 December of 2022	**1,355,152**	**1,531,707**	**673,041**	**145,018**	**3,704,918**	**(2,108,625)**	**(24,113)**	**1,572,180**

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

The most noteworthy change in this heading in 2021 related to the transfer to non-current assets held for sale since the Industrial business was considered a discontinued operation, which subsequently resulted in a derecognition after the sale to Vinci (see Note 03.09.02).

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

In 2021, the most noteworthy acquisitions by division related mainly to the Construction area for EUR 276,425 thousand — primarily in investments made by Hochtief amounting to EUR 190,721 thousand (in particular, tunnelling machines) and by Dragados amounting to EUR 85,704 thousand —, and to the Services area for EUR 54,726 thousand, mainly for the acquisition of machinery and industrial vehicles.

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

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

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

Leases

In accordance with IFRS 16 "Leases", at 31 December 2022 EUR 604,626 thousand (EUR 470,896 thousand at 31 December 2021) 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 2022 and 2021 is as follows:

	Thousands of Euros						
	Land and buildings	Plant and machinery	Other tangible 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 2021	**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 to assets held for sale and disposable groups of items	(117,935)	(9,389)	(45,042)	**(172,366)**	86,495	—	**(85,871)**
Transfers from / to other assets	(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**
Changes in the consolidation perimeter	16,822	(4,799)	(264)	**11,759**	(3,786)	—	**7,973**
Additions or charges for the year	230,937	45,935	43,792	**320,664**	(182,769)	(329)	**137,566**
Disposals or reductions	(42,209)	(38,783)	(23,506)	**(104,498)**	99,242	247	**(5,009)**
Exchange differences	8,529	5,608	2,056	**16,193**	(8,591)	(2)	**7,600**
Transfers from / to other assets	(12,745)	—	12,984	**239**	(14,639)	—	**(14,400)**
Balance at 31 December of 2022	**1,049,081**	**130,119**	**184,311**	**1,363,511**	**(758,495)**	**(390)**	**604,626**

The change in "Right-of-use assets" in 2022 for a gross amount of EUR 320,664 thousand relates mainly to additions in the Construction area amounting to EUR 251,509 thousand (EUR 129,737 thousand in 2021), and most notably includes the investments made by Hochtief amounting to EUR 219,947 thousand (EUR 115,007 thousand in 2021). In relation to the net change in the consolidation perimeter in 2022, the additions amounting to EUR 7,973 thousand arose mainly from the Industrial business.

In 2021, the change in "Right-of-use assets" related mainly to the transfer to non-current assets held for sale, given that these assets were considered discontinued operations, and their subsequent derecognition after the sale to Vinci for a net amount of EUR 85,871 thousand (see Note 03.09.02).

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

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

The detail of the lease liabilities, by maturity, at 31 December 2022 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2022	2023	2024	2025	2026 and subsequent years	Total non-current
Lease liabilities	**155,055**	341,414	40,136	32,154	137,042	**550,746**

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

	Thousands of Euros					
	Current	Non-current				
	2021	2022	2023	2024	2025 and subsequent years	Total non-current
Lease liabilities	**150,765**	254,468	33,878	24,539	88,545	**401,430**

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

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

There are assets leased under short-term leases or leases of low-value assets that do not apply IFRS 16 "Leases" since throughout the Group there are very short-term leases, generally for three to six months, or ongoing monthly agreements or contracts with termination clauses. For each lease, the Group analyses and assesses whether it is reasonably certain that the lease will be extended. These considerations include assessing the requirements of the asset in the project, the scope of the work that is to be carried out with this asset, and other relevant economic aspects to adequately assess the lease term. At 31 December 2022, the expenses accrued in the amount of EUR 442,781 thousand (EUR 228,394 thousand at 31 December 2021) on the above assets were recognised under "Other operating expenses" in the consolidated income statement.

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.

The indemnities received for claims covered by insurance policies recognised in profit or loss were not significant in 2022 or 2021.

At 31 December 2022 and 2021, 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 36,635 thousand (EUR 23,938 thousand in 2021) to secure banking facilities granted to the Group.

At 31 December 2022, the Group had recognised EUR 1,197,791 thousand, net of depreciation, relating to property, plant and equipment owned by foreign companies and branches of the Group (EUR 1,133,908 thousand at 31 December 2021).

06. Non-current assets in projects

The balance of “Non-current assets in projects” in the consolidated statement of financial position at 31 December 2022 includes the costs incurred by the fully consolidated companies in the construction of transport infrastructure, services and power plants, the operation of which constitutes the purpose of their respective concessions. These amounts relate to property, plant and equipment associated with projects financed under a project finance arrangement and concessions identified as intangible assets or those that are included as a financial asset according to the criteria discussed in Note 03.04. To better understand its activities relating to infrastructure projects, the Group considers it more appropriate to group its infrastructure projects together for presentation purposes, although they are broken down by type of asset (financial or intangible) in this Note.

The most significant change in this heading in 2022 would have corresponded to the inclusion of the SH 288 highway in Houston (United States) since it was considered a non-current asset held for sale (see Note 03.09.01). In 2022, the change in the solar thermal power plants associated with the renewable energy plants of Tonopah in the United States and Manchasol 1 Central Termosolar Uno, S.L. is also noteworthy of mention (see Note 03.09.01).

The most significant change in this heading in 2021 related to the consideration of the Industrial business as a discontinued operation and the subsequent reclassification of its non-current assets in projects and their subsequent derecognition following the sale to Vinci (see Note 03.09.02).

All project investments made by the ACS Group at 31 December 2022 are as follows:

Type of infrastructure	End date of operation	Thousands of Euros		
		Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Highways / roads	2026	181,930	(127,822)	**54,108**
Water management	2034 - 2039	27,312	(5,290)	**22,022**
Photovoltaic Plants	2035 - 2040	721,087	(517,061)	**204,026**
Other infrastructures	—	1,934	(344)	**1,590**
Total		**932,263**	**(650,517)**	**281,746**

The changes in this heading in 2022 and 2021 were as follows:

	Thousands of Euros					
	2022			2021		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**188,052**	**(115,199)**	**72,853**	**607,657**	**(201,506)**	**406,151**
Changes in the consolidation perimeter	2,933,189	(22,816)	**2,910,373**	—	—	**—**
Additions or charges for the year	1,199	(152,167)	**(150,968)**	2,410	(12,725)	**(10,315)**
Exchange differences	379	(15)	**364**	(774)	(18)	**(792)**
Disposals or reductions	—	1	**1**	(12,965)	—	**(12,965)**
Transfers to assets held for sale and disposable groups of items	—	—	**—**	(99,630)	3,093	**(96,537)**
Transfers	(2,190,556)	(360,321)	**(2,550,877)**	(308,646)	95,957	**(212,689)**
Ending balance	**932,263**	**(650,517)**	**281,746**	**188,052**	**(115,199)**	**72,853**

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

– The concession assets identified as intangible assets, as a result of the Group assuming demand risk at 31 December 2022, are as follows:

Type of infrastructure	End date of operation	Thousands of Euros		
		Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Highways / roads	2026	181,889	(127,782)	**54,107**
Other infrastructures	-	1,932	(344)	**1,588**
Total		**183,821**	**(128,126)**	**55,695**

	Thousands of Euros					
	2022			2021		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**183,692**	**(115,160)**	**68,532**	**189,742**	**(104,424)**	**85,318**
Changes in the consolidation perimeter	2,933,189	(22,816)	**2,910,373**	—	—	**—**
Additions or charges for the year	16	(13,171)	**(13,155)**	—	(12,719)	**(12,719)**
Exchange differences	113	(15)	**98**	140	(18)	**122**
Transfers to assets held for sale and disposable groups of items	—	—	**—**	(6,190)	2,001	**(4,189)**
Transfers	(2,933,189)	23,036	**(2,910,153)**	—	—	**—**
Ending balance	**183,821**	**(128,126)**	**55,695**	**183,692**	**(115,160)**	**68,532**

– No concession assets were identified as financial assets as a result of the Group not assuming demand risk at 31 December 2022. The changes in 2022 and 2021 in the concession assets identified as financial assets are as follows:

	Thousands of Euros	
	2022	2021
Beginning balance	**4,317**	**15,786**
Investment	57	—
Finance income	1,791	2,410
Collections	(665)	—
Disposals or reductions	—	(12,965)
Exchange differences	266	(914)
Transfers from/to other assets	(5,766)	—
Ending balance	**—**	**4,317**

In accordance with the measurement bases of IFRIC 12 and Note 03.04, the amount of financial remuneration included under "Revenue" amounted to EUR 1,791 thousand in 2022 (EUR 2,410 thousand in 2021), with no amounts in 2022 and 2021 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 for the concessions classified under the financial asset model were immaterial in 2022 and 2021.

– 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 2022 and the changes in this heading in 2022 and 2021 are as follows:

Type of infrastructure	End date of operation	Thousands of Euros		
		Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Highways / roads	2026	41	(40)	**1**
Water management	2034 - 2039	27,312	(5,290)	**22,022**
Photovoltaic Plants	2035 - 2040	721,087	(517,061)	**204,026**
Other infrastructures	-	2	—	**2**
Total		**748,442**	**(522,391)**	**226,051**

	Thousands of Euros					
	2022			2021		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**43**	**(39)**	**4**	**402,129**	**(97,082)**	**305,047**
Additions or charges for the year	—	(138,996)	**(138,996)**	—	(6)	**(6)**
Disposals or reductions	—	1	**1**	—	—	**—**
Transfers to assets held for sale and disposable groups of items	—	—	**—**	(93,440)	1,092	**(92,348)**
Transfers	748,399	(383,357)	**365,042**	(308,646)	95,957	**(212,689)**
Ending balance	**748,442**	**(522,391)**	**226,051**	**43**	**(39)**	**4**

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

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

The impairment losses recognised in the consolidated income statement in 2022 amounting to EUR 50,309 thousand mainly relate to the solar thermal power plants of Tonopah Solar Energy LLC (see Note 29). No impairment losses were recognised in the consolidated income statement in 2021 under this heading of the consolidated statement of financial position. Similarly, no significant impairment losses were reversed or recognised in the consolidated income statement for 2022 or 2021.

At 31 December 2022 and 2021, the Group had no significant contractual commitments for the acquisition of non-current assets in projects.

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

Lastly, it should be noted that the Group has non-current assets in projects classified under “Non-current assets held for sale” (see Note 03.09).

07. Investment property

The changes in this heading in 2022 and 2021 were as follows:

	Thousands of Euros	
	2022	2021
Beginning balance	**41,003**	**42,298**
Additions	6,698	—
Sales / decreases	(113)	—
Charges for the year	(1,600)	(1,563)
Transfers from / to other assets	23,094	1,789
Transfers to assets held for sale and disposable groups of items	—	(1,521)
Exchange difference	(521)	—
Ending balance	**68,561**	**41,003**

The rental income earned from investment property amounted to EUR 7,463 thousand in 2022 (EUR 6,962 thousand in 2021). The average occupancy level of these assets was 53% (44% in 2021) with an average leased area of 168,767 square metres (52,424 square metres in 2021).

The direct operating expenses arising from investment properties included under “Other operating expenses” amounted to EUR 967 thousand in 2022 (EUR 1,732 thousand in 2021).

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 2022, the gross carrying amount was EUR 57,191 thousand and accumulated depreciation (increased by accumulated impairment losses) amounted to EUR 16,188 thousand. At year-end, the gross carrying amount and accumulated depreciation were EUR 86,834 thousand and EUR 18,273 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 2022 and 2021, in proportion to the percentage of ownership interest in the share capital of each joint venture, are as follows:

	Thousands of Euros	
	2022	2021
Net asset	2,505,827	1,879,153
Pre-tax profit or loss	(92,439)	(133,342)
Income tax expense (-) / income (+)	23,613	33,622
Post-tax profit or loss	(68,826)	(99,720)
Other comprehensive income	8,500	(809)
Total comprehensive income	(60,326)	(100,529)

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 2022 and 2021, is as follows:

	Thousands of Euros	
	2022	2021
Associates	3,217,808	3,081,312
Jointly controlled entities	1,610,281	1,442,917
Total	**4,828,089**	**4,524,229**

The changes in this heading in 2022 and 2021 were as follows:

	Thousands of Euros	
	2022	2021
Beginning balance	**4,524,229**	**4,479,551**
Additions	159,885	247,708
Disposals	(19,627)	(92,107)
Change in consolidation method	3,292	1,653
Profit for the year	370,012	254,555
Changes in the equity of associates		
Exchange differences/other	93,349	92,161
Cash flow hedges	390,063	91,754
Financial assets held for sale	1,139	(9,314)
Transfer to non-current assets held for sale/discontinued operations	5,254	1,119
Distribution of dividends	(613,138)	(454,031)
Others	(86,369)	(88,820)
Ending balance	**4,828,089**	**4,524,229**

"Ordinary results of companies accounted for using the equity method" and "Non-ordinary results of companies accounted for using the equity method" in the consolidated income statement for 2022 also include the profit or loss of companies accounted for using the equity method and that have been classified under "Non-current assets held for sale and discontinued operations", which amounts to EUR 15,460 thousand (EUR 18,870 thousand in 2021).

The detail, by division, of the investments in companies accounted for using the equity method at 31 December 2022 and 2021 is as follows:

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

(*) Restated.

– Construction

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

In addition, the changes in investments accounted for using the equity method in 2022 most notably include Cimic's interest in Ventia, which as of 31 March 2022 is recognised as a non-current financial asset instead of being accounted for using the equity method (see Notes 02.02.f and 10.01). Despite the above, the carrying amount of the investments accounted for using the equity method in the Construction division increased due to the improvement in results of these entities, mainly in Hochtief.

– Concessions

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

09.02. Material associates / Joint arrangements

Material associates and joint ventures

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

Abertis

The ACS Group owns 50% less one share of Abertis Holdco, S.A. The ACS Group's interest in Abertis Holdco, S.A. gives it 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 companies considered material under this heading of the consolidated statement of financial position:

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

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

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

In 2022, to assess whether or not there were any indications of impairment of its interest in Abertis, the Group estimated the fair value of this shareholding. Therefore, the fair value of Abertis at year-end 2022 was restated in accordance with the Group’s policies. The recoverable amount of the interest in Abertis accounted for using the equity method was compared with the carrying amount, and no impairment was detected. The ACS Group compared the carrying amount of the cash-generating unit (CGU), which includes the goodwill, with the fair value obtained using the discounted cash flow method (Abertis Holdco, S.A. and Subsidiaries). In accordance with IAS 36, the ACS Group considered that the most appropriate methodology for calculating the fair value corresponds to the assessment of a projected finite period of 5 years (2023-2027) together with the estimate of a residual value.

Based on the budgets and latest long-term projections, the impairment test on the Abertis goodwill as at 31 December 2022 was prepared based on:

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

The discount rate (WACC) applied to the cash flow projections was 5.77% and, in the case of the terminal value, the WACC applied was increased by 2.0%.

In relation to the result of the impairment test on the interest in Abertis accounted for using the equity method, the recoverable amount obtained (determined based on the fair value as indicated above) exceeds the carrying amount of the goodwill and the assets, so that the carrying amount of the investment in Abertis recognised at 31 December 2022 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 10% and an increase in the WACC by more than 50 basis points could result in the need to recognise an impairment loss on the consolidated carrying amount of Abertis.

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

Thiess

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

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

Thiess Joint Venture	Thousands of Euros	
	31/12/2022	31/12/2021
	100%	100%
Non-current assets	3,232,540	2,935,703
Current assets	1,024,156	634,774
Of which: Cash and cash equivalents	162,366	132,309
Non-current liabilities	1,449,316	1,366,315
Of which: Financial liabilities	1,270,382	1,184,246
Current liabilities	873,515	548,319
Of which: Financial liabilities	190,277	113,993
Net assets	**1,933,865**	**1,655,843**
Minority interests	10,769	13,449
Equity attributable to the parent company	**1,923,096**	**1,642,394**
Group's share of net assets (50%)	**811,895**	**796,222**

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

(*) The Thiess shareholder agreement establishes a minimum distribution to each shareholder of AUD 180.0 million (EUR 118.8 million) per year during the first six years. In addition, Thiess issued Class C preference shares (see Note 22) providing a coupon yield above all other equity instruments in the amount of EUR 3.2 million for the Group's shareholding in 2022. Accordingly, the returns are attributable first to both the Class C preference shares held by the Group and by Elliott and then to Elliott's minimum distribution. As a result, the Group's share of the profit for the period amounted to EUR 57.9 million. The reduction in the Group's profit includes protective rights and is expected to be recovered through future profits.

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

On 26 July 2022, Thiess announced that it had entered into a bid execution agreement with MACA Limited ("MACA"). Thiess agreed to make an offer to MACA shareholders to acquire all of the issued shares through a conditional off-market takeover bid. Thiess offered MACA shareholders a consideration in cash of AUD 1.025 per share. The takeover bid for MACA launched by Cimic was concluded in October 2022 for EUR 242 million. This acquisition is an important part of the strategy that Thiess has to diversify its operations among commodities, services and geographical areas (see Note 02.02.f).

The takeover bid was supported by Thiess' shareholders (Cimic and Elliot) who agreed to provide Thiess with the funds. Cimic and Elliot financed the acquisition by subscribing the new Class C preference shares of Thiess. Cimic invested AUD 191.3 million (EUR 126.2 million). The preference shares were issued to the two shareholders in equal proportion, with the same terms, and provide a coupon yield above all other equity instruments. These Class C preference shares are considered non-current financial investments in Thiess and are not accounted for using the equity method in accordance with IAS 28 and, therefore, are considered equity instruments measured at fair value through profit or loss in accordance with IFRS 9.4.1.4 under non-current equity instruments (see Note 10).

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

	Thousands of Euros			
	Associates		Jointly controlled entities	
	2022	2021	2022	2021
Carrying amount	**246,763**	**298,426**	**798,386**	**646,695**
Profit before taxes	**46,534**	**44,434**	**99,978**	**(3,940)**
Income taxes	(9,061)	(12,501)	8,028	16,951
Profit after taxes	**37,473**	**31,932**	**108,007**	**13,011**
Other comprehensive income	60,039	13,638	29,002	26,337
Total comprehensive income	**97,512**	**45,571**	**137,008**	**39,348**

10. Financial assets

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

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

The derivative financial instruments are broken down in Note 22.

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

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

	Thousands of Euros			
	Value at 31/12/2021	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost
Non-current financial assets	**771,011**	**339,823**	**14**	**431,174**
Equity securities at long-term	87,878	87,864	14	—
Loans to group and associates companies at long-term	184,381	—	—	184,381
Loans to third parties at long-term	263,431	223,436	—	39,995
Debt securities at long-term	24,208	24,208	—	—
Long-term cash collateral deposits	987	987	—	—
Other financial assets at long-term	7,849	3,328	—	4,521
Non-current financial assets in operating receivables	197,960	—	—	197,960
Concessional assets identified under the financial asset model (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 companies to short-term	64,019	—	—	64,019
Debt securities at short-term	483,898	93,938	389,960	—
Group and associated short-term derivatives	178,440	—	—	178,440
Other financial assets at short-term	375,696	77,581	—	298,115
Trade receivables for sales and services	**6,686,487**	**—**	**—**	**6,686,487**
Other receivable	**1,400,815**	**—**	**—**	**1,400,815**
Cash and cash equivalents	**11,253,419**	**—**	**—**	**11,253,419**

10.01. Equity Instruments

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

	Thousands of Euros			
	31/12/2022		31/12/2021	
	Non-Current	Current	Non-Current	Current
Constructions	576,326	163,639	62,602	177,023
Concessions	21,813	954	21,725	1,003
Services	19	—	19	—
Corporation, other and adjustments	3,430	—	3,532	—
Total	**601,588**	**164,593**	**87,878**	**178,026**

Non-current and current equity instruments most notably include those from Hochtief amounting to EUR 576,129 thousand and EUR 163,639 thousand, respectively, at 31 December 2022 (EUR 62,431 thousand and EUR 177,024 thousand, respectively, at 31 December 2021) and relate mainly to the increase in the amount of non-current equity instruments compared to 31 December 2021, which is mainly due to the exclusion of Ventia from the consolidation perimeter of Cimic, which as of 31 March 2022 is recognised as a non-current financial asset instead of being accounted for using the equity method (see Note 02.02.f), and the Class C preference shares of Thiess (see Note 09.02). Short-term investments in securities held in special and general investment funds are also recognised.

10.02. Loans to associates

The detail of the balances of “Loans to associates” and of the scheduled maturities as at 31 December 2022 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2023	2024	2025	2026	2027 and subsequent years	Total non-current
Loans to associates	**96,502**	87,890	—	6,552	72,628	**167,070**

The detail of the balances of “Loans to associates” and of the scheduled maturities as at 31 December 2021 was 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**

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

(EUR 4,253 thousand at 31 December 2021). In addition, the participating loan of Nuevo Hospital de Toledo, S.A. was transferred in 2022 from Iridium Concesiones de Infraestructuras, S.A. to Global Borealis, S.L.U. after 80% of the concession was sold in 2021, whereby the loan currently amounts to EUR 2,388 thousand.

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

10.03. Other loans

The detail of the balances of "Other loans" and of the scheduled maturities as at 31 December 2022 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2023	2024	2025	2026	2027 and subsequent years	Total non-current
Other loans	**87,104**	71,237	54,702	35,902	203,766	**365,607**

The detail of the balances of "Other loans" and of the scheduled maturities as at 31 December 2021 was 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**

At 31 December 2022, "Loans to third parties" under "Non-current financial assets" in the consolidated statement of financial position included the earn-out corresponding to the sale of most of the Industrial business, the fair value of which amounted to EUR 328,936 thousand after the valuation was updated in 2022 based on the best information available (EUR 223,436 thousand at 31 December 2021); this amount has yet to be received as there is a maximum variable payment of EUR 600 million in cash at a rate of EUR 20 million for each half GW generated by the Industrial business (up to "Ready to build" status) between 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 business 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 2022, this heading included the investments in securities maturing in the short term relating mainly to investments in securities, investment funds and fixed-income securities maturing at more than three months, and that it does not intend to hold until maturity, from Hochtief for EUR 424,157 thousand (EUR 394,803 thousand at 31 December 2021). Other significant amounts include those held by the Dragados Group amounting to EUR 62,706 thousand (EUR 89,095 thousand at 31 December 2021).

10.05. Other financial assets

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

In addition, at 31 December 2022, the amount mentioned in the previous paragraph includes EUR 218,139 thousand (EUR 194,095 thousand at 31 December 2021) held as collateral to secure the derivatives arranged by the Group (see Note 22), recognised under “Other current financial assets” in the accompanying consolidated statement of financial position.

Impairment losses

There were no significant impairment losses in 2022 or 2021. There were no significant reversals of impairment losses on financial assets in 2022 or 2021.

11. Inventories

The detail of “Inventories” at 31 December 2022 and 2021 is as follows:

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

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

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

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 2022 and 2021:

	Thousands of Euros				
	Constructions	Concessions	Services	Corporate unit and adjustments	Balance at 31/12/2022
Trade receivables for sales and services	6,845,580	3,866	220,554	278,898	**7,348,898**
Receivable from group companies and associates	29,346	4,927	4	—	**34,277**
Other receivables	898,860	28,980	19,642	58,800	**1,006,282**
Current tax assets	126,988	2,610	389	45,209	**175,196**
Total	**7,900,774**	**40,383**	**240,589**	**382,907**	**8,564,653**

	Thousands of Euros				
	Constructions	Concessions	Services	Corporate unit and adjustments	Balance at 31/12/2021 (*)
Trade receivables for sales and services	6,171,336	4,287	185,104	289,524	**6,650,251**
Receivable from group companies and associates	32,822	3,415	(4)	3	**36,236**
Other receivables	1,073,564	30,240	13,370	283,641	**1,400,815**
Current tax assets	134,167	2,909	102	155,876	**293,054**
Total	**7,411,889**	**40,851**	**198,572**	**729,044**	**8,380,356**

(*) Restated.

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

The detail of “Trade receivables for sales and services” and the net trade receivables balance, by line of business, at 31 December 2022 and 2021 is as follows:

	Thousands of Euros				
	Constructions	Concessions	Services	Corporate unit, others and adjustments	Balance at 31/12/2022
Trade receivables and notes receivable	4,201,670	1,119	204,873	237,708	**4,645,370**
Completed work pending certification	2,799,159	2,776	19,898	49,528	**2,871,361**
Allowances for doubtful debts	(155,249)	(29)	(4,217)	(8,338)	**(167,833)**
Total receivables for sales and services	**6,845,580**	**3,866**	**220,554**	**278,898**	**7,348,898**
Advances received on orders (Note 23)	(2,858,033)	(1,397)	(3,340)	(29,512)	**(2,892,282)**
Total liabilities from customer contracts	**(2,858,033)**	**(1,397)**	**(3,340)**	**(29,512)**	**(2,892,282)**
Total net trade receivables balance	**3,987,547**	**2,469**	**217,214**	**249,386**	**4,456,616**

	Thousands of Euros				
	Constructions	Concessions	Services	Corporate unit, others and adjustments	Balance at 31/12/2021 (*)
Trade receivables and notes receivable	3,824,493	932	183,428	249,863	**4,258,716**
Completed work pending certification	2,526,898	3,384	6,244	47,833	**2,584,359**
Allowances for doubtful debts	(180,055)	(29)	(4,568)	(8,172)	**(192,824)**
Total receivables for sales and services	**6,171,336**	**4,287**	**185,104**	**289,524**	**6,650,251**
Advances received on orders (Note 23)	(2,815,683)	(747)	(1,346)	(29,221)	**(2,846,997)**
Total liabilities from customer contracts	**(2,815,683)**	**(747)**	**(1,346)**	**(29,221)**	**(2,846,997)**
Total net trade receivables balance	**3,355,653**	**3,540**	**183,758**	**260,303**	**3,803,254**

(*) Restated.

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

The breakdown of the amounts recognised in 2022 and 2021 is as follows:

	Thousands of Euros				
	Balance at 31/12/2021	Changes in the consolidation perimeter	Exchange differences	Others	Balance at 31/12/2022
Trade receivables and notes receivable (net of provisions)	**4,065,892**	659	413	410,573	**4,477,537**
Completed work pending certification	**2,584,359**	379	16,377	270,246	**2,871,361**
Total Contract assets	**6,650,251**	**1,038**	**16,790**	**680,819**	**7,348,898**
Total Contract liabilities	**2,846,997**	**—**	**18,702**	**26,583**	**2,892,282**

	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**	**191,072**	**(2,299,714)**	**63,293**	**353,394**	**6,650,251**
Total Contract liabilities	**3,283,355**	**12,338**	**(612,387)**	**44,101**	**119,590**	**2,846,997**

“Others” basically includes changes related to production and/or invoicing to customers during the year and the payments obtained from them, and the reclassifications from completed work pending certification to trade receivables and notes receivable. The main change in 2021 related to the transfer of the Industrial Services Division to non-current assets held for sale since it was considered a discontinued operation during the year before it was sold.

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 based on each project/work at both 31 December 2022 and 31 December 2021.

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

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

The revenue recognised in 2022 that was included in the balance of “Customer advances” (contract liabilities with customers) at the beginning of the year amounts to EUR 1,783 million (EUR 1,734 million in 2021), while the revenue recognised in 2022 resulting from performance obligations that were satisfied or partially satisfied in previous years amounts to a loss of EUR (39) million.

At 31 December 2022, retentions held by customers for contract work in progress amounted to EUR 1,337,461 thousand (EUR 1,215,207 thousand at 31 December 2021).

The Group companies assign trade receivables to financial institutions, without the possibility of recourse against them in the event of non-payment. The reduced balance of receivables amounted to EUR 1,063,190 thousand at 31 December 2022 (EUR 1,012,001 thousand at 31 December 2021).

Substantially all the risks and rewards associated with the receivables, and control over them, were transferred through the sale and assignment of the receivables, since there are no repurchase agreements between the Group companies and the banks that have acquired the assets, and the banks may freely dispose of the acquired assets without the Group companies being able to limit this right in any manner. Consequently, the balances receivable relating to the receivables assigned or sold under the above conditions were 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 2022 and 2021, 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 allowances for doubtful debts in 2022 and 2021:

Movement in the impairment provision	Thousands of Euros				
	Constructions	Concessions	Services	Corporate unit, others and adjustments	Total
Balance at 1 January of 2021 (*)	**(202,585)**	**(29)**	**(3,797)**	**(124,765)**	**(331,176)**
Charges for the year	(32,537)	—	(3,172)	(44,642)	(80,351)
Reversals / Excesses	58,572	—	2,644	43,108	104,324
Changes in the consolidation perimeter and other	(3,504)	—	(243)	118,126	114,379
Balance at 31 December 2021 (*)	**(180,054)**	**(29)**	**(4,568)**	**(8,173)**	**(192,824)**
Charges for the year	(565)	—	(2,580)	(81)	(3,226)
Reversals / Excesses	44,993	—	2,906	4	47,903
Changes in the consolidation perimeter and other	(19,623)	—	25	(88)	(19,686)
Balance at 31 December 2022	**(155,249)**	**(29)**	**(4,217)**	**(8,338)**	**(167,833)**

(*) Restated.

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

The net trade receivables balance at 31 December 2022 amounted to EUR 4,456,616 thousand (EUR 3,803,254 thousand at 31 December 2021), of which EUR 465,198 thousand (EUR 411,579 thousand at 31 December 2021) relate to domestic activity and EUR 3,991,418 thousand (EUR 3,391,675 thousand at 31 December 2021) to international activity.

As regards domestic activity, EUR 315,997 thousand (EUR 288,578 thousand at 31 December 2021), 68% of the balance (70% of the balance at 31 December 2021), relates to the net balance receivable from the Spanish public authorities, while the remainder relates to the private sector, without a large concentration of balances.

As regards foreign activities, the majority arises from the private sector amounting to EUR 3,243,749 thousand (EUR 2,811,794 thousand at 31 December 2021), the majority of which relate to the Hochtief Group. The status of customers that are past due but not impaired as at 31 December 2022 and 2021 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 initial maturity of three months or less, and other short-term, highly liquid investments (maturing within less than three months) that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. At 31 December 2021, this heading included EUR 4,902 million corresponding to the proceeds from the sale of most of the Industrial business (see Note 03.09.02).

The carrying amount of these assets amounting to EUR 484,221 thousand at 31 December 2022 (EUR 312,392 thousand at 31 December 2021) reflects their fair value and there are no restrictions as to their use.

15. Equity

15.01. Share capital

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

On 3 January 2022, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 7 May 2021, and also resolved to carry out the second capital reduction of ACS, Actividades de Construcción y Servicios, S.A. for the same amount as the increase in share capital as a result of the second capital increase through the retirement of the necessary treasury shares. The definitive number of shares, subject to the capital increase, was 3,047,466 shares for a nominal amount of EUR 1,523,733.00, which were retired simultaneously for the same amount, and with an allocation to reserves for the same amount as the nominal value of the retired shares, i.e., EUR 1,523,733.00, as provided for in section 335.c) of the Corporate Enterprises Act.

On 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) of the Corporate Enterprises Act.

On 12 May 2022, in accordance with the resolution passed at the Annual General Meeting held on 6 May 2022, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. agreed to reduce share capital, with a charge to profit or unrestricted reserves, through the retirement of the Company's treasury shares for a nominal amount of EUR 3 million through the retirement of 6 million ACS treasury shares, making the corresponding provision with a charge to reserves as indicated in section 335.e) of the Corporate Enterprises Act.

On 21 November 2022, in accordance with the resolution passed at the Annual General Meeting held on 6 May 2022, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. agreed to reduce share capital, with a charge to profit or unrestricted reserves, through the retirement of the Company's treasury shares for a nominal amount of EUR 2.25 million through the retirement of 4.5 million ACS treasury shares, making the corresponding provision with a charge to reserves as indicated in section 335.e) of the Corporate Enterprises Act.

On 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.

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

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

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

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

The shareholders at the Annual General Meeting held on 10 May 2019 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 2019, 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 Company's shares, for a total amount of up to EUR 3,000 million; and the power to increase 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.

At the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 6 May 2022, the shareholders resolved, among other matters, to carry out a share capital increase and reduction. The Company resolved to increase share capital to a maximum of EUR 600 million with a charge to unrestricted reserves, whereby the first capital increase may not exceed EUR 460 million and the second increase may not exceed EUR 140 million, indistinctly granting the Executive Committee, the Chairman of the Board and the Director Secretary the power to execute the resolution. The capital increase is expected to take place, in the case of the first increase, within the three months following the date of the Annual General Meeting held in 2022 and, in the case of the second increase, within the first quarter of 2023, thereby coinciding with the dates on which the ACS Group has traditionally distributed the final dividend and the interim dividend. As regards the capital reduction, the resolution passed by the Board consists of reducing share capital through the retirement of the Company's treasury shares for a nominal amount equal to the nominal amount for which the above capital increase was effectively carried out. The Board is granted the power to execute these resolutions, on one or two occasions, simultaneously with each of the share capital increases (see Note 15.04).

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

On 9 January 2023, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 6 May 2022, and, on this same date, also resolved to carry out the second capital reduction of ACS, Actividades de Construcción y Servicios, S.A. for the same amount as the increase in share capital as a result of the second capital increase (see Note 15.04).

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 voluntary reserves, whereby the first capital increase may not exceed EUR 426 million and the second increase may not exceed EUR 148 million, indistinctly granting the Executive Committee, the Chairman of the Board and the Director Secretary the power to execute the resolution. The capital increase is expected to take place, in the case of the first increase, within the three months following the date of the Annual General Meeting held in 2021 and, in the case of the second increase, within the first quarter of 2022, thereby coinciding with the dates on which the ACS Group has traditionally distributed the final dividend and the interim dividend. As regards the capital reduction, the resolution passed by the Board consists of reducing share capital through the retirement of the Company’s treasury shares for a nominal amount equal to the nominal amount for which the above capital increase was effectively carried out. The Board is granted the power to execute these resolutions, on one or two occasions, simultaneously with each of the share capital increases (see Note 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) of the Corporate Enterprises Act.

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

In addition to the Parent Company, the companies included in the consolidation perimeter whose shares are listed on securities markets at 31 December 2022 are Hochtief, A.G. on the Frankfurt Stock Exchange (Germany) and Dragados y Construcciones Argentina, S.A.I.C.I. on the Buenos Aires Stock Exchange (Argentina).

At 31 December 2022, 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 13.86%.

15.02. Share premium

The share premium at 31 December 2022 and 2021 amounted to EUR 366,379 thousand and EUR 366,379 thousand, respectively.

The consolidated text of the 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. This reserve is unrestricted provided that the Company’s equity does not fall below share capital as a result of its distribution.

15.03. Reserves

The detail of this heading at 31 December 2022 and 2021 is as follows:

	Thousands of Euros	
	Balance at 31/12/2022	Balance at 31/12/2021
Legal reserve	35,287	35,287
Voluntary reserves	7,144,603	3,602,560
Capital redemption reserve fund	64,367	48,027
Reserve for actuarial gains and losses	111,816	(875)
Others reserves	410,051	814,557
Reserves at consolidated companies	(3,140,766)	(866,542)
Total	**4,625,358**	**3,633,014**

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 of the 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, exceed the stipulated level at 31 December 2022 and 2021.

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 law.

Pursuant to the consolidated text of the 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 2022 and 2021, in accordance with section 335.c) of the consolidated text of the Corporate Enterprises Act, ACS, Actividades de Construcción y Servicios, S.A. established a restricted "Capital redemption reserve" of EUR 64,367 thousand (EUR 48,027 thousand at 31 December 2021), 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 2022 and 2021 were as follows:

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

In 2022, the Parent Company retired a total of 20,500,000 shares in accordance with the resolutions passed by the shareholders at the General Meeting, reducing the share capital by a nominal amount of EUR 10,250,000 through the retirement of 20.5 million ACS treasury shares, making the corresponding provision with a charge to reserves as indicated in section 335.e) of the Corporate Enterprises Act (see Note 15.01).

On 3 January 2022, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 7 May 2021, and also resolved to carry out the second capital reduction of ACS, Actividades de Construcción y Servicios, S.A. for the same amount as the increase in share capital as a result of the second capital increase through the retirement of the necessary treasury shares. The definitive number of shares, subject to the capital increase, was 3,047,466 shares for a nominal amount of EUR 1,523,733.00, which were retired simultaneously for the same amount, and with an allocation to reserves for the same amount as the nominal value of the retired shares, i.e., EUR 1,523,733.00, as provided for in section 335.c) of the Corporate Enterprises Act.

On 20 June 2022, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first capital increase with a charge to reserves approved at the Annual General Meeting held on 6 May 2022, so that once the process was concluded in July 2022, the definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued was 9,132,720 shares, and the nominal amount of the related capital increase was EUR 4,566,360. On that same date, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 4,566,360 through the retirement of 9,132,720 treasury shares and allocated the same amount to reserves as the nominal value of the retired shares, i.e., EUR 4,566,360, as provided for in section 335.c) of the Corporate Enterprises Act (see Note 15.01).

On 9 January 2023, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 6 May 2022, and also resolved to carry out the second capital reduction of ACS, Actividades de Construcción y Servicios, S.A. for the same amount as the increase in share capital as a result of the second capital increase (see Note 15.01) through the retirement of the necessary treasury shares. The purpose of the capital increase is to implement a flexible formula for shareholder remuneration (“optional dividend”), so that shareholders may choose to continue to receive cash remuneration or to receive new shares in the Company.

On 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) of the 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) of the 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).

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

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

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

15.05. Dividends

Dividends paid by the Parent Company

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

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

The maximum number of new shares to be issued in the second capital increase charged to reserves agreed at the Annual General Meeting held on 7 May 2021 (through which an optional dividend in shares or cash is structured) was set at 6,093,291 shares on 11 January 2022.

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

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

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

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

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

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

In addition, as a result of the resolution passed by the shareholders at the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 6 May 2022, the Company resolved on 20 June 2022 to carry out the first capital increase, establishing the maximum reference value at EUR 460 million with a charge to the Company's reserves in order for the shareholders to be able to choose whether they wish to be compensated in cash or in the Company's shares. On 28 June 2022, certain aspects in relation to the first capital increase mentioned above were finalised and are summarised as follows:

- The maximum number of new shares to be issued in the first capital increase would be 19,244,306 shares.
- A total of 15 bonus issue rights are necessary to receive one new share.
- The acquisition price of each bonus issue right, by virtue of the purchase agreement assumed by ACS, is EUR 1.484.

After the negotiation period for the bonus issue rights corresponding to the second bonus issue, the irrevocable commitment to purchase rights assumed by ACS was accepted by the holders of 43.2% of the bonus issue rights. After the decision-making period granted to the shareholders has elapsed, on 15 July 2022 the dividend was determined at a total gross amount of EUR 185,566,615.28 and was paid on 18 July.

Interim dividends

On 28 July 2022, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. resolved to pay an interim dividend of EUR 0.05 per share with a charge to profit for 2022, which represents the payment of a total dividend of EUR 13.4 million on 4 August 2022. For these purposes, at its meeting on 28 July 2022, the Board of Directors prepared the accounting statement required pursuant to section 277 of the Corporate Enterprises Act, evidencing the existence of sufficient liquidity for the distribution of this interim dividend.

Subsequent to year-end 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 6 May 2022 (see Note 32).

15.06. Valuation adjustments / translation differences

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

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

The adjustments for hedging instruments relate to the reserve set up for the effective portion of changes in the fair value of the financial instruments designated and effective as cash flow hedges mainly from the ownership interest in Abertis.

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 2022 relates exclusively to the difference arising in the period from 2004 to 2022, 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 2022 and 2021 were as follows:

	Thousands of Euros	
	Balance at 31/12/2022	Balance at 31/12/2021
U.S. Dollar (USD)	40,230	21,433
Australian Dollar (AUD)	34,550	(10,063)
Canadian Dollar (CAD)	(7,161)	4,730
Other currencies	30,061	(107,021)
Total	**97,680**	**(90,921)**

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 2022 and 2021 is as follows:

Line of Business	Thousands of Euros				
	Balance at 31/12/2022		Balance at 31/12/2021(*)		
	Non-controlling interests	Profit attributed to non-controlling interests	Non-controlling interests	Profit attributed to non-controlling interests	Result discontinued operations
Construction	203,209	204,228	510,708	155,517	11,340
Concessions	406,270	87	310	25	—
Services	4,247	504	3,626	621	—
Corporation, others and adjustments	10,198	(262)	(1,566)	13,318	—
Total	**623,924**	**204,557**	**513,078**	**169,481**	**11,340**

(*) Data restated.

“Non-controlling interests” mainly relates to the full consolidation of Blueridge Transportation Group (BTG) (see Note 02.02.f) amounting to EUR 405,990 thousand at 31 December 2022 and to the 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 95,674 thousand at 31 December 2022 (EUR 284,764 thousand at 31 December 2021), the reduction of which from one year to the next is mainly due to the increase in the ownership interest in Hochtief and the takeover bid for the shares of the minority shareholders of Cimic Group Limited as detailed in this Note.

In addition, on 23 February 2022, Hochtief, the majority shareholder of Cimic with a 78.6% interest, announced its intent to carry out an off-market takeover bid, which would be unconditional and final (unless a counter-offer is submitted by a third party), to acquire the remaining shares of Cimic for AUD 22 per share. Cimic’s shareholders that accept the offer will receive payment in cash within five business days of acceptance. On 6 May 2022, Cimic’s shares were suspended from trading on the Australian stock exchange after Hochtief reached a 96% shareholding in the company and a squeeze-out was initiated, which ended with the acquisition of the last shares on 10 June 2022. Consequently, in 2022 the shareholding increased from 78.6% at 31 December 2021 to 100% on 31 December 2022 through Hochtief’s takeover bid for Cimic. All Cimic shares not already owned by Hochtief were acquired for approximately AUD 1,500 million, which at the exchange rate prevailing on the date of each share acquired amounts to EUR 985 million (EUR 940 million considering the average hedging rate) (see Note 03.23).

On 8 June 2022, Hochtief, A.G. decided to increase its share capital by just under 10% through a monetary contribution by using authorised capital. The company’s share capital was increased through the issue of 7,064,593 new shares at EUR 57.50 per share, excluding shareholders’ pre-emption rights. The new shares were issued with dividend rights as of 1 January 2022. ACS, Actividades de Construcción y Servicios, S.A. agreed to participate in the takeover bid in proportion to its current shareholding in Hochtief and to back the capital increase in full with respect to all remaining new shares that were not placed among other corporate and institutional investors. ACS, Actividades de Construcción y Servicios, S.A. was therefore assigned 85% of the total number of new shares, which represents an increase in its shareholding in Hochtief, A.G. from 50.41% to 53.55% of the shares representing the share capital. The cash obtained in the capital increase will be used to repay part of the financing obtained for the acquisition of Cimic (see Note 03.23).

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

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

	Thousands of Euros	
	31/12/2022	31/12/2021
Non-current assets	6,086,338	5,295,254
Current assets	12,213,320	10,939,811
Non-current liabilities	5,995,735	5,378,445
Current liabilities	11,074,474	9,770,859
Equity	**1,229,449**	**1,085,761**
Of which: Non-controlling interests Hochtief	95,674	284,764
Non-controlling interests of Hochtief included in equity of the ACS Group	**425,097**	**667,429**
Turnover	26,219,332	21,377,874
Profit before tax	**677,174**	**434,982**
Income tax	(162,165)	(141,585)
Profit for the period from continuing operations	**515,009**	**293,397**
Profit after tax from discontinued operations	—	(4,479)
Profit for the period	**515,009**	**288,918**
Of which: Non-controlling interests Hochtief	(33,235)	(80,997)
Profit attributable to the parent	**481,774**	**207,921**
Non-controlling interests included in profit or loss for the year	**(173,214)**	**(180,329)**
Cash flows from operating activities	1,050,816	387,196
Cash flows from investing activities	(484,588)	(219,999)
Cash flows from financing activities	(167,202)	(1,075,125)

"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 2022, by item, were as follows:

	Thousands of Euros
Balance at 31 December 2021	**693,899**
Profit for the year from continuing operations	204,557
Dividends received	(97,710)
Changes in shareholdings in controlled companies and others	(77,502)
Adjustments for changes in value	105,237
Balance at 31 December 2022	**828,481**

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**

At 31 December 2022, 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		
Gasoductos y Redes Gisca, S.A.	47.50%	Spie Capag, S.A.
Concessions		
Blueridge Transportation Group, LLC	21.62%	Shikun & Binui Concessions USA, Inc
Services		
Multiservicios Aeroportuarios, S.A.	49.00%	Iberia, S.A.
Corporate unit and others		
Energía Renovable de la Península, SAPI de C.V.	30.00%	Envisión Energy B.V. (24%)

16. Grants

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

	Thousands of Euros	
	2022	2021
Beginning balance	**2,099**	**3,485**
Changes in the consolidation perimeter	—	(513)
Exchange differences	(18)	12
Additions	429	955
Transfers	(172)	4
Transfers to assets held for sale and disposable groups of items	—	(1,545)
Recognition in income statement	(299)	(299)
Ending balance	**2,039**	**2,099**

The years in which the grants related to assets can be allocated are detailed below:

	Thousands of Euros					
	31/12/2022			31/12/2021		
	<1	2-5	>5	<1	2-5	>5
Grants related to assets	363	552	1,124	182	605	1,312

17. Bank borrowings, debentures and other marketable securities

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

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

17.01. Debentures and other marketable securities

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

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

– In 2022, 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 on 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 2022, the issues outstanding under this programme amounted to EUR 55,000 thousand (EUR 182,850 thousand at 31 December 2021).

– ACS, Actividades de Construcción y Servicios, S.A. 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. Under this EMTN debt issue programme, ACS, Actividades de Construcción y Servicios, S.A. issued a five-year senior bond, for a total amount of EUR 750 million, maturing on 17 June 2025, and with a 1.375% annual coupon. In addition, a private placement bond was issued in 2022 for EUR 37 million and maturing in November 2026.

– Furthermore, ACS, Actividades de Construcción y Servicios, S.A. renewed the Negotiable European Commercial Paper (NEU CP) programme in 2022 for EUR 500 million, with a maximum issue term of 365 days, under the regulation of the Bank of France (pursuant to section D.213-2 of the French Monetary and Financial Code) listed on the Luxembourg Stock Exchange. As at 31 December 2022, there were no issues outstanding under this programme (EUR 254,000 thousand at 31 December 2021).

– During the fourth quarter of 2022, as a result of the tender offer to bondholders, EUR 162,300 thousand in green bonds issued by ACS, Servicios, Comunicaciones y Energía, S.A. (currently in Dragados, S.A.) were redeemed for a total of EUR 750,000,000, with a coupon of 1.875% and maturing in April 2026.

The detail, by maturity, of these debentures and bonds at 31 December 2022 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2023	2024	2025	2026	2027 and subsequent years	Total non-current
Debentures and bonds	**107,740**	—	1,296,558	622,216	2,002,137	**3,920,911**

The detail, by maturity, of these debentures and bonds at 31 December 2021 was 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 of the ACS Group's main bonds at 31 December 2022 and 2021 is as follows:

Bonds	Carrying amount 31/12/2022	Carrying amount 31/12/2021	Price 31/12/2022	Price 31/12/2021	Principal (Millions of Euros)	Coupon (%)	Initial term (in years)	Maturity
ACS 750	752,767	751,619	92.12%	101.24%	750	1.375%	5	April 2025
ACS 37	37,051	—	n.a.	n.a.	37	4.750%	4	November 2026
ACS 50	28,011	50,002	n.a.	n.a.	28	0.785%	4.11	June 2023
DRAGADOS GREEN BOND 750	594,043	757,598	90.94%	105.15%	588	1.875%	8	April 2026
HOCHTIEF 500	503,022	502,485	94.65%	104.92%	500	1.750%	7	July 2025
HOCHTIEF 50 CHF	50,930	48,524	n.a.	n.a.	51	0.769%	6	June 2025
HOCHTIEF 50	50,646	50,635	n.a.	n.a.	50	2.300%	15	April 2034
HOCHTIEF 500	497,642	496,960	81.73%	100.51%	500	0.500%	8	September 2027
HOCHTIEF 1000 NOK	95,743	100,745	n.a.	n.a.	96	1.700%	10	July 2029
HOCHTIEF 250	249,580	249,414	65.83%	100.73%	250	1.250%	12	September 2031
HOCHTIEF 500	496,415	495,499	74.92%	97.21%	500	0.625%	8	April 2029
CIMIC FINANCE 500 USD	—	176,591	n.a.	102.13%	—	5.950%	10	November 2022
CIMIC 625	617,797	620,271	74.43%	100.06%	625	1.500%	8	May 2029

17.02. Loans and credit facilities

17.02.01. Loans and credit facilities

The detail of the bank borrowings at 31 December 2022 and the repayment schedules are as follows:

	Thousands of Euros					
	Current	Non-current				
	2023	2024	2025	2026	2027 and subsequent years	Total non-current
Bank loans in euros	**504,844**	922,629	677,013	1,022,787	205,387	**2,827,816**
Foreign currency loans	**827,146**	1,124,111	318,057	281,715	83,041	**1,806,924**
Other financial debs	**5,687**	3,807	2,517	1,483	1,611	**9,418**
Total	**1,337,677**	**2,050,547**	**997,587**	**1,305,985**	**290,039**	**4,644,158**

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 debs	**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 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 (except for EUR 10 million maturing in 2025). No amount has been drawn down on the liquidity facility of tranche B as at 31 December 2022 and 2021. There have been no changes as regards the other terms.

– 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 253.141 thousand), which was drawn down in full by Dragados Construction USA, Inc. The principal of this loan accrues interest at a rate tied to the Libor. On 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 218,217 thousand) and a tranche B of USD 62,250 thousand (EUR 58,363 thousand). Dragados Construction USA, Inc. used USD 37,250 thousand (EUR 34,924 thousand) of tranche B to partially repay the initial amount. Both tranches had been drawn down in full at 2022 year-end. The total amount of the loan was USD 295,000 thousand (EUR 284,009 thousand). In addition, the maturity date was extended to 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 2022, only EUR 231,900 thousand of tranche A had been drawn down. The principal of the loan and the credit facility will accrue interest tied to the Euribor. On 15 December 2022, an agreement was reached to roll over the financing agreement, extending by one year its previously maturity set for 20 December 2023; the new maturity date is 20 December 2024.

– To finance the payment obligation in relation to the takeover bid to acquire all of Cimic's shares, Hochtief took out a credit facility for transactions with a bank syndicate on 23 February 2022 for an amount of up to EUR 1,000 million with a term of one year (plus two options to extend the term by six months each). After a partial repayment of EUR 406 million on 17 June 2022 following the capital increase of Hochtief, A.G. on 8 June 2022, the facility was repaid in full in October 2022 through the commercial paper issue of October 2022 and existing liquidity (see Note 15.07).

– Hochtief, A.G. launched a commercial paper issue in October 2022 for a total of EUR 246 million. The commercial paper has staggered terms of three, five, seven and ten years. This has diversified even more the maturity profile of Hochtief's long-term debt. The liquidity is used for general corporate purposes, supplementing the long-term financing for the acquisition of non-controlling interests in Cimic.

– In May 2022, Cimic took out a revolving syndicated credit facility in the amount of AUD 1,200 million. The credit facility matures within two years and replaces the syndicated financing of AUD 1,300 million maturing in September 2022.

– Cimic refinanced a tranche of its senior syndicated bank loan facility through an international bank syndicate on 14 December 2022. The tranche of AUD 950 million initially maturing in September 2023 was refinanced ahead of schedule. The facility now matures in two tranches: AUD 475 million maturing on 9 December 2025 and AUD 475 million maturing on 9 December 2027.

– The ACS Group held mortgage loans amounting to EUR 27,356 thousand at 31 December 2022 (EUR 31,290 thousand at 31 December 2021).

– At 31 December 2022, the Group companies had credit facilities with limits of EUR 7,641,384 thousand (EUR 7,211,379 thousand at 31 December 2021), of which EUR 5,302,975 thousand (EUR 5,590,790 thousand at 31 December 2021) 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 2022, by maturity, are as follows:

	Thousands of Euros					
	Current	No corriente				
	2023	2024	2025	2026	2027 and subsequent years	Total non-current
Credit lines in euros	**652,976**	1,281,167	873,991	1,187,000	—	**3,342,158**
Credit lines in foreign currency	**462,250**	385,465	234,390	—	225,736	**845,591**
Total	**1,115,226**	**1,666,632**	**1,108,381**	**1,187,000**	**225,736**	**4,187,749**

The undrawn balances of the credit facilities granted to Group companies at 31 December 2021, by maturity, were 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**

At 31 December 2022, current and non-current bank borrowings in foreign currencies amounted to EUR 2,634,070 thousand (EUR 1,669,929 thousand at 31 December 2021), of which mainly EUR 1,513,950 thousand are in Australian dollars (EUR 767,133 thousand at 31 December 2021), EUR 882,100 thousand are in US dollars (EUR 797,320 thousand at 31 December 2021) and EUR 143,922 thousand are in Canadian dollars (EUR 47,521 thousand at 31 December 2021).

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 2022 the Group's euro loans and credits bore average annual interest of 1.91% (1.12% in 2021). Foreign currency loans and credits bore average annual interest of 4.28% (1.30% in 2021).

In accordance with its risk management policy, the ACS Group attempts to achieve a reasonable balance between non-current financing for the Group's strategic investments (above all, limited recourse project 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 2022 and 2021, the ACS Group satisfactorily met its bank borrowing payment obligations on maturity. In addition, up to the date of the preparation of the Consolidated Annual Accounts, there was no significant non-compliance with its financial obligations. Accordingly, at 31 December 2022, the ACS Group met the significant ratios required by its financing agreements.

17.02.02. Financial liabilities classification

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

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

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

The derivative financial instruments are broken down in Note 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 2022 is as follows:

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

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

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

The detail, by maturity, of non-current financing at 31 December 2022 and 2021 is as follows:

	Thousands of Euros				
	Maturity in				
	2024	2025	2026	2027 and subsequent years	Total
Balance at 31 December 2022	29,629	30,764	15,992	129,091	**205,476**

	Thousands of Euros				
	Maturity in				
	2023	2024	2025	2026 and subsequent years	Total
Balance at 31 December 2021	19,637	16,613	14,819	—	**51,069**

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 3.21% in 2022 and 4.63% in 2021.

The debts relating to limited recourse financing are secured by project assets and include clauses requiring that certain ratios be achieved by the project, which were being met in all cases at the date of authorisation for issue of these Annual Accounts. 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 2022 and 2021.

In 2022 and 2021 the ACS Group satisfactorily settled all its project financing debts with limited recourse on maturity. In addition, up to the date of the preparation of these Consolidated Annual Accounts, there was no significant non-compliance with 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 2022 and 2021 is as follows:

	Thousands of Euros			
	Balance at 31/12/2022		Balance at 31/12/2021	
	Non-current	Current	Non-current	Current
Non-bank borrowings at a reduced interest rate	17,341	3,595	20,754	4,424
Payable to associates	17,651	2,594	15,717	2,406
Other	73,144	13,051	59,651	31,893
Total	**108,136**	**19,240**	**96,122**	**38,723**

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, which most notably includes the participating loan from the Spanish State granted to Autovía Medinaceli-Calatayud Sociedad Concesionaria del Estado, S.A., with an outstanding amount at 31 December 2022 of EUR 52,498 thousand (EUR 52,498 thousand at 31 December 2021) to finance the rebalancing achieved in 2011, and that matures during the remaining term of the concession (2026).

"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 2022 were as follows:

NON-CURRENT	Thousands of Euros					
	Provision for pensions and similar obligations	Personnel-related Provisions	Provision for taxes	Provision for third-party liability	Provisions for actions on infrastructure	Total
Balance at 31 December 2021	**441,373**	**169,885**	**656**	**1,219,313**	**4,040**	**1,835,267**
Additions or charges for the year	8,790	5,309	—	116,635	3,336	134,070
Amounts used	4,123	(63,797)	(1)	(50,821)	—	(110,496)
Reversals	1	(145)	(7)	(98,276)	(997)	(99,424)
Increases due to the passing of time and the effect of exchange rates on discount rates	(199,506)	—	—	77	—	(199,429)
Exchange differences	3,760	10,295	—	15,567	—	29,622
Transfers and changes in the consolidation perimeter	91	(7,677)	—	8,106	—	520
Transfers	(1)	(4)	—	(41,034)	—	(41,039)
Balance at 31 December 2022	**258,631**	**113,866**	**648**	**1,169,567**	**6,379**	**1,549,091**

The decrease in provisions for pensions and similar obligations has mainly been the result of Hochtief increasing the discount rate used to measure its pension obligations (see Note 20.01.01) in Germany, the United States and the United Kingdom to 4.16%, 5.10% and 5.05%, respectively, at 31 December 2022 (1.31%, 2.64% and 1.80%, respectively, at 31 December 2021).

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 financial statements 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 reduction between years is mainly due to the reassessment carried out to cover operating risks, litigation and claims both in Spain and abroad, including guarantees for possible claims related to assets sold.

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 2022 the amounts required to cover the obligations to current and retired employees amounted to EUR 4,002 thousand (EUR 4,552 thousand in 2021) and EUR 124,451 thousand (EUR 130,707 thousand in 2021), respectively. The actuarial assumptions used in the 2022 and 2021 valuations detailed above, are as follows:

Actuarial assumptions	2022	2021
Annual rate of increase of maximum social security pension deficit	8.50%	2.00%
Annual wage increase	2.35%	2.35%
Annual CPI growth rate	8.50%	2.00%
Mortality table (*)	PER2020_Col_1er.orden	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%. The interest rate applied in 2022 was 2.04% (0.01% in 2021).

The amounts relating to the above pension obligations, recognised under "Personnel expenses" in the consolidated income statement for 2022, gave rise to an expense of EUR 179 thousand in 2022 (expense of EUR 10 thousand in 2021), 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 4,009 thousand in 2022 and was recognised under "Personnel expenses" in the consolidated statement of financial position for the year. In 2021, the contribution in this connection amounted to EUR 4,714 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 text of the Spanish Pension Fund and Plan Act (*"Ley de Regulación de los Planes y Fondos de Pensiones"*), 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.

Provisions for pensions and similar obligations at the Hochtief Group

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, these arrangements have not been offered since 1995, except for Executive Board members. 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 a recurring payment 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. 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 2022 and 2021 is as follows:

	Thousands of Euros		
	31/12/2022		
	Germany	USA	UK
Active members	69,823	176	6,090
Final salary	10,141	—	6,090
Not final salary	59,682	176	—
Vested benefits	88,415	8	11,968
Retirees	397,699	541	17,807
Similar obligations	73	50,285	—
Total	**556,010**	**51,010**	**35,865**
Duration in years (weighted)	**11.2**	**11.0**	**12.1**

	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**

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 the 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 to ensure that pension liabilities can be met in the long term.

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 2022 is around 59% (47% in 2021); the figure for Germany as a whole is around 67% (53% in 2021). The increase in funding ratios is mainly due to higher interest rates in the capital markets and the resulting decline in the present value of pension liabilities.

US

The defined benefit obligations in the Turner Group that were settled or transferred to insurance companies in 2021 were also managed in a pension fund. The plan assets were therefore used to make lump sum payments to insurance companies and beneficiaries. Upon completion of the audit of the closure by the Pension Benefit Guaranty Corporation (PBGC) of the defined benefit plan, the remaining surplus will be allocated to the benefits under the defined contribution plan.

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 82% (83% in 2021).

Defined benefit obligations are covered by plan assets as follows:

Coverage of defined benefit obligations by plan assets

	Thousands of Euros			
	31/12/2022		31/12/2021	
	Defined benefit obligations	Plan assets	Defined benefit obligations	Plan assets
Uncovered by plan assets	51,010	—	63,347	—
Partially covered by plan assets	534,058	326,528	837,443	459,417
Not fully covered by plan assets	**585,068**	**326,528**	**900,790**	**459,417**
Fully covered by plan assets	57,817	73,813	2,005	2,418
Total	**642,885**	**400,341**	**902,795**	**461,835**

Actuarial assumptions

The size of pension provisions is determined on an actuarial basis. This necessarily involves estimates. Specifically, the actuarial assumptions used in 2022 and 2021 are as follows:

	Percent					
	2022			2021		
	Germany	USA	UK	Germany	USA	UK
Discount factor*	4.16	5.10	5.05	1.31	2.64	1.80
Salary increases	2.75	—	2.45	2.75	—	2.50
Pension increases*	2.25	—	3.35	1.75	—	3.45

* 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 2018 G mortality tables
USA	PRI2012 mortality table projected generationally with MP 2020
UK	S3PMA / S3PFA_M CMI_2021 (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					
	2022			2021		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Defined benefit obligations at start of year	**781,272**	**121,523**	**902,795**	**818,449**	**332,957**	**1,151,406**
Current service costs	6,321	2,469	8,790	7,126	2,780	9,906
Gain on settlements	—	—	—	—	(557)	(557)
Interest expense	9,998	2,850	12,848	7,999	5,837	13,836
Remeasurements						
Actuarial gains / (losses) arising from changes in demographic assumptions	—	(47)	(47)	—	(8,996)	(8,996)
Actuarial gains / (losses) arising from changes in financial assumptions	(207,724)	(39,595)	(247,319)	(16,019)	(5,940)	(21,959)
Actuarial gains / (losses) arising from experience adjustments	1,857	2,164	4,021	422	1,274	1,696
Benefits paid from Company assets	(249)	(2,979)	(3,228)	(391)	(3,606)	(3,997)
Benefits paid from fund assets	(35,441)	(1,426)	(36,867)	(36,263)	(24,943)	(61,206)
Settlements paid from Company assets	—	—	—	—	(74)	(74)
Settlements paid from funds assets	—	—	—	—	(194,470)	(194,470)
Employee contributions	—	75	75	—	83	83
Effect of transfers	(24)	—	(24)	(51)	—	(51)
Changes in the consolidation perimeter	—	—	—	—	—	—
Currency adjustments	—	1,841	1,841	—	17,178	17,178
Defined benefit obligations at end of year	**556,010**	**86,875**	**642,885**	**781,272**	**121,523**	**902,795**

Changes in the market value of plan assets

	Thousands of Euros					
	2022			2021		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Plan assets at start of year	**413,613**	**48,222**	**461,835**	**418,566**	**267,409**	**685,975**
Interest on plan assets	5,392	861	6,253	4,161	4,196	8,357
Plan expenses paid from plan assets recognized in profit or loss	—	—	—	—	(958)	(958)
Remeasurements						
Return on plan assets no included in net interest expense / income	(18,429)	(18,666)	(37,095)	20,871	(4,246)	16,625
Difference between plan expenses expected and recognized in profit or loss	—	—	—	—	(967)	(967)
Employer contributions	5,963	2,096	8,059	6,286	2,108	8,394
Employee contributions	—	75	75	—	83	83
Benefits paid	(35,441)	(1,426)	(36,867)	(36,263)	(24,943)	(61,206)
Settlements paid	—	—	—	—	(194,470)	(194,470)
Transfer of plan surplus after plan settlement	—	—	—	—	(11,679)	(11,679)
Effect of transfers	—	—	—	(8)	—	(8)
Currency adjustments	—	(1,919)	(1,919)	—	11,689	11,689
Plan assets at end of year	**371,098**	**29,243**	**400,341**	**413,613**	**48,222**	**461,835**

Investments in plan assets to cover future pension obligations gave rise to an actual expenditure of EUR 30,842 thousand in 2022 (EUR 24,982 thousand in 2021).

The pension provisions are determined as follows:

Reconciliation of pension obligations to provisions for pensions and similar obligations

	Thousands of Euros	
	31/12/2022	31/12/2021
Defined benefit obligations	642,885	902,795
Less plan assets	400,341	461,835
Funding status	**242,544**	**440,960**
Assets from overfunded pension plans	15,996	413
Provision for pensions and similar obligations	**258,540**	**441,373**

The fair value of the plan assets is divided among asset classes as follows:

Breakdown of plan assets

	Thousands of Euros			
	31/12/2022			
	Fair value		Total	%
	Quoted in an active market	Not quoted in an active market		
Stock				
U.S. equities	28,447	—	28,447	7.11
European equities	9,016	—	9,016	2.25
Emerging market equities	9,664	—	9,664	2.41
Other equities	5,642	—	5,642	1.41
Bonds				
U.S. government bonds	11,529	1,067	12,596	3.15
European government bonds	17,475	—	17,475	4.37
Emerging market government bonds	14,096	—	14,096	3.52
Corporate bonds	53,506	—	53,506	13.37
Other bonds	2,583	948	3,531	0.88
Secure loans				
Europe	8,254	—	8,254	2.06
Investment bonds	57,019	—	57,019	14.24
Real state	—	52,969	52,969	13.23
Infrastructure	—	38,700	38,700	9.67
Insurance policies	—	77,986	77,986	19.48
Cash	10,460	—	10,460	2.61
Other	894	86	980	0.24
Total	**228,585**	**171,756**	**400,341**	**100.00**

	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**

Pension expenses under defined benefit plans are broken down as follows:

	Thousands of Euros					
	2022			2021		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Current service cost	6,321	2,469	8,790	7,126	2,780	9,906
Post service cost	—	—	—	—	—	—
Gain on settlements	**—**	**—**	**—**	**—**	**(557)**	**(557)**
Total personnel expense	**6,321**	**2,469**	**8,790**	**7,126**	**2,223**	**9,349**
Interest expense for accrued benefit obligations	9,998	2,850	12,848	7,999	5,837	13,836
Interest on plan assets	**(5,392)**	**(861)**	**(6,253)**	**(4,161)**	**(4,196)**	**(8,357)**
Net interest expense / income (net investment and interest income)	**4,606**	**1,989**	**6,595**	**3,838**	**1,641**	**5,479**
Plan expenses paid from plan assets recognized in profit or loss	**—**	**—**	**—**	**—**	**958**	**958**
Total amount recognized in profit or loss	**10,927**	**4,458**	**15,385**	**10,964**	**4,822**	**15,786**

In addition to the expenses recognised in the income statement, the consolidated statement of comprehensive income includes EUR 197,747 thousand (EUR 32,173 thousand in 2021) in adjustments to defined benefit plans in 2022 before deferred taxes and after changes in the consolidation perimeter and exchange rate. Before deferred taxes, cumulative actuarial losses amounted to EUR 307,857 thousand (EUR 505,604 thousand in 2021).

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 2022, the defined benefit obligation came to EUR 50,285 thousand (EUR 62,572 thousand in 2021). Healthcare costs represented EUR 2,235 thousand (EUR 2,522 thousand in 2021) of the current service cost and EUR 1,811 thousand (EUR 1,670 thousand in 2021) 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					
	31/12/2022					
	Germany		Rest of the world		Total	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0,50% / -0,50%	(29,923)	32,583	(4,742)	5,226	(34,665)	37,809
Discount rate +1,00% / -1,00%	(57,017)	69,756	(9,060)	10,999	(66,077)	80,755
Salary increases +0,50% / -0,50%	296	(288)	202	(196)	498	(484)
Pension increases +0,25% / -0,25%	11,013	(10,623)	782	(758)	11,795	(11,381)
Life expectancy +1 year	24,408	n/a	2,240	n/a	26,648	n/a

	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

Future cash flows

Benefit payments

At 31 December 2022, the future pension plan payments are as follows:

	Thousands of Euros
Due in 2023	41,571
Due in 2024	41,207
Due in 2025	41,841
Due in 2026	42,472
Due in 2027	42,192
Due in 2028 to 2032	206,047

Contributions to defined benefit plans

Contributions to defined benefit plans in 2023 are expected to amount to EUR 5,779 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 of 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 US employees are entitled to participate. A “safe harbour” contribution of 3.0% of employees’ eligible compensation is made, regardless of the contribution they make. If employees contribute 3% or more out of their own pocket, the company will contribute up to 3.0% to reach 100%. The company’s contribution is vested at an annual 33% and is fully vested after three years of service. For office workers at Flatiron, 4.0% of their eligible compensation is deducted as a contribution payment, regardless of their own participation in the plan. Employer contributions are immediately vested. In Australia, Cimic has paid 10.50% (previously 10.00%) of the total wages and salary into the legal (retirement) pension plan since 1 July 2022. 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.

The following amounts were paid into defined contribution plans and state pension schemes in 2022 and 2021:

	Thousands of Euros	
	2022	2021
Amounts paid into defined contribution plans		
Cimic	117,126	103,088
Turner	65,270	55,001
Flatiron	10,673	8,805
Other	1,014	979
Total	**194,083**	**167,873**
Amounts paid into state pension schemes (employer share)	**24,268**	**26,419**

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.

20.01.03. Provisions for third-party liability

These relate mainly to the following:

Provisions for litigation

These provisions cover the contingencies of the ACS Group companies that are party to certain legal proceedings due to the liability inherent to the business activities carried on by them. The lawsuits, although numerous, represent scantly 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 since the time at which the associated risk arises or disappears depends on circumstances linked to court rulings or arbitration decisions and it is impossible to determine the date on which they will be handed down. 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 reduction between years is mainly due to the reassessment carried out to cover operating risks, litigation and claims both in Spain and abroad, including guarantees for possible claims related to assets sold. 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 activities at the beginning of the contractual agreement, which affect profit or loss when the asset concerned is depreciated in accordance with the depreciation rates. Additionally, it includes provisions for toll road concession operators, in relation to the costs of future expropriations borne by the concession operators in accordance with agreements reached with the grantors, and the current value of the investments made in concession arrangements (including improvements to infrastructure already foreseen and unavoidable in the initial agreement), according to the respective financial and economic models.

Period charges to these provisions are mainly made to cover the costs associated with toll road concession arrangements and other activities undertaken in the form of a concession. These provisions are made when the associated commitments arise, with 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 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 2022 is as follows:

Line of Business	Thousands of Euros
Construction	313,403
Concessions	162,688
Services	29,923
Corporation and others	663,553
Total	**1,169,567**

The most significant provisions in the Construction area relate to the Hochtief Group, for which period provisions were made at 31 December 2022 amounting to EUR 289,925 thousand (EUR 287,968 thousand at 31 December 2021). These provisions include provisions for claims in the amount of EUR 259,091 thousand (EUR 215,432 thousand at 31 December 2021) and consist of provisions for claims and provisions for incurred but not reported claims (IBNR). The amount of this IBNR provision is calculated on an annual basis by an external actuary, mainly under the assumption of long-term claims.

20.02. Current

The changes in current provisions in 2022 were as follows:

CURRENT	Thousands of Euros			
	Provision for termination benefits	Provision for contract work completion	Provision for other traffic operatons	Total
Balance at 31 December 2021	**1,387**	**36,985**	**958,192**	**996,564**
Additions or charges for the year	1,196	13,047	368,808	383,051
Amounts used	—	(6,431)	(375,643)	(382,074)
Reversals	(1,951)	(8,984)	(87,493)	(98,428)
Exchange differences	88	(52)	24,965	25,001
Changes in the consolidation perimeter	—	—	466	466
Transfers	—	2,010	41	2,051
Balance at 31 December 2022	**720**	**36,575**	**889,336**	**926,631**

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.

The main objective of financial risk management is to safeguard the ACS Group's liquidity at all times. For the ACS Group, liquidity does not only mean solvency in the strict sense of the term, but also the long-term availability of the financial margin necessary for core operating activities. Consequently, the Group assess the risks arising from market performance and how they may affect the consolidated financial statements. The objective is to minimise any financial risks that may affect the value and profitability of the ACS Group. Risk minimisation does not mean eliminating all financial risk, but rather substantially reducing it with specific limits with quantifiable financial risk exposure at any given time. This serves to ensure a quick and adaptive response should any unforeseen situations arise.

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 ACS Group's Directors' Report (especially in the Non-Financial Information Statement).

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)
2022	50	22,614	22,995
	-50	(22,614)	(22,995)
2021	50	28,244	25,743
	-50	(28,244)	(25,743)

21.02. Foreign currency risk

Foreign currency risk arises mainly from the foreign operations of the ACS Group, which 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:

		Millions of Euros			
		2022		2021	
Functional currency	Currency	5%	-5%	5%	-5%
AUD	USD	9.7	-9.7	1.0	-1.0
EUR	USD	-5.4	5.4	-12.0	12.0
CZK	EUR	3.0	-3.0	3.2	-3.2
EUR	CAD	-2.9	2.9	-5.3	5.3
AUD	EUR	1.8	-1.8	0.3	-0.3
EUR	PLN	1.4	-1.4	—	—
USD	EUR	0.9	-0.9	-5.0	5.0
EUR	MXN	0.9	-0.9	2.7	-2.7

Effect on equity before tax:

		Millions of Euros			
		2022		2021	
Functional currency	Currency	5%	-5%	5%	-5%
EUR	USD	97.8	-97.8	87.3	-87.3
AUD	EUR	-30.7	30.7	32.1	-32.1
EUR	CAD	20.1	-20.1	13.9	-13.9
EUR	GBP	12.1	-12.1	15.4	-15.4
EUR	MXN	11.1	-11.1	9.7	-9.7
AUD	USD	7.0	-7.0	0.9	-0.9
EUR	PEN	6.8	-6.8	6.6	-6.6
EUR	NOK	5.2	-5.2	4.9	-4.9

The following tables show the breakdown of the major foreign currencies of the financial assets and liabilities of the ACS Group:

At 31 December 2022

	Millions of Euros							
	US Dollar (USD)	Polish zloty (PLN)	Pound sterling (GBP)	Chilean Peso (CLP)	Mexican Peso (MXP)	Australian Dollar (AUD)	Other currencies	Balance at 31/12/2022
Marketable securities (portfolio of short-term and long-term investments)	—	—	—	—	—	568,900	—	568,900
Loans to associates	31,684	—	38,779	—	—	15,434	1,177	87,074
Other loans	38,610	1	—	—	—	—	4,205	42,816
Bank borrowings, debt, and other held-for-trading liabilities (non-current)	327,414	1,027	35,655	—	—	1,443,855	617,704	2,425,655
Bank borrowings, debt, and other held-for-trading liabilities (current)	502,054	13,848	32,949	—	52,254	70,189	157,756	829,050

At 31 December 2021

	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 31/12/2021
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

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, various 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. Noteworthy in this connection is the use of limited recourse project financing, as described in Note 18, and current financing for working capital.

Certain transactions were carried out in 2022 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. In addition, a private placement bond was issued in 2022 for EUR 37 million and maturing in November 2026.

– Hochtief increased its share capital by just under 10% through a monetary contribution using authorised capital. The company's share capital was increased through the issue of 7,064,593 new shares at EUR 57.50 per share, excluding shareholders' pre-emption rights, of which ACS, Actividades de Construcción y Servicios, S.A. was allocated 85% of the total number of new shares. The net proceeds from the capital increase were used to strengthen the equity base by repaying part of the financing obtained for the full acquisition of Cimic.

– Hochtief, A.G. launched a commercial paper issue in October 2022 for a total of EUR 246 million. The commercial paper has staggered terms of three, five, seven and ten years. This has diversified even more the maturity profile of Hochtief's long-term debt. The proceeds are used for general corporate purposes, supplementing the long-term financing for the acquisition of non-controlling interests in Cimic.

– In May 2022, Cimic took out a revolving syndicated credit facility in the amount of AUD 1,200 million. The credit facility matures within two years and replaces the syndicated financing of AUD 1,300 million maturing in September 2022.

– Cimic refinanced a tranche of its senior syndicated bank loan facility through an international bank syndicate on 14 December 2022. The tranche of AUD 950 million initially maturing in September

2023 was refinanced ahead of schedule. The facility now matures in two tranches: AUD 475 million maturing on 9 December 2025 and AUD 475 million maturing on 9 December 2027.

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 2023.

The credit rating agency Standard and Poor's (S&P) granted ACS, Actividades de Construcción y Servicios, S.A. a long-term corporate credit rating of BBB- and a short-term rating of A-3, with a stable outlook. Hochtief and Cimic also obtained the same credit rating.

At 31 December 2022, "Other current financial assets" in the consolidated statement of financial position (see Note 10) amounted to EUR 1,180,617 thousand (EUR 1,280,079 thousand at 31 December 2021), of which EUR 603,231 thousand (EUR 689,171 thousand at 31 December 2021) could be settled in less than three months, if the Group chooses to do so, due to the instrument's own liquid nature or its own term. In addition, the fair value of the forward contracts (settled by differences) relating to ACS shares amounting to EUR 239,178 thousand at 31 December 2022 (EUR 198,842 thousand at 31 December 2021) are considered to be liquid, since they may be disposed of at any time (see Note 22).

In relation to liquidity risk, it should be noted that at the Annual General Meeting held on 8 May 2020, the shareholders agreed to delegate to the Board of Directors, in accordance with section 297.1(b) of the consolidated text of the Corporate Enterprises Act, the power to increase, on one or more occasions, the Company's share capital up to a maximum of 50% of the share capital, as of the date of the Meeting, within a maximum period of five years from the date of this General Meeting (see Note 15.01).

Lastly, as a precautionary measure against this risk, the shareholders at the ACS Group's Annual General Meeting held on 10 May 2019 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 2019, 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 Company's 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

The ACS Group is exposed to credit risk arising from its operations and certain financial activities. The objective of credit risk management is to reduce the impact of customer defaults 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.

In addition, the ACS Group is exposed to the risk of potential non-compliance by its counterparties in transactions involving financial derivatives and cash placement. 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 trade and other receivables that are past due but not impaired as at 31 December 2022 and 2021 is detailed below:

	Thousands of Euros			
	31/12/2022			
	< 30 days	between 30 and 90 days	> 90 days	Total
Total	228,885	62,369	336,710	627,964

	Thousands of Euros			
	31/12/2021			
	< 30 days	between 30 and 90 days	> 90 days	Total
Total	132,219	52,771	308,090	493,080

The directors consider that these 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 2022, 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 2022 and 2021 was adequate, the detail being as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Net recourse debt / (cash)	**(463,147)**	**(2,078,181)**
Non-current bank borrowings (Note 17.02)	4,644,158	4,473,737
Current bank borrowings (Note 17.02)	1,337,676	1,110,389
Issue of bonds and debentures (Note 17.01)	4,028,652	4,737,333
Other financial liabilities (Note 19)	127,376	134,844
Long term deposits, other current financial assets and cash	(10,601,009)	(12,534,484)
Project financing (Note 18)	**239,142**	**69,541**
Net financial debt / (Net Cash)	**(224,005)**	**(2,008,640)**
Equity (Note 15)	**6,375,877**	**7,028,203**

21.07. Estimate of fair value

The detail at 31 December 2022 and 2021 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 31/12/2022	Level 1	Level 2	Level 3
Assets	**2,004,033**	**1,020,410**	**471,421**	**512,202**
Equity instruments	766,181	596,036	8,689	161,456
Loans to third parties	328,936	—	—	328,936
Debt securities	522,077	424,157	97,920	—
Other financial assets	21,810	—	—	21,810
Derivative financial instruments				
Non-current	112,190	3	112,187	—
Current	252,839	214	252,625	—
Liabilities	**155,106**	**609**	**150,655**	**3,842**
Derivative financial instruments				
Non-current	23,569	—	19,727	3,842
Current	131,537	609	130,928	—

	Thousands of Euros			
	Value at 31/12/2021	Level 1	Level 2	Level 3
Assets	**1,290,807**	**575,259**	**335,844**	**379,704**
Equity instruments	265,904	180,441	10,104	75,359
Loans to third parties	223,436	—	—	223,436
Debt securities	508,106	394,754	113,352	—
Other financial assets	80,909	—	—	80,909
Derivative financial instruments				
Non-current	11,577	7	11,570	—
Current	200,875	57	200,818	—
Liabilities	**205,841**	**526**	**196,990**	**8,325**
Derivative financial instruments				
Non-current	33,050	292	24,433	8,325
Current	172,791	234	172,557	—

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.

It should be noted that, depending on the nature of the derivative, the following methodologies are used:

– 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 62,706 thousand (EUR 89,095 thousand at 31 December 2021), and the Hochtief division, amounting to EUR 35,214 thousand (EUR 24,257 thousand at 31 December 2021).

The equity instruments classified under level 3, the fair value of which amounts to EUR 161,456 thousand (EUR 75,359 thousand at 31 December 2021), 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 137,471 thousand to EUR 33 thousand (EUR 51,487 thousand to EUR 17 thousand at 31 December 2021) and many of these interests were accounted for at historical cost.

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 03.09.02).

The financial instrument payables included in level 3 comprise the valuations of the derivative instruments relating to the put option for Elliott to sell all or part of its 50% interest in Thiess to Cimic and the put option that Elliott has to sell its class C preference shares in Thiess to Cimic as detailed in Note 22.

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

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

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

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

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

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

21.08. Climate change risk. Risk management and opportunities related to climate change

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.

Therefore, in keeping with its commitment to continuous improvement, during the year the ACS Group further analysed and assessed the most significant risks and identified any opportunities, based on the exercise presented in the previous year’s report. In 2022, following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), different climate scenarios and time horizons were used to assess climate risks and opportunities, using a proven methodology.

The risks arising from climate change identified can therefore be classified as follows:

- Physical risks are those that arise from the physical effects of climate change. They are considered acute if they arise from specific, one-off weather and climate events or chronic if they arise from more gradually changes in climate patterns.
- Transition risks are the risks that arise from adapting business models to a decarbonised economy. These risks are interconnected and their identification is important for stakeholders, especially investors, since inaction in the face of these risks may have operational and financial consequences. These risks include legal, technological, market and reputational risks.

Climate-related opportunities arise both from the transition to a low-carbon economy and from adaptation to physical risks. These opportunities can be classified into five categories: opportunities related to energy efficiency, adoption of low-carbon energy sources, development of new products, access to new markets and resilience through the supply chain.

Although the full detail of the most significant risks and opportunities identified can be found in chapter 5.1 of the Consolidated Directors' Report, a summary of the scenarios, time horizons used and their probabilities is shown below:

- **Physical risks:** the SSP2-4.5 and SSP5-8.5 scenarios used by the Intergovernmental Panel on Climate Change (IPCC) in its last assessment report (AR6) were taken as a reference. The time horizon analysed for physical risks was updated in accordance with the time horizons determined by the IPCC (2021-2040; 2041-2060; 2061-2100). They are assessed in accordance with five risk levels ranging from very low to very high. The main risks identified are as follows:
  - Increase in severity and frequency of weather events (acute): low risk based on the time horizons and scenarios analysed.
  - Extreme climate events related to temperatures (acute): very low to low risk, depending on the time horizon and scenario analysed.
  - Disruptions in the supply chain caused by extreme climate events (acute): very low to low risk, depending on the time horizon and scenario analysed.
- **Transition risks**: the Stated Policies Scenario (STEPS) and Net Zero Emissions by 2050 (NZE) scenarios of the International Energy Agency (IEA) were taken as a reference. The following time horizons have been updated for transition risks in accordance with the transition scenarios analysed: 2022-2035 and 2036-2050. They are assessed in accordance with five risk levels ranging from very low to very high. The main risks identified are as follows:
  - Reputational harm caused by climate change (reputational): medium to low risk, depending on the time horizon and scenario analysed.
  - Increase in financing costs (market): low to high risk, depending on the time horizon and scenario analysed.
  - Increase in prices or decrease in insurance coverage (market): very low to medium risk, depending on the time horizon and scenario analysed.
  - Increase in the price of greenhouse gas emissions (regulatory): low to medium risk, depending on the time horizon and scenario analysed.
  - Regulation of project and service specifications (regulatory): very low to medium risk, depending on the time horizon and scenario analysed.
  - Increase in the cost of raw materials (market): low to medium risk, depending on the time horizon and scenario analysed.
- **Opportunities:** the Stated Policies Scenario (STEPS) and Net Zero Emissions by 2050 (NZE) scenarios of the International Energy Agency (IEA) were taken as a reference. The following time horizons have been updated for the opportunities in accordance with the transition scenarios analysed: 2022-2035 and 2036-2050. They are assessed in accordance with five opportunity levels ranging from very low to very high. The main opportunities identified are as follows:
  - Expansion of the market for building solutions to adapt to climate change (market); low to high opportunity, depending on the time horizon and scenario analysed.
  - New opportunities related to the electrification of the economy (electricity transmission, construction of battery factories) and renewable energies: low to very high opportunity, depending on the time horizon and scenario analysed.
  - Other opportunities identified that could potentially have a significant impact on the Company are:
    - New opportunities related to the decarbonisation of the transport sector (railways, public transport systems).
    - Construction/renovation of water infrastructure.
    - Increase in demand for the rehabilitation of buildings in accordance with energy efficiency criteria.

– Actions that improve operational efficiency (reduction of water and energy use, innovation in product cycles, etc.).

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 Company's 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 ACS Group's Environmental Policy and in the strategic lines and objectives set out in the ACS Group's 2025 Sustainability Master Plan.

Similarly, the main measures for adapting to the physical risks arising from climate change that should be implemented in the ACS Group's main lines of activity were identified in the analysis carried out in 2022.

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.

As regards the opportunities identified, the ACS Group has consolidated experience in the development of environmentally friendly products and services, adapted to the impacts of climate change and contributing to the transition to a low-carbon economy. Therefore, the green building and green infrastructure projects managed by the ACS Group in 2022 reached EUR 12,935 million in 2022 (compared to EUR 10,763 million in 2021) and represented 41.2% of the ACS Group's construction sales.

Furthermore, 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. It is important to note that differences have arisen regarding the interpretation of certain criteria for making a substantial contribution between the various countries to which Commission Delegated Regulation (EU) 2021/2139 is applicable during this first year of application.

In particular, there are differences in criteria regarding the eligibility of road infrastructure under activity code 6.15 Infrastructure enabling low-carbon road transport and public transport. Therefore, to present the information in a transparent manner, the Group decided to present two scenarios: one scenario in which the road infrastructure activity has not been considered an eligible activity; and a second scenario in which the road infrastructure activity has been considered eligible. The European clarification documents (FAQs) published in 2023 are expected to clear up any uncertainties in the interpretation of the criteria and update the analysis in subsequent years.

2022			
Taxonomically Eligible/Aligned Activities ACS Group Criteria consideration highway infrastructures NOT eligible	**% eligible activities/total % aligned activities/ total**	**% aligned activities/total**	**% aligned activities/ total eligible total**
Sales	71.8 %	12.4 %	17.3 %
Capex	36.9 %	11.0 %	29.7 %
Opex	57.8 %	22.6 %	39.2 %

2022			
Taxonomically Eligible/Aligned Activities ACS Group Criteria consideration highway infrastructures eligible	**% eligible activities/total % aligned activities/ total**	**% aligned activities/total**	**% aligned activities/ total eligible total**
Sales	88.8 %	12.4 %	14.0 %
Capex	53.1 %	11.0 %	20.7 %
Opex	84.7 %	22.6 %	26.7 %

For more information, see subsection 5.1.1 The Fight against Climate Change, and subsection 5.11 European Union Taxonomy in the Non-Financial Information Statement in the ACS Group's Consolidated Directors' Report for 2022.

22. Derivative financial instruments

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

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

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

The ACS Group's different lines of business expose it to financing risks, mainly foreign currency and interest rate risks. 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 2022 and 2021, based on the nature of the contracts, is as follows:

2022	Thousands of Euros							
	Notional value	2023	2024	2025	2026	2027	Subsequent years	Net fair value
Interest rate	1,392,675	211,175	111,644	—	987,160	—	82,696	99,398
Exchange rate	1,537,849	3,489	—	630,797	—	3,381	900,182	8,030
Price	—	—	—	—	—	—	—	—
Non-qualified hedges	1,006,456	840,441	—	161,943	—	230	3,842	102,495
Total	**3,936,980**	**1,055,105**	**111,644**	**792,740**	**987,160**	**3,611**	**986,720**	**209,923**

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**

The notional amount for non-current assets and liabilities held for sale relating to renewable energy and concession activities at 31 December 2022 was as follows:

	Thousands of Euros						
	Notional value	2023	2024	2025	2026	2027	Subsequent years
Interest rate	94,304	—	32,900	—	28,140	—	33,264

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	348,485	315	—	—	167,540	—	180,630

The following table shows the fair value of the hedging instruments at 31 December 2022 and 2021, based on the nature of the contracts:

	Thousands of Euros			
	31/12/2022		31/12/2021	
	Assets	Liabilities	Assets	Liabilities
Interest rate	102,271	2,873	1	18,919
Exchange rate	22,907	14,877	11,943	7,107
Price	—	—	—	—
Non-qualified hedges	239,851	137,356	200,508	179,815
Total	**365,029**	**155,106**	**212,452**	**205,841**

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 2022 and 31 December 2021 (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 1,143,000 thousand that include the hedge of the syndicated loan for EUR 940,000 thousand maturing in September 2026 (hedges amounting to EUR 725,000 thousand at 31 December 2021).

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 were carried out to mitigate foreign currency 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 arranged by Hochtief for a notional amount of EUR 1,269,851 thousand, which primarily mature after 2027 (EUR 1,007,353 thousand in 2021, maturing mainly after 2026).

Derivative instruments not classified as hedges

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

In the second half of 2018, a new ACS share option plan was established that, like the previous ones, is outsourced to two financial institutions. The financial institution holds these shares to be delivered to executives who are beneficiaries of the plan in accordance with the conditions included in the plan and at the exercise price of the option (EUR 37.17 per share). These derivatives do not meet the accounting requirements to qualify for hedge accounting, therefore their measurement is recorded by means of changes in the consolidated income statement. The change in fair value of these instruments is included under “Changes in the fair value of financial instruments” in the accompanying consolidated income statement (see Note 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 129,962 thousand at 31 December 2022 (negative EUR 170,954 thousand at 31 December 2021) and was 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 forward contract since 1 November 2020, which was renewed in 2022 and 2021, with the following current conditions: a forward derivative contract, settled by differences, on its own shares with a financial institution for a maximum of 12,000,000 shares, with a strike price of EUR 16.00 per share, adjustable based on future dividends, and 104 maturities between 9 October 2023 and 5 March 2024 at a rate of 115,385 shares per session.

In addition, as at 31 December 2022, the Company has had another forward contract, settled by differences, on ACS shares since 21 December 2020, which was also renewed in 2022, with the following current conditions: a forward derivative contract of 11,968,007 shares, to be settled solely in cash by differences between 7 March 2023 and 2 August 2023 at a rate of 115,095 shares per session. This contract was extended on 20 February 2023, to be settled between 7 March 2024 and 2 August 2024 at a rate of 115,075 shares per session (see Note 32).

The positive fair value of the forward contracts (settled by differences) related to ACS shares amounted to EUR 239,178 thousand at 31 December 2022 (EUR 198,842 thousand at 31 December 2021) and was recognised under “Current derivative financial instruments” on the asset side of the accompanying consolidated statement of financial position. The effect on the income statement for 2022 resulted in a profit of EUR 123,737 thousand (a loss of EUR 48,321 thousand in 2021), which includes the impact of the re-strike of the forward contract recognised under “Changes in the fair value of financial instruments” in the accompanying consolidated income statement (see Note 28.04).

The amounts provided as security (see Note 10.05) relating to the above derivatives arranged by the Group amounted to EUR 218,139 thousand at 31 December 2022 (EUR 194,095 at 31 December 2021).

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

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

The fair value of the put option cannot be assessed using the market price. A probability-weighted expected return methodology is used to obtain the value of the income from the put option based on future potential payments if the option is exercised, adjusted for minimum annual distributions as per the shareholders' agreement, and compared to the estimated exercise price to determine a fair value. At 31 December 2022, the fair value of the put option was determined to be AUD 4.35 million, equivalent to EUR 2.77 million (AUD 13 million, equivalent to EUR 8.3 million at 31 December 2021).

As indicated in Note 9, Thiess issued Class C preference shares providing a coupon yield above all other equity instruments in the amount of EUR 3.2 million for the Group's shareholding in 2022. Therefore, there are agreements relating to Thiess Class C preference shares. Under the agreement, Elliott has the option to sell its Class C preference shares to Cimic within 42 months. The term begins six months after the period for exercising the put option expires or six months after the date on which Elliott ceases to hold the shares or announces that it will exercise the option to sell all remaining shares (the "Thiess option").

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

The Thiess 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. The fair value of the Thiess option was determined by independent external advisors.

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

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

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 2,422,566 thousand in 2022 (EUR 2,291,777 thousand in 2021) (see Note 12) and the amount of the work billed in advance totalling EUR 469,716 thousand in 2022 (EUR 555,219 thousand in 2021).

The Group has entered into reverse factoring arrangements and supply chain financing agreements (as they are called in other countries) with various financial institutions to facilitate, at their discretion, early payment to its suppliers, under which suppliers may exercise their collection rights with 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 701,833 thousand at 31 December 2022 (EUR 565,860 thousand at 31 December 2021, including, for comparative purposes, the amounts relating to supply chain financing). 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 Spanish 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:

	2022	2021
	Days	
Average period of payment to suppliers	45	58
Ratio of transactions paid	49	50
Ratio of transactions pending payment	33	78
	Thousands of Euros	
Total payments made	1,457,990	1,373,688
Total payments pending	406,991	526,606

In addition, the information required by Spanish Law 18/2022, of 28 September, on the creation and growth of companies (“*Ley 18/2022 de Creación y Crecimiento de Empresas”*) regarding invoices paid within a period less than the maximum established in the regulations on late payment in Spain is detailed as follows:

	Ejercicio 2022
Monetary amount paid in euros in a period lower than the maximum established in the late payment regulations (thousands of euros)	1,445,426
Percentage of total monetary payments made to suppliers	99.1 %
Number of invoices paid in a period lower than the maximum established in the regulations on late payment.	469,581
Percentage over total number of invoices paid to suppliers	97.5 %

The figures shown in the above tables 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 begin 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 2022 and 2021 is as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Advance payments received	50,012	42,515
Payable to non-current asset suppliers	12,229	5,289
Deposits and guarantees received	2,899	2,146
Other	271,148	216,750
Total	**336,288**	**266,700**

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.

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

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

a) Construction

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

b) Concessions

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

c) Services

This area only includes Clece's business activity, which offers comprehensive maintenance services for buildings, public places and organisations, and assistance to people. This area is mainly based in Spain but also shows incipient growth in the European market. Although this segment does not meet the quantitative thresholds established in IFRS 8, the Group considers that it should be reported as a differentiated segment since the nature of the goods and services it provides is wholly differentiated and identifiable, it reports independently to the Group, and this presentation is considered to be more useful to the users of the financial statements.

d) Corporate

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

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

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

(*) Restated.

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 activity and, accordingly, has the assets required to carry on the activity.

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.

Segment reporting of these activities, before allocation of expenses to subsidiaries in the income statement, is presented below, in accordance with the Group’s management criteria following its internal organisation and taking into account the bodies involved in monitoring operations and taking decisions.

25.02.01. Income statement by business segment: 2022

	Thousands of Euros				
	Construction	Concessions	Services	Corporate unit, others and adjustments (**)	Total Group
REVENUE	**31,432,887**	**96,410**	**1,818,792**	**267,145**	**33,615,234**
Operating expenses net	(30,675,398)	(70,499)	(1,723,331)	(247,491)	(32,716,719)
Depreciation and amortisation	(466,713)	(16,998)	(45,516)	(91,523)	(620,750)
Impairment and gains or losses on the disposal of non-current assets	378,166	17,795	24	296,661	692,646
Other results	(28,299)	(3,035)	(1,256)	(245,007)	(277,597)
Ordinary results of companies accounted for using the equity method	168,888	199,267	—	12,763	380,918
Financial results	(182,270)	(3,890)	(10,419)	(99,621)	(296,200)
Changes in the fair value of financial instruments	43,692	2,792	—	172,736	219,220
Impairment and gain or losses on the disposal of financial instruments	(4,470)	328	—	11,487	7,345
Non-ordinary results of companies accounted for using the equity method	—	4,549	5	—	4,554
PROFIT / (LOSS) BEFORE TAX	**666,483**	**226,719**	**38,299**	**77,150**	**1,008,651**
Income tax	(135,581)	(8,508)	(10,483)	(46,628)	(201,200)
PROFIT / (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**530,902**	**218,211**	**27,816**	**30,522**	**807,451**
Profit after tax from discontinued operations	—	—	—	65,333	65,333
PROFIT / (LOSS) FOR THE PERIOD	**530,902**	**218,211**	**27,816**	**95,855**	**872,784**
Profit / (Loss) attributed to non-controlling interests	(180,542)	(23,773)	(504)	262	(204,557)
Profit / (loss) from discontinued operations attributed to non-controlling interests	—	—	—	—	—
PROFIT / (LOSS) ATTRIBUTABLE TO THE PARENT	**350,360**	**194,438**	**27,312**	**96,117**	**668,227**

Income statement by business segment: 2021

	Thousands of Euros (*)				
	Construction	Concessions	Services	Corporate unit, others and adjustments (**)	Total Group
REVENUE	**25,879,000**	**93,167**	**1,642,527**	**221,964**	**27,836,658**
Operating expenses net	(24,990,525)	(60,163)	(1,556,465)	(206,892)	(26,814,045)
Depreciation and amortisation	(422,291)	(14,680)	(41,117)	(1,358)	(479,446)
Impairment and gains or losses on the disposal of non-current assets	235,924	11,921	28,043	(475,530)	(199,642)
Other results	(241,913)	(2,993)	(1,393)	(491)	(246,790)
Ordinary results of companies accounted for using the equity method	87,114	167,960	—	17,671	272,745
Financial results	(138,789)	(4,395)	(6,578)	(85,342)	(235,104)
Changes in the fair value of financial instruments	263	1,381	—	(93,465)	(91,821)
Impairment and gain or losses on the disposal of financial instruments	13,907	363	(3)	—	14,267
Non-ordinary results of companies accounted for using the equity method	—	680	—	—	680
PROFIT / (LOSS) BEFORE TAX	**422,690**	**193,241**	**65,014**	**(623,443)**	**57,502**
Income tax	(107,615)	1,887	(7,020)	(676,624)	(789,372)
PROFIT / (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**315,075**	**195,128**	**57,994**	**(1,300,067)**	**(731,870)**
Profit after tax from discontinued operations	(4,479)	—	—	3,962,583	3,958,104
PROFIT / (LOSS) FOR THE PERIOD	**310,596**	**195,128**	**57,994**	**2,662,516**	**3,226,234**
Profit / (Loss) attributed to non-controlling interests	(139,163)	(27,719)	(621)	(1,978)	(169,481)
Profit / (loss) from discontinued operations attributed to non-controlling interests	—	—	—	(11,340)	(11,340)
PROFIT / (LOSS) ATTRIBUTABLE TO THE PARENT	**171,433**	**167,409**	**57,373**	**2,649,198**	**3,045,413**

(*) Restated.

(**) “Impairment and gains or losses on the disposal of non-current assets” includes EUR 334.8 million relating to the capital gains (without cash effect) generated as a result of the full consolation of the SH 288 highway after its purchase by Iridium (see Note 02.02.f). “Other results”, which amounted to a loss of EUR 334.8 million, also included the impact of Dragados relating mainly to extraordinary work completed and indemnities or litigation relating to work completed with losses in previous years on various international projects (see Note 29).

Statement of financial position by business segment: 2022

ASSET	Thousands of Euros				
	Construction	Concessions	Services	Corporate unit, others and adjustments	Total Group
NON CURRENT ASSETS	9,394,208	2,136,573	1,156,115	(265,904)	12,420,992
Intangible assets	2,970,457	10,876	253,792	48,774	3,283,899
Goodwill	2,497,737	—	169,865	48,595	2,716,197
Other intangible assets	472,720	10,876	83,927	179	567,702
Tangible assets-property, plant and equipment / investment property	1,274,683	13,237	211,420	141,401	1,640,741
Non-current assets in projects	—	55,696	—	226,050	281,746
Financial assets non-current	4,524,823	2,000,286	616,241	(878,201)	6,263,149
Other current assets	624,245	56,478	74,662	196,072	951,457
CURRENT ASSETS	16,090,123	3,481,240	464,723	5,123,222	25,159,308
Inventories	607,280	29	599	221,060	828,968
Trade and other receivables	7,918,445	78,931	296,462	270,815	8,564,653
Other current financial assets	872,444	63,020	1,260	243,893	1,180,617
Derivative financial instruments	11,203	—	—	241,636	252,839
Other current assets	219,224	1,429	3,534	2,584	226,771
Cash and cash equivalents	6,432,082	414,276	162,868	2,410,761	9,419,987
Non-current assets held for sale and discontinued operations	29,445	2,923,555	—	1,732,473	4,685,473
TOTAL ASSETS	25,484,331	5,617,813	1,620,838	4,857,318	37,580,300

EQUITY AND LIABILITIES	Thousands of Euros				
	Construction	Concessions	Services	Corporate unit, others and adjustments	Total Group
EQUITY	3,519,934	2,909,071	803,474	(856,602)	6,375,877
Equity attributed to the Parent	3,050,371	2,564,840	798,723	(866,538)	5,547,396
Non-controlling interests	469,563	344,231	4,751	9,936	828,481
NON-CURRENT LIABILITIES	6,772,173	503,164	363,083	3,845,809	11,484,229
Grants	—	—	2,039	—	2,039
Non-current financial liabilities	5,293,087	310,207	202,166	3,073,221	8,878,681
Long term lease liabilities	416,450	11,991	109,177	13,128	550,746
Derivative financial instruments	20,697	2,873	—	(1)	23,569
Other liabilities non-current	1,041,939	178,093	49,701	759,461	2,029,194
CURRENT LIABILITIES	15,192,223	2,205,579	454,281	1,868,111	19,720,194
Current financial liabilities	1,160,116	29,703	114,720	193,784	1,498,323
Short term lease liabilities	136,683	1,155	16,481	736	155,055
Derivative financial instruments	1,575	—	—	129,962	131,537
Trade and other payables	12,661,018	48,598	296,390	186,878	13,192,884
Other liabilities current	1,232,831	14,622	26,690	(11,224)	1,262,919
Liabilities relating to non-current assets held for sale and discontinued operations	—	2,111,501	—	1,367,975	3,479,476
TOTAL EQUITY AND LIABILITIES	25,484,330	5,617,814	1,620,838	4,857,318	37,580,300

Statement of financial position by business segment: 2021

ASSET	Thousands of Euros (*)				
	Construction	Concessions	Services	Corporate unit, others and adjustments	Total Group
NON CURRENT ASSETS	**8,083,216**	**1,998,567**	**1,095,983**	**(167,735)**	**11,010,031**
Intangible assets	**2,987,519**	**7,720**	**235,395**	**48,778**	**3,279,412**
Goodwill	2,474,702	—	148,955	48,596	2,672,253
Other intangible assets	512,817	7,720	86,440	182	607,159
Tangible assets-property, plant and equipment / investment property	**1,213,318**	**11,816**	**155,329**	**125,408**	**1,505,871**
Non-current assets in projects	**—**	**72,851**	**—**	**2**	**72,853**
Financial assets non-current	**3,209,044**	**1,850,707**	**622,716**	**(391,544)**	**5,290,923**
Other current assets	**673,335**	**55,473**	**82,543**	**49,621**	**860,972**
CURRENT ASSETS	**14,964,086**	**327,107**	**463,506**	**8,899,615**	**24,654,314**
Inventories	**545,555**	**67**	**408**	**196,062**	**742,092**
Trade and other receivables	**7,848,784**	**86,155**	**242,225**	**203,192**	**8,380,356**
Other current financial assets	**907,942**	**98,238**	**1,112**	**272,787**	**1,280,079**
Derivative financial instruments	**2,033**	**—**	**—**	**198,842**	**200,875**
Other current assets	**197,817**	**510**	**3,418**	**1,094**	**202,839**
Cash and cash equivalents	**5,425,364**	**142,137**	**216,343**	**5,469,575**	**11,253,419**
Non-current assets held for sale and discontinued operations	**36,591**	**—**	**—**	**2,558,063**	**2,594,654**
TOTAL ASSETS	**23,047,302**	**2,325,674**	**1,559,489**	**8,731,880**	**35,664,345**

(*) Restated.

EQUITY AND LIABILITIES	Thousands of Euros (*)				
	Construction	Concessions	Services	Corporate unit, others and adjustments	Total Group
EQUITY	**3,215,147**	**1,899,550**	**795,077**	**1,118,429**	**7,028,203**
Equity attributed to the Parent	**2,387,811**	**2,048,986**	**790,830**	**1,106,677**	**6,334,304**
Non-controlling interests	**827,336**	**(149,436)**	**4,247**	**11,752**	**693,899**
NON-CURRENT LIABILITIES	**6,290,057**	**360,221**	**327,809**	**4,466,759**	**11,444,846**
Grants	**—**	**—**	**2,099**	**—**	**2,099**
Non-current financial liabilities	**4,599,810**	**156,403**	**211,371**	**3,749,770**	**8,717,354**
Long term lease liabilities	**326,022**	11,824	63,349	**235**	**401,430**
Derivative financial instruments	**14,131**	**11,907**	**—**	**7,012**	**33,050**
Other liabilities non-current	**1,350,094**	**180,087**	**50,990**	**709,742**	**2,290,913**
CURRENT LIABILITIES	**13,542,098**	**65,903**	**436,603**	**3,146,692**	**17,191,296**
Current financial liabilities	**998,837**	**19,572**	**119,361**	**670,721**	**1,808,491**
Short term lease liabilities	**135,002**	**1,266**	**14,187**	**310**	**150,765**
Derivative financial instruments	**1,836**	**—**	**—**	**170,955**	**172,791**
Trade and other payables	**11,175,290**	**32,068**	**279,656**	**251,421**	**11,738,435**
Other liabilities current	**1,231,133**	**12,997**	**23,399**	**(4,265)**	**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	**23,047,302**	**2,325,674**	**1,559,489**	**8,731,880**	**35,664,345**

(*) Restated.

25.02.02. The breakdown of revenue for 2022 and 2021 in the Construction business is as follows:

	Thousands of Euros	
	2022	2021(*)
Spain	**1,417,550**	**1,385,921**
Dragados	1,417,550	1,385,921
International	**30,015,337**	**24,493,079**
Dragados	3,796,005	3,115,205
Hochtief	26,219,332	21,377,874
Total	**31,432,887**	**25,879,000**

(*) Restated.

The breakdown of revenue in the Services business is as follows:

	Thousands of Euros	
	2022	2021
Facility Management	1,818,792	1,642,527
Total	**1,818,792**	**1,642,527**

Of the total revenue from the Services business, EUR 193,812 thousand in 2022 and EUR 139,446 thousand in 2021 relate to international operations, representing 10.7% and 8.5%, respectively.

Revenue is allocated on the basis of the geographical distribution of customers.

The reconciliation of revenue, by business segment, to consolidated revenue for 2022 and 2021 is as follows:

Segments	Thousands of Euros					
	2022			2021 (*)		
	External income	Inter-segment income	**Total income**	External income	Inter-segment income	**Total income**
Construction	31,417,056	15,831	**31,432,887**	25,905,684	(26,684)	**25,879,000**
Concessions	95,408	1,002	**96,410**	92,436	731	**93,167**
Services	1,815,792	3,000	**1,818,792**	1,639,580	2,947	**1,642,527**
(-) Corporation, others, adjustments and eliminations of ordinary inter-segment income	286,978	(19,833)	**267,145**	198,958	23,006	**221,964**
Total	**33,615,234**	**—**	**33,615,234**	**27,836,658**	**—**	**27,836,658**

(*) Restated.

Inter-segment sales are made at market prices.

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

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

(*) Restated.

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

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

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	
	2022	2021	2022	2021
Revenue	3,170,387	2,987,802	30,444,847	24,848,856
Segment assets	9,021,706	13,964,883	28,558,594	21,699,462
Total investments / (divestments) net	(423,316)	(3,693,351)	621,415	295,708

25.02.03 Breakdown of assets

The assets at 31 December 2022 and 2021, by geographical area, are as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Europe	**13,968,427**	**17,718,151**
Spain	9,021,706	13,964,883
Germany	3,838,028	3,119,486
Rest of Europe	1,108,694	633,782
Rest of geographic areas	**23,611,873**	**17,946,194**
Americas	15,347,591	10,849,287
Asia	57,975	38,749
Australasia	8,118,407	7,014,259
Africa	87,901	43,899
TOTAL	**37,580,300**	**35,664,345**

The additions to non-current assets, by line of business, were as follows:

	Thousands of Euros	
	2022	2021 (*)
Construction	489,927	270,633
Concessions	4,713	3,433
Services	94,135	56,339
Corporate unit, others and adjustments	6,137	142
Total	**594,912**	**330,547**

(*) Restated.

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	
	31/12/2022	31/12/2021
Consolidated profit before tax	1,008,651	57,502
Net profit from equity accounted investments	(385,472)	(273,425)
Permanent differences	(341,558)	546,229
Taxable profit	281,621	330,306
Tax at 25%	70,406	82,578
Deductions for incentives	(5,849)	(2,550)
Effect of different standard tax rate in other countries	11,337	22,077
Current tax income expense	75,894	102,105
Effective rate, excluding equity method	26.9%	30.9%

The permanent differences in 2022 are mainly due to tax exempt income and consolidation adjustments. In 2021 these differences related to the 5% tax on capital gains on the sale of subsidiaries and on the dividends received, including those from companies included in the tax group.

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 and 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 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	
	31/12/2022	31/12/2021
Current income tax expense (Note 26.02)	75,894	102,105
Expense / (income) relating to adjustments to prior year's tax	(3,368)	642,321
(Income) arising from the application of prior year's deferred tax assets	(15,999)	(54,188)
Expense arising from deferred tax assets generated in the year and not capitalised	89,238	27,154
Tax expense (income) due to impact on defferred taxes from changes in legislation	32	75
Expense / (Income) other adjustments to tax for the year	55,403	71,905
Final balance of the income tax	**201,200**	**789,372**

The expense relating to deferred tax assets generated in the year and not recognised in 2022 is a result mainly of the decision not to recognise the tax assets associated with the tax losses, while income from the application of deferred tax assets from previous years is due to the use of tax losses by the Spanish Tax Group whose deferred tax assets were cancelled in the previous year.

The expense in 2021 relating to adjustments to prior years' tax was 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.

Accordingly, no tax expense was incurred in 2022 in relation to profit from discontinued operations, (EUR 77,064 thousand in 2021), without prejudice to the fact that in 2021 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 transfer of the most of the Industrial Services division to Vinci at the end of 2021 was taxed for income tax purposes through the subsequent internal dividend distribution that took place in 2021.

	Thousands of Euros	
	31/12/2022	31/12/2021
Profit before taxes from discontinued operations	65,333	4,035,168
Permanent differences	(65,333)	(3,726,913)
Taxable profit	—	308,255
Tax at 25% / 28%	—	77,064

26.04. Taxes recognised in equity

In addition to the tax effects recognised in the consolidated income statement, in 2022 a charge of EUR 59,310 thousand was recognised directly in the Group's equity (a charge of EUR 78,290 thousand in 2021). These amounts relate to tax effects of adjustments to financial assets through other comprehensive income, with a credit of EUR 18,451 thousand in 2022 (charge of EUR 15,903 thousand in 2021), cash flow derivatives, with a charge of EUR 29,697 thousand in 2022 (charge of EUR 26,623 thousand in 2021), actuarial losses, with a charge of EUR 47,543 thousand in 2022 (charge of EUR 35,990 thousand in 2021), and translation difference, with a charge of EUR 521 thousand in 2022 (credit of EUR 226 thousand in 2021).

26.05. Deferred taxes

The breakdown, by temporary differences, of the balance of these assets and the liabilities is as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Deferred tax assets arising from:		
Asset valuation adjustments and impairment losses	193,792	262,426
Other provisions	221,702	223,246
Pension costs	12,027	38,784
Income with different tax and accounting accruals	28,554	9,879
Losses of establishments abroad	94,804	79,798
Financial expenses not deductible	8,348	8,094
Other	294,776	303,473
Total	**854,003**	**925,700**
Assets for tax loss	401,958	292,374
Assets for deductions in quota	67,451	76,664
Total	**1,323,412**	**1,294,738**
Compensations of deferred tax assets/liabilities	(484,145)	(445,343)
Total deferred tax assets	**839,267**	**849,395**
Deferred tax liabilities arising from:		
Assets recognised at an amount higher than their tax base	344,854	307,484
Income with different tax and accounting accrual	110,673	68,195
Other	322,964	296,776
Total	**778,491**	**672,455**
Compensation of deferred tax assets/liabilities	(484,145)	(445,343)
Total deferred tax liabilities	**294,346**	**227,112**

At 31 December 2022, deferred tax assets and liabilities arising from temporary differences totalling EUR 484,145 thousand (EUR 445,343 thousand at 31 December 2021) have been offset. The offsetting was at the level of the same company or tax group and most of the offsetting arises in the Hochtief Group.

The detail of and changes in the main deferred tax assets and liabilities recognised by the Group in 2022 and 2021 is as follows:

	Thousands of Euros								
			Charge/credit to equity				Business combinations		
	Balance at 31 December 2021	Current movement in the year	Actuarial gains and losses	Charge/ credit to asset and liability revaluation reserve	Available-for-sale financial assets	Other	Period acquisitions	Period disposals	Balance at 31 December 2022
Assets	**1,294,738**	**(74,442)**	**(47,543)**	**17,028**	**48,337**	**84,539**	**—**	**755**	**1,323,412**
Temporary differences	925,700	(38,867)	(47,543)	17,028	—	(3,070)	—	755	854,003
Tax losses	292,374	(25,777)	—	—	47,542	87,819	—	—	401,958
Tax credits	76,664	(9,798)	—	—	795	(210)	—	—	67,451
Liabilities	**672,455**	**54,010**	**—**	**28,515**	**21,973**	**(11)**	**1,547**	**2**	**778,491**
Temporary differences	672,455	54,010	—	28,515	21,973	(11)	1,547	2	778,491

	Thousands of Euros								
			Charge/credit to equity				Business combinations		
	Balance at 31 December 2020	Current movement in the year	Actuarial gains and losses	Charge/ credit to asset and liability revaluation reserve	Available-for-sale financial assets	Other	Period acquisitions	Period disposals	Balance at 31 December 2021
Assets	**(597,336)**	**(35,990)**	**(29,184)**	**—**	**—**	**11,641**	**4,292**	**(354,820)**	**1,294,738**
Temporary differences	(58,970)	(35,990)	(29,184)	—	—	8,260	2,664	(247,332)	925,700
Tax losses	(448,760)	—	—	—	—	3,381	—	(77,593)	292,374
Tax credits	(89,606)	—	—	—	—	—	1,628	(29,895)	76,664
Liabilities	**(9,801)**	**—**	**—**	**—**	**—**	**5,468**	**1,552**	**(52,534)**	**672,455**
Temporary differences	(9,801)	—	—	—	—	5,468	1,552	(52,534)	672,455

Tax loss and tax credit carryforwards relating to the ACS Spanish Tax Group amounted to EUR 63,711 thousand at 31 December 2022 (EUR 72,704 thousand at 31 December 2021).

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

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

At the end of 2021, the recoverability of the tax assets in Spain was reassessed as a result of the sale of most of the Industrial business to the Vinci group, since most of the taxable profit justifying the recoverability of the tax loss carryforwards and tax credits of the Tax Group in Spain came from the Industrial business sold. Therefore, EUR 459,982 thousand had become impaired at the end of 2021 in relation to the tax loss carryforwards of the ACS Tax Group in Spain (which arose from the consolidated tax loss for 2012 and that do not expire). In addition, EUR 90,735 thousand in tax credits had become impaired for the same reason. At the end of 2022, the Group's directors assessed the current conditions of the Spanish Tax Group, and concluded that there have been no significant changes compared to the analysis performed in 2021. The Spanish Tax Group retains its rights from a tax point of view, so that they may be 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 294,346 thousand (EUR 227,112 thousand at 31 December 2021), have not substantially changed with respect to 31 December 2021. 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 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.

Hochtief completed the acquisition of all Cimic shares on 10 June 2022. Effective as of this date, Cimic Group Limited and its wholly-owned Australian entities became part of the Hochtief Australia Holdings Limited multiple entry consolidated ("MEC") group for tax purposes, with Hochtief Australia Holdings Limited as the head of the MEC group. Under the new tax group, the parent company and the subsidiaries continue to account for their own current and deferred taxes. These tax amounts are measured as if each entity of the consolidated tax group were still an independent taxpayer. The parent company recognises current tax liabilities or assets and deferred tax liabilities or assets arising from unused tax loss carryforwards and unused tax assets assumed by the subsidiaries of the tax consolidation group.

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

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 63,711 thousand (EUR 72,704 thousand in 2021), are set to expire according to the type of asset as set out in the Spanish Corporation Tax Act (Ley del Impuesto sobre Sociedades). The unused tax credits in 2022 mainly relate to tax credits arising between 2010 and 2021 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 2022, 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 in 2021.
– 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 apply 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 credits. 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, the breakdown and expiration period of which are shown in the table below.

Validity limit	Miles de Euros		
	Due to timing differences	For tax losses	For deductions
2023	—	25	—
2024-2027	—	5,701	40,856
Subsequent	—	72,418	54,597
No limit	115,982	1,167,234	—

Of these amounts, the tax asset for uncapitalised losses attributable to the Spanish tax group amounted to EUR 645,230 thousand, of which EUR 442,412 thousand were generated in Spain and the rest abroad, with EUR 522,004 thousand from the Hochtief Group.

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.

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

27. Revenue and backlog

27.01. Revenue

The distribution of revenue in 2022 and 2021 relating to the Group's ordinary operations, by business segment, is as follows:

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

(*) Restated.

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

Revenue by type for 2022 is as follows:

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

Revenue by type for 2021 was as follows:

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

(*) Restated.

In 2022 foreign currency transactions relating to sales and services rendered amounted to EUR 29,140,304 thousand (EUR 23,461,166 thousand in 2021) and those relating to purchases and services received amounted to EUR 21,926,634 thousand (EUR 17,534,569 thousand in 2021).

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

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

27.02. Backlog

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

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

Revenue by backlog at 31 December 2022 is as follows:

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

Revenue by backlog at 31 December 2021 was as follows:

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

(*) Restated.

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

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 250 thousand (EUR 556 thousand in 2021), 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 2022.

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 2022 and 2021 is as follows:

	Thousands of Euros	
	2022	2021
Cost of merchandise sold	69,552	171,380
Cost of raw materials and other consumables used	20,909,402	16,780,504
Contract work carried out by other companies	2,395,880	2,074,995
Impairment of merchandise, raw material and procurements	381	(7,061)
Total	**23,375,215**	**19,019,818**

28.02. Personnel expenses

The breakdown of personnel expenses in 2022 and 2021 is as follows:

	Thousands of Euros	
	2022	2021
Wages and salaries	6,131,472	5,236,548
Social security costs	885,417	801,969
Other personnal expenses	234,612	202,194
Provisions	(1,619)	(1,425)
Total	**7,249,882**	**6,239,286**

Personnel expenses amounting to EUR 4,471 thousand in 2022 (EUR 4,471 thousand in 2021) 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 2022 and 2021 is as follows:

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

The distribution of the average number of employees in 2022 and 2021, by line of business, was as follows:

	Average number of employees	
	2022	2021 (*)
Construction	46,270	44,692
Concessions	402	366
Services	79,880	75,519
Corporate unit and others	234	250
Total	**126,786**	**120,827**

(*) Restated.

The average number of employees with disabilities at ACS Group companies with offices in Spain in 2022 amounted to 7,091 people (6,866 people in 2021). This represents 9.2% (10.1% in 2021) 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					
	2022			2021		
	Men	Women	Total	Men	Women	Total
University graduates	15	12	**27**	14	14	**28**
Junior college graduates	16	34	**50**	14	33	**47**
Non-graduate line personnel	1,449	1,426	**2,875**	87	153	**240**
Clerical personnel	31	80	**111**	24	73	**97**
Other employees	1,394	2,634	**4,028**	2,651	3,803	**6,454**
Total	**2,905**	**4,186**	**7,091**	**2,790**	**4,076**	**6,866**

28.03. Share-based remuneration systems

ACS

On 25 July 2018, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A., making use of the authorisations granted by the shareholders at 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 2022 and 2021 was EUR 26,770 and EUR 23,570 per share, respectively.

The commitments arising from these plans are hedged through financial institutions (see Note 22). In relation to the 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 2022. In 2022, EUR 4,471 thousand (see Note 28.02) (EUR 4,471 thousand in 2021) 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 plans 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 value of the put option 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 2022 is EUR 3,768 thousand (EUR 6,682 thousand at 31 December 2021). EUR 1,007 thousand (EUR 765 thousand in 2021) were recorded in the consolidated income statement in this connection in 2022. To hedge the risk of exposure to changes in the market price of the Hochtief shares, it has a number of derivatives that are not considered to be accounting hedges.

The following share-based remuneration plans were in force for executives of Hochtief, A.G. and its investees in 2022:

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 before the exercise date.

The gain is limited to EUR 514.62 per PSA.

The plan was fully exercised in 2022.

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 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 applicable effective performance indicator for each company in the last full year before 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 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 applicable effective performance indicator for each company in the last full year before 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 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 applicable effective performance indicator for each company over the last three years before 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 before the exercise date.

The gain is limited to EUR 292.95 per PSA.

Long-term Incentive Plan 2022

The Long-term Incentive Plan 2022 (LTIP 2022) was launched in that same year by resolution of the Supervisory Board and is open to Executive Board members. 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 before the exercise date.

The gain is limited to EUR 261.03 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 2021	Granted in 2022	Expired in 2022	Exercised / settled in 2022	Disposal / Sale	Outstanding at 31 Dec 2022
LTIP 2017 – performance stock awards	20,081	2,200	—	—	2,200	—	—
LTIP 2018 – performance stock awards	20,069	17,619	—	—	15,719	—	1,900
LTIP 2019 – performance stock awards	21,485	21,185	—	—	2,150	—	19,035
LTIP 2021 – performance stock awards	12,857	12,857	—	—	—	—	12,857
LTIP 2022 – performance stock awards	—	—	3,133	—	—	—	3,133

Provisions recognised for the share-based payment plans totalled EUR 3,768 thousand at the reporting date (EUR 6,682 thousand in 2021). The total income recognised for the plans declared in 2022 amounted to EUR 1,007 thousand (EUR 765 thousand in 2021). The intrinsic value of options to be exercised at the end of the reporting period was EUR 1,154 thousand (EUR 1,321 thousand in 2021).

28.04. Changes in fair value of financial instruments

This heading includes the effect on the consolidated income statement of derivative instruments that do not meet the efficiency criteria provided in IAS 39, or that are not hedging instruments. The most significant effect in 2022 relates to derivatives on ACS, Actividades de Construcción y Servicios, S.A. share options, which gave rise to a profit of EUR 40,992 thousand (a loss of EUR 45,142 thousand in 2021), as described in Note 22. Additionally, this heading reflects the positive effect associated with the derivatives on ACS shares (forward contracts settled by differences), which resulted in a profit of EUR 123,737 thousand (a loss of EUR 48,321 thousand in 2021).

28.05. Financial costs

The breakdown of financial costs in 2022 and 2021 is as follows:

Financial costs	Millions of Euros 2022	%	Millions of Euros 2021	%
Debt-related financial expenses	361.1	75	268.7	74
Financial expenses for Collateral and Guarantees	27.1	6	26.9	7
Other financial expenses	96.0	19	66.9	19
Total	**484.2**	**100**	**362.5**	**100**

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

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

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

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

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

In 2022, "Gains or losses on disposal of non-current assets" includes the result of the agreements reached with the Vinci Group to modify certain carve out transactions, such as the 24.99% holding of Zero-E Euro Assets, S.A. and those related to the photovoltaic energy development projects located in Spain, and the results of the sale of the Vientos del Pastorale, S.A. and Parque Eólico Kiyú, S.A. wind farms in Uruguay, and the Hidromanta hydroelectric plant in Peru owned by Spinning Assets, S.L.U. (see Note 03.09.01).

Furthermore, in 2022 this heading most notably includes the capital gains recognised in relation to the purchase of an additional 56.76% of the SH 288 highway, which allows the Company, along with the 21.62% previously held, to obtain control of this company and manage its relevant activities and, therefore, it is no longer accounted for using the equity method but rather is fully consolidated at the fair value of the transaction. The measurement at fair value is therefore based on the portion previously held by the Group (21.62%) in the amount of EUR 334.8 million (see Note 02.02.f).

This heading of the consolidated income statement includes the effects of the exclusion of Ventia from the consolidation perimeter of Cimic in the first quarter of 2022 as a result of losing its status as associate, whereby it is now recognised as a financial asset under IFRS 9 at fair value through profit and loss based on Ventia's quoted market price at that date. This resulted in a profit of EUR 338.3 million (AUD 502 million) for Cimic recognised at 31 March 2022 under "Impairment and gains or losses on disposal of non-current assets" as indicated in Note 02.02.f.

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

In 2021, "Gains or losses on disposal of non-current assets" includes the profit on the sale of the shares representing the entire share capital of Continental Rail, S.A.U. on 30 June 2021 for EUR 14.8 million to the French group CMA CGM (see Note 01.08), the acquisition of a 5% interest in Servicios Compresión de Gas CA-KU-A1, S.A.P.I. de C.V., through which control over the company was obtained, which was then fully consolidated instead of accounted for using the equity method (see Note 03.09.01), and the gains on the sale (see Note 02.02.f) of the transmission lines in Brazil, the Bonete and Galisteo photovoltaic plants, the Toledo Hospital, the public offering of Ventia's shares and the earn-out received in the year from the sale of Urbaser in 2016 for EUR 28 million. "Impairment/Reversal of impairment on non-current assets" relates mainly to the provisions made as a result of the reassessment of the Group's operating risks at the end of 2021.

The impairment losses recognised in the consolidated income statement in 2022 amounting to EUR 50,309 thousand mainly relate to the solar thermal power plants of Tonopah Solar Energy LLC (see Note 06).

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

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

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

c) Other results

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

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

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 proposed distribution of the profit for 2022 that will be submitted by the Parent Company's Board of Directors to the shareholders at the Annual General Meeting is the confirmation of the interim dividend of EUR 0.05 per share approved by the Board on 28 July 2022 and paid on 4 August 2022 for a total of EUR 13,437 thousand and the remainder will be transferred to voluntary reserves in the amount of EUR 442,437 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:

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

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

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. At 31 December 2022, as a result of the simultaneous share capital increase and reduction decided in 2022 for the same number of shares, basic earnings and diluted earnings per share for continuing operations for the first half of 2022 are the same.

32. Events after the reporting date

On 9 January 2023, ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 6 May 2022. The purpose of the capital increase is to implement a flexible formula for shareholder remuneration ("optional dividend"), so that shareholders may choose to continue to receive cash remuneration or to receive new shares in the Company.

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

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

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

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

- The dividend was determined to be a total gross amount of EUR 59,041,206.72 (EUR 0.48 per share) and was paid on 7 February 2023.
- The number of final shares subject to the capital increase was 2,331,835 for a nominal amount of EUR 1,165,917.50, which were redeemed simultaneously for the same amount. (see Note 15.04).

On 17 January 2023, Iridium Infraestructuras, through its North American subsidiary ACS Infrastructure Development, Inc., and after the conditions precedent to take control of the company were met in December 2022 (see Note 02.02.f), purchased a 56.76% shareholding to reach a total interest of 78.38% in the North American company Blueridge Transportation Group (BTG), which is the concession operator of a 17 km segment of the SH 288 highway in Houston, Texas (United States), which includes two toll lanes in each direction in the median. The acquisition cost amounted to EUR 1,063.62 million.

On 20 February 2023, ACS, Actividades de Construcción y Servicios, S.A. reached an agreement to extend the forward contract involving a total of 11,968,007 treasury shares, to be settled exclusively in cash by differences between 7 March 2024 and 2 August 2024 at a rate of 115,075 shares per session (see Note 22).

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	
	2022	2021
Sale of goods and services	152,334	109,937
Purchase of goods and services	113	(63)
Accounts receivable	329,940	321,351
Accounts payable	89,628	134,072

Transactions between related parties are carried under normal market conditions.

33.02. Related party transactions and balances

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

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

The following transactions were performed in 2022:

2022 Related transactions Management or collaboration contracts	Other related parties		Total
	Others	Total	
	Miles de Euros		
Services rendered	156	**156**	**156**
Income	**156**	**156**	**156**

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

The following transactions were performed in 2021:

2021 Related transactions Management or collaboration contracts	Other related parties			Total
	Fidalser, S.L.	Others	Total	
	Miles de Euros			
Services received	65	1	**66**	**66**
Expenses	**65**	**1**	**66**	**66**
Services rendered	—	212	**212**	**212**
Income	**—**	**212**	**212**	**212**

2021 Related transactions Other transactions	Other related parties		
	Banco Sabadell	Fapin Mobi, S.L.	Total
	Thousands of Euros		
Financing agreements: loans and capital contributions (lender)	415,452	—	**415,452**
Dividends and other profit distributed	—	1,206	**1,206**

The transactions with other related parties are listed due to the relationship of certain board members of ACS, Actividades de Construcción y Servicios, S.A. with companies in which they are either shareholders or senior executives. The transactions with Fidalser, S.L. and Fapin Mobi, S.L. are detailed in accordance with the relationship of the Board member Pedro Lopez Jimenez with these companies. The transactions with Banco Sabadell in 2021 were detailed in accordance with the relationship of the Board member Javier Echenique until he ceased to hold the position of Vice President at the bank in July 2021.

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

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

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 Board members of the Parent Company or Board members or senior executives of Group companies for the years ended 31 December 2022 and 2021:

	Thousands of Euros	
	2022	2021
Remuneration for membership of the Board and / or Commissions	3,637	3,760
Wages	4,937	4,766
Variable cash remuneration	7,954	5,558
Payment systems based on financial instruments	484	—
Total	**17,012**	**14,084**

The amount charged to the consolidated income statement in relation to share options granted in 2018 to Board members with executive duties was EUR 278 thousand (EUR 457 thousand in 2021). This amount relates to the proportion of the value of the plan at the date on which it was granted.

The amounts paid to Board members relating to mutual funds, pension plans and life insurance at 31 December 2022 and 2021 are as follows:

	Thousands of Euros	
	2022	2021
Long-term savings systems	2,564	3,252
Other concepts	75	33
Total	**2,639**	**3,285**

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 2022 and 2021.

34.01. Transactions with members of the Board of Directors

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

	Thousands of Euros	
	2022	2021
Salary remuneration (fixed and variable)	22,952	23,526
Pension plans	2,062	2,067
Life insurances	52	42

The amounts recognised in the consolidated income statement in 2022 as a result of the share options granted to the Group's senior executives in July 2018 amounted to EUR 2,757 thousand (EUR 4,014 thousand in 2021) and are not included in the above remuneration. Similarly, as indicated in the case of directors, these amounts relate to the proportion of the value of the plan on the date it was granted.

The ACS Group does not have any balances with and has not granted any advances, loans or guarantees to any of the senior executives at 31 December 2022 and 2021.

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 of the 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 2,399 thousand in 2022 (EUR 2,648 thousand in 2021).

In 2022 and 2021, 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

The ACS Group has provided guarantees and sureties to third parties in connection with its business activities, with the amounts arranged for these line items detailed as follows:

	Thousands of Euros	
	Disposed	
	31/12/2022	31/12/2021
Technical guarantees	6,958,193	6,852,857
Financial guarantees	268,310	322,396
Guarantees and guarantees in relation to Bonding Lines	16,848,333	13,750,333
Total	**24,074,836**	**20,925,586**

The limit of the guarantees and sureties granted to third parties at 31 December 2022 amounted to EUR 29,359,222 thousand (EUR 26,822,795 thousand at 31 December 2021).

The financial guarantees amounting to EUR 268 million (EUR 322 million at 31 December 2021) include EUR 66 million for progress guarantees (EUR 126 million at 31 December 2021), EUR 93 million correspond to capital contribution commitments for projects (EUR 90 million at 31 December 2021), with the remaining EUR 110 million corresponding to other financial guarantees (EUR 106 million at 31 December 2021). The year-on-year increase in technical guarantees and guarantees and sureties in relation to bonding lines is mainly due to the inclusion of new projects and to a lesser extent to fluctuations in the exchange rate.

The guarantees and sureties in relation to bonding Lines mentioned in the table above correspond to the guarantee of execution of the projects and operations carried out by Dragados and Hochtief mainly in the United States and Canada signed with various insurance companies.

The above amounts include the guarantees granted by Cimic on the sale of Thiess to Elliot (as described in Note 09). The ACS Group has recognised as a derivative financial instrument the value of the put option for Elliott to sell all or part of its 50% interest in Thiess to Cimic after the third year, i.e., four to six years after the sale on 31 December 2020. The fair value of the option at 31 December 2022 (see Note 22) amounts to EUR 2.77 million (AUD 4.35 million). At 31 December 2021, the fair value of the option (see Note 11) was EUR 8.3 million (AUD 13.0 million). In addition, in relation to Elliot, Thiess issued Class C preference shares, as indicated in Notes 09 and 22. Therefore, there are agreements relating to Thiess Class C preference shares. Under the agreement, Elliott has the option to sell its Class C preference shares to Cimic within 42 months. The term begins six months after the period for exercising the put option expires or six months after the date on which Elliott ceases to hold the shares or announces that it will exercise the option to sell all remaining shares (the “Thiess option”). At 31 December 2022, the fair value of the Thiess option was determined to be AUD 1.68 million (EUR 1.07 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 normal 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.

The Group has income recognition policies in place for its construction activities that are based on the certainty of collection, in accordance with the contractual terms and conditions of the agreements executed. However, there are certain outstanding balances receivable that are under dispute with the corresponding customers or even — particularly as regards international works — that require certain experts necessary to intermediate as arbitration processes have commenced to resolve such disputes. The payments arising from lawsuits involving the ACS Group in 2022 and 2021 most notably include the payments made in 2022 by Hochtief in the amount of EUR 238 million for the settlement of the CCPP project in Australia and the final payment for the Chilean Alto Maipo project, and payments for legal costs and financial expenses in the amount of EUR 40 million arising from the lawsuit relating to the closure of the Seattle project (see Note 03.23).

36.02. Other contingent liabilities

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

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

As regards the claim for declaratory judgment filed by the financial institutions and notified to the shareholders in October 2013, it should be noted that, after withdrawing in September 2018 the appeal they had filed against the dismissal of the appeal, the Funds acquiring the loans filed a new claim for declaratory judgment, which was notified to ACS, Actividades de Construcción y Servicios, S.A. and Desarrollo de Concesiones Viarias Uno, S.L. in January 2019, in which they invoke clause two of the Support Agreement to claim payment of EUR 757 million from the shareholders of Alazor and their respective guarantors (EUR 179 million would correspond to the ACS Group). The Madrid Court of First Instance no. 13 dismissed the claim in full through the judgment dated 7 November 2022, absolving the Shareholders and Guarantors of all claims made against them, without ordering the claimants to pay costs. The Funds filed an appeal on 13 December 2022, and a ruling will be handed down by the Madrid Provincial Appellate Court.

As regards the claim for enforcement proceedings notified in February 2014, based on clause four (viii) of the Shareholders' Support Agreement, after the enforcement order was rendered null and void and the EUR 278.37 million deposited in the Court's account (of which EUR 87.85 million correspond to the ACS Group) were returned, the Shareholders claimed as compensation for the harm and loss caused. The Madrid Court of First Instance no. 51 upheld the Shareholders' claims by order dated 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 costs. This order was ratified by the Madrid Provincial Appellate Court by order dated 7 July 2022.

In May 2019, ACS, Actividades de Construcción y Servicios, S.A. and Desarrollo de Concesiones Viarias Uno, S.L. were notified of a second claim based on clause four (viii) of the Support Agreement, although this time it was a claim for declaratory judgment. In this claim Haitong Bank S.A. Sucursal en España, acting as agent of the financial syndicate, claimed payment of EUR 562.5 million. This claim was upheld by the Madrid Court of First Instance no. 26 by means of a judgment dated 2 November 2021 (notified on 4 November 2021), in which Alazor's shareholders and their respective guarantors were ordered to pay Haitong Bank, for subsequent distribution among the creditors, the following: (i) an amount of EUR 450 million (resulting from subtracting from the total amount claimed the EUR 112.5 million corresponding to Bankia, with which the claimants entered into an out-of-court agreement); (ii) the interest applied to procedural delays accrued since 21 December 2018; (iii) the procedural default interest from the date of the judgment; and (iv) the costs. This judgment orders the shareholder Desarrollo de Concesiones Viarias Uno, S.L. and its guarantor ACS, Actividades de Construcción y Servicios, S.A. to pay EUR 132.9 million plus interest, and one fourth of the costs.

An appeal was filed against this judgment on 20 December 2021, and a ruling will be handed down by the Madrid Provincial Appellate Court. It should be noted that Haitong Bank would now be able request the provisional enforcement of the judgment and, if it is granted leave to proceed by the Court, it will issue an enforcement order indicating that each of the entities is ordered to deposit or designate assets for an amount equivalent to the portion of the principal corresponding to them and recognise a provision for interest and costs, which is usually calculated at 30% of the principal (in the case of the ACS Group this is approximately EUR 173 million). In this case, the appellants will seek to request a stay of the order or, failing that, they will propose the contribution of a guarantee or another surety instrument as a provisional alternative until a final judgment is obtained.

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

a. On 21 December 2021, the Ministry of Finance published on its website that the Council of Ministers has authorised the modification of the spending limits charged to future years and the extension of credit corresponding to 2021 to enable the General Directorate of Roads to meet the financial effects arising from the termination of several concession arrangements. This communication stated that, with respect to the R3 and R5 highways, the General Directorate of Roads has proposed an amount of EUR 131,773,447.03 for 2021 and EUR 304,004,675.09 for 2022.

b. On 15 January 2022, the Council of Ministers Resolution dated 28 December 2021 was published in the Official Gazette of the Spanish State (BOE), approving the execution of the first provisional settlement of the contract and the PAL corresponding to the R3 and R5 highways, with a prepayment of EUR 119,150,068.53 plus interest accruing from the date on which the order was signed that opened the liquidation phase of the concession operator's insolvency proceedings until the date of effective payment.

c. On 15 February 2022, the bankruptcy managers for Accesos de Madrid, the concession operator of the R3 and R5 highways, acknowledges that it received the EUR 131,773,447.03 as the first prepayment of the PAL and, after recalling that the financial creditors of Alazor are named in the bankruptcy of Accesos de Madrid as having a pledge in rem on the PAL, request the Judge of the insolvency proceedings to pay the amount received individually to the creditors of Accesos and Alazor, making payment in the account held by each of them as indicated by Haitong Bank.

d. On 14 March 2022, the Presiding Judge of Madrid Commercial Court no. 6 gave authorisation for the amounts received by the party to the insolvency proceedings as a prepayment of the PAL to be paid individually to each senior creditor into the current account as provided by each of them.

e. In addition, it should be noted that the Third Chamber of the Supreme Court partially upheld, in a judgment dated 28 January 2022, the appeal for judicial review filed by the shareholders and guarantors of the R3 and R5 highways against the Council of Ministers Resolution on 26 April 2019, which interpreted that the highway concession arrangements had been terminated as result of the insolvency proceedings, with respect to the method used to calculate the PAL. This judgment means that the granting authorities must review the first ruling on the liquidation of the PAL already handed down, and take into account the corrections made by the Supreme Court to the calculation method in the second ruling and in the final ruling. All of the above is expected to lead to a substantial increase in the amounts estimated by the authorities for payment of the PAL.

Lastly, in March 2023 certain conditions arose that did not exist at the end of the year, which led to a solution to positively and definitively resolve this potential impact.

In relation to the ACS Group's investment in Irasa (R2 highway), it should be noted that in September 2019 ACS, Actividades de Construcción y Servicios, S.A. and Desarrollo de Concesiones Viarias Uno, S.L. were notified that the creditor funds had filed a declaratory judgment action in which, invoking clause two of the Shareholders' Commitment Agreement, they demanded payment from the shareholders of Irasa and their respective guarantors of a total of EUR 551.50 million (EUR 193 million would correspond to the ACS Group) to cover construction and expropriation costs. This claim has been dismissed by the Madrid Court of

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

The insolvency proceedings of Henarsa, Irasa, Accesos de Madrid and Alazor were all declared to be unforeseen. The Henarsa and Accesos de Madrid trustees in bankruptcy handed over the operation of the R2, R3 and R5 highways to the State in documents dated 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 initially extended until 2022, and was once again extended until 2032.

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

ICSID Arbitration 1: On 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 legal process having followed its normal course, in the first half of May 2019, the evidentiary hearing was held in Washington, where various witnesses gave testimony, two rounds of briefs were presented during June and July 2019 in relation to issues raised during the evidentiary hearing, and final pleadings were presented by both the concession operator and the State of Peru on 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 1A. 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 second quarter of 2023.

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, along with the updated cost overruns, and harm and loss incurred after the cut-off dates considered in ICSID 1 ("ICSID 2").

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

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").

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

On 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 against the judgment would be filed with the Supreme Court, but it was not granted leave to proceed on 15 June 2022. The liquidated damages were paid on 5 September 2022.

On 1 October 2018, an accusation was brought against Dragados and other companies for possible infringements of section 1 of the Spanish Competition Act (*Ley de Defensa de la Competencia*) and Article 101 of the Treaty on the Functioning of the European Union, consisting of agreements and exchanges of information between these companies in the field of tenders held by the various public authorities in Spain for the construction and refurbishment of infrastructures and buildings. On 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. On 15 July, the CNMC notified that a ruling had been handed down a fine of EUR 57.1 million on Dragados. This fine was appealed before the National Appellate Court and on 19 January 2023 the Court handed down its decision to suspend payment of the fine in exchange for the provision of a guarantee, which must be provided within the period indicated by the Court. Dragados and its external advisers consider that the action that was subject to this fine is not unlawful and did not restrict competition, and consider the fine to be disproportionate and lacking in justification. The Group's Management considers that the final ruling on this matter is less than probable that 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 verified by a third party, present in companies representing 94.6% 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 89.6% of the ACS Group’s operations.

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.

Key Management - Environment Indicators	2022	2021 (*)
Water extraction (m3)	12,414,396	12,649,099
Ratio: m3 water / Sales (€mn)	379.9	469.1
Direct emissions (Scope 1) (tCO2 equiv.)	389,195	381,261
Carbon Intensity Ratio Scope 1: Emissions / Sales (€mn)	11.9	14.1
Indirect emissions (Scope 2) (tCO2 equiv.)	121,602	120,294
Carbon Intensity Ratio Scope 2: Emissions / Sales (€mn)	3.7	4.5
Indirect emissions (Scope 3) (tCO2 equiv.)	4,192,735	3,495,018
Carbon Intensity Ratio Scope 3: Emissions / Sales (€mn)	128.3	129.6
Total emissions (tCO2 equiv.)	4,703,532	3,996,573
Total Carbon Intensity Ratio: Total Emissions / Sales (€mn)	143.9	148.2
Non-hazardous waste sent for management (t)	15,761,762	18,344,366
Ratio: Tons of non-hazardous waste / Sales (€mn)	482.3	680.4
Hazardous waste sent for management (t)	138,334	400,892
Ratio: Tons of hazardous waste / Sales (€mn)	4.2	14.9

*2020 data recalculated according to the scope and criteria of the data 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 2022 amounted to EUR 14,840 thousand (EUR 6,943 thousand in 2021).

38. Auditors' fees

The fees for financial audit services provided to the various companies in 2022 and 2021 were as follows:

	Thousands of Euros	
	2022	2021
Audit service fees	**12,523**	**12,269**
Main auditor	8,515	7,721
Other auditors	4,008	4,548
Other verification services	**888**	**639**
Main auditor	888	639
Fees for tax services	**1,730**	**1,410**
Main auditor	419	351
Other auditors	1,311	1,059
Other services	**1,503**	**2,055**
Main auditor	345	394
Other auditors	1,158	1,661
Total	**16,644**	**16,373**

The fees relating to audit services provided by KPMG Auditores, S.L. for the Annual Accounts amounted to EUR 1,639 thousand (EUR 1,953 thousand in 2021), while those relating to other verification services amounted to EUR 419 thousand (EUR 370 thousand in 2021) and the fees for other services amounted to EUR 25 thousand (EUR 30 thousand in 2021).

In the above table, the amount of other verification services for 2022 includes EUR 419 thousand for services provided by KPMG Auditors, S.L. (EUR 370 thousand in 2021). 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 2022 includes EUR 25 thousand for services provided by KPMG Auditors, S.L. (EUR 30 thousand in 2021). These services mainly correspond to reports on agreed procedures and compliance with covenants.

Furthermore, in relation to the lead auditor, “Other verification services” essentially includes 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 2022, 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 87% 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, 'geschaftsanschrift' 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 construction and concessions businesses.

1. CONSTRUCTION

This business segment includes the construction activities through Dragados and Hochtief (including Cimic) and is aimed at carrying out all types of civil construction projects, building projects and infrastructure services.

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 activities are mainly carried on in the US and Canada and relate to the construction of buildings (public and private), infrastructure, 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, and the 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. CONCESSIONS

The Concessions area includes the activities of Iridium and the shareholdings in Abertis and is focused on the development and operation of transport 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. 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 mainly based in Spain but also shows incipient growth in the European market. Although this segment does not meet the quantitative thresholds established in IFRS 8, the Group considers that it should be reported as a differentiated segment since the nature of the goods and services it provides is wholly differentiated and identifiable, it reports independently to the Group, and this presentation is considered to be more useful to the users of the financial statements.

4.- CORPORATE UNIT

This includes the activity of the Group's Parent Company, ACS, Actividades de Construcción y Servicios, S.A., in addition to other activities that cannot be assigned to the other business segments that are presented separately, such as the real estate assets developed by Cogesa and the renewable energy and water assets that the Group still holds after the sale of the Industrial business to Vinci in 2021, plus the effects of consolidation.

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
ACS, Actividades de Construcción y Servicios, S.A.	**Avda. de Pío XII, 102. 28036 Madrid. España.**	
CONSTRUCTION - 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 Tecdra, 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 Infraestructures 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 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 %
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 %
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 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
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 %
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 %
Vías y Construcciones, S.A.	Avenida del Camino de Santiago, nº 50.. 28050 Madrid. España.	100.00 %

CONSTRUCTION - HOCHTIEF

Hochtief Aktiengesellschaft	**Essen, Alemania**	**70.94 %**
Beggen PropCo Sàrl	Steinfort, Luxemburgo	70.94 %
Eurafrica Baugesellschaft mbH	Essen, Alemania	70.94 %
HOCHTIEF Insurance Broking and Risk Management Solutions GmbH	Essen, Alemania	70.94 %
NEXPLORE Hong Kong Ltd.	Hongkong	70.94 %
NEXPLORE Technology GmbH	Essen, Alemania	70.94 %
NEXPLORE Technology Holding GmbH & Co. KG	Essen, Alemania	70.94 %
NEXPLORE Technology Verwaltungs GmbH	Essen, Alemania	70.94 %
Steinfort Multi-Asset Fund SICAV-SIF	Luxemburgo, Luxemburgo	70.94 %
Steinfort PropCo Sàrl	Steinfort, Luxemburgo	70.94 %
Stonefort Captive Management S.A.	Steinfort, Luxemburgo	70.94 %
Stonefort Insurance Holdings S.A.	Steinfort, Luxemburgo	70.94 %
Stonefort Insurance S.A.	Steinfort, Luxemburgo	70.94 %
Stonefort Reinsurance S.A.	Luxemburgo, Luxemburgo	70.94 %
Vintage Real Estate HoldCo Sàrl	Steinfort, Luxemburgo	70.94 %

Hochtief Americas

Hochtief Americas GmbH	**Essen, Alemania**	**70.94 %**
Auburndale Company Inc.	Ohio, Estados Unidos	70.94 %
Audubon Bridge Constructors	New Roads, Estados Unidos	38.31 %
Canadian Borealis Construction Inc.	Alberta, Canadá	55.32 %
Canadian Turner Construction Company Ltd.	Toronto, Canadá	70.94 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
CB Finco Corporation	Alberta, Canadá	55.32 %
CB Resources Corporation	Alberta, Canadá	55.32 %
Clark Builders Partnership	Alberta, Canadá	55.32 %
Clark Turner Dawson Creek JV	Vancouver, Canadá	63.14 %
E.E. Cruz and Company Inc.	Holmdel, Estados Unidos	70.94 %
FECO Equipment	Denver, Estados Unidos	70.94 %
Flatiron Construction Corp.	Wilmington, Estados Unidos	70.94 %
Flatiron Constructors Canada Ltd.	Vancouver, Canadá	70.94 %
Flatiron Constructors Inc.	Wilmington, Estados Unidos	70.94 %
Flatiron Constructors Inc. – Blythe Development Company JV	Firestone. Estados Unidos.	42.57 %
Flatiron Constructors Inc. Canadian Branch	Vancouver, Canadá	70.94 %
Flatiron Electric Group	Wilmington, Estados Unidos	70.94 %
Flatiron Equipment Company Canada	Calgary, Canadá	70.94 %
Flatiron Holding Inc.	Wilmington, Estados Unidos	70.94 %
Flatiron Parsons JV	Los Angeles, Estados Unidos	49.66 %
Flatiron West Inc.	Wilmington, Estados Unidos	70.94 %
Flatiron/Goodfellow Top Grade JV	Wilmington, Estados Unidos	51.43 %
Flatiron/Turner Construction of New York LLC	New York, Estados Unidos	70.94 %
Flatiron-Blythe Development Company JV	Firestone, Estados Unidos	49.66 %
Flatiron-Branch Civi JV	Broomsfield, Estados Unidos	42.57 %
Flatiron-Lane JV	Longmont, Estados Unidos	39.02 %
Flatiron-Skanska-Stacy and Witbec JV	San Marcos, Estados Unidos	28.38 %
HOCHTIEF Argentina S.A.	Buenos Aires, Argentina	70.94 %
HOCHTIEF USA Inc.	Delaware. Estados Unidos	70.94 %
Lakeside Alliance	Chicago. Estados Unidos	36.18 %
Maple Red Insurance Company	Vermont, Estados Unidos	70.94 %
OMM Inc.	Plantation, Estados Unidos	70.94 %
Real PM Ltd.	Reino Unido	70.94 %
Saddleback Constructors	Mission Viejo, Estados Unidos	38.31 %
Services Products Buildings Inc.	Ohio, Estados Unidos	70.94 %
SourceBlue Canada Ltd.	Toronto, Canadá	70.94 %
SourceBlue LLC	New Jersey, Estados Unidos	70.94 %
Stratus Risk Management Associates Inc.	New York, Estados Unidos	70.94 %
The Lathrop Company Inc.	Ohio, Estados Unidos	70.94 %
The Turner Corporation	Dallas, Estados Unidos	70.94 %
Tompkins Builders Inc.	Washington. Estados Unidos	70.94 %
Tompkins Turner Grunley Kinsley JV (C4ISR Aberdeen & Proving Grounds)	Maryland. Estados Unidos	36.18 %
Trans Hudson Brokerage, LLC	Delaware. Estados Unidos.	70.94 %
TUJV	Atlanta, Estados Unidos	56.76 %
Turner - d'Escoto-Brwon & Momen-Cullen JV	Illinois, Estados Unidos	35.54 %
Turner – d'Escoto-Powers & Sons-Cullen JV (Chicon Collaborative)	Illinois, Estados Unidos	41.15 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
Turner – Martin Harris (Las Vegas Convention and Visitors Authority)	Las Vegas, Estados Unidos	46.11 %
Turner - Power & Sons	Illinois, Estados Unidos	53.21 %
Turner (East Asia) Pte. Ltd.	Singapur	70.94 %
Turner AECOM-Hunt NFL JV (NFL Stadium)	Inglewood, Estados Unidos	35.47 %
Turner Canada Holdings Inc.	New Brunswick, Canadá	70.94 %
Turner Canada LLC	New York, Estados Unidos	70.94 %
Turner Clayco Memorial Stadium JV (UIUC Memorial Stadium)	Chicago, Estados Unidos	36.18 %
Turner Clayco Willis Tower JV (Willis Tower)	Chicago, Estados Unidos	36.18 %
Turner Construction Company	New York, Estados Unidos	70.94 %
Turner Construction Company of Ohio LLC	Ohio, Estados Unidos	70.94 %
Turner Construction/Sano-Rubin Construction Services (St. Peter's Health Ambulatory Center)	Albany, Estados Unidos	42.57 %
Turner Consulting (Thailand) Ltd.	Tailandia	70.94 %
Turner Consulting and Management Services Pvt. Ltd.	India	70.94 %
Turner Corenic Suitland and HS Complex Replacement	Maryland, Estados Unidos	49.66 %
Turner FS360 II A JV	Atlanta, Estados Unidos	56.76 %
Turner Holt JV	North Carolina, Estados Unidos	56.76 %
Turner ImbuTec	Pittsburgh, Estados Unidos	53.21 %
Turner International (East Asia) Ltd.	Hongkong	70.94 %
Turner International (Hong Kong) Ltd.	Hongkong	70.94 %
Turner International (UK) Ltd.	Londres, Reino Unido	70.94 %
Turner International Consulting (Thailand) Ltd.	Tailandia	35.47 %
Turner International Industries Inc.	New York. Estados Unidos	70.94 %
Turner International LLC	New York. Estados Unidos	70.94 %
Turner International Malaysia Sdn. Bhd.	Malasia	70.94 %
Turner International Professional Services Ltd. (Ireland)	Irlanda	70.94 %
Turner International Professional Services, S. de R.L. de C.V.	México	70.24 %
Turner International Proje Yonetimi Ltd. Sti.	Turquía	70.94 %
Turner International Pte. Ltd.	Singapur	70.94 %
Turner International Support Services, S. de R.L. de C.V.	México	70.24 %
Turner Mahogany UMMC STC Renewal III JV	Baltimore, Estados Unidos	45.40 %
Turner Management Consulting (Shanghai) Co. Ltd.	Shanghai, China	70.94 %
Turner One Way	Boston, Estados Unidos	56.76 %
Turner One Way II	Boston, Estados Unidos	53.21 %
Turner Partnership Holdings Inc.	New Brunswick, Canadá	70.94 %
Turner Paschen Aviation Partners JV II	Illinois, Estados Unidos	36.18 %
Turner Project Management India Pvt. Ltd.	India	70.94 %
Turner Sanorubin JV (Health Alliance)	Albany, Estados Unidos	36.18 %
Turner Shook Champion Partners	Cleveland, Estados Unidos	35.54 %
Turner Southeast Europe d.o.o Beograd	Belgrado, Serbia	70.94 %
Turner Surety & Insurance Brokerage Inc.	New Jersey, Estados Unidos	70.94 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
Turner TEC JV	Kalifornien, Estados Unidos	56.76 %
Turner TWC JV	Iowa, Estados Unidos	63.85 %
Turner Vietnam Co. Ltd.	Vietnam	70.94 %
Turner Watson JV	Philadelphia, Estados Unidos	42.57 %
Turner/Flatiron JV	San Diego, Estados Unidos	70.94 %
Turner/Janey/J&J JV	Masachusetts, Estados Unidos	42.57 %
Turner-Flatiron JV (Denver International Airport)	Colorado, Estados Unidos	70.94 %
Turner-Janey JV	Boston, Estados Unidos	49.66 %
Turner-Kiewit JV (GOAA South Airport)	Florida, Estados Unidos	56.76 %
Turner-McKissack JV (HHC – FEMA Coney Island Hospital Campus Renovation)	New York, Estados Unidos	42.57 %
Turner-PCL JV (LAX Midfield)	New York, Estados Unidos	35.47 %
Turner-PCL JV (San Diego Airport)	San Diego, Estados Unidos	35.47 %
Turner-SG Contracting (Hartfield Jackson)	Georgia, Estados Unidos	53.21 %
Turner FS360	Atlanta, Estados Unidos	49.66 %
Universal Construction Company Inc.	Alabama, Estados Unidos	70.94 %
West Coast Rail Constructors	San Marco, Estados Unidos	46.11 %

Hochtief Asia Pacific

Hochtief Asia Pacific GmbH	**Essen, Alemania**	**70.94 %**
Hochtief Australia Holdings Ltd.	**Sydney, Australia**	**70.94 %**
Cimic Group Ltd.	**Victoria, Australia**	**70.94 %**
512 Wickham Street Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
512 Wickham Street Trust	Nueva Gales del Sur, Australia	70.94 %
A.C.N. 126 130 738 Pty. Ltd.	Victoria, Australia	70.94 %
A.C.N. 151 868 601 Pty. Ltd.	Victoria, Australia	70.94 %
Alloy Fab Pty. Ltd.	Western Australia, Australia	70.94 %
Arus Tenang Sdn. Bhd.	Malasia	70.94 %
BCJHG Nominees Pty. Ltd.	Victoria, Australia	70.94 %
BCJHG Trust	Victoria, Australia	70.94 %
Broad Construction Pty. Ltd.	Queensland, Australia	70.94 %
Broad Construction Services (NSW/VIC) Pty. Ltd.	Western Australia, Australia	70.94 %
Broad Construction Services (WA) Pty. Ltd.	Western Australia, Australia	70.94 %
Broad Group Holdings Pty. Ltd.	Western Australia, Australia	70.94 %
CIMIC Admin Services Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
CIMIC Finance (USA) Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
CIMIC Finance Ltd.	Nueva Gales del Sur, Australia	70.94 %
CIMIC Group Investments No. 2 Pty. Ltd.	Victoria, Australia	70.94 %
CIMIC Group Investments No. 3 Pty. Ltd.	Victoria, Australia	70.94 %
CIMIC Group Investments Pty. Ltd.	Victoria, Australia	70.94 %
CIMIC Residential Investments Pty. Ltd.	Victoria, Australia	70.94 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
CM2A Finance Pty. Ltd.	Victoria, Australia	70.94 %
CMENA Pty. Ltd.	Victoria, Australia	70.94 %
CPB Contractors (PNG) Ltd.	Papua Nueva Guinea	70.94 %
CPB Contractors Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
CPB Contractors UGL Engineering JV	Victoria, Australia	70.94 %
Curara Pty. Ltd.	Western Australia, Australia	70.94 %
D.M.B. Pty. Ltd.	Queensland, Australia	70.94 %
Dais Vic Pty. Ltd.	Victoria, Australia	70.94 %
Devine Constructions Pty. Ltd.	Queensland, Australia	70.94 %
Devine Funds Pty. Ltd.	Victoria, Australia	70.94 %
Devine Funds Unit Trust	Queensland, Australia	70.94 %
Devine Homes Pty. Ltd.	Queensland, Australia	70.94 %
Devine Land Pty. Ltd.	Queensland, Australia	70.94 %
Devine Management Services Pty. Ltd.	Queensland, Australia	70.94 %
Devine Pty. Ltd.	Queensland, Australia	70.94 %
Devine Queensland No. 10 Pty. Ltd.	Queensland, Australia	70.94 %
Devine SA Land Pty. Ltd.	Queensland, Australia	70.94 %
Devine Springwood No. 2 Pty. Ltd.	Queensland, Australia	70.94 %
Ecco Engineering Company Ltd.	Hongkong	70.94 %
EIC Activities Pty. Ltd.	Victoria, Australia	70.94 %
EIC Activities Pty. Ltd. (NZ)	Nueva Zelanda	70.94 %
Giddens Investment Ltd.	Hongkong	70.94 %
Glenrowan Solar Farm Trust	Australia	70.94 %
Glenrowan Solar Finance Pty. Ltd.	Victoria, Australia	70.94 %
Glenrowand Solar Farm Pty. Ltd.	Victoria, Australia	70.94 %
Glenrowand Solar Holdings Pty. Ltd.	Victoria, Australia	70.94 %
Hamilton Harbour Developments Pty. Ltd.	Queensland, Australia	70.94 %
Hamilton Harbour Unit Trust (Devine Hamilton Unit Trust)	Victoria, Australia	70.94 %
ICC Infrastructure Pty. Ltd.	Western Australia, Australia	70.94 %
ICC Mining Pty. Ltd.	Western Australia, Australia	70.94 %
IDD Technology Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
Industrial Composites Engineering Pty. Ltd.	Western Australia, Australia	70.94 %
Innovated Asset Solutions Pty. Ltd. & UGL Operations and Maintenance (Services) Pty. Ltd.	Western Australia, Australia	70.94 %
Innovative Asset Solutions Group Pty. Ltd.	Western Australia, Australia	70.94 %
Jarrah Wood Pty. Ltd.	Western Australia, Australia	70.94 %
Jet-Cut Pty. Ltd.	Western Australia, Australia	70.94 %
JH ServicesCo Pty. Ltd.	Victoria, Australia	70.94 %
JHAS Pty. Ltd.	Victoria, Australia	70.94 %
JHI Investment Pty. Ltd.	Victoria, Australia	70.94 %
Kings Square Developments Pty. Ltd.	Queensland, Australia	70.94 %
Kings Square Developments Unit Trust	Queensland, Australia	70.94 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
Legacy JHI Pty. Ltd.	Victoria, Australia	70.94 %
Leighton (PNG) Ltd.	Papua Nueva Guinea	70.94 %
Leighton Asia (Hong Kong) Holdings (No. 2) Ltd.	Hongkong	70.94 %
Leighton Asia Ltd.	Hongkong	70.94 %
Leighton Asia Southern Pte. Ltd.	Singapur	70.94 %
Leighton Companies Management Group LLC	Emiratos Arabes Unidos	34.76 %
Leighton Contractors (Asia) Ltd.	Hongkong	70.94 %
Leighton Contractors (Indo-China) Ltd.	Hongkong	70.94 %
Leighton Contractors (Laos) Sole Co. Ltd.	Laos	70.94 %
Leighton Contractors (Malaysia) Sdn. Bhd.	Malasia	70.94 %
Leighton Contractors (Philippines) Corp.	Filipinas	70.94 %
Leighton Contractors (Philippines) Inc.	Filipinas	28.38 %
Leighton Contractors Inc.	Estados Unidos	70.94 %
Leighton Contractors Infrastructure Nominees Pty. Ltd.	Victoria, Australia	70.94 %
Leighton Contractors Infrastructure Pty. Ltd.	Victoria, Australia	70.94 %
Leighton Contractors Infrastructure Trust	Victoria, Australia	70.94 %
Leighton Contractors Lanka (Private) Ltd.	Sri Lanka	70.94 %
Leighton Contractors Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
Leighton Engineering & Construction (Singapore) Pte. Ltd.	Singapur	70.94 %
Leighton Engineering Sdn. Bhd.	Malasia	70.94 %
Leighton Equity Incentive Plan Trust	Nueva Gales del Sur, Australia	70.94 %
Leighton Foundation Engineering (Asia) Ltd.	Hongkong	70.94 %
Leighton Group Property Services Pty. Ltd.	Victoria, Australia	70.94 %
Leighton Harbour Trust	Queensland, Australia	70.94 %
Leighton Holdings Infrastructure Nominees Pty. Ltd.	Victoria, Australia	70.94 %
Leighton Holdings Infrastructure Pty. Ltd.	Victoria, Australia	70.94 %
Leighton Holdings Infrastructure Trust	Victoria, Australia	70.94 %
Leighton India Contractors Pvt. Ltd.	India	70.94 %
Leighton India Holdings Pte. Ltd.	Singapur	70.94 %
Leighton Infrastructure Investments Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
Leighton International Ltd.	Islas Cayman, Reino Unido	70.94 %
Leighton International Mauritius Holdings Ltd. No. 4	Mauricio	70.94 %
Leighton Investments Mauritius Ltd. No. 4	Mauricio	70.94 %
Leighton JV	Hongkong	70.94 %
Leighton Middle East and Africa (Holding) Ltd.	Islas Cayman, Reino Unido	70.94 %
Leighton Offshore Eclipse Pte. Ltd.	Singapur	70.94 %
Leighton Offshore Faulkner Pte. Ltd.	Singapur	70.94 %
Leighton Offshore Mynx Pte. Ltd.	Singapur	70.94 %
Leighton Offshore Pte. Ltd.	Singapur	70.94 %
Leighton Offshore Sdn. Bhd.	Malasia	70.94 %
Leighton Offshore Stealth Pte. Ltd.	Singapur	70.94 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
Leighton Portfolio Services Pty. Ltd.	Australian Capital Territory, Australia	70.94 %
Leighton Projects Consulting (Shanghai) Ltd.	China	70.94 %
Leighton Properties (Brisbane) Pty. Ltd.	Queensland, Australia	70.94 %
Leighton Properties (VIC) Pty. Ltd.	Victoria, Australia	70.94 %
Leighton Properties (WA) Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
Leighton Properties Pty. Ltd.	Queensland, Australia	70.94 %
Leighton Superannuation Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
Leighton U.S.A. Inc.	Estados Unidos	70.94 %
LH Holdings Co. Pty. Ltd.	Victoria, Australia	70.94 %
LH Holdings No. 2 Pty. Ltd.	Victoria, Australia	70.94 %
LH Holdings No. 3 Pte. Ltd.	Singapur	70.94 %
LMENA Pty. Ltd.	Victoria, Australia	70.94 %
LNWR Pty. Ltd.	Victoria, Australia	70.94 %
LNWR Trust	Nueva Gales del Sur, Australia	70.94 %
Logistic Engineering Services Pty. Ltd.	Victoria, Australia	70.94 %
Network Rezolution Finance Pty. Ltd.	Australia	70.94 %
Newest Metro Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
Nexus Point Solutions Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
Njanmak VIC Pty. Ltd.	Victoria, Australia	70.94 %
Opal Insurance (Singapore) Pte. Ltd.	Singapur	70.94 %
Optima Activities Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
Pacific Partnerships Energy Pty. Ltd.	Victoria, Australia	70.94 %
Pacific Partnerships Holdings Pty. Ltd.	Victoria, Australia	70.94 %
Pacific Partnerships Investments 2 Pty. Ltd.	Victoria, Australia	70.94 %
Pacific Partnerships Investments 2 Trust	Victoria, Australia	70.94 %
Pacific Partnerships Investments Pty. Ltd.	Victoria, Australia	70.94 %
Pacific Partnerships Investments Trust	Victoria, Australia	70.94 %
Pacific Partnerships Pty. Ltd.	Victoria, Australia	70.94 %
Pacific Partnerships Services NZ Ltd.	Nueva Zelandia	70.94 %
Pekko Engineers Ltd.	Hongkong	70.94 %
Pioneer Homes Australia Pty. Ltd.	Queensland, Australia	70.94 %
Port Wakefield to Port Augusta Regional Projects Alliance	Sur de Australia, Australia	65.98 %
PT Leighton Contractors Indonesia	Indonesia	67.40 %
Regional Trading Ltd.	Hongkong	70.94 %
Riverstone Rise Gladstone Pty. Ltd.	Queensland, Australia	70.94 %
Riverstone Rise Gladstone Unit Trust	Queensland, Australia	70.94 %
Sedgman Asia Ltd.	Hongkong	70.94 %
Sedgman Botswana (Pty.) Ltd.	Botswana	70.94 %
Sedgman Canada Ltd.	Canadá	70.94 %
Sedgman Chile S.p.a.	Chile	70.94 %
Sedgman Consulting Pty. Ltd.	Queensland, Australia	70.94 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
Sedgman CPB JV (SCJV)	Queensland, Australia	70.94 %
Sedgman Employment Services Pty. Ltd.	Queensland, Australia	70.94 %
Sedgman Engineering Technology (Beijing) Co. Ltd.	China	70.94 %
Sedgman International Employment Services Pty. Ltd.	Queensland, Australia	70.94 %
Sedgman Mozambique Ltda.	Mozambique	70.94 %
Sedgman Onyx Pty. Ltd.	Australia	70.94 %
Sedgman Operations Employment Services Pty. Ltd.	Queensland, Australia	70.94 %
Sedgman Operations Pty. Ltd.	Queensland, Australia	70.94 %
Sedgman Projects Employment Services Pty. Ltd.	Queensland, Australia	70.94 %
Sedgman Pty. Ltd.	Queensland, Australia	70.94 %
Sedgman South Africa (Proprietary) Ltd.	Sudáfrica	70.94 %
Sedgman South Africa Holdings (Proprietary) Ltd.	Sudáfrica	70.94 %
Sedgman USA Inc.	Estados Unidos	70.94 %
Silverton Group Pty. Ltd.	Western Australia, Australia	70.94 %
Sum Kee Construction Ltd.	Hongkong	70.94 %
Sustaining Works Pty. Ltd.	Queensland, Australia	70.94 %
Talcliff Pty. Ltd.	Queensland, Australia	70.94 %
Tambala Pty. Ltd.	Mauricio	70.94 %
Telecommunication Infrastructure Pty. Ltd.	Victoria, Australia	70.94 %
Thai Leighton Ltd.	Tailandia	70.94 %
Thiess Infrastructure Nominees Pty. Ltd.	Victoria, Australia	70.94 %
Thiess Infrastructure Pty. Ltd.	Victoria, Australia	70.94 %
Thiess Infrastructure Trust	Victoria, Australia	70.94 %
Think Consulting Group Pty. Ltd.	Victoria, Australia	70.94 %
Townsville City Project Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
Townsville City Project Trust	Queensland, Australia	70.94 %
UGL (Asia) Sdn. Bhd.	Malasia	70.94 %
UGL (NZ) Ltd.	Nueva Zelandia	70.94 %
UGL (Singapore) Pte. Ltd.	Singapur	70.94 %
UGL Engineering Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
UGL Engineering Pvt. Ltd.	India	70.94 %
UGL Integra Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
UGL Operations and Maintenance (Services) Pty. Ltd.	Queensland, Australia	70.94 %
UGL Operations and Maintenance Pty. Ltd.	Victoria, Australia	70.94 %
UGL Pty. Ltd.	Western Australia, Australia	70.94 %
UGL Rail (North Queensland) Pty. Ltd.	Queensland, Australia	70.94 %
UGL Rail Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
UGL Rail Services Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
UGL Regional Linx Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
UGL Resources (Contracting) Pty. Ltd.	Victoria, Australia	70.94 %
UGL Resources (Malaysia) Sdn. Bhd.	Malasia	70.94 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
UGL Solutions Pty. Ltd.	Western Australia, Australia	70.94 %
UGL Unipart Rail Services Pty. Ltd.	Victoria, Australia	49.66 %
UGL Utilities Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
United Group Infrastructure (NZ) Ltd.	Nueva Zelanda	70.94 %
United KG (No. 1) Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
United KG (No. 2) Pty. Ltd.	Victoria, Australia	70.94 %
Wai Ming M&E Ltd.	Hong Kong	70.94 %
Western Port Highway Trust	Victoria, Australia	70.94 %
Westgo Finance Pty. Ltd.	Nueva Gales del Sur, Australia	70.94 %
Hochtief Europe		
Hochtief Solutions AG	**Essen, Alemania**	**70.94 %**
A.L.E.X.-Bau GmbH	Essen, Alemania	70.94 %
Deutsche Bau- und Siedlungs-Gesellschaft mbH	Essen, Alemania	70.94 %
Deutsche Baumanagement GmbH	Essen, Alemania	70.94 %
Dicentra Copernicus Roads Sp. z o.o.	Varsovia, Polonia	70.94 %
EDGITAL GmbH	Herne, Alemania	70.94 %
Hochtief (UK) Construction Ltd.	Swindon, Gran Bretaña	70.94 %
Hochtief Bau und Betrieb GmbH	Essen, Alemania	70.94 %
Hochtief BePo Hessen Bewirtschaftung GmbH	Essen, Alemania	70.94 %
Hochtief BePo Hessen GmbH	Essen, Alemania	70.94 %
Hochtief Construction Austria GmbH & Co. KG	Viena, Austria	70.94 %
Hochtief Construction Chilena Ltda.	Santiago de Chile, Chile	70.94 %
Hochtief Construction Management Middle East GmbH	Essen, Alemania	70.94 %
Hochtief CZ a.s.	Praga, República Checa	70.94 %
HOCHTIEF DCX GmbH	Essen, Alemania	70.94 %
Hochtief Development Czech Republic s.r.o.	Praga, República Checa	70.94 %
Hochtief Development Poland Sp. z o.o.	Varsovia, Polonia	70.94 %
Hochtief Engineering GmbH	Essen, Alemania	70.94 %
Hochtief Infrastructure GmbH	Essen, Alemania	70.94 %
Hochtief LINXS Holding LLC	Wilmington, Estados Unidos	70.94 %
Hochtief OBK Vermietungsgesellschaft mbH	Essen, Alemania	70.94 %
Hochtief Offshore Crewing GmbH	Essen, Alemania	70.94 %
Hochtief Operators Holding LLC	Wilmington, Estados Unidos	70.94 %
Hochtief ÖPP Projektgesellschaft mbH	Essen, Alemania	70.94 %
Hochtief Polska S.A.	Varsovia, Polonia	70.94 %
Hochtief PPP Operations Austria GmbH	Viena, Austria	70.94 %
Hochtief PPP Operations GmbH	Essen, Alemania	70.94 %
Hochtief PPP Schulpartner Braunschweig GmbH	Braunschweig, Alemania	70.94 %
Hochtief PPP Solutions (Ireland) Ltd.	Dublin, Irlanda	70.94 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
Hochtief PPP Solutions (UK) Ltd.	Swindon, Gran Bretaña	70.94 %
Hochtief PPP Solutions GmbH	Essen, Alemania	70.94 %
Hochtief PPP Solutions Netherlands B.V.	Vianen, Países Bajos	70.94 %
Hochtief PPP Solutions North America Inc.	Wilmington, Estados Unidos	70.94 %
Hochtief PPP Transport Westeuropa GmbH	Essen, Alemania	70.94 %
Hochtief Projektentwicklung GmbH	Essen, Alemania	70.94 %
Hochtief SK s.r.o.	Bratislava, Eslovaquia	70.94 %
HOCHTIEF Solarpartner GmbH	Essen, Alemania	70.94 %
Hochtief Solutions Middle East Qatar W.L.L.	Doha, Qatar	34.76 %
Hochtief Solutions Real Estate GmbH	Essen, Alemania	70.94 %
Hochtief Solutions Saudi Arabia LLC	Al-Khobar, Arabia Saudí	40.19 %
HOCHTIEF Soziale Infrastruktur Europa GmbH	Essen, Alemania	70.94 %
Hochtief Trade Solutions GmbH	Essen, Alemania	70.94 %
Hochtief U.S. Holdings LLC	Wilmington, Estados Unidos	70.94 %
Hochtief ViCon GmbH	Essen, Alemania	70.94 %
HTP Immo GmbH	Essen, Alemania	70.94 %
I.B.G. Immobilien- und Beteiligungsgesellschaft Thüringen-Sachsen mbH	Essen, Alemania	70.94 %
LOFTWERK Eschborn GmbH & Co. KG	Essen, Alemania	70.94 %
Perlo Sp. z o.o.	Varsovia, Polonia	70.94 %
prefolio Securitisation S.à r.l.	Wasserbillig, Luxemburgo	70.94 %
Project Development Poland 3 B.V.	Amsterdam, Países Bajos	70.94 %
Project SP1 Sp. z o.o.	Varsovia, Polonia	70.94 %
Projektgesellschaft Konrad-Adenauer-Ufer Köln GmbH & Co. KG	Essen, Alemania	70.94 %
Raststätten Betriebs GmbH	Viena, Austria	70.94 %
synexs GmbH	Essen, Alemania	70.94 %
Tivoli Garden GmbH & Co. KG	Essen, Alemania	70.94 %
TRINAC GmbH	Essen, Alemania	70.94 %
TRINAC Polska Sp. z o.o.	Varsovia, Polonia	70.94 %
ViA6West Service GmbH	Bad Rappenau, Alemania	70.94 %
CONCESSIONS - IRIDIUM		
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 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
ACS Infrastructuras México, S. R. L. de C. V.	C/ Oxford, 30, Colonia Ju rez, Delegación Cuahtémoc.CP: 06600 México, Distrito Federal. México.	100.00 %
ACS Infrastructure Canadá, Inc.	155 University Avenue, Suite 900,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 O&M Solutions GP Inc	155 University Avenue, Suite 900, Toronto On M5H3B7. Toronto. 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 %
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 Santigo, 50 - 28050 Madrid. España.	100.00 %
Blueridge Transportation Group HoldCo, LLC	6538 South freeway Houston TX 77021. Estados Unidos	78.38 %
Blueridge Transportation Group, LLC	6538 South freeway Houston TX 77021. Estados Unidos	78.38 %
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 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
Operadora Autovia Medinaceli Calatayud, S.L.	Avda Camino de Santigo 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 %
SH 288 Holding, S.A.	Avenida del Camino de Santiago, 50. 28050 Madrid. España.	100.00 %
SH 288 Holdings, LLC	One Alhambra Plaza suite 1200. Coral Gables. Miami. Estados Unidos.	100.00 %
SH288 Investment inc.	One Alhambra Plaza suite 1200. Coral Gables. Miami. Estados Unidos.	100.00 %
Sociedad Concesionaria Nuevo Complejo Fronterizo Los Libertadores	José Antonio Soffia N 2747, Oficina 602 - comuna de Providencia.Santiago de Chile. Chile.	100.00 %
SERVICES		
ACS Servicios y Concesiones, S.L.	**Avda. Camino de Santiago, 50.28050 Madrid. España.**	**100.00 %**
CLECE GROUP		
Clece, S.A.	**Avda. Manoteras, 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. Barcelona. España.	100.00 %
AILSA Care Services Ltd.	Bonnington Bond 2 Anderson Place Edinburgh Scotland EH6 5NP. Edinburgh. Reino Unido.	100.00 %
All Care (GB) Limited	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Aspen Hamilton Limited	Bonnington Bond, 2 Anderson Place, EH6 5NP. Edinburgh. 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 Manoteras, 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.	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Clece Seguridad S.A.U.	Avda. de Manoteras, 46, Bis 1ª Pl. Mod. C 28050 Madrid. España.	100.00 %
Clece Vitam S.A.	Av. Manoteras, 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 %
Clyde Heathcare Limited	Bonnington Bond, 2 Anderson Place, EH6 5NP. Edinburgh. Reino Unido.	100.00 %
Confident Care Limited	Bonnington Bond, 2 Anderson Place, EH6 5NP. Edinburgh. Reino Unido.	100.00 %
CSN Care Group Limited	Bonnington Bond, 2 Anderson Place, EH6 5NP. Edinburgh. Reino Unido.	100.00 %
Dale Care Ltd.	Hope Street, 13. Crook. Reino Unido.	100.00 %
Diamond Quality Care Services Limited	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Eleva2 Comercializadora S.L.	Avenida de Manoteras. 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.	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
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 %
Horsham & Crawley Care Limited	Unit 4 Rankin House Murdoch Court, Roebuck Way, Knowl Hill, MK5 8GB. Knowl Hill - Milton Keynes. Reino Unido.	100.00 %
Ideal Complex Care, Ltd.	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Inserlimp Soluciones S.L.	C/ Cabeza Mesada 5 Pta. 4ª Dcha. 28031. Madrid. España.	100.00 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
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 Andalucia, S.L.	Polígono Industrial PISA C/ Industria, 1 -Edif. Metropoli I Pta.2ª Mod 01-05 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. Landabarri, 4, Leioa. Vizcaya. España.	100.00 %
Koala Soluciones Educativas, S.A.	Avda Manoteras, 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 Ellacuria Beascoechea, 23-26 Planta 2, Playa del Hombre.Telde. Las Palmas. España.	100.00 %
Merseycare Julie Ann Limited	3rd Floor Rathbone Building, Liverpool Innovation Park, Liverpool, England, L7 9NJ	100.00 %
Multiserveis Ndavant, S.L.	C/Josep Ferrater i Mora, 2-4 Barcelona. España.	100.00 %
Multiservicios Aeroportuarios, S.A.	Avda. Manoteras 46 Bis 2ª Planta. 28050 Madrid. España	51.00 %
NV Care Ltd.	3 Ella Mews, NW3 2NH. Londres. 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.	3 Ella Mews, NW3 2NH. 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 Manoteras, 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	3 Ella Mews, NW3 2NH. London. Reino Unido.	100.00 %
Talher, S.A.	C/ Quintanavides, 19 edificio 4 1ª planta. 28050. Madrid. España.	100.00 %
Teapot Home Care Ltd	Unit 4 Rankin House Murdoch Court, Roebuck Way, Knowl HilL, MK5 8GB. Knowl Hill - Milton Keynes. Reino Unido.	100.00 %
Universal Care Services (UK) Limited	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Zaintzen, S.A.U.	Landabarri Zeharbidea 3 Zbekia, 4ª Pisua G.48940 Leoia (Bizkaia). España.	100.00 %
Zenit Logistics S.A.	Avda. de Manoteras, 46 Bis.28050 Madrid. España.	100.00 %

CORPORATE UNIT AND OTHERS

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 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
Comunidades Gestionadas, S.A.	C/ Orense, 34-1º. 28020 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 %
ACS Industrial Activities, Inc.	1235 North Loop West Suite 1020, Houston, TX 77008. Estados Unidos.	100.00 %
ACS Servicios, Comunicaciones y Energía Internacional, S.L.	Cardenal Marcelo Spínola, 10. 28016 Madrid. España	100.00 %
Apodaca CCG Invest S.L.	Cardenal Marcelo Spínola 10. Madrid. España.	100.00 %
Avanzia Instalaciones MX, S.A. de C.V.	Hamburgo, 213, Planta 15, Colonia Juárez, CP 06600. Ciudad deMéjico. 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 %
ACS 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 Cabezuela, s/n.11510 Puerto Real. Cádiz. España.	100.00 %
Energías Ambientales de Oaxaca, S.A.	Jose Luis Lagrange Nº 103, Piso 8. Colonia Los Morales. Ciudad de Méjico. México.	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 ACS South Africa Proprietary Limited	1st Floor, Building 9 - St Andrews, Inanda Greens Office Park, 54 Wierda Road West, Sandton, Johannesburg. Sudáfrica.	100.00 %
Hydro Management, S.L.	Avda.Teneniente General Gutierrez Mellado, 9. 30008 Murcia. España	79.63 %
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	100.00 %
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 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 %
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 Saudí	100.00 %
Saneta Luz S.L	Cardenal Marcelo Spínola, 10. 28016. Madrid. España.	100.00 %

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

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
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 %
Tejavana Fotovoltaica Canaria, S.L.U.	Procesador, 19. Telde 35200 Las Palmas. Islas Canarias. España	100.00 %
Tesca Ingenieria 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 %

APPENDIX II

UTE's / EIG's

UTE / EIG	Address	% Effective Ownership	Revenue 100%
			Thousand euros
INFRASTRUCTURES - DRAGADOS			
Túnel Mandri	Cl. Vía Laietana, 33, 5ª Planta - Barcelona	43.50 %	36,103
Estructura Sagrera Ave	Cl. Vía Laietana, 33, 5ª Planta - Barcelona	33.50 %	39,821
Sector 2	Cl. Gran Vía, 53 - Bilbao	85.00 %	49,774
Sagasta	Cl. Luis de Ulloa, 37 - Logroño	60.00 %	11,129
HS2 Euston Station	Cl. Moorgate, 155 - Londres	50.00 %	274,171
Atxondo-Abadiño	Av. del Camino de Santiago, 50 - Madrid	100.00 %	17,684
Red viaria y ferroviaria APV	Av. Menéndez y Pelayo, 3 - Valencia	65.00 %	20,602
Consorcio Constructor Metro Lima	Av. de la República de Colombia 791 - Lima	35.00 %	228,773
MIV 2021 Lote 1	Cl. Francisco Gervás, 14 - 1ºA - Madrid	18.00 %	23,108
Embalse de Amudevar	Cl. Antonio Valcarreres, 1 - Zaragoza	26.00 %	21,254
Lote 2 Norte	Pz. Circular, 4, 5º - Bilbao	65.00 %	19,872
Ampliacion Estación Chamartin A.V.	Av. del Camino de Santiago, 50 - Madrid	25.00 %	17,375
MIV Centro	Av. del Camino de Santiago, 50 - Madrid	22.50 %	16,528
Estación Chamartin Vias - Azvi	Av. del Camino de Santiago, 50 - Madrid	55.00 %	16,145
Sierrapando	Av. del Camino de Santiago, 50 - Madrid	70.00 %	11,220
Bases Villarrubia-Gabaldon	Cl. Julián Camarillo, 6 - Madrid	50.00 %	10,784
Salburúa Tranvía	Pz. Circular, 4, 5º - Bilbao	50.00 %	10,726
Lote 5 Sagrera-Horta	Av. del Camino de Santiago, 50 - Madrid	50.00 %	10,661
A11 Quintanilla-Olivares	Av. del Camino de Santiago, 50 - Madrid	50.00 %	10,144
Mantenimiento Ave	Cl. Zafiro, s/n Edif. 1. 28021 - Madrid	14.86 %	20,184
Bay Park Conveyance	2 Marjorie Lane, East Rockaway, NY 11518-2020	70.00 %	126,492
3rd Track Constructors	900 Merchants Concourse, Westbury, NY 11590	50.00 %	287,123
I-16 at I-95 Interchange	20 Martin Court, Savannah, GA 31419	100.00 %	64,419
MLK Interchange	10210 Highland Manor Dr. STE110, Tampa, FL 33629	85.00 %	16,890
I2/I69C Interchange	1708 Hughes Landing Blvd, The Woodlands, TX 77380	100.00 %	92,211
Broadway Curve	3157 East Elwood, Phoenix, AZ 85034	40.00 %	156,882
Hampton Roads	240 Corporate Blvd., Norfolk, VA 23502	42.00 %	538,548
HSR 2-3	1610 Arden Way, Suite 175, Sacramento, CA 95815	50.00 %	367,333
Gordie Howe Int'l Bridge	1001 Springwells Ct, Detroit, MI, 48209	40.00 %	444,241
Chesapeake Tunnel	2377 Ferry Road, Virginia Beach, VA 23455	100.00 %	120,749
Harbor Bridge	500 N. Shoreline Blvd, Suite 500, Corpus Christi, TX 78401	50.00 %	155,094
Isabella Lake Dam	2959 Eve Avenue - Lake Isabelle, CA 93240	35.00 %	71,183
Automated People Mover	2959 Eve Avenue - Lake Isabelle, CA 93240	20.00 %	624,038
Purple Line	5700 Rivertech Court, Suite 105, Riverdale, MD 20737	60.00 %	171,490
Eglinton Crosslinx Transit Solutions - Constructors	4711 Yonge St, Suite 1500,Toronto M2N 7E4	25.00 %	372,413
Link 427	1 Royal Gate Boulevard, Unit G, Woodbridge, ON L4L 8Z7	50.00 %	12,474
Ottawa LRT Constructors OLRT Phase II	1600 Carling Avenue, Suite 450, PO Box 20,Ottawa K1Z 1G3	33.33 %	28,708

White Rose SNC-DRAGADOS-PENNECON G.P.	1133 Topsail Road, Mount Pearl, Newfoundland, A1N 5G2	40.00 %	55,754
REM	1140 boulevard de Maissoneuve, Montreal, Quebec H3A 1M8	24.00 %	1,182,387
Finch - Mosaic Transit Constructors GP	150 King Street West, Suite 2103, Toronto M5H 1J9	33.33 %	205,255
Gordie Howe - BNA Constructors Canada GP	150 King Street West, Suite 2103, Toronto M5H 1J9	40.00 %	736,922
Site C- Aecon-Flatiron-Dragados-EBC Partnership	1055 Dunsmuir Street, Suite 2124, Vancouver, BC V7X1G4	27.50 %	484,141
Centennial Expansion Partners	851 Centennial Road, Vancouver, BC V6A 1A3	60.00 %	71,143
Eglinton West Advance Tunnel Project	20 Carlson Court, Suite 105, Toronto, ON M9W7K6	40.00 %	158,611
GCT Constructors	150 Meadowlands Pkwy, Secaucus, NJ 07094	100.00 %	23,073
Unionport Constructors	150 Meadowlands Pkwy, Secaucus, NJ 07094	55.00 %	14,097
Potomac Yards Constructors	421 E. Route 59, Nanuet, NY 10954	40.00 %	86,558

CONSTRUCTION - HOCHTIEF

Amalia Harbour - Civil Works Package	Amstelveen, Netherlands	50.00 %	64,379
ARGE A7 Tunnel Altona	Hamburg, Germany	65.00 %	74,900
ARGE BAUARGE A6 West	Heilbronn, Germany	60.00 %	23,979
ARGE Ersatzneubau K30	Hamburg, Germany	75.00 %	18,251
ARGE Haus der Statistik	Berlin, Germany	50.00 %	10,651
ARGE SBT 1.1 Tunnel Gloggnitz	Gloggnitz, Austria	40.00 %	135,233
ARGE Tunnel Rastatt	Ötigheim, Germany	50.00 %	92,526
ARGE U2/22 x U5/2 Rathaus/Frankplatz	Vienna, Austria	33.33 %	69,709
ARGE U-Bahn Nürnberg U3 SW BA 2.2	Nuremberg, Germany	50.00 %	30,120
ARGE VE41 Hp Marienhof	Munich, Germany	50.00 %	25,283
BAB A100, 16. Bauabschnitt	Berlin, Germany	50.00 %	10,985
Citylink	Danderyd, Sweden	50.00 %	32,754
CRSH1 - Sydhavn	Copenhagen, Denmark	50.00 %	127,511
London Power Tunnels Phase 2	London, United Kingdom	50.00 %	167,650
Ostrava - Organica	Ostrava, Czech Republic	50.00 %	13,244
Ostrava - VŠB-TUO Nová budova EkF - př.H	Ostrava, Czech Republic	50.00 %	10,745
Stuttgart 21 PFA 1. Los 3 Bad Cannstatt	Stuttgart, Germany	40.00 %	13,012
Tvrdošín - Nižná - R3	Tvrdošín - Nižná, Slovakia	79.99 %	19,956
ViA15 (A12/A15)	Utrecht, Netherlands	25.00 %	32,227

SERVICES - CLECE

Ute PMR Masa-Sagital L1 (Multiservicios Aeroportuarios)	Avda. Manoteras, 46 BIS. 28050.Madrid.España	90.00 %	13,154
Ute SAD Ayto Valladolid Lt1 (Clece)	Calle Ducado, 2. 47009. Valladolid. España	60.00 %	14,715

ANEXO III

CHANGES IN THE CONSOLIDATION PERIMETER

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

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

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

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

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

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

Declaration of Responsibility and Authorisation for Issue

The Board members declare that, to the best of their knowledge, the Consolidated Annual Accounts (Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements) have been prepared in accordance with the applicable accounting principles, and in accordance with the format (and labelling) requirements set out in Commission Delegated Regulation (EU) 2019/815, provide a true and fair view of the equity, financial position and results of ACS, Actividades de Construcción y Servicios, S.A. and its consolidated companies, taken as whole, and that the directors' report approved (which contains the consolidated non-financial information statement, the annual corporate governance report and the annual remuneration report) includes a fair analysis of the business performance and results and of the position of ACS, Actividades de Construcción y Servicios, S.A. and its consolidated companies, taken as whole, together with a description of the main risks and uncertainties that they face. Pursuant to current law, the Board members sign this declaration of responsibility, the Consolidated Annual Accounts and the directors' report of ACS, Actividades de Construcción y Servicios, S.A. and the subsidiaries comprising the ACS Group, prepared in accordance with current standards and International Financial Reporting Standards (IFRSs), for the year ended 31 December 2022,.

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

Ms. María Soledad Pérez Rodríguez did not sign the annual accounts as he was unable to attend the Board meeting, but indicated her approval of them.

Madrid, 23 March 2023

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 2022)

(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 2022, 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 2022 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 (Euros 31,432,887 thousand)

See notes 03.16, 12 and 27 to the consolidated annual accounts

Key audit matter	*How the matter was addressed in our audit*
A significant portion of the 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. The recognition of revenue and the profit/loss on these contracts therefore entails a high level of judgement by management and the Directors, and exhaustive 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. Due to the uncertainty associated with these estimates, mainly those corresponding to claims under dispute or under negotiation with customers and the fact that these estimates could lead to material differences in the revenue recorded, the recognition of revenue from long-term contracts has been considered a key audit matter.	Our audit procedures included the following: – 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, for a sample of projects, a comparative analysis of profit/loss on completed contracts with regard to the expected result; – 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;

	– analysing 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 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; – visiting certain work sites, evaluating their key financial figures and identifying possible areas of risk through observation, analysis of documentation and interviews with project personnel; – assessing whether the most relevant 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.

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Measurement of the investment in ABERTIS See notes 02.02.e) and 09 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
At 31 December 2022 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 2,971,045 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, making an estimate of the recoverable amount. The recoverable amount is calculated by applying valuation techniques that require the exercising of judgement by the Directors and management, as well as the use of assumptions and estimates. 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 of the investment in Abertis Holdco, S.A. a key audit matter.	Our audit procedures included the following: - evaluating the design and implementation of key controls related to the process of estimating 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 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; - evaluating whether impairment associated with the investment exists by comparing the carrying amount with the recoverable amount; - 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 investment in Ventia See notes 02.02 f), 10 and 29 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
During the first quarter of 2022 the subsidiary CIMIC, which holds 32.8% of the capital of Ventia Services Group (hereinafter Ventia), made the decision to temporarily withdraw its representatives from the Board of Directors of this company, therefore renouncing certain rights as shareholder, whilst still retaining protective rights. Consequently, it was considered that the Group had lost significant influence over Ventia, and as such, the investment therein, which had been recorded as an equity-accounted associate is currently as a non-current financial asset under IFRS 9 at fair value through profit or loss. A gain of Euros 338.3 million was recorded under "Impairment and gains or losses on the disposal of non-current assets" in the consolidated income statement for 2022, as a result of the difference between the fair value of Ventia at 31 March 2022, the date on which it was considered significant influence was lost, and its carrying amount at that date. Due to the significance of the accounting effects of the decision made by CIMIC and since the evaluation of whether significant influence exists entails a value judgement, this has been considered a key audit matter.	Our audit procedures included the following: - analysing the agreements entered into by CIMIC, Ventia and one of the latter's main shareholders, as well as CIMIC's decision to temporarily withdraw its representatives from Ventia's Board of Directors and its renouncement of certain rights as shareholder; - assesing whether or not CIMIC holds significant influence over Ventia, in accordance with the qualitative factors set out in IAS 28.6, by analysing which representatives the shareholders have on the Board of Directors, who participates in the significant operational decision-making processes, or who maintains the capacity to appoint key management personnel, among others; - analysing the calculation of the fair value of the investment in Ventia at the date significant influence is lost; - 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.)

<table>
<tr><th colspan="2">Blueridge Transportation Group business combination
See notes 02.02. f), 29 and 32 to the consolidated annual accounts</th></tr>
<tr><td>Key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Between August and October 2022 the subgroup Iridium, through its North American subsidiary ACS Infrastructure Development, entered into various sale and purchase agreements with four shareholders of Blueridge Transportation Group, LLC (hereinafter BTG), to acquire a 56.76% stake therein, in addition to the 21.62% interest already held.

Following compliance with the terms on which this transaction was subject to, in December 2022 the Group reached a 78.38% stake in BTG, thus holding the majority of voting rights.

As a result of this transaction and in accordance with the financial reporting framework applicable to the Group, this investment, which until then had been recognised using the equity method, is now fully consolidated. Goodwill of Euros 388 million arose in the consolidation due to the business combination.

In addition, as a result of the recognition of net assets relating to the pre-existing 21.62% stake held by the Group at fair value, a gain of Euros 334.8 million has been recorded under “Impairment and gains or losses on the disposal of non-current assets” in the consolidated income statement for 2022.

Taking into consideration the high level of judgement applied in the business combination process, including aspects such as the evaluation of the existence and moment of taking control, as well as the complexity in the use of valuation techniques to determine the fair values of the net assets acquired and the goodwill arising and the significance of their amounts, we have considered this business combination as a key audit matter.</td><td>Our audit procedures included the following:

- assessing the design and implementation of key controls established when identifying and recognising the assets and liabilities acquired and the goodwill arising from the business combination;

- assessing the taking of control of BTG by the Group and the moment in which this takes place, considering the sale and purchase agreements signed with BTG’s former shareholders, the shareholders’ agreement and the sale and purchase agreement;

- assessing the financial information of the concession company BTG which supports the key figures included in the business combination process, having also obtained a valuation report prepared by the Group for which we analysed the reasonableness of the methodology, assumptions and key data considered when identifying and determining the goodwill arising from the business combination and the fair value of the assets acquired and liabilities assumed, highlighting mainly the intangible assets associated with the highway concession and the associated debt; for which we have involved our valuation specialists;

- assessing the reasonableness of the amount recognised in consolidated profit for the year as a result of the measurement at fair value of the pre-existing investment.

- assessing whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.</td></tr>
</table>

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Other Information: Consolidated Directors' Report

Other information solely comprises the 2022 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 2022, 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.

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.

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.

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

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 2022 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 2022 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 23 March 2023.

(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 6 May 2022 for a period of one year, beginning after the year ended 31 December 2021.

Previously, we had been appointed for a period of three years, by consensus of the shareholders at their general meeting, and have been auditing the annual accounts since 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

23 March 2023