Auditor's Report on ACS, Actividades de Construcción y Servicios, S.A.

(Together with the annual accounts and directors' report of ACS, Actividades de Construcción y Servicios, S.A. 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 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 ANNUAL ACCOUNTS

Opinion

We have audited the annual accounts of ACS, Actividades de Construcción y Servicios, S.A. (the "Company"), which comprise the balance sheet at 31 December 2022, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 02.01 to the annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

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 Annual Accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the 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 annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of non-current investments in Group companies and associates See notes 04.05.01 and 09.03 to the annual accounts	
Key audit matter	*How the matter was addressed in our audit*
The Company holds investments in Group companies and associates amounting to Euros 7,924,621 thousand, which are recognised in the balance sheet under "Non-current investments in Group companies and associates". As required by the applicable financial reporting framework, the Company calculates the recoverable amount of investments in companies for which there is objective evidence of impairment. This recoverable amount is calculated by applying valuation techniques that often require the exercising of judgement by the Directors and management, as well as the use of assumptions and estimates. Due to the uncertainty and judgement associated with these estimates, as well as the significance of the carrying amount of these investments, we have considered their valuation a key audit matter.	Our audit procedures included the following: - assessing the design and implementation of the key controls related to the investment valuation process; - assessing the criteria used by Company management to identify indications, if any, of impairment of the investments; - assessing the reasonableness of the methodology, assumptions and data considered by the Company in estimating the recoverable amount of investments in Group companies and associates, with the involvement of our valuation specialists. We also assessed whether the disclosures in the annual accounts meet the requirements of the financial reporting framework applicable to the Company.

Other Information: Directors' Report

Other information solely comprises the 2022 directors' report, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not encompass the directors' report. Our responsibility regarding the information contained in the directors' report is defined in the legislation regulating the audit of accounts, as follows:

a) Determine, solely, whether 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 directors' report with the annual accounts, based on knowledge of the entity obtained during the audit of the aforementioned annual accounts. Also, assess and report on whether the content and presentation of this part of the 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 directors' report is consistent with that disclosed in the 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 Annual Accounts

The Directors are responsible for the preparation of the accompanying annual accounts in such a way that they give a true and fair view of the equity, financial position and financial performance of the Company in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the preparation and presentation of the annual accounts.

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

Auditor's Responsibilities for the Audit of the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the 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 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 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 entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the 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 Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the audit committee of ACS, Actividades de Construcción y Servicios, S.A. 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 entity'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 entity, we determine those that were of most significance in the audit of the annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

We have examined the digital file of ACS, Actividades de Construcción y Servicios, S.A. for 2022 in European Single Electronic Format (ESEF) comprising an XHTML file with the annual accounts for the aforementioned year, 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 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 directors’ report.

Our responsibility consists of examining the digital file prepared by the Company’s Directors, 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 annual accounts included in the aforementioned digital file fully corresponds to the annual accounts we have audited, and whether the annual accounts have been formatted, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital file examined fully corresponds to the audited annual accounts, and these are presented, in all material respects, in accordance with the requirements of the ESEF Regulation.

Additional Report to the Audit Committee

The opinion expressed in this report is consistent with our additional report to the Company'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 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

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

Annual Accounts and Directors' Report for the year ended 31 December 2022

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ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.
BALANCE SHEET AT 31 DECEMBER 2022

ASSETS	Note	Thousands of Euros	
		31/12/2022	31/12/2021
NON-CURRENT ASSETS		**8,108,730**	**6,563,438**
Tangible assets	06	**5,160**	**5,358**
Land and buildings		395	395
Plant and other items of property, plant and equipment		4,765	4,963
Investment property	07	**867**	**896**
Non-current investments in Group companies and associates	09.03 and 17.02	**7,924,621**	**6,465,815**
Equity instruments		7,924,621	6,465,815
Non-current financial assets	09.01	**101,101**	**1,935**
Equity instruments		1,456	1,544
Non-current assets relating to financial derivatives	10.01	99,254	—
Other financial assets		391	391
Deferred tax assets	14.05	**76,981**	**89,434**
CURRENT ASSETS		**1,958,526**	**5,105,190**
Trade and other receivables		**68,859**	**191,769**
Sundry accounts receivable		26,309	35,803
Employee receivables		—	1
Current tax assets	14.01	42,165	151,763
Other accounts receivable from public authorities	14.01	385	4,202
Current investments in Group companies and associates	17.02	**20,201**	**4,425,103**
Current financial assets	09.02 and 10	**461,358**	**392,945**
Prepayments and accrued income		**1,637**	**975**
Cash and cash equivalents	09.02	**1,406,471**	**94,398**
TOTAL ASSETS		**10,067,256**	**11,668,628**

The accompanying Notes 01 to 20 are an integral part of the balance sheet at 31 December 2022.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.
BALANCE SHEET AT 31 DECEMBER 2022

EQUITY AND LIABILITIES	Note	Thousands of Euros	
		31/12/2022	31/12/2021
EQUITY	11	**7,199,915**	**7,156,831**
SHAREHOLDERS' EQUITY		**7,124,157**	**7,162,615**
Share Capital		**142,082**	**152,332**
Share premium		**366,379**	**366,379**
Reserves		**6,795,411**	**3,044,830**
Legal and statutory		35,287	35,287
Other reserves		6,760,124	3,009,543
Treasury shares and equity interests		**(622,152)**	**(691,899)**
Profit (loss) for the year		**455,874**	**4,290,973**
Interim dividend		**(13,437)**	**—**
ADJUSTMENTS FOR CHANGES IN VALUE		**75,758**	**(5,784)**
NON-CURRENT LIABILITIES		**2,354,715**	**3,190,957**
Non-current provisions	12.01	**62,148**	**62,148**
Non-current liabilities	13.01	**2,110,261**	**2,979,626**
Bonds and other securities		784,037	796,025
Bank borrowings		1,326,224	2,176,590
Non-current liabilities relating to financial derivatives	10.01	—	7,011
Long term payables to subsidiaries and associates	17.02	**3,402**	**3,179**
Deferred tax liabilities	14.06	**178,904**	**146,004**
CURRENT LIABILITIES		**512,626**	**1,320,840**
Current provisions		**1,050**	**2,500**
Current liabilities	13.02	**231,713**	**620,119**
Bonds and other securities		88,796	442,587
Bank borrowings		2,103	2,474
Derivative financial instruments	10.01 and 10.02	129,962	170,954
Other financial liabilities		10,852	4,104
Current payables to subsidiaries and associates	17.02	**262,146**	**641,637**
Trade and other payables		**17,717**	**56,584**
Sundry accounts payable		1,492	31,689
Remuneration payable		14,820	15,086
Current tax liabilities		—	8,857
Other accounts payable to public authorities	14.01	1,405	952
TOTAL EQUITY AND LIABILITIES		**10,067,256**	**11,668,628**

The accompanying Notes 01 to 20 are an integral part of the balance sheet at 31 December 2022.

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

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Thousands of Euros	
		2022	2021
Revenue	16.01	**363,207**	**4,974,025**
Procurements	17.01	**(2,057)**	**(2,227)**
Contract work carried out by other companies		(2,057)	(2,227)
Other operating income	17.01	**3,455**	**35,929**
Staff costs		**(39,203)**	**(33,422)**
Wages, salaries and similar costs		(31,678)	(26,735)
Employee benefit costs	16.02	(7,525)	(6,687)
Other operating expenses	16.03	**(29,204)**	**(59,253)**
Outside services		(27,026)	(55,889)
Taxes other than income tax		(378)	(1,564)
Losses on, impairment of and change in provisions for trade receivables		(1,800)	(1,800)
Depreciation and amortisation charge	05, 06 and 07	**(347)**	**(472)**
Other results		**1,467**	**(29)**
Impairment and gains or losses on disposals of financial instruments	09.03 and 16.05	**42,435**	**(467,084)**
Impairment and losses		42,435	(467,084)
OPERATING INCOME		**339,753**	**4,447,467**
Financial income	16.04	**32,086**	**21,655**
From marketable securities and other financial instruments		32,086	21,655
Financial costs	16.04	**(47,284)**	**(55,656)**
On debts to subsidiaries and associates	17.01	(2,423)	(3,069)
On debts to third parties	13.02	(44,861)	(52,587)
Change in fair value of financial instruments	09.02, 10.02 and 16.06	**168,187**	**(93,463)**
Impairment and profit / loss on disposal of financial instruments		**(88)**	**—**
Impairment and losses		(88)	—
FINANCIAL LOSS		**152,901**	**(127,464)**
PROFIT / (LOSS) BEFORE TAX		**492,654**	**4,320,003**
Income tax	14.04	(36,780)	(29,030)
PROFIT / (LOSS) FOR THE YEAR		**455,874**	**4,290,973**

The accompanying notes 01 to 20 are an integral part of the income statement for the year ended 31 December 2022.

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

A) Statement of recognised income and expenses for the year ended 31 December 2022

		Thousands of Euros	
		2022	2021
A)	**Profit (Loss) per income statement**	**455,874**	**4,290,973**
B)	**Income and expenses recognised directly in equity**	**79,549**	**(501)**
I.-	Measurement of financial instruments	—	—
II.-	Arising from cash flow hedges	106,066	(667)
III.-	Tax effect	(26,517)	166
C)	**Transfers to profit or loss**	**1,993**	**9,523**
I.-	Measurement of financial instruments	—	—
II.-	Arising from cash flow hedges	2,657	12,698
III.-	Tax effect	(664)	(3,175)
Total recognised income and expense (A + B + C)		**537,416**	**4,299,995**

B) Statement of Changes in Total Equity for the year ended 31 December 2022

	Shareholders' Equity							
	Share Capital	Share premium	Reserves	Treasury Shares and Equity Interests	Profit (loss) for the year	Interim dividend	Adjustments for changes in value	Total Equity
Balance at 01/01/2021	**155,332**	**495,226**	**2,681,538**	**(635,994)**	**857,109**	**—**	**(14,806)**	**3,538,405**
I. Total recognised income and expenses	**—**	**—**	**—**	**—**	**4,290,973**	**—**	**9,022**	**4,299,995**
II. Transactions with shareholders or owners	**(3,000)**	**(128,847)**	**(498,288)**	**(55,905)**	**—**	**—**	**—**	**(686,040)**
1. Capital increases (Note 11)	5,449	—	(5,449)	—	—	—	—	—
2. Capital reductions (Note 11)	(3,000)	—	(142,710)	145,710	—	—	—	—
3. 2018 acquisition of complementary bonus issue right	—	(55,716)	(158,073)	—	—	—	—	(213,789)
4. Remaining allotment rights from 2018 accounts	—	(73,131)	(197,505)	270,636	—	—	—	—
5. Treasury share and equity interest transactions (net) (Note 11)	(5,449)	—	5,449	(472,251)	—	—	—	(472,251)
III. Other changes in equity	**—**	**—**	**861,580**	**—**	**(857,109)**	**—**	**—**	**4,471**
1. Share-based payment	—	—	4,471	—	—	—	—	4,471
2. Other changes	—	—	857,109	—	(857,109)	—	—	—
Balance at 31/12/2021	**152,332**	**366,379**	**3,044,830**	**(691,899)**	**4,290,973**	**—**	**(5,784)**	**7,156,831**
I. Total recognised income and expenses	**—**	**—**	**—**	**—**	**455,874**	**—**	**81,542**	**537,416**
II. Transactions with shareholders or owners	**(10,250)**	**—**	**(1,012,271)**	**69,747**	**—**	**(13,437)**	**—**	**(966,211)**
1. Capital increases (Note 11)	6,090	—	(6,090)	—	—	—	—	—
2. Capital reductions (Note 11)	(10,250)	—	(478,543)	488,793	—	—	—	—
3. Dividends paid in cash	—	—	(242,993)	—	—	—	—	(242,993)
4. Dividends paid in own shares	—	—	(290,735)	290,735	—	—	—	—
5. Treasury share and equity interest transactions (net) (Note 11)	(6,090)	—	6,090	(709,781)	—	—	—	(709,781)
6. Interim dividend (Note 11)	—	—	—	—	—	(13,437)	—	(13,437)
III. Other changes in equity	**—**	**—**	**4,762,852**	**—**	**(4,290,973)**	**—**	**—**	**471,879**
1. Share-based payment	—	—	4,471	—	—	—	—	4,471
2. Other changes	—	—	4,758,381	—	(4,290,973)	—	—	467,408
Balance at 31/12/2022	**142,082**	**366,379**	**6,795,411**	**(622,152)**	**455,874**	**(13,437)**	**75,758**	**7,199,915**

The accompanying notes 01 to 20 are an integral part of the statement of changes in equity for 2022.

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

		Thousands of Euros	
		2022	**2021**
A)	**Cash flows from operating activities (1+2+3+4)**	**4,773,477**	**605,405**
1.	**Profit/(Loss) before tax**	**492,654**	**4,320,003**
2.	**Adjustments to profit (loss)**	**(537,916)**	**(4,363,784)**
(+)	Depreciation and amortisation charge	347	472
(+/-)	Other adjustments to profit (loss) (net) (Note 02.06)	(538,263)	(4,364,256)
3.	**Changes in working capital**	**(8,467)**	**(79,578)**
4.	**Other cash flows from operating activities**	**4,827,206**	**728,764**
(-)	Interest payable	(44,692)	(51,835)
(+)	Dividends received	4,752,498	661,607
(+)	Interest received	30,510	21,655
(+/-)	Income tax payment/proceeds	88,890	97,337
B)	**Cash flows from investment activities (1+2)**	**(1,368,085)**	**199,938**
1.	**Investment payables:**	**(1,368,085)**	**(62)**
(-)	Group companies, associates and business units	(1,367,965)	—
(-)	Property, plant and equipment, intangible assets and property investments	(120)	(62)
2.	**Divestment:**	**—**	**200,000**
(+)	Group companies, associates and business units	—	200,000
C)	**Cash flows from financing activities (1+2+3)**	**(2,093,319)**	**(857,873)**
1.	**Equity instrument proceeds (and payment)**	**(705,284)**	**(478,338)**
(-)	Acquisition	(705,284)	(478,338)
2.	**Liability instrument proceeds (and payment)**	**(1,131,605)**	**(165,746)**
(+)	Issue	98,142	687,489
(-)	Refund and repayment	(1,229,747)	(853,235)
3.	**Dividends paid and remuneration relating to other equity instruments**	**(256,430)**	**(213,789)**
D)	**Net increase (decrease) in cash and cash equivalents (A+B+C)**	**1,312,073**	**(52,530)**
E)	**Cash and cash equivalents at beginning of year**	**94,398**	**146,928**
F)	**Cash and cash equivalents at end of year (D+E)**	**1,406,471**	**94,398**

CASH AND CASH EQUIVALENTS AT YEAR END

(+)	Cash and banks	226,471	94,398
(+)	Other financial assets	1,180,000	—
Total cash and cash equivalents at end of year		**1,406,471**	**94,398**

The accompanying Notes 01 to 20 are an integral part of the statement of cash flows for 2022.

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

Notes to the financial statements for the year ended 31 December 2022

01. Company activities

ACS, Actividades de Construcción y Servicios, S.A. was incorporated by public deed on 13 October 1942, for an indefinite period. Its registered office is at Avda. de Pío XII, 102, Madrid.

In accordance with Article 4 of its Articles of Association, the Company's corporate purpose comprises:

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 thereto.

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 relating 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, wharves, 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 such facilities, electrification, public lighting and illumination, electric installations in mines, refineries and explosive atmospheres; and in general all manner of facilities relating 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 relating to the electronics of systems and networks for telephone, telegraph, signalling and S.O.S. communications, civil protection, defence and traffic, voice and data transmission and use, measurements and signals, and propagation, broadcast, repetition and reception of all kinds of waves, antennas, repeaters, 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 relating 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 combustible 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 relating 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 industrial operations for commercialisation relating 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, telematic 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 operation of the business involving 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 relating 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 pitpropping, 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 related 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 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, sanitation, disinfection and rat control. 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 of, and provision of auxiliary and complementary services, of all manner of buildings and properties or complexes for public or private use, intended for use as service areas or stations, recreational areas, and bus or intermodal transportation stations.

19. The provision of integral health care and social assistance services by qualified personnel (physicians, psychologists, educators, university graduates in nursing, social workers, physical therapists and therapists) and performance of the following tasks: home care service; tele-home care and social health care; total or partial running or management of homes, day care centres, therapeutic communities and other shelters and rehabilitation centres; transportation and accompaniment of the such groups; home hospitalisation and medical and nursing home care; provision 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 in 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 cash reconciliation, and the preparation, 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 leisure, 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, fire-fighting, 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 placement of notices. Temperature and humidity measurements on roadways and, in general, in all kinds of real and personal property, 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 such 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 activities subject to special legislation. Management and operation of facilities for the distribution of merchandise and goods in general, and especially perishable products, such as fish markets and wholesale and retail markets. Reception, docking, mooring and service connections to boats.

26. Direct advertising services, postage and mailing of printed advertising and publicity material and, in general, all kinds of documents and packages, on behalf of the clients.

27. Management, operation, administration, maintenance, upkeep, refurbishment and fitting out of all kinds of concessions in the broadest sense of the word, including those that are part of the concession operator's shareholders and those that have any type of contractual relation to carry out any of these activities.

28. The acquisition, holding, use, administration and disposal of all manner of securities for its own account, excluding activities that special legislation, and in particular the legislation on the stock market, attributes solely to other entities.

29. To manage and administer fixed-income and equity securities of companies not resident in Spain, through the related organisation of the appropriate material and human resources in this connection.

30. Preparation of all manner of studies, reports and projects, and entering into contracts concerning the activities indicated in this article, and supervision, management and consulting in their execution.

31. Occupational training and recycling of people who provide the services described in the preceding points.

The activities included in the corporate purpose may be carried out, in full or in part, indirectly by the Company through shares in other companies.

Grupo Dragados, S.A. was merged by absorption with ACS, Actividades de Construcción y Servicios, S.A. in 2003, effective for accounting purposes from 1 May 2003. This merger by absorption was subject to the tax neutrality system set forth in Chapter VIII of Title VIII of Spanish Law 43/1995, of 27 December, and the applicable provisions of this law are outlined in the notes to financial statements for 2003.

The Company is the parent of a group of subsidiaries and is obliged under current legislation to prepare consolidated financial statements separately. The consolidated Annual Accounts of the ACS Group for 2022 will be prepared by the directors at the Board meeting to be held on 23 March 2023. The separate and consolidated Annual Accounts for 2021 were approved by the shareholders of ACS, Actividades de Construcción y Servicios, S.A. at the Annual General Meeting held on 6 May 2022 and were filed at the Commercial Registry of Madrid.

These consolidated Annual Accounts are prepared in accordance with International Financial Reporting Standards (IAS/IFRS) as adopted by the European Union. Note 04.05.01 includes the consolidated information relating to the main assets and liabilities in 2022 and 2021 of the ACS Group's Annual Accounts prepared under these international standards.

02. Basis of presentation of the financial statements

02.01.Regulatory Financial Reporting Framework

The regulatory financial reporting framework applicable to the Company consists of the following:

a. The Spanish Commercial Code and all other commercial law.

b. The Spanish National Chart of Accounts [Plan General de Contabilidad] and its Sectoral Adaptations, and in accordance with the format requirements established in Commission Delegated Regulation (EU) 2019/815.
c. The mandatory rules approved by the Spanish Accounting and Audit Institute [Instituto de Contabilidad y Auditoría de Cuentas] to implement the National Chart of Accounts and its supplementary rules.
d. All other applicable Spanish accounting legislation.

02.02. Fair presentation

The accompanying Annual Accounts, which were obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework and, accordingly, present fairly the Company's equity, financial position, results, changes in equity and cash flows for the corresponding financial year. These Annual Accounts, which were formally prepared by the Company's directors, will be submitted for approval by the shareholders at the General Meeting, and it is considered that they will be approved without any changes.

02.03. Non-obligatory accounting principles applied

No non-obligatory accounting principles were applied. Also, the directors prepared these Annual Accounts by taking into account all the obligatory accounting principles and standards with a significant effect on them. All obligatory accounting principles were applied.

02.04. Key issues in measuring and estimating uncertainty

In preparing the accompanying Annual Accounts estimates were made by the Company's directors in order to measure certain assets, liabilities, income, expenses and obligations reported in them. These estimates relate basically to the following:

– The assessment of impairment losses on certain assets (see Notes 04.02 and 04/05/01). In the case of investments in Group companies and associates, the assessment of whether there are indications of impairment and, where appropriate, an assessment of the recoverable amount.

– The market value of certain financial instruments (see Note 04.05.01 and 04.05.04).

– The calculation of provisions (see Note 04.09).

– The assumptions used in the actuarial calculation of pension and other obligations to employees (see Note 04.12).

– The useful life of the intangible assets and property, plant and equipment (see Notes 04.01 and 04.02).

– The recovery of deferred tax assets (see Note 14.05).

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 activity of ACS, Actividades de Construcción y Servicios, S.A. and the group of which it is the parent has not been significant as of the date of these Annual Accounts, it has resulted in inflationary pressure and problems in supply chains and in general it has had a significant effect on the global economy, increasing economic uncertainty and the volatility of asset values. The Company continues to monitor the impact 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 is causing uncertainty on the performance and development of the markets and of the construction industry, the Group is highly diversified by activities and location and is present in developed regions with stable political environments.

Climate change-related issues

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

The possible impacts of ESG factors, especially those relating to climate change, were considered in these Annual Accounts (see Note 09.04.02.d), including the potential impact of expected cash flows on the ACS Group's construction, concession and services activities. The ACS Group must be primarily considered a group with construction and services activities that, with the exception of certain concessional investments, is not the long-term owner of the projects it executes.

02.05. Comparative information

Comparative information

For comparison purposes, the 2022 Annual Accounts present – in addition to the figures for 2022 for each item in the balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes to the Annual Accounts – the figures for the previous year approved by the shareholders at the Company's Annual General Meeting held on 6 May 2022.

Changes in accounting policies

In 2022 there were no changes in accounting policies with respect to those applied in 2021.

02.06.Grouping of items

Certain items in the balance sheet, income statement, statement of changes in equity and statement of cash flows are grouped together to facilitate their understanding; however, whenever the amounts involved are material, the information is broken down in the related notes to the financial statements.

In the statement of cash flows, the detail of items included under "Other adjustments to profit (net)" are as follows:

	Thousands of Euros	
	2022	2021
Dividend income	(347,596)	(4,963,276)
Interest expense	47,284	55,656
Interest income	(32,097)	(21,655)
Change in fair value of financial instruments	(168,187)	93,463
Impairment and gains or losses on disposals of financial instruments	(42,347)	467,084
Other	4,680	4,472
Total	**(538,263)**	**(4,364,256)**

03. Distribution of profit

As in previous years, at the date of the call notice of the Annual General Meeting, the 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 implemented through a bonus issue, subject to approval by the shareholders at the Company’s General Meeting. If 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 periods 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. Note 11.01 details the various actions taken by the directors regarding the remuneration systems envisaged by the shareholders, and their accounting effects at year-end.

The proposed distribution of profit for 2022 that the Board will submit 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 amount of EUR 13,437 thousand, and the rest is the transfer to voluntary reserves of profit for the year in the amount of EUR 442,437 thousand.

For these purposes, at its 28 July 2022 meeting, the Board prepared the accounting statement required under section 277 Spanish Corporate Enterprise Act in which it stated that there was sufficient liquidity to distribute the interim dividend amounts, as follows:

	Millions of Euros
Cash and short-term financial investments without indebtedness according to the balance sheet as of 30/06/2022	3,780.7
Less amounts pledged as collateral	(152.7)
Cash on hand without debt at 30/06/2022	**3,628.0**
Cash and cash flow forecast until the dividend payment date	
Current operations	(4.1)
Estimated collateral repayments to be received	25.6
Collection of dividends from Group companies	148.9
Financial transactions	(105.7)
Payment of scrip dividend in cash	(185.6)
Purchases of treasury stock	(63.6)
Cash on hand prior to payment of interim dividend	**3,443.5**

The Company's earnings and the absence of causes giving rise to immediate claimability of liabilities at the aforementioned date permit the payment of the interim dividend with no need to increase the level of debt upon payment of such dividend.

The proposed distribution of profit for 2021 approved by the Annual General Meeting on 6 May 2022 consisted of transferring to voluntary reserves all profit for the year (EUR 4,290,973 thousand).

04. Accounting policies and measurement bases

The principal accounting policies and measurement bases used by the Company in preparing its 2022 Annual Accounts, in accordance with the Spanish National Chart of Accounts, were as follows:

04.01. Intangible assets

As a general rule, intangible assets are recognised initially at acquisition or production cost. They are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses. These assets are amortised over their useful life.

Computer software

The Company recognises under this item the costs incurred in acquiring and developing computer programs. Computer software maintenance costs are recognised with a charge to the income statement for the year in which they are incurred. Computer software is amortised on a straight-line basis over four years.

04.02. Property, plant and equipment

Property, plant and equipment are initially recognised at acquisition or production cost and are subsequently reduced by the related accumulated depreciation and by any impairment losses recognised, as indicated below.

At year-end there was no indication that any of the Company's property, plant and equipment items had suffered an impairment loss. The directors consider that the recoverable amount of the assets is higher than their carrying amount and, accordingly, no impairment losses were recognised.

Property, plant and equipment upkeep and maintenance expenses are recognised in the income statement for the year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

For non-current assets that need a period of more than twelve months to be ready for their intended use, the capitalised costs include any borrowing costs incurred before the assets are ready for their intended use and that have been charged by the supplier or relate to loans or other specific-purpose or general-purpose borrowings directly attributable to the acquisition or production of the assets.

The Company depreciates its property, plant and equipment by the straight-line method at annual rates based on the years of estimated useful life of the assets, the detail being as follows:

Elements of property, plant and equipment	Years of Estimated Useful Life
Plant and machinery	10 - 12
Transport equipment	6 - 7
Computer hardware for information processes	4

Impairment of intangible assets and property, plant and equipment

Whenever there is evidence of impairment of assets with a finite useful life, which includes all the Company's intangible assets and property, plant and equipment, the Company tests the assets for impairment to determine whether the recoverable amount of the assets has been reduced to below their carrying amount.

The recoverable amount is the higher of fair value less costs to sell and value in use.

The procedure used by the Company's management for performing the test consists of calculating cash flow projections prepared on the basis of past experience and the best estimates available, which take account discount rates and growth rates that are reviewed periodically.

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

04.03. Investment property

"Investment property" in the balance sheet reflects the values of land, buildings and other structures held to earn rentals.

These assets are measured as described in Note 04.02 on property, plant and equipment.

04.04. Leases

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases. The Company had not entered into any finance lease agreements at 31 December 2022 or 31 December 2021.

Operating leases

If the Company acts as lessor:

Lease income and expenses from operating leases are charged or credited to the income statement on an accrual basis.

Also, the acquisition cost of the leased asset is presented in the balance sheet according to the nature of the asset, increased by the costs directly attributable to the lease, which are recognised as an expense over the lease term, applying the same method as that used to recognise lease income.

If the Company acts as lessor:

Expenses arising from operating leases are charged to the income statement on an accrual basis.

Any collection or payment that might be made when arranging an operating lease is treated as a prepaid lease collection or payment that is allocated to profit or loss over the lease term in accordance with the time pattern in which the benefits of the leased asset are provided or received.

04.05. Financial instruments

The Company recognises a financial instrument when it becomes a party to the contract or legal transaction in accordance with its provisions, or when it is an issuer, holder or acquirer of that instrument.

04.05.01. Financial assets

Financial assets are classified for measurement purposes into one of the following categories:

1. Financial assets at fair value through profit or loss.
2. Financial assets at amortised cost.
3. Financial assets at fair value through equity.
4. Financial assets at cost.

1. Financial assets at fair value through profit or loss.

A financial asset must be included in this category unless it can be classified under any other category. Financial assets held for trading must be included in this category. Trading of financial instruments generally reflects active and frequent buying and selling with the objective of generating a profit from short-term fluctuations in price or dealer’s margin.

The Company classifies a financial asset as held for trading if:

a. It arises, is acquired, issued or assumed mainly for the purpose of selling or repurchasing it in the near term;
b. On initial recognition it is part of a portfolio of identified financial instruments managed together and for which there is evidence of a recent pattern of short-term profit-taking;
c. It is a derivative financial instrument, provided it is not a financial guarantee contract and has not been designated as a hedging instrument.

The financial assets included in this category are initially recognised at fair value. Directly attributable transaction costs are recognised in the income statement for the year in which they are incurred.

Subsequent to initial recognition, the Company measures financial assets at fair value and recognises any changes in fair value in the income statement. The fair value is not reduced by any transaction cost incurred as a result of the asset's potential sale or disposal by other means.

2. Financial assets at amortised cost.

A financial asset will be included in this category, even if it is admitted to trading on an organised market, if the Company holds the investment to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are consistent with an arrangement that is considered an ordinary or common loan, regardless of whether the transaction is arranged at a zero or below-market interest rate.

Financial assets at amortised cost are initially recognised at fair value, plus or minus any transaction costs incurred, and are subsequently measured at amortised cost, using the effective interest method. The effective interest rate is the discount rate that matches the carrying amount of a financial instrument to the estimated cash flows over the expected life of the instrument, based on its contractual terms and for financial assets without taking into consideration future credit losses, except for those acquired or originated with incurred losses, in which case the effective interest rate adjusted for credit risk, i.e. considering credit losses incurred at the time of acquisition or origination, is used.

However, financial assets and liabilities with no established interest rate, which mature or are expected to be collected in the short term and where the effect of discounting is not significant, are measured at their nominal value.

3. Financial assets at fair value through equity.

A financial asset will be included in this category when the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and it is neither held for trading nor classified as an asset at amortised cost.

The financial assets included in this category are initially recognised at fair value, plus any directly attributable transaction costs. The amount of any pre-emption and similar rights that, if applicable, have been acquired will form part of the initial measurement.

Subsequent to initial recognition, the financial assets included in this category are measured at their fair value without deducting any transaction costs as might be incurred in disposing of them. Any changes that arise in fair value are recognised directly in equity until the financial asset is derecognised or impaired, at which time the amount recognised is taken to the income statement.

4. Financial assets at cost.

Investments in equity instruments whose fair value cannot be reliably measured, and derivative instruments that are linked to these instruments and must be settled by delivery of these unquoted equity instruments, are measured at cost. However, if the Company can reliably measure the financial asset or liability at any given time on a continuing basis, the gains or losses, as the case may be, are recognised at this time at fair value.

The Company measures the investments included in this category at cost, which is the fair value of the consideration given or received, plus or minus any directly attributable transaction costs, less any accumulated impairment losses. The amount of any pre-emption and similar rights acquired also forms part of the initial measurement of equity instruments.

The Company measures participating loans delivered at cost, which is the fair value of the consideration given, plus any directly attributable transaction costs, less any accumulated impairment losses. If, in addition to contingent interest, the Company agrees to irrevocable fixed interest, the latter is accounted for as finance income on an accrual basis. The transaction costs are allocated to profit or loss on a straight-line basis over the term of the participating loan.

Investments in Group companies, associates and jointly controlled entities are initially recognised at cost, which is equal to the fair value of the consideration paid, including any transaction costs incurred for investments in associates and jointly controlled entities, and subsequently measured at cost, less any accumulated impairment losses. However, in acquisitions of investments in Group companies that would not qualify as a business combination, transaction costs are also included in the acquisition cost of the investments. The transaction costs incurred for investments in Group companies acquired prior to 1 January 2010 are included in the acquisition cost.

The Company is the parent of the group of companies listed in Note 09.03. The Annual Accounts do not reflect the effect that would arise from applying consolidation criteria. The main aggregates in the ACS Group's consolidated Annual Accounts for 2022 and 2021 prepared in accordance with Final Provision Eleven of Law 62/2003, of 30 December, applying the International Financial Reporting Standards as adopted by the European Union are as follows:

	Thousands of Euros	
	2022	2021
Total assets	**37,580,300**	**35,664,345**
Equity	**6,375,877**	**7,028,203**
- Of the Parent	5,547,396	6,334,304
- Of minority interests	828,481	693,899
Income	**33,615,234**	**27,836,658**
Profit / (loss) for the year	**872,784**	**3,226,234**
- Of the Parent	668,227	3,045,413
- Of minority interests	204,557	180,821

At least at each reporting date, the Company assesses whether there is any objective evidence of impairment for financial assets not measured at fair value. Objective evidence of impairment is considered to exist when the recoverable amount of the financial asset is lower than its carrying amount. When this occurs, the impairment loss is recognised in the income statement.

With respect to any valuation adjustments relating to trade and other receivables, the Company calculates these adjustments by taking into account events that might lead to a delay or a reduction in future cash flows caused by the debtor's insolvency.

Derecognition of and changes in financial assets.

The Company derecognises financial assets when the rights to the cash flows from the related financial asset expire or have been transferred, and when substantially all the risks and rewards of ownership of the financial asset have been transferred.

However, the Company 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.

The Company reclassifies financial assets when it changes the business model for their management; when the criteria for classification as an investment in Group companies, jointly controlled entities or associates are met or cease to be met; or when the fair value of an investment is no longer or once again becomes reliable, except for equity instruments classified at fair value through equity, which cannot be reclassified.

Interest and dividends received from financial assets

The Company recognises interest and dividends from financial assets accrued after the date of acquisition as income in the income statement.

The Company recognises interest income from financial assets measured at amortised cost using the effective interest method and dividend income is recognised when the Company's right to receive payment is established.

Unmatured accrued explicit interest and the dividends agreed upon by the competent body at the time of acquisition are independently recognised by the Company, by maturity, when the financial assets are initially recognised. Therefore, these amounts are not recognised as income in the income statement.

If the dividends distributed clearly originate from profit generated prior to the date of acquisition, as a result of the amounts distributed being greater than the profit generated by the investee or any company in which the latter has an interest since the acquisition, the carrying amount of the investment is reduced. This criterion is applied independently of the measurement bases for equity instruments. Therefore, the value of the investment is also reduced for equity instruments measured at fair value and the subsequent increase in value is recognised in the income statement or in equity, depending on the classification of the instruments.

Fair value hierarchies

Financial assets and liabilities measured at fair value are classified according to the following hierarchy:

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.

04.05.02. Financial liabilities

Financial liabilities include accounts payable by the Company that have arisen from the purchase of goods or services in the normal course of the Company's business and those that, not having commercial substance, cannot be classed as derivative financial instruments.

Accounts payable are initially recognised at the fair value of the consideration received, less the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

The classification of financial liabilities following the amendment to the Spanish National Chart of Accounts is similar to the previous classification. In general, financial liabilities are measured at amortised cost, except for financial liabilities held for trading, such as derivatives, which are measured at fair value through profit or loss.

Derecognition of and changes in financial liabilities.

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist.

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

Where an exchange is recognised as an extinguishment of the original financial liability, the costs or fees are recognised in the 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.

04.05.03. Equity instruments

An equity instrument represents a residual interest in the Company's assets after deducting all of its liabilities.

Equity instruments issued by the Company are recognised in equity at the proceeds received, net of issue costs.

Treasury shares acquired by the Company during the year are recognised at the value of the consideration paid and are deducted directly from equity. Gains and losses on the acquisition, sale, issue or retirement of treasury shares are recognised directly in equity and in no case are they recognised in profit or loss.

04.05.04. Derivative financial instruments

The Company uses derivative financial instruments to hedge the risks to which its activities, transactions and future cash flows are exposed. Basically, these risks relate to changes in interest rates. The Company arranges hedging instruments for this type of transaction.

For these financial instruments to qualify for hedge accounting, they are initially designated as such and the hedging relationship is documented. Also, the Company verifies, both at inception and periodically over the term of the hedge (at least at the end of each reporting period), that the hedging relationship is effective, i.e. that it is prospectively foreseeable that the changes in the fair value or cash flows of the hedged item (attributable to the hedged risk) will be almost fully offset with those of the hedging instrument.

The Company uses hedges of the following types, which are accounted for as described below:

- Fair value hedges: In this case, changes in the fair value of the hedging instrument and the hedged item attributable to the hedged risk are recognised in profit or loss.
- Cash flow hedges: In hedges of this nature, the portion of the gain or loss on the hedging instrument determined to be an effective hedge is recognised temporarily in equity and is recognised in the income statement in the same period during which the hedged item affects profit or loss, unless the hedge relates to a forecast transaction that results in the recognition of a non-financial asset or a non-financial liability, in which case the amounts recognised in equity are included in the initial cost of the asset or liability when it is acquired or assumed.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year.

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 the contract as a whole is not recognised at fair value with unrealised gains or losses reported in the income statement.

Measurement

The fair value of the various derivative financial instruments is calculated using techniques widely used in financial markets, by discounting the flows envisaged in each contract on the basis of its characteristics, such as the notional amount and the collection and payment schedule based on spot and futures market conditions at the end of each year.

Interest rate swaps are measured with the zero-coupon rate curve, which is determined by deposits and rates that are traded at the reporting date to obtain the discount factors, and, in addition, with the Black-Scholes methodology in the case of caps and floors.

Legs pegged to the value of ACS's shares in equity swaps are measured as the result of the difference between the quoted price at year-end and the strike price initially agreed upon, multiplied by the number of contracts reflected in the swap.

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

For derivatives whose underlying asset is quoted on an organised market, but that form part of a financing agreement or whose arrangement substitutes the underlying asset, the measurement is based on the calculation of their intrinsic value at the calculation date.

In accordance with the ICAC consultation dated 4 June 2013, in addition to the measurement indicated in the previous paragraphs, the Company measures the credit or default risk (inherent and counterparty), which reduces the value of the derivative, and the lesser value of the asset or liability derivative instrument is recognised as a change in income or in equity based on the type of hedge. 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 of the Group Company, given that it would 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 this end, an internal rating is prepared for each company/project using objective parameters such as financial ratios, indicators, etc.

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

The level of exposure measures the estimated risk that a given position can reach as a result of changes in market conditions. For this purpose, a Monte Carlo method can be applied, an exercise to simulate probability scenarios can be allocated exogenously, or the market value at any given time can be used as a better reference. In the case of the Group, for the sake of simplicity, the latter criterion is applied. Specifically, in the case of interest rate swaps (IRSs) and foreign exchange derivatives, the market price provided by the counterparties is used (revised by each company using its own valuation methods); while in the case of options and equity swaps, the market price of premiums on the options arranged is calculated by applying a standard option valuation method that takes into account variables such as the price of the underlying asset, its volatility, time to exercise, interest rates, etc., or, if the option will not be exercised until maturity, its intrinsic value.

With regard to the probability of default, i.e. the likelihood of the debtor counterparty being unable to pay the contractual amounts at some point in the future, a figure is used that is calculated by dividing the credit spread by the expected loss rate (the loss rate being the unit less the expected recovery rate in the event of default). The data used is obtained from estimates published by the rating agencies. The accuracy of the information on the credit spread depends on the extent to which the markets are liquid. Thus, for example:

- When a derivative has unrealised gains, the price of its credit default swap (CDS) is used to approximate the credit spread of the bank, which would have to be paid to a Group company. When the term quoted does not match the specific position, it is interpolated. If there is no listed derivative of the banking counterparty but one is arranged for various financial institutions with a similar rating, the “Itrax Financial” curve corresponding to its credit risk level will be used as an approximation. If there is a CDS market for a bank, but its liquidity is low, a corrective coefficient is applied to the market price. When there simply is no CDS market for the bank acting as counterparty, the probability of default is calculated as the correlation between the ratings published by the agencies and the historical cumulative default rates according to the terms, in accordance with estimates from Standard and Poor’s.
- If a derivative has unrealised losses, since there is no CDS market for the projects or the unlisted subsidiaries of the Group, the calculation of the probability of default distinguishes between whether or not the company has issued traded bonds. If it has, a reconciliation is performed between the credit spread of the traded bonds issued by similar companies and an index of companies’ CDSs for the different terms. The terms are interpolated when necessary. Otherwise, a correlation between the assigned rating levels and the historical cumulative default rates is used. And for these purposes, shadow ratings prepared in-house or requested from third parties are employed.
- For the holding company, the theoretical credit spread curve of instruments listed with different terms or the average credit spread obtained from offers received from financial institutions is used.

Finally, to calculate the loss in the event of default:

- When there are unrealised gains on a derivative, the recovery rates for each bank are applied as published by Reuters or declared by the financial institution.
- If a derivative has unrealised losses, the recovery rate published by the rating agencies is used, according to the activity sector of the projects, subsidiaries or holding company. In the case of projects, in particular, correction factors are also applied according to the actual phase of the project: construction period, launch (ramp-up) or consolidated operation.

04.06. Foreign currency transactions

The Company’s functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be “foreign currency transactions” and are recognised by applying the exchange rates prevailing at the date of the transaction.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates then prevailing. Any resulting gains or losses are recognised directly in the income statement in the year in which they arise.

04.07. Income tax

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

The current income tax expense is the amount payable by the Company as a result of income tax settlements for a given year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carryforwards from prior years effectively offset in the current year reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These 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, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit (loss) nor taxable profit (tax loss), and except for those associated with investments in subsidiaries, associates and joint ventures in which the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is considered probable that the tax group of which the Company is the parent will have taxable profits in the future against which the deferred tax assets can be utilised.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised in equity.

The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

Since 1 January 1999, the Company has filed consolidated tax returns and is the parent of Tax Group 30/99.

04.08. Revenue and expenses

Revenue and expenses are recognised on an accrual basis, i.e. when control of the goods and services is transferred, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

To apply this accounting record criterion, the Company follows a complete process that consists of identifying, if any, the agreement with the customer, identifying the obligation or obligations to be fulfilled in the agreement, determining the price of the transaction or consideration of the agreement to which it is expected to be entitled in exchange for the transfer of goods or the provision of the committed service, assigning the transaction price to the obligations to be fulfilled and recognising income for ordinary activities when a committed obligation is fulfilled through the transfer of a good or the provision of a service.

Revenue from sales is recognised when the significant risks and rewards of ownership of the goods sold have been transferred to the buyer, and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period, provided the outcome of the transaction can be estimated reliably.

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholder's right to receive payment has been established. Interest and dividends from financial assets accrued after the date of acquisition are recognised as income. Pursuant to the consultation published in Gazette no. 79 of the Spanish Accounting and Audit Institute (ICAC), the Group's dividends and finance income are to be recognised under "Revenue" in the accompanying income statement.

04.09. Provisions and contingent liabilities

In preparing the Annual Accounts, the Company's directors distinguished between:

a. Provisions: credit balances covering present obligations arising from past events, the settlement of which is likely to cause an outflow of resources, but which are uncertain as to their amount and/or timing.
b. Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Company's control.

The Annual Accounts include all the provisions with regard to which it is considered more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the Annual Accounts, but rather are disclosed in the notes to the Annual Accounts, unless the possibility of an outflow in settlement is considered remote.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences. Where discounting is used, adjustments made to provisions are recognised as interest cost on an accrual basis.

The compensation to be received from a third party on settlement of the obligation is recognised as an asset, provided that there are no doubts that the reimbursement will take place, unless there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Company is not liable; in this situation, the compensation will be taken into account for the purpose of estimating the amount of the related provision that should be recognised.

Provision for third-party liabilities

The Company has recognised provisions for contingencies and charges relating to the estimated amount required for probable or certain third-party liability, and outstanding obligations the exact amount of which cannot be determined or whose date of payment is uncertain, since this depends on the fulfilment of certain conditions. A provision is made when the liability or obligation arises.

04.10. Termination benefits

Under current legislation, the Company is required to pay termination benefits to employees terminated under certain conditions. Therefore, termination benefits that can be quantified reasonably are recognised as an expense in the year in which the decision to terminate the employment relationship is taken. The accompanying Annual Accounts do not include any provision in this connection, since no such situations are expected to arise.

04.11. Environmental assets and liabilities

Environmental assets are deemed to be assets used on a lasting basis in the Company's operations whose main purpose is to minimise environmental impact and protect and improve the environment, including the reduction or elimination of future pollution.

In view of their nature, the Company's activities did not have a significant environmental impact in 2022 or 2021.

04.12. Pension obligations

Pension fund

The Company includes in defined benefit plans 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.

The Company 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.

Additionally, the Company has obligations to certain members of the management team and the Board of Directors. These obligations have been formalised through several group savings insurance policies that provide benefits in the form of a lump sum.

The most relevant features of these plans are detailed in Note 12.01.01.

04.13. Share-based payments

The Company recognises the services received as an expense when delivered, on the basis of their nature, and also as an increase in equity, since the transaction is always settled with equity instruments.

The transactions are settled with equity instruments, and accordingly, the services recognised as an increase in equity are measured at the fair value of the equity instruments transferred on the concession agreement date. This fair value is calculated on the basis of the estimated market value at the date of the plan concession and is charged to the income statement according to the period in which these instruments are consolidated or are irrevocable in favour of the beneficiary.

The payments based on shares of ACS, Actividades de Construcción y Servicios, S.A. are made to directors who carry out executive functions and to the senior executives of the ACS Group.

04.14. Related party transactions

The Company performs all its transactions with related parties on an arm's-length basis. Also, the transfer prices are adequately supported and, therefore, the Company's directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

04.15. Statement of cash flows

The following terms are used in the cash flow statement, which were prepared using the indirect method, 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 Company and other activities that are not investing or financing activities.
- Investing activities. The acquisition and disposal of non-current 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 borrowings that are not operating activities.

05. Intangible assets

The changes in this heading of the balance sheet in 2022 and 2021, and the most significant information affecting this heading, were as follows:

	Thousands of Euros					
	Balance at 01/01/2021	Additions / Charges for the Year	Reductions	Balance at 31/12/2021	Additions / Charges for the Year	Balance at 31/12/2022
Cost						
Goodwill	601,272	—	(152,693)	448,579	—	448,579
Computer software	4,849	—	—	4,849	—	4,849
Total cost	**606,121**	**—**	**(152,693)**	**453,428**	**—**	**453,428**
Accumulated depreciation						
Goodwill	(601,272)	—	152,693	(448,579)	—	(448,579)
Computer software	(4,848)	(1)	—	(4,849)	—	(4,849)
Total accumulated depreciation	**(606,120)**	**(1)**	**152,693**	**(453,428)**	**—**	**(453,428)**
Total net cost	**1**	**(1)**	**—**	**—**	**—**	**—**

At the end of 2022 the Company had fully amortised intangible assets still in use relating to computer software with a gross carrying amount of EUR 4,849 thousand (EUR 4,849 thousand in 2021).

At the end of 2022 and 2021, the Company had no material firm commitments to purchase intangible assets.

With the amendment to the Spanish National Chart of Accounts in 2016, there were no longer any assets with an indefinite useful life at 31 December 2022 and 2021, and goodwill is now considered to have a finite useful life and is amortised on a straight-line basis over 10 years in accordance with the legally established presumption.

The goodwill arising from the merger with Grupo Dragados, S.A. relating to the excess amount paid on the value of the net assets at the date of acquisition and was allocated to the cash-generating units of the Infrastructure area (Dragados) and Industrial Services area, and was fully amortised in the amount of EUR 601,272 thousand at 31 December 2017. As a result of the sale, through ACS Servicios, Comunicaciones y Energía, S.A. (see Note 09.03), of most of the Industrial Services Division effective as at 31 December 2021, the portion of value corresponding to Industrial Services was derecognised in the amount of EUR 152,693 thousand and, therefore, the goodwill arising from the merger with Grupo Dragados, S.A. was fully amortised for the amount of EUR 448,579 thousand at 31 December 2021.

06. Property, plant and equipment

The changes in this heading of the balance sheet in 2022 and 2021, and the most significant information affecting this heading, were as follows:

	Thousands of Euros						
	Balance at 01/01/2021	Additions / Charges for the Year	Disposals, cancellations or reductions	Balance at 31/12/2021	Additions / Charges for the Year	Disposals, cancellations or reductions	Balance at 31/12/2022
Cost							
Land	395	—	—	395	—	—	395
Tools	376	—	—	376	—	—	376
Transport equipment	455	—	—	455	105	—	560
Plant and other	21,725	62	(31)	21,756	16	(2)	21,770
Total cost	**22,951**	**62**	**(31)**	**22,982**	**121**	**(2)**	**23,101**
Accumulated depreciation							
Tools	(376)	—	—	(376)	—	—	(376)
Transport equipment	(338)	(36)	—	(374)	(36)	—	(410)
Plant and other	(16,499)	(406)	31	(16,874)	(282)	1	(17,155)
Total accumulated depreciation	**(17,213)**	**(442)**	**31**	**(17,624)**	**(318)**	**1**	**(17,941)**
Total net cost	**5,738**	**(380)**	**—**	**5,358**	**(197)**	**(1)**	**5,160**

In 2022, assets amounting to EUR 121 thousand were purchased (EUR 62 thousand in 2021), mainly relating to vehicles recognised under “Transport equipment” in the accompanying balance sheet, which were all purchased in 2022 from companies outside the Group. No assets were acquired from Group companies in 2021 (see Note 17.01).

In 2022 and 2021 the Company did not capitalise any finance costs under “Property, plant and equipment”.

At 2022 and 2021 year-end, the Company did not have any property, plant and equipment located abroad. Also, there were no significant firm commitments to purchase property plant and equipment at 31 December 2022 and 2021.

At year-end 2022, the Company had fully depreciated items of property, plant and equipment (none relating to construction) still in use, amounting to EUR 16,772 thousand (EUR 16,399 thousand in 2021).

The Company takes out insurance policies to cover the possible risks to which its property, plant and equipment are subject. At 2022 and 2021 year-end these risks were adequately covered.

07. Investment property

The investment included under this heading in the accompanying balance sheet relates to offices intended for lease.

In 2022 and 2021 here was no rental income from the investment property owned by the Company (see Note 08).

The depreciation charge recognised in 2022 amounted to EUR 29 thousand (EUR 29 thousand in 2021).

At the end of 2022 and 2021 there were no restrictions on carrying out new property investments, on the collection of rental income on such investments or in connection with the proceeds from a possible disposal.

08. Leases

Operating leases

In 2022 and 2021, the Company did not maintain any operating lease agreements (as lessor).

No contingent rent was paid in 2022 or 2021.

The most significant operating lease agreements held by the Company as lessee at the end of 2022 and 2021 relating to the lease of offices to ACS Group companies. The annual minimum lease payments, without taking into account revisions due to increases in the CPI or common expenses or related taxes, amount to EUR 2,559 thousand (EUR 2,473 thousand in 2021) (see Note 17.01). In addition, there are smaller lease agreements, worth EUR 48 thousand (EUR 46 thousand in 2021). None of this amount was charged to the various ACS Group companies in relation to subleases in 2022 or 2021. In general, the lease agreements mature annually and are renewable, unless terminated by the parties.

09. Financial assets

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

	Thousands of Euros				
	Value at 31/12/2022	Fair value with changes in profit or loss	Fair value with changes in other comprehensive income	Amortized cost	Cost
Non-current financial assets	**7,926,468**	**—**	**—**	**391**	**7,926,077**
Equity securities group and associated at long-term	7,924,621	—	—	—	7,924,621
Equity securities at long-term	1,456	—	—	—	1,456
Other financial assets at long-term	391	—	—	391	—
Other current financial assets	**239,924**	**—**	**—**	**239,924**	**—**
Other financial assets group and associated to short-term	20,201	—	—	20,201	—
Loans to companies at short-term	1,575	—	—	1,575	—
Other financial assets at short-term	218,148	—	—	218,148	—
Other receivable	**26,309**	**—**	**—**	**26,309**	**—**
Cash and cash equivalents	**1,406,471**	**—**	**—**	**1,406,471**	**—**

	Thousands of Euros				
	Value at 31/12/2021	Fair value with changes in profit or loss	Fair value with changes in other comprehensive income	Amortized cost	Cost
Non-current financial assets	**6,467,750**	**—**	**—**	**391**	**6,467,359**
Equity securities group and associated at long-term	6,465,815	—	—	—	6,465,815
Equity securities at long-term	1,544	—	—	—	1,544
Other financial assets at long-term	391	—	—	391	—
Other current financial assets	**4,619,206**	**—**	**—**	**4,619,206**	**—**
Other financial assets group and associated to short-term	4,425,103	—	—	4,425,103	—
Other financial assets at short-term	194,103	—	—	194,103	—
Other receivable	**35,803**	**—**	**—**	**35,803**	**—**
Cash and cash equivalents	**94,398**	**—**	**—**	**94,398**	**—**

Derivatives are detailed in Notes 10.01 and 10.02.

09.01. Non-current financial investments

The detail of “Non-current financial investments” at the end of 2022 and 2021 is as follows:

Categories / Classes	Thousands of Euros					
	Non-Current Financial Instruments					
	Equity instruments		Credits, derivatives, and others		Total	
	2022	2021	2022	2021	2022	2021
Assets held for trading	1,456	1,544	—	—	**1,456**	**1,544**
Derivatives	—	—	99,254	—	**99,254**	**—**
Other financial assets	—	—	391	391	**391**	**391**
Total	**1,456**	**1,544**	**99,645**	**391**	**101,101**	**1,935**

The equity instruments measured at cost correspond to non-controlling interests in various entities.

The difference between their cost and their fair value is not material.

09.02.Current financial investments and Cash and cash equivalents

The detail of “Current financial investments” at the end of 2022 and 2021 is as follows:

Categories / Classes	Thousands of Euros			
	Current Financial Instruments			
	Credits, derivatives, and others		Total	
	2022	2021	2022	2021
Current financial assets	218,148	194,103	218,148	194,103
Short-term loans to companies	1,575	—	1,575	—
Derivatives (Notes 10.01 and 10.02)	241,635	198,842	241,635	198,842
Total	**461,358**	**392,945**	**461,358**	**392,945**

Loans, derivatives and other:

ACS, Actividades de Construcción y Servicios, S.A. has had a forward derivative contract since 1 November 2020, that 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 total of 12,000,000 shares with a strike price of EUR 16.00 per share, adjustable on the basis of future dividends and 104 maturities between 9 October 2023 and 5 March 2024 at a rate of 115,385 shares per session.

In addition, at 31 December 2022, the Company has had another forward derivative contract, settled by differences, on ACS's shares since 21 December 2020, which was also renewed in 2022. The current conditions on it are: a forward derivative contract of 11,968,007 shares, settled exclusively in cash by differences between 7 March 2023 and 2 August 2023 at a rate of 115,095 shares per session. This agreement was extended on 20 February 2023 in order to be settled between 7 March 2024 and 2 August 2024 at a rate of 115,075 shares per session (see Note 16.06).

The positive fair value of the forward purchase contracts (settled by differences) relating to ACS shares amounted to EUR 239,178 thousand at 31 December 2022 (EUR 198,842 thousand at 31 December 2021), which is recognised under this heading. The effect of the two contracts on the 2022 income statement was a gain of EUR 123,737 thousand (a loss of EUR 48,321 thousand), including the impact of the "re-strike" of the forward contract, included under "Change in fair value of financial instruments" in the accompanying income statement (see Note 16.06).

At 31 December 2022, this heading also included the balances relating to current deposits at various financial institutions that accrue interest at a rate tied to Euribor, of which EUR 218,139 thousand (EUR 194,095 thousand at 31 December 2021) were restricted as to their use (see Note 10.02).

Cash and cash equivalents

"Cash and cash equivalents" includes the Company's cash and current bank deposits with an initial maturity of three months or less, and other current, highly liquid investments (also with a maturity of three months or less) readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

The carrying amount of these assets at 31 December 2022 and 31 December 2021 reflect their fair value and there are no restrictions as to their use.

09.03. Non-current investments in Group companies and associates

Equity instruments:

The most significant information relating to Group companies and associates at the end of 2022 is as follows:

Company Name	Registered Office	% of Ownership		Thousands of Euros								
					Profit					Carrying amount		
		Direct	Indirect	Share Capital	from Operations	Net	Other Equity	Total Equity	Dividends (Note 16.01)	Cost	Impairment Loss Recognised in the Year	Accumulated Impairment Losses
GROUP												
CONSTRUCTION												
Dragados, S.A.	Avda. Camino de Santiago, 50 - Madrid	72.71%	27.29%	499,004	117,991	232,643	1,853,937	2,585,584	86,717	1,425,763	—	—
Hochtief, A.G. (*)	Essen – Alemania	68.64%	0.00%	198,941	778,009	481,774	453,060	1,133,775	68,019	3,330,382	—	—
SERVICES												
ACS Servicios y Concesiones, S.L.	Avda. Camino de Santiago, 50 - Madrid	100.00%	0.00%	386,249	61,663	28,418	136,622	551,289	14,317	476,880	—	—
OTHER												
Residencial Monte Carmelo, S.A. (Investments in securities)	Avda. Pío XII, 102 – Madrid	100.00%	0.00%	1,000	(24)	2,518	149,502	153,020	—	2,354,792	42,125	(2,201,772)
Cariátide, S.A. (Investments in securities)	Avda. Pío XII, 102 – Madrid	100.00%	0.00%	1,821	76	(103)	20,357	22,075	—	163,165	311	(141,090)
Nexplore, S.A. (Management of scientific and technological innovation)	Avda. Pío XII, 102 – Madrid	100.00%	0.00%	60	—	—	(3)	57	—	60	—	(3)
Protide, S.A.U. (Investments in securities)	Avda. Pío XII, 102 – Madrid	100.00%	0.00%	60	—	—	30	90	—	93	(1)	(3)
Comunidades Gestionadas, S.A. (COGESA)	Orense, 34 – Madrid	100.00%	0.00%	63,105	11,838	10,041	182,692	255,838	—	419,000	—	—
ASSOCIATES												
Abertis Holdco, S.A.	Paseo de la Castellana, 39 - Madrid	30.00%	19.99%	100,060	(6,432)	(15,130)	3,714,779	3,799,708	178,107	2,097,352	—	—
Renewable Projects Management Venture, S.L.	Paseo de la Castellana, 39 - Madrid	49.00%	0.00%	3	(3)	(3)	—	—	—	2	—	—
Total									**347,160**	**10,267,489**	**42,435**	**(2,342,868)**

(*) Formulated under International Financial Reporting Standards adopted by the European Union.

The most significant information relating to Group companies and associates at the end of 2021 was as follows:

Company Name	Registered Office	% of Ownership		Thousands of Euros								
		Direct	Indirect	Share Capital	Profit		Other Equity	Total Equity	Dividends (Note 16.01)	Carrying amount		
					from Operations	Net				Cost	Impairment Loss Recognised in the Year	Accumulated Impairment Losses
GROUP												
CONSTRUCTION												
Dragados, S.A.	Avda. Camino de Santiago, 50 - Madrid	100.00%	0.00%	362,819	29,625	244,533	544,067	1,151,419	84,657	742,679	—	—
Hochtief, A.G. (*)	Essen – Alemania	50.41%	0.00%	180,856	523,383	207,921	412,220	800,997	139,955	2,381,419	—	—
INDUSTRIAL SERVICES												
ACS Servicios, Comunicaciones y Energía, S.A.	Cardenal Marcelo Spínola, 10 - Madrid	99.78%	0.22%	75,328	4,136,579	4,131,862	(3,502,572)	704,618	4,523,827	215,677	—	—
SERVICES												
ACS Servicios y Concesiones, S.L.	Avda. Camino de Santiago, 50 - Madrid	100.00%	0.00%	386,249	40,747	38,969	121,116	546,334	36,500	476,880	—	—
OTHER												
Residencial Monte Carmelo, S.A. (Inversiones en valores mobiliarios)	Avda. Pío XII, 102 – Madrid	99.99%	0.00%	1,000	10,180	(467,161)	576,936	110,775	—	2,354,672	(467,161)	(2,243,897)
Cariátide, S.A. (Inversiones en valores mobiliarios)	Avda. Pío XII, 102 – Madrid	100.00%	0.00%	1,821	—	79	19,864	21,764	—	163,165	79	(141,401)
Funding Statement, S.A. (Inversiones en valores mobiliarios)	Avda. Pío XII, 102 – Madrid	100.00%	0.00%	60	1	9	13,300	13,369	—	60	—	—
Statement Structure, S. A. (Inversiones en valores mobiliarios)	Avda. Pío XII, 102 – Madrid	100.00%	0.00%	60	—	5	6,933	6,998	—	60	—	—
Nexplore, S.A. (Gestión de la innovación científica y tecnológica)	Avda. Pío XII, 102 – Madrid	100.00%	0.00%	60	—	—	(2)	58	—	60	—	(2)
Protide, S.A.U. (Inversiones en valores mobiliarios)	Avda. Pío XII, 102 – Madrid	100.00%	0.00%	60	—	—	31	91	—	93	(2)	(2)
Comunidades Gestionadas, S.A. (COGESA) (Inmobiliaria)	Orense, 34 – Madrid	100.00%	0.00%	63,105	12,163	8,261	176,942	248,308	—	419,000	—	—
ASSOCIATES												
Abertis Holdco, S.A.	Paseo de la Castellana, 39 - Madrid	30.00%	19.99%	100,060	(1,047)	1,017	4,307,451	4,408,528	178,107	2,097,352	—	—
Total									**4,963,046**	**8,851,117**	**(467,084)**	**(2,385,302)**

(*) Formulated under International Financial Reporting Standards adopted by the European Union.

The changes in the equity instruments of Group companies and associates in 2022 were as follows:

Item	Thousands of Euros									
	Beginning balance			Cost		Provision		Ending balance		
	Cost	Provision	Net Balance	Additions	Disposals	Disposals	Reversals	Cost	Provision	Net Balance
Group	6,753,765	(2,385,302)	4,368,463	1,632,047	(215,678)	(1)	42,436	8,170,134	(2,342,867)	5,827,267
Associates	2,097,352	—	2,097,352	2	—	—	—	2,097,354	—	2,097,354
Total	**8,851,117**	**(2,385,302)**	**6,465,815**	**1,632,049**	**(215,678)**	**(1)**	**42,436**	**10,267,488**	**(2,342,867)**	**7,924,621**

The changes in the equity instruments of Group companies and associates in 2021 were as follows:

Item	Thousands of Euros									
	Beginning balance			Cost		Provision		Ending balance		
	Cost	Provision	Net Balance	Additions	Disposals	Disposals	Reversals	Cost	Provision	Net Balance
Group	6,534,765	(1,918,219)	4,616,546	419,000	(200,000)	(467,161)	78	6,753,765	(2,385,302)	4,368,463
Associates	2,097,352	—	2,097,352	—	—	—	—	2,097,352	—	2,097,352
Total	**8,632,117**	**(1,918,219)**	**6,713,898**	**419,000**	**(200,000)**	**(467,161)**	**78**	**8,851,117**	**(2,385,302)**	**6,465,815**

At 31 December 2022 and 2021, the Company analysed certain investments regarding which evidence of impairment has been identified. The recoverable value of these investments was determined, and at year-end the analysis did not reveal any impairment losses in addition to those already recognised or reversals to such losses.

In 2022 the most significant changes under “Non-current investments in Group companies and associates” are as follows:

– On 8 June 2022, Hochtief, A.G. decided to increase its share capital by somewhat less than 10% through a monetary contribution by using the authorised capital. The Company's share capital was increased through the issuance of 7,064,593 new shares at EUR 57.50 per share, within an exclusion of the shareholders' pre-emption right. 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 offer, in proportion to its current interest in Hochtief, and to support the capital increase in full with regard to all remaining new shares not placed among other corporate and institutional investors. Therefore, ACS, Actividades de Construcción y Servicios, S.A. was assigned 85% of the total number of new shares, increasing its interest in Hochtief, A.G. from 50.41% to 53.55% of the shares representing the share capital. The cash obtained through the capital increase will be used to repay part of the financing obtained to acquire CIMIC (see Note 08.04).

– On 15 September 2022, an additional 14.46% stake in Hochtief, A.G. was acquired, for EUR 578 million (EUR 51.4 per share), increasing interest in this company to 68.01% including treasury shares and 70.29% without such shares. In addition, in the fourth quarter of 2022, acquisitions in the amount of EUR 26 million were made, for an average of EUR 52.73 per share, thus increasing the stake in Hochtief, A.G. to 68.64% of the shares representing the share capital including treasury shares and 70.94% without such shares at 31 December 2022.

– On 1 August 2022, a merger by absorption was carried out in which Dragados, S.A. was the absorbing company and ACS Servicios, Comunicaciones y Energía, S.A. (ACS SCE) the absorbed company, effective for accounting purposes at 1 January 2022. As a result, the Company, which had recognised its stake in Dragados, S.A. for EUR 743 million and in ACS SCE for EUR 216 million, recognised the new investment in Dragados, S.A. for the value of ACS SCE in the ACS Group's consolidated Annual Accounts at 1 January 2022, thereby increasing the value of its stake in Dragados, S.A. from EUR 743 million at 31 December 2021 to EUR 1,426 million at 31 December 2022. The Company recognised the difference in value (EUR 467 million) in voluntary reserves (see

Note 11.05) in accordance with applicable accounting regulations, and therefore derecognised its interest in ACS SCE in the amount of EUR 216 million.

- In September 2022, a merger by absorption was carried out in which Residential Monte Carmelo, S.A. was the absorbing company and the absorbed companies were Funding Statement, S.A. and Statement Structure, S.A., effective for accounting purposes at 1 January 2022. The transaction had no significant impact on the Company.

In 2021 the most significant changes under “Non-current investments in Group companies and associates” relate to:

- The acquisition of 99.999% of the share capital of Comunidades Gestionadas, S.A. (Cogesa) by ACS, Actividades de Construcción y Servicios, S.A. on 30 December 2021 for EUR 419.0 million from Dragados, S.A., paid on 15 February 2022 (see Note 17.01). In light of the performance of Spain’s real estate market in 2022, no evidence of impairment of fair value was detected according to the appraisals on which acquisition price was based in December 2021.
- On 2 June 2021, Residencial Monte Carmelo, S.A.U. agreed to distribute an extraordinary dividend to ACS, Actividades de Construcción y Servicios, S.A. (its sole shareholder) through a share premium reimbursement in the amount of EUR 200 million that was paid on 16 June 2021 in order to discharge debt (both principal and interest) that it had for various items with ACS, Actividades de Construcción y Servicios, S.A. This was recognised, in accordance with accounting regulations (see Note 04.05), as the lesser value of the investment in Residencial Monte Carmelo, S.A.U. since the dividends were distributed for an amount in excess of the profits generated by the investee since its acquisition.
- In 2021, the main change in provisions for non-current investments in Group companies and associates relates to the allocation of EUR 467,161 thousand corresponding to the stake in Residencial Monte Carmelo, S.A.U. in connection with the losses recognised in the investee as a result of the derecognition of deferred tax assets due to the sale of most of the Industrial Services Division (see Note 14.05).
- In addition, the Company sold most of the ACS Group's Industrial Services Division, through its investee ACS Servicios, Comunicaciones y Energía, S.A. effective 31 December 2021. Consequently it accrued a dividend of EUR 4,180 million, recognised as revenue at 31 December 2021 (see Note 16.01).

The most significant equity interests are as follows:

Abertis Holdco, S.A.

At 31 December 2022 and 2021 the Company held a 30% interest in Abertis Holdco, S.A. The other shareholders are Hochtief (ACS Group company) with an interest of 20% less one share and Atlantia, which holds a 50% interest plus one share. Abertis Holdco, S.A. has a 98.7% interest in Abertis Infraestructuras, S.A.

In 2022, due to the good performance of traffic and the profit generated, there was no evidence of impairment other than the mere comparison of equity with the carrying amount of the stake in Abertis. However, in accordance with the Group’s policies, an impairment test was carried out at 2022 year-end on the recoverable amount of the investment in Abertis by comparing the recoverable amount with the carrying amount, and no impairment was detected. The ACS Group has compared the carrying amount of the cash-generating unit (CGU), which includes the goodwill, with the fair value obtained using the discounted cash flow method (Abertis Holdco, S.A. and subsidiaries). In accordance with the regulation applicable to it, the Group considers that the most appropriate method for calculating fair value is 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 of the interest in Abertis, the recoverable amount obtained (determined on the basis of fair value as indicated above) allows the carrying amount of the investment in Abertis recognised at 31 December 2022 by the Company to be recovered. Therefore, no provisions for impairment had to be recognised.

Based on the sensitivity analysis, the impairment test shows a certain leeway as regards the recoverable amount of the carrying amount and is sensitive to changes in the discount rate and cash flow 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.

Hochtief, A.G.

The Company held a total of 53,342,250 shares, representing 68.64% of its share capital at 31 December 2022. At 31 December 2021, the Company had a total of 35,611,834 shares, representing 50.41% of its share capital.

As regards the Company's equity interest in Hochtief, A.G., a company listed on the Frankfurt Stock Exchange, as a result of the performance of its share price, which stood at EUR 52.41 per share in the last quarter of 2022 and at EUR 52.68 per share at 31 December 2022, these amounts are lower than the carrying amount of the Company's equity interest, which stood at EUR 62.43 per share. Although the Company considered possible evidence of impairment in the individual books referred to in these notes, to determine the recoverability goodwill in its consolidated Annual Accounts, the ACS Group prepared an impairment test, the main assumptions of which are detailed in the following paragraphs.

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 on the basis of 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.

Management considers that the impairment test performed for consolidated ACS Group purposes is within reasonable sensitivity ranges for variations in its key assumptions, which have taken into account the estimates resulting from the Ukraine-Russia conflict, allowing it to conclude that the investment is not impaired.

The interests in Group companies directly or indirectly listed on the stock exchange are detailed as follows:

Company	Euros per share			
	Average Fourth Quarter of 2022	2022 Year end	Average Fourth Quarter of 2021	2021 Year end
Hochtief, A.G.	52.41	52.68	69.38	71.00

At 31 December 2022 and 2021, the Company had no firm purchase or sale commitments.

09.04. Information on the nature and level of risk of financial instruments

09.04.01. Qualitative information

The Company's financial risk management is centralised in its General Corporate management, which has established the mechanisms required to control exposure to interest rate and exchange rate fluctuations and credit and liquidity risk. The main financial risks affecting the Company are as follows:

a) Credit risk:

In general, the Company holds its assets relating to financial derivatives, other financial assets and current financial investments at financial institutions with high credit ratings. In addition, it should be noted that the dividends receivable from Group companies and associates were collected in full prior to the authorisation for issue of these Annual Accounts.

The credit risk on accounts receivable, given the Company's particular activity, is not significant.

b) Liquidity risk:

The ACS Group has a policy for the proactive management of liquidity risk through the comprehensive monitoring of cash and anticipation of the expiration of financial operations. 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 Company, for the purpose of ensuring liquidity and enabling it to meet all the payment obligations arising from its business activities, has the cash and cash equivalents disclosed in its balance sheet, together with the credit and financing facilities detailed in Note 13.

c) Market risk (includes interest rate, foreign currency and other price risks):

Both the Company's cash and its bank borrowings are exposed to interest rate risk, which could have an adverse effect on financial profit or loss and cash flows. Therefore, Company policy is to ensure that, at any given time, its non-current bank borrowings are tied to fixed interest rates to the extent possible.

In view of the Company's activities, it is not exposed to foreign currency risks. With regard to the exposure to price fluctuations, the ACS, Actividades de Construcción y Servicios, S.A. share price itself stands out due to its treasury shares and the derivatives on its own shares.

09.04.02. Quantitative information

a) Interest rate risk:

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 2026 (except for EUR 10 million that mature in 2025) after it was extended at the end of July 2021 for an additional year. 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. At 31 December 2021, the derivative contract (interest rate swap) to hedge the interest rate risk for 100% of tranche A was cancelled at maturity. At 20 January 2022, a new interest rate swap was arranged for EUR 940 million, maturing on 21 September 2026.

In addition, the Company issued fixed rate bonds for EUR 750 million maturing in April 2025 and EUR 50 million maturing in June 2023 (see Note 13.01).

b) Liquidity risk:

The credit rating agency Standard and Poor's (S&P) gave 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.

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 in the Irish Stock Exchange. Through this programme, ACS may issue notes maturing between 1 and 364 days, thus enabling the diversification of financing channels in the capital market. At 31 December 2022 the outstanding issues under these programmes amounted to EUR 55,000 thousand (EUR 182,850 thousand at 31 December 2021) (see Note 13.02).

It also renewed its debt issue programme, called the Euro Medium-Term Note Programme (EMTN Programme), for a maximum amount of EUR 1,500 million, which was approved by the Central Bank of Ireland (see Note 13.02).

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 French Monetary and Financial Code) listed on the Luxembourg Stock Exchange. At 31 December 2022 there are no outstanding issues under these programs (EUR 254,000 thousand at 31 December 2021) (see Note 13.02).

In addition, at 31 December 2022, the Company maintains EUR 218,139 thousand (EUR 194,095 thousand at 31 December 2021) registered in current financial investments with restrictions on their availability (see Note 09.02).

The Company has positive working capital of EUR 1,445,900. In addition, the Company's current liabilities include a EUR 262,146 thousand balance with Group companies that are subsidiaries of ACS, Actividades de Construcción y Servicios, S.A. and whose short-term claimability will depend on the Company's decisions when they mature. They may be renewed with maturities longer than 12 months. The Company also has both long-term and short-term credit facilities, amounting to EUR 2,792 million, which were not used at 31 December 2022 and were renewed in 2022, with a short-term maturity of EUR 40 million and a long-term maturity of EUR 2,752 million, in order to meet the maturity of the bonds if they are not renewed at maturity (see Note 13.01).

In 2021, the Company accrued, as a result of the sale of most of the Industrial Services Division, a dividend amounting to EUR 4,180 thousand, which it received in February 2022 (see Note 16.01).

The Annual General Meeting held on 8 May 2020 agreed to delegate to the Board, in accordance with section 297.1(b) Consolidated Text Corporate Enterprises Act, the power to increase, on one or more occasions, the share capital of the Company by up to a maximum of 50%, as of the date of the Meeting, within a maximum period of five years from the date of that above Annual General Meeting (see Note 11.01).

Lastly, as a precautionary measure against this risk, the shareholders at ACSs 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 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 11.01.

On this basis, and also taking into consideration the capacity of the Group companies to generate cash, with the subsequent distribution of dividends to the Company, the directors believe that it will be able to adequately finance its operations in 2023.

c) Estimate of fair value:

The detail of the assets and liabilities measured at fair value, based on the hierarchy levels mentioned in Note 04.05.01, is as follows:

	Thousands of Euros			
	Value at 31/12/2022	**Level 1**	**Level 2**	**Level 3**
Assets	**342,345**	**—**	**342,345**	**—**
Derivative financial instruments				
Non-current	99,254	—	99,254	—
Current	241,635	—	241,635	—
Liabilities	**129,962**	**—**	**129,962**	**—**
Derivative financial instruments				
Non-current	—	—	—	—
Current	129,962	—	129,962	—

	Thousands of Euros			
	Value at 31/12/2021	Level 1	Level 2	Level 3
Assets	**198,842**	**—**	**198,842**	**—**
Derivative financial instruments				
Non-current	—	—	—	—
Current	198,842	—	198,842	—
Liabilities	**177,965**	**—**	**177,965**	**—**
Derivative financial instruments				
Non-current	7,011	—	7,011	—
Current	170,954	—	170,954	—

Level 2 of the Fair Value Measurement Hierarchy includes all financial derivatives 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.

d) Climate change risk:

In order to respond to the need for comprehensive and uniform risk management, ACS has established a model that includes the identification, assessment, classification, measurement, management and follow-up of risks throughout the Group and its operating divisions. These identified risks are used to create a risk map that is regularly updated based on the different variables that comprise it and on the Group's areas of activity.

Continuing with its commitment to ongoing improvement, in 2022 the ACS Group moved forward with its analysis and assessment of the most significant risks and the identification of opportunities, based on the results presented in the previous year's reports. In 2022, in keeping with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), various climate scenarios and time horizons were used to assess climate risks and opportunities by applying a well-tested methodology.

Climate change risks can be classified as:

- Physical risks, which emerge from the physical effects of climate change. They are considered acute if they arise as a result of specific or punctual weather or climatic events, or chronic if they arise from more progressive changes in climate patterns.
- Transition risks, which arise from adapting business models to a decarbonised economy. They are interconnected and their identification is important with respect to stakeholders, especially investors, given that a failure to respond to these risks may have operational and financial consequences. They include legal, technological market and reputational risks.

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

Chapter 5.1. of the Directors' Report of the ACS Group's consolidated Annual Accounts for 2022 and 2021 gives a complete breakdown of the most significant risks and opportunities identified. A summary of the scenarios, time horizons used and likelihoods of occurrence of those scenarios 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 most recent assessment report (AR6) have been used as a point of reference. The time horizon analysed for physical risks has been updated in accordance with the time horizons determined by the IPCC (2021-2040;2041-2060; 2061-2100). They are assessed according to five risk levels, from very low to very high. The main risks identified are:

  - Increased severity and frequency of weather phenomena (acute): low risk in the horizons and scenarios analysed.
  - Extreme climate events relating to temperatures (acute): from very low to low risk, depending on the time horizon and scenario analysed.
  - Disruptions in the supply chain caused by extreme climate phenomena (acute): from very low to low risk, depending on the time horizon and scenario analysed.
- **Transition risks**: The Stated Policies Scenario (Steps) and the Net Zero Emissions by 2050 (NZE) scenario of the International Energy Agency (IEA) have been taken as a reference. For transition risks, the following time horizons have been updated, according to the transition scenarios analysed: 2022-2035 and 2036-2050. They are assessed according to five risk levels, from very low to very high. The main risks identified are:
  - Reputational harm caused by climate change (reputational): medium to low risk, depending on the time horizon and scenario analysed.
  - Increased financing cost (market): low to high risk, depending on the time horizon and scenario analysed.
  - Higher insurance prices or reduced coverage (market). very low to medium risk, depending on the time horizon and scenario analysed.
  - Higher greenhouse gas emissions prices (regulatory): low to medium risk, depending on the time horizon and scenario analysed.
  - Regulation of project and services specifications (regulatory). very low to medium risk, depending on the horizon and scenario analysed.
  - Higher raw materials costs (market): low to medium risk, depending on the time horizon and scenario analysed.
- **Opportunities**: The Stated Policies Scenario (Steps) and the “Net Zero Emissions by 2050” (NZE) scenario of the International Energy Agency (IEA) have been taken as a reference. For opportunities, the following time horizons have been updated according to the transition scenarios analysed: 2022-2035 and 2036-2050. They are assessed according to five opportunity levels, from very low to very high. The main opportunities identified are:
  - Growing market for constructing climate change adaptation solutions (market); low to high opportunity, depending on the horizon and scenario analysed.
  - New opportunities relating to the electrification of the economy (electricity transmission, construction of battery factories) and renewable energies: low to very high opportunity, depending on the horizon and scenario analysed.
  - Other opportunities identified that could potentially have a significant impact on the Company are:
    - New opportunities relating to transport sector decarbonisation (railways, public transport system).
    - Water infrastructure construction/renovation.
    - Increased demand for building rehabilitation with energy efficiency criteria.
    - Operational efficiency enhancement actions (reduced water and energy use, innovation in product cycles...).

The ACS Group bases its 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 relating 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.

In addition, the review conducted in 2022 identified the main measures for adapting to physical risks arising from climate change that should be implemented in the main lines of activity of the ACS Group.

The ACS Group's leadership position in the infrastructure sector, and the actions carried out by the various ACS Group companies in the fight against climate change, means that the Group is also well positioned with a competitive edge to take advantage of the opportunities arising from climate change mitigation and adaptation activities.

In terms of the identified opportunities, the ACS Group has solid experience in promoting environmentally friendly products and services that are adapted to the impacts of climate change and contribute to the transition to a low carbon economy. In 2022, the projects managed by the ACS Group in Green Building and Green Infrastructure stood at EUR 12,935 million (compared to EUR 10,763 million in 2021), representing 41.2% of the ACS Group's Construction sales.

Moreover, 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 should be noted that differences of interpretation of some criteria of substantial contribution have arisen among the various countries to which Commission Delegated Regulation (EU) 2021/2139 applies during this first year of application.

Specifically, there are differences of criteria regarding the eligibility of highway infrastructure within activity code 6.15 Infrastructure, which permits low carbon road transport and public transport. So as to present the information transparently, two scenarios are given: a first scenario in which highway infrastructure activity has not been considered an eligible activity, and the second scenario in which highway infrastructure activity has been considered eligible.

It is hoped that with the European clarifying documents (FAQs) to be published in 2023, the uncertainties over the interpretation of the criteria will be cleared up and the analysis can be updated 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 further information, see section 5.1.1. Combating climate change, and point 5.11. European Union Taxonomy, in the Statement of Non-Financial Information of the 2022 ACS Group's consolidated Directors' Report.

10. Derivative financial instruments

10.01. Hedging financial instruments

The Company uses derivative financial instruments to hedge the risks to which its activities, transactions and future cash flows, recognised at fair value through equity, are exposed. Within the framework of these transactions, the Company has arranged the following hedging instruments consisting of interest rate swaps for the cash flows:

	Classification	Type	Amount Contracted (Thousands of Euros)	Maturity Date	Fair Value (Thousands of Euros)	
					31/12/2022 (*)	31/12/2021 (*)
Interest rate swap	Interest rate hedge	Floating to fixed	940,000	21/9/2026	99,254	—
Interest rate swap	Interest rate hedge	Floating to fixed	400,000	Canceled	—	(3,728)
Interest rate swap	Interest rate hedge	Floating to fixed	78,000	28/6/2023	931	(1,268)
Interest rate swap	Interest rate hedge	Floating to fixed	100,000	Canceled	—	(948)
Interest rate swap	Interest rate hedge	Floating to fixed	125,000	30/6/2023	1,526	(1,067)
			1,643,000		**101,711**	**(7,011)**

(*) At 31 December 2022, of this amount, EUR 99,254 thousand is recognised under "Non-current assets relating to financial derivatives". The rest, i.e. EUR 2,457 thousand, is short-term under "Current financial investments". At 31 December 2021, EUR 7,011 thousand was recognised under "Non-current liabilities relating to financial derivatives".

At the Company, in the portion that meets the requirements detailed in Note 04.05.04 on measurement bases for classifying financial instruments as hedges, changes are recognised in the Company's equity. In 2022 and 2021, the hedging through interest rate swaps was determined to be effective.

10.02. Non-hedging derivative instruments

The assets and liabilities relating to financial instruments not qualified as hedges include the fair value through profit or loss of the derivatives which do not meet hedging conditions.

In the second half of 2018, a new ACS share option plan was established that, like the previous ones, is outsourced to two financial institutions. The financial institution holds these shares to be delivered to executives who are beneficiaries of the plan in accordance with the conditions included in the plan and at the exercise price of the option (EUR 37.17 per share). These derivatives do not meet the accounting requirements to qualify for hedge accounting, therefore their measurement is recorded by means of changes in the income statement. The change in fair value of these instruments is included under "Changes in fair value of financial instruments" in the accompanying income statement (see Note 16.06). 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 relating to ACS shares at 31 December 2022 amounts to EUR 129,962 thousand and was recognised under "Current liabilities relating to financial derivatives" (EUR 170,954 thousand at 31 December 2021) in the accompanying balance sheet.

ACS, Actividades de Construcción y Servicios, S.A. has had a forward derivative contract since 1 November 2020, that 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 total of 12,000,000 shares with a strike price of EUR 16.00 per share, adjustable on the basis of future dividends and 104 maturities between 9 October 2023 and 5 March 2024 at a rate of 115,385 shares per session.

In addition, at 31 December 2022, the Company has had another forward derivative contract, settled by differences, on ACS's shares since 21 December 2020, which was also renewed in 2022. The current conditions on it are: a forward derivative contract of 11,968,007 shares, settled exclusively in cash by differences between 7 March 2023 and 2 August 2023 at a rate of 115,095 shares per session. This agreement was extended on 20 February 2023 in order to be settled between 7 March 2024 and 2 August 2024 at a rate of 115,075 shares per session (see Note 09.02).

The positive fair value of the forward purchase contracts (settled by differences) relating to ACS shares amounted to EUR 239,178 thousand at 31 December 2022 (EUR 198,842 thousand at 31 December 2021), recognised under “Current financial investments” on the asset side of the accompanying balance sheet (see Note 09.02). The effect on the income statement was a gain of EUR 123,737 thousand (a loss of EUR 48,321 thousand at 31 December 2021), including the impact of the "re-strike" of the forward contract, included under "Change in fair value of financial instruments" in the accompanying income statement.

The amounts provided as guarantees corresponding to these derivatives arranged by ACS, Actividades de Construcción y Servicios, S.A. amounted to EUR 218,139 thousand at 31 December 2022 (EUR 194,095 thousand at 31 December 2021) recognised under “Current financial investments” on the accompanying balance sheet. These amounts are remunerated at market rates, and there are restrictions on their availability according to ACS’s share price.

The Company has recognised both its own credit risk and that of the counterparty based on each derivative, whereby the impact on the income statement was a profit of EUR 136 thousand (a loss of EUR 26 thousand in 2021) for all derivative instruments measured at fair value through profit or loss, in accordance with the ICAC consultation of 4 June 2013.

11. Equity

11.01. Share capital and share premium

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. 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 (see Note 11.07), 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) Spanish Companies Act.

On 24 January 2022, in accordance with the resolution passed at the Annual General Meeting held on 07 May 2021, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. agreed to reduce share capital, with a charge to profit or unrestricted reserves, through the retirement of the Company’s treasury shares for a nominal amount of EUR 5 million through the retirement of 10 million ACS treasury shares, making the corresponding provision with a charge to reserves as indicated in section 335.e) Corporate Enterprises Act.

On 12 May 2022, in accordance with the resolution passed at the Annual General Meeting held on 06 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) Corporate Enterprises Act.

On 21 November 2022, in accordance with the resolution passed at the Annual General Meeting held on 06 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) 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.

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

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

It was also agreed to authorise the Board of Directors so that, in all matters not provided for, it can set the terms of the share capital increases and the characteristics of the shares, and freely offer the new unsubscribed shares within the term(s) for exercising the pre-emption right. The Board may also establish that, if the issue is undersubscribed, the share capital will only be increased by the amount of the shares subscribed, and revise the wording of the corresponding article of the Articles of Association regarding the share capital and number of shares.

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

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 shares of the Company, for a total amount of up to EUR 3,000 million; and the power to increase the capital stock by the necessary amount, along with the power to exclude, where appropriate, the pre-emptive subscription 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 11.07).

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 the 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) 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 the same date it 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 11.07).

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 11.07).

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 the same date, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 4,164,779 through the retirement of 8,329,558 treasury shares and allocated the same amount to reserves as the nominal value of the retired shares, i.e., EUR 4,164,779, as provided for in section 335.c) Corporate Enterprises Act.

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.

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%.

The Consolidated Text of the Spanish Companies 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. At 31 December 2022 and 2021, the Company's share premium amounted to EUR 366,379 thousand and EUR 366,379 thousand, respectively.

11.02. Legal reserve

Under section 274 Consolidated Text of the Spanish Companies 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.

At the end of 2022 and 2021, the balance of this reserve was above the legally established minimum.

11.03. Capital redemption reserve

As a result of the redemption of the Company's shares carried out in 2022 and 2021, in accordance with section 335.c) Consolidated Text of the Spanish Companies 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.

11.04. Capitalisation reserve

Pursuant to section 25 Law 27/2014 on Corporate Income Tax, the Company has a capitalisation reserve account on its balance sheet at 31 December 2022 amounting to EUR 64,000 thousand (EUR 64,000 thousand at 31 December 2021) in relation to the settlement of that tax corresponding to 2015 to 2018 (see Note 14).

11.05. Other reserves

This item corresponds to unrestricted voluntary reserves in the amount of EUR 6,631,594 thousand at 31 December 2022 (EUR 2,897,354 thousand at 31 December 2021). In 2022, as a result of the merger by absorption of Dragados, S.A., the absorbing company, and ACS Servicios, Comunicaciones y Energía, S.A. (ACS SCE), the absorbed company, effective since 1 January 2022 for accounting purposes, the Company recognised the new investment in Dragados, S.A. for the value of ACS SCE in the ACS Group's consolidated Annual Accounts at 1 January 2022, thereby increasing the value of its stake in Dragados, S.A. from EUR 743 million at 31 December 2021 to EUR 1,426 million at 31 December 2022. The Company recognised the difference in value with respect to the cost of its existing EUR 216 million stake in ACS SCE, i.e. EUR 467 million, in voluntary reserves (see Note 09.03), in accordance with applicable accounting regulations.

11.06. Limitations on the distribution of dividends

Note 03 details the proposed distribution of profits. The voluntary reserves are unrestricted.

11.07. 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 year	**28,876,176**	**691,899**	**25,604,141**	**635,994**
Purchases	29,708,164	709,781	20,169,758	472,252
Depreciation and sales	(32,680,186)	(779,528)	(16,897,723)	(416,347)
At end of the year	**25,904,154**	**622,152**	**28,876,176**	**691,899**

In 2022, the Company redeemed a total of 20,500,000 shares under the resolutions of the Annual General Meeting, reducing share capital by a nominal amount of EUR 10,250,000 by redeeming 20.5 million ACS shares, making the corresponding provision with a charge to reserves as indicated in section 335.e) Corporate Enterprises Act (see Note 11.01).

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 (see Note 11.01), 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) Spanish Companies 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 the 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) Corporate Enterprises Act (see Note 11.01).

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 11.01) 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 (see Note 11.01), 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) Spanish Companies Act.

On 9 June 2021, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the first capital increase with a charge to reserves approved at the Annual General Meeting held on 7 May 2021, so that once the process was concluded in July 2021, the definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued was 8,329,558 shares, and the nominal amount of the related capital increase was EUR 4,164,779. On the same date, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 4,164,779 through the retirement of 8,329,558 treasury shares and allocated the same amount to reserves as the nominal value of the retired shares, i.e., EUR 4,164,779, as provided for in section 335.c) Corporate Enterprises Act (see Note 11.01).

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 11.01).

At 31 December 2022, the Company held 25,904,154 treasury shares, with a par value of EUR 0.5 each, representing 9.1% of the share capital, with a carrying amount of EUR 622,152 thousand recognised in equity under "Treasury shares" in the balance sheet. At 31 December 2021, the Company held 28,876,176 treasury shares, with a par value of EUR 0.5 each, representing 9.5% of the share capital, with a carrying amount of EUR 691,899 thousand recognised in equity under “Treasury shares” in the balance sheet.

In 2022, ACS notified the CNMV of the changes made to the treasury share buyback programme, which at the close of the period comprised a maximum of 19,500,000 shares to be acquired and a maximum investment of 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).

11.08. Interim dividend

On 28 July 2022, the Board of ACS, Actividades de Construcción y Servicios, S.A. passed a resolution to distribute an interim dividend against 2022 profits of EUR 0.05 per share, bringing the total dividend payment to EUR 13.4 million, on 4 August 2022 (see Note 03).

12. Provisions and contingent liabilities

12.01. Non-current provisions

The details of non-current provisions in the balance sheet at the end of 2022 and 2021, and of the main changes recognised during the year, are as follows:

Non-current provisions	Thousands of Euros			
	2022			
	Balance at 01/01/2022	Endowments	Reversals and applications	Balance at 31/12/2022
Liabilities and taxes	**62,148**	—	—	**62,148**
Total non-current provisions	**62,148**	**—**	**—**	**62,148**

Non-current provisions	Thousands of Euros			
	2021			
	Balance at 01/01/2021	Endowments	Reversals and applications	Balance at 31/12/2021
Liabilities and taxes	**59,948**	2,200	—	**62,148**
Total non-current provisions	**59,948**	**2,200**	**—**	**62,148**

The Company recognises provisions for the estimated amount required for probable or certain third-party liability, and outstanding obligations the exact amount of which cannot be fully determined or whose date of payment is uncertain, since this depends on the fulfilment of certain conditions.

12.01.01. Employee benefit obligations

Long-term defined benefit obligations

Details of the current value of the post-employment remuneration commitments assumed by the Company at the end of 2022 and 2021 are as follows:

	Thousands of Euros	
	2022	2021
Retired employees	124,451	130,707
Serving employees	4,002	4,552

The defined benefit pension obligations are funded by group life insurance policies, in which investments have been assigned whose flows coincide in time and amount with the payment schedule of the insured benefits.

The present value of the obligations was determined by qualified independent actuaries using the following actuarial assumptions:

Actuarial Assumptions	2022	2021
Technical interest rate (*)	2.04%	0.01%
Mortality tables	PERM2020_Col_1er.orden	PERM2020_Col_1er.orden
Annual rate of increase of maximum social security pension benefit	8.5%	2%
Annual wage increase	2.35%	2.35%
Retirement age	65 years of age	65 years of age

(*) The technical interest rate ranged from 5.93% to 0.01% since the externalisation of the plan.

These pension obligations gave rise to the recognition of income of EUR 213 thousand under "Staff costs" in the income statement for 2022 (EUR 454 thousand in 2021). The contributions made by the Company to the insurance policy in relation to defined contribution pension plans amounted to EUR 3,702 thousand in 2022 (EUR 3,614 thousand in 2021), which are also recognised under "Staff costs" in the income statement.

At 31 December 2022 and 2021, there were no outstanding accrued contributions.

12.01.02. Share-based payments

As described in the measurement bases (Note 04.13) in relation to the share-based employee remuneration plan, the Company recognises the services received as an expense, based on their nature, at the date on which they are obtained, and the corresponding increase in equity upon settling the share-based payment plan.

Share option plans

On 25 July 2018, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A., in application of the authorisations granted by the Company's Annual General Meetings held on 28 April 2015 and 4 May 2017, and after a favourable report of the Remuneration Committee held on that same date, decided to establish an Options Plan on shares of ACS, Actividades de Construcción y Servicios, S.A. (2018 Options Plan), governed by the following terms and conditions:

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.

i. The beneficiaries are 271 executives with options from 500,000 to 200,000.

ii. The acquisition price will be EUR 37.170 per share. This price will change by the corresponding amount should a dilution take place.

iii. 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.

iv. 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:

a. A financial criterion with a weighting of 85%: ROE: The objective set is to exceed average profitability in the sector over the period 2018-2020. If the ACS figure exceeds the sector average, 100% of the options foreseen will be allocated. If the ACS figure does not exceed the 25th percentile of the sector sample, 50% of the options will be allocated, with intermediate positions weighted proportionally between 50% and 85%. This criterion has already been met 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).

b. 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.

c. 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.

12.02. Contingencies

Environment

In view of the business activity carried on by the Company (see Note 01), it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position and results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the Annual Accounts.

CO2 emissions

Given the activities carried on by the Company, there are no matters relating to CO2 emissions affecting the Company.

13. Financial liabilities

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			
	Value at 31/12/2022	Fair value through profit or loss	Fair value through other comprehensive income (equity)	Amortized cost
Long Term Financial Liabilities	**2,113,663**	**—**	**—**	**2,113,663**
Debentures and other negotiable securities	784,037	—	—	784,037
Payables to credit institutions	1,326,224	—	—	1,326,224
Long-term payables to group and associated companies	3,402	—	—	3,402
Short Term Financial Liabilities	**283,567**	**—**	**—**	**283,567**
Debentures and other negotiable securities	88,796	—	—	88,796
Payables to credit institutions	2,103	—	—	2,103
Other short-term financial payables not in banks	1,238	—	—	1,238
Short-term payables to group and associated companies	191,430	—	—	191,430

	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	**2,975,794**	**—**	**—**	**2,975,794**
Debentures and other negotiable securities	796,025	—	—	796,025
Payables to credit institutions	2,176,590	—	—	2,176,590
Long-term payables to group and associated companies	3,179	—	—	3,179
Short Term Financial Liabilities	**609,814**	**—**	**—**	**609,814**
Debentures and other negotiable securities	442,587	—	—	442,587
Payables to credit institutions	2,474	—	—	2,474
Short-term payables to group and associated companies	164,753	—	—	164,753

Derivatives are detailed in Notes 10.01 and 10.02.

13.01. Non-current financial liabilities

The detail of "Non-current payables" at the end of 2022 and 2021 was as follows:

Classes / Categories	Thousands of Euros							
	Non-Current Financial Instruments							
	Bonds and other securities		Bank borrowings		Derivatives and Other		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Accounts payable	784,037	796,025	1,326,224	2,176,590	—	—	**2,110,261**	**2,972,615**
Derivatives (Note 10.01)	—	—	—	—	—	7,011	**—**	**7,011**
Total	**784,037**	**796,025**	**1,326,224**	**2,176,590**	**—**	**7,011**	**2,110,261**	**2,979,626**

The detail, by maturity, of the items recognised under "Non-current payables - Accounts payable" is as follows:

	Thousands of Euros				
	2022				
	2024	2025	2026	2027 forward	Total
Bonds and other securities	—	747,173	36,864	—	**784,037**
Bank borrowings	153,712	183,271	936,332	52,909	**1,326,224**

	Thousands of Euros				
	2021				
	2023	2024	2025	2026 forward	Total
Bonds and other securities	50,000	—	746,025	—	**796,025**
Bank borrowings	1,048,580	178,010	10,000	940,000	**2,176,590**

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 (loan tranche A, 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 that mature 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 with regard to the other terms and conditions, with the interest rate remaining tied to Euribor plus a spread.

It also renewed its debt issue programme, called the Euro Medium-Term Note Programme (EMTN Programme), for a maximum amount of EUR 1,500 million, which was approved by the Central Bank of Ireland. On the basis of 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, with a 1.375% annual coupon. In addition, in 2022, the Company issued a Private Placement-format bond for EUR 37 million maturing in November 2026.

At 31 December 2022, the Company had granted long-term credit facilities of up to EUR 2,752 million (EUR 2,097 million at 31 December 2021) that had not been drawn down at 31 December 2022 (EUR 3 thousand drawn down at 31 December 2021).

The amount of fees that are reducing the amount of financial liabilities in applying the effective interest rate stood at EUR 2,335 thousand at 31 December 2022 (EUR 576 thousand at 31 December 2021).

13.02. Current financial liabilities

The detail of "Current payables" at the end of 2022 and 2021 was as follows:

Categories / Classes	Thousands of Euros							
	Current Financial Instruments							
	Bonds and other securities		Bank borrowings		Derivatives and Other		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Accounts payable	88,796	442,587	2,103	2,474	10,852	4,104	**101,751**	**449,165**
Derivatives (Note 10.01 and 10.02)	—	—	—	—	129,962	170,954	**129,962**	**170,954**
Total	**88,796**	**442,587**	**2,103**	**2,474**	**140,814**	**175,058**	**231,713**	**620,119**

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 in the Irish Stock Exchange. Through this programme, ACS may issue notes maturing between 1 and 364 days, thus enabling the diversification of financing channels in the capital market. At 31 December 2022 the outstanding issues under this programme amounted to EUR 55,000 thousand (EUR 182,850 thousand at 31 December 2021).

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 French Monetary and Financial Code) listed on the Luxembourg Stock Exchange. At 31 December 2022 there are no outstanding issues under this programme (EUR 254,000 thousand at 31 December 2021).

The Company continues to maintain the issues under the EMTN Programme for an amount of EUR 28,000 thousand at a floating interest rate tied to the six-month Euribor plus 0.785% and maturing in June 2023.

At 31 December 2022, the Company had short-term credit facilities with a limit of EUR 40 thousand, which had not been drawn down. At 31 December 2021, the Company had short-term credit facilities with a limit of EUR 0,4 million, which had not been drawn down.

The finance costs in 2022 for payables to third parties amounted to EUR 44,861 thousand (EUR 52,587 thousand in 2021) (see Note 16.04).

Accrued and unpaid interest associated with bank borrowings at 31 December 2022 amounted to EUR 2,157 thousand (EUR 2,592 thousand at 31 December 2021).

14. Tax matters

14.01. Current tax receivables and payables

The breakdown of the current tax receivables and payables is as follows:

Tax receivables

	Thousands of Euros	
	31/12/2022	31/12/2021
Corporation tax receivable	42,165	151,763
Other taxes receivable	385	4,202
Total	**42,550**	**155,965**

Tax payable at 31 December 2022 includes the amount to be refunded in connection with the estimated consolidated income tax for Tax Group 30/99 for 2022. The balance at 31 December 2021 included both estimated income tax for 2021 and the amount of income tax to be refunded for 2020 and that was collected in 2022.

Tax payables

	Thousands of Euros	
	31/12/2022	31/12/2021
Tax withheld	1,141	884
Social security taxes payable	69	68
Tax liabilities	195	—
Total	**1,405**	**952**

14.02. Reconciliation of accounting profit to taxable profit

The Company has filed consolidated tax returns and is the Parent of the Tax Group 30/99.

The reconciliation of the accounting profit/(loss) to the taxable profit/(tax loss) for income tax purposes is as follows:

	Thousands of Euros		
	2022		
	Increases	Decreases	Total
Accounting profit / (loss) before tax			**492,654**
Permanent differences on individual taxable base:			
Provisions for Group entities	—	(42,435)	(42,435)
Grupo Dragados merger goodwill	—	(8,932)	(8,932)
Exemption for Fiscal Group intra-Group dividends	—	(95,983)	(95,983)
Hochtief, A.G. dividend exemption	—	(64,618)	(64,618)
Abertis dividend exemption	—	(169,201)	(169,201)
Non-deductible expenses and other differences	11,591	—	11,591
Timing differences:			
Arising in the year:			
Hochtief goodwill, AG (DT 14ª LIS)	—	(29,889)	(29,889)
Arising in prior years:			
Derivative financial instruments, not hedging	—	(40,992)	(40,992)
Externalised pension commitments	—	(113)	(113)
Provisions	—	(1,628)	(1,628)
Other	—	(64)	(64)
Taxable base			**50,390**

	Thousands of Euros		
	2021		
	Increases	Decreases	Total
Accounting profit / (loss) before tax			**4,320,003**
Permanent differences on individual taxable base:			
Provisions for Group entities	467,084	—	467,084
Grupo Dragados merger goodwill	—	(8,932)	(8,932)
Exemption for Fiscal Group intra-Group dividends	—	(4,412,735)	(4,412,735)
Hochtief, A.G. dividend exemption	—	(132,957)	(132,957)
Hochtief, A.G. Capital gains exemption	—	(169,201)	(169,201)
Non-deductible expenses and other differences	10,809	—	10,809
Timing differences:			
Arising in the year:			
Hochtief goodwill, AG (DT 14ª LIS)	—	(5,978)	(5,978)
Derivative financial instruments, not hedging	45,142	—	45,142
Provisions	2,044	—	2,044
Arising in prior years:			
Financial instruments unrecognized in equity	—	—	—
Externalised pension commitments	—	(2,137)	(2,137)
Use of provisions	—	(64)	(64)
Taxable base			**113,078**

14.03. Taxes recognised in equity

In addition, the detail of the taxes recognised for adjustments for changes in value directly in equity is as follows:

	Thousands of Euros		
	2022		
	Charge to Equity	Credit to Equity	Total
Deferred taxes:			
Measurement of interest rate hedging financial instruments	27,181	—	**27,181**
Measurement of available-for-sale financial assets	—	—	**—**
Current taxes:			
Measurement of available-for-sale financial assets	—	—	**—**
Total deferred tax recognised directly in equity	**27,181**	**—**	**27,181**

	Thousands of Euros		
	2021		
	Charge to Equity	Credit to Equity	Total
Deferred taxes:			
Measurement of interest rate hedging financial instruments	3,009	—	**3,009**
Measurement of available-for-sale financial assets	—	—	**—**
Current taxes:			
Measurement of available-for-sale financial assets	—	—	**—**
Total deferred tax recognised directly in equity	**3,009**	**—**	**3,009**

14.04. Reconciliation of accounting profit to income tax expense

The reconciliation of the accounting profit from continuing operations to the corporate income tax expense is as follows:

	Thousands of Euros	
	2022	**2021**
Accounting profit (loss) before tax from continuing operations	492,654	4,320,003
Accrual at 25%	123,164	1,080,001
Impact for non-taxation of Tax Group and Hochtief, A.G. dividends	(40,150)	(1,136,423)
Impact for non-taxation of Abertis dividends	(42,300)	(42,300)
Impact due to the non-consideration of the internal provisions of the Tax Group	(10,609)	116,771
Impact of other permanent differences	664	469
Impact of capitalization reserve	—	—
Deductions	(5,142)	(4,913)
Adjustment to taxation	11,153	15,425
Total income tax expense/(income) recognised in profit or loss account	**36,780**	**29,030**

The expense due to adjustments to the tax on profits in 2022 was the result of accounting for the outcome of the tax audits and the adjustments to the tax estimated at the end of 2021 in the tax return filed in July 2022, in which the amount of the tax credits for donations used was changed.

The expense due to adjustments to the tax on profits in 2021 was the result of accounting for the outcome of the tax audits, the cancellation of the tax credit carryforward, and the adjustments to the tax estimated at the end of 2020 in the tax return filed in July 2021, in which the amount of the capitalisation reserve and tax credits for donations used was changed.

The breakdown of the corporate income tax expense is as follows:

	Thousands of Euros	
	2022	**2021**
Continuing operations		
Current income tax	10,765	23,356
Deferred tax and other adjustments	18,172	(9,751)
Deferred tax and other adjustments	7,843	15,425
Total income tax expense (profit) / loss	**36,780**	**29,030**

On 15 December 2022, the European Council approved Directive 2022/2523 establishing a minimum level of taxation for large groups of national and multinational companies. This rule, which will first apply in 2024, aims for large business groups to pay a minimum tax rate of 15% in all jurisdictions in which they operate. Although the Directive has yet to be transposed and although it is a highly complex rule, its impact on the results of the Group, of which the Company is the parent, should not be significant in coming years, since the tax rate of nearly all jurisdictions in which it operates is higher than the minimum threshold.

There were no discontinued operations in 2022 or 2021.

14.05. Deferred tax assets

The detail of this heading at the end of 2022 and 2021 is as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Temporary differences (prepaid taxes):		
Pension obligations	23,058	23,086
Measurement of interest rate hedging financial instruments	—	1,753
Unhedged derivative financial instruments	32,491	42,739
Non-deductible provisions	21,401	21,808
Other	31	48
Pending deductions	—	—
Total deferred tax assets	**76,981**	**89,434**

The deferred tax assets were recognised because the Company's directors considered that, based on their best estimate of the Company's future earnings, it is probable that these assets will be recovered.

At year-end 2021, the Company reassessed the recoverability of tax receivables in Spain resulting from the sale of most of its industrial activity to the Vinci Group, since most of the taxable profit used to justify the recoverability of the Tax Group's tax deductions in Spain came from the industrial activity sold. Therefore, tax credits amounting to EUR 559 thousand were written down at year-end 2021. At year-end 2022, management assessed the current conditions of the Spanish Tax Group and concluded that there have been no material changes with respect to the 2021 analysis. Still, the Spanish Tax Group retains its rights from a tax standpoint, such that they may be recognised in the future if the conditions for doing so are considered to have been met.

At year-end 2022, the Company had EUR 5,922 thousand in non-capitalised deductions for reinvestment and donations.

14.06. Deferred tax liabilities

The detail of this heading at the end of 2022 and 2021 is as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Gains eliminated in the tax consolidation process	125,082	125,082
Merger financial goodwill and other	28,394	20,922
Valuation of financial hedging instruments	25,428	—
Total deferred tax liabilities	**178,904**	**146,004**

14.07. Years open for review and tax audits

Under 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 statute-of-limitations period has expired. In this regard, at the end of 2022 the Company had open for review by the tax authorities all the taxes applicable to it for which returns have been filed in the last four years.

As regards the tax audit that began in June 2019 in relation to the Spanish Tax Group's corporate income tax (2013 to 2016), and VAT and tax withholdings (2015 and 2016) for certain of its companies, the audit concluded over the course of 2021 with VAT assessments signed on an uncontested basis and corporation tax assessments signed on an uncontested and a contested basis, but in all cases for non-significant amounts.

The Company'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.

15. Foreign currencies

No significant foreign currency transactions were carried out either in 2022 or 2021.

There were no significant exchange differences in 2022 or 2021.

16. Revenue and expenses

16.01. Revenue

The detail of revenue is as follows:

	Thousands of Euros	
	2022	2021
Dividends of subsidiaries and associates (Notes 09.03 and 17.01)	347,160	4,963,046
Dividends from non-current financial assets	436	230
Finance income of subsidiaries and associates (Note 17.01)	11	—
Service provision (Note 17.01)	15,600	10,749
Total	**363,207**	**4,974,025**

In 2022 and 2021, the Company, as the parent of its consolidated group, mainly carried out the normal activities of a holding company, and as such has no significant commercial activity of its own. The amount recognised under this heading of the income statement relates mainly to the provision of services to Group companies as well as to the dividend income of subsidiaries and the finance income associated with financing them.

In 2023, the Company has collected EUR 20,201 thousand in dividends receivable at 31 December 2022 (see Note 17.02).

The Company received dividends of EUR 178,107 thousand from Abertis Holdco, S.A. (EUR 178,107 thousand in 2021) (see Note 09.03).

In 2021, the Company accrued, as a result of the sale of most of the Industrial Services Division, a dividend amounting to EUR 4,180 thousand, which it received in February 2022 (see Note 09.02).

16.02. Employee benefit costs

The detail of "Employee benefit costs" in 2022 and 2021 is as follows:

Employee benefit costs	Thousands of Euros	
	2022	2021
Employer social security taxes	739	731
Contributions pension plans	3,489	3,160
Other employee benefit costs	3,297	2,796
Total	**7,525**	**6,687**

16.03. Other operating expenses

This heading of the accompanying income statement includes expenses for rent, maintenance, advertising, consultant and advisor fees, etc.

16.04. Finance income and finance costs

The detail of the finance income and finance costs calculated by applying the effective interest method is as follows:

	Thousands of Euros			
	2022		2021	
	Financial income	Financial costs	Financial income	Financial costs
Application of the effective interest method	32,086	47,284	21,655	55,656

This heading includes finance costs amounting to EUR 2,657 thousand (EUR 12,698 thousand in 2021) associated with settlements of hedging instruments.

16.05. Impairment and gains or losses on disposal of financial instruments

This heading of the accompanying income statement for 2022 mainly relates to gains on the reversal of provisions relating to the holdings in Group companies, e.g. Residencial Monte Carmelo, S.A.U., in the amount of EUR 42,125 thousand (loss of EUR 467,161 thousand in 2021) (see Note 09.03).

16.06. Changes in fair value of financial instruments

This heading of the accompanying income statement for 2022 primarily includes the effect of the Company's derivatives relating to the options on ACS shares that gave rise to profit of EUR 40,992 thousand (EUR 45,142 thousand loss in 2021), as described in Note 10.02, and the positive effect of the forward derivatives contract on ACS shares (settled by differences) which gave rise to profit of EUR 123,737 thousand (EUR 48,321 thousand loss in 2021) (see Note 10.02).

17. Related party transactions and balances

17.01. Related party transactions

The detail of related party transactions in 2022 is as follows:

Income (-), Expense (+)	Thousands of Euros	
	2022	
	Subsidiaries	Associates
Services received	2,057	—
Operating lease agreements (Note 08)	2,559	—
Interest received	2,423	—
Interest expense	11	—
Dividends (Note 16.01)	(169,053)	(178,107)
Cost apportionment agreement	(2,861)	—
Service provision (Note 16.01)	(15,600)	—

The detail of related party transactions in 2021 was as follows:

Income (-), Expense (+)	Thousands of Euros	
	2021	
	Subsidiaries	Associates
Services received	2,227	—
Operating lease agreements (Note 08)	2,473	—
Interest received	3,069	—
Interest paid (Note 16.01)	—	—
Dividends (Note 16.01)	(4,784,939)	(178,107)
Cost apportionment agreement	(35,927)	—
Service provision (Note 16.01)	(10,749)	—

In addition, in 2021 the Company acquired Comunidades Gestionadas, S.A. (Cogesa) from Dragados, S.A. at fair value, for EUR 419 million in accordance with the appraisals performed by independent experts. This amount was paid in 2022. No assets were acquired from Group companies in 2022.

17.02. Balances with related parties

The detail of the balances with related parties in the balance sheet at 31 December 2022 is as follows:

	Thousands of Euros	
	31/12/2022	
	Subsidiaries	Associates
Non-current financial assets	**5,827,267**	**2,097,354**
Equity instruments (Note 09.03)	5,827,267	2,097,354
Sundry accounts receivable	**25,615**	**1**
Current financial assets	**20,201**	**—**
Other financial assets	20,201	—
Non-current liabilities	**3,402**	**—**
Current liabilities	**262,146**	**—**

The detail of the balances with related parties in the balance sheet at 31 December 2021 was as follows:

	Thousands of Euros	
	31/12/2021	
	Subsidiaries	Associates
Non-current financial assets	**4,368,463**	**2,097,352**
Equity instruments (Note 09.03)	4,368,463	2,097,352
Sundry accounts receivable	**3,256**	**—**
Current financial assets	**4,425,103**	**—**
Other financial assets	4,425,103	—
Non-current liabilities	**3,179**	**—**
Current liabilities	**641,637**	**—**

At 31 December 2022 and 31 December 2021, EUR 20,201 thousand (see Note 09.03) and EUR 4,425,103 thousand, respectively, were recognised under “Current investments in Group companies and associates -

Other financial assets," which related entirely to dividends earned from ACS Group companies and dividends receivable at the end of the year. These dividends receivable at 31 December 2022 had been collected at the date of authorisation for issue of these Annual Accounts.

At 31 December 2022, the Company had an account payable of EUR 3,402 thousand (EUR 3,179 thousand at 31 December 2021) with Residencial Monte Carmelo, S.A.U., in the form of a participating loan, which is included under "Non-current payables to Group companies and associates," with a floating annual interest rate ranging from 0% to 12% depending on the finance income obtained in the year and maturing in 2024.

The detail of "Non-current payables to Group companies" at 31 December 2022 and 2021 is as follows:

	Thousands of Euros	
	31/12/2022	31/12/2021
Residencial Monte Carmelo, S.A.	148,402	96,370
Cariátide, S.A.	56,968	56,644
Funding Statement, S.A.	46,989	40,996
Statement Structure, S.A.	9,562	424,854
ACS Servicios, Comunicaciones y Energía, S.L.	193	148
Dragados, S.A.	—	13,334
Clece, S.A.	—	6,983
ACS Actividades Finance, 2 B.V.	—	2,277
Other lesser amounts	32	31
Total	**262,146**	**641,637**

The debt with Dragados, S.A. at 31 December 2021 related primarily to the purchase of Cogesa for EUR 419,000 thousand, which was paid on 15 February 2022.

The debt with Residencial Monte Carmelo, S.A.U. at 31 December 2022 relates to the EUR 134,079 thousand drawn down at the end of 2022 (EUR 66,827 thousand at the end of 2021) on the credit line with this company, maturing on 1 August 2023, with a floating interest rate tied to three-month Euribor, which can be automatically extended. This heading also includes the balance corresponding to corporate income tax for 2022 amounting to EUR 13,940 thousand (EUR 2,856 thousand at 31 December 2021) included in Tax Group 30/99. Accrued interest payable at the end of 2022 amounted to EUR 383 thousand (EUR 1,404 thousand accrued and payable at 31 December 2021).

The debt with Cariátide, S.A. relates to a credit line with a balance of EUR 56,896 thousand at 31 December 2022 (EUR 56,641 thousand at 31 December 2021), which is automatically renewed on an annual basis with an interest rate tied to Euribor plus a spread of 0,1%. Accrued interest payable at the end of 2022 amounted to EUR 72 thousand (EUR 3 thousand at 31 December 2021).

The transactions between Group companies and associates are performed on an arm's length basis as in the case of transactions with independent parties.

17.03. Remuneration of the Board of Directors and senior executives

The breakdown of the remuneration accrued in 2022 and 2021 by the Board members and senior executives of the Company, by item, is as follows:

	Thousands of Euros		
	2022		
	Wages (fixed and variable)	Bylaw-stipulated Directors' emoluments	Other items
Board of Directors	12,385	2,631	—
Senior executives	9,482	—	—

	Thousands of Euros		
	2021		
	Wages (fixed and variable)	Bylaw-stipulated Directors' emoluments	Other items
Board of Directors	9,508	2,703	—
Senior executives	6,313	—	—

Other items relating to the Board members and senior executives of ACS, Actividades de Construcción y Servicios, S.A. are as follows:

	Thousands of Euros		
	2022		
	Pension Plans	Insurance premiums	Other
Board of Directors	2,499	68	—
Senior executives	2,055	33	1

	Thousands of Euros		
	2021		
	Pension Plans	Insurance premiums	Other
Board of Directors	2,260	33	—
Senior executives	937	3	—

At the end of 2022 and 2021, there were no balances with and no loans or advances had been granted to Board members or senior executives of the Company. The Board members and senior executives also did not receive any termination benefits.

The amount recognised in the income statement as a result of the share options granted to directors with executive duties amounted to EUR 340 thousand (EUR 458 thousand in 2021) for directors and EUR 262 thousand (EUR 262 thousand in 2021) for senior executives. This amount relates to the proportion of the value of the plan at the date on which it was granted.

17.04. Further information on the Board of Directors

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 Spanish Companies Act), all without prejudice to the information on related party transactions reflected in the notes to the financial statements. The amount corresponding to the premium for the third-party liability insurance taken out on behalf of the 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.

18. Discontinued operations

At 31 December 2022 and 2021 there were no balances, income or expenses relating to discontinued operations.

19. Other disclosures

19.01. Staff

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

Category	2022		
	Men	Women	TOTAL
University graduates	24	9	**33**
Further education college graduates	3	—	**3**
Other staff	5	13	**18**
Total	**32**	**22**	**54**

Category	2021		
	Men	Women	TOTAL
University graduates	24	9	**33**
Further education college graduates	3	—	**3**
Other staff	5	14	**19**
Total	**32**	**23**	**55**

Also, the headcount at the end of 2022 and 2021, by category and gender, was as follows:

Category	2022		
	Men	Women	TOTAL
University graduates	23	9	**32**
Further education college graduates	4	—	**4**
Other staff	4	14	**18**
Total	**31**	**23**	**54**

Category	2021		
	Men	Women	TOTAL
University graduates	24	9	**33**
Further education college graduates	3	—	**3**
Other staff	5	13	**18**
Total	**32**	**22**	**54**

"University graduates" includes senior management staff and was composed of 6 men and 1 woman at 31 December 2022 (4 men and 1 woman at 31 December 2021).

The Company did not directly have any employees in 2022 (or in 2021) with a disability greater than or equal to 33%.

19.02. Auditor's fees

In 2022 and 2021, the fees relating to the services provided by KPMG were as follows:

	Thousands of Euros	
	2022	2021
Audit Services	361	208
Other Verification Services	487	406
Total Audit and Related Services	**848**	**614**
Other Services	11	18
Total Professional Services	**859**	**632**

The fees relating to audit services provided by KPMG Auditores, S.L. for the Annual Accounts amounted to EUR 361 thousand (EUR 208 thousand in 2021), while those relating to other verification services amounted to EUR 419 thousand (EUR 370 thousand in 2021), which mainly correspond to the limited review of the interim consolidated financial statements, the work related to the comfort letter and the ICFR Report.

19.03. Guarantee commitments to third parties and other contingent liabilities

The Company basically acts as a guarantor for Group companies and associates with regard to government agencies and private customers, mainly in certain concession projects, to ensure the success of the execution of the projects. At 31 December 2022, the Company's surety bonds amounted to EUR 24,544 thousand (EUR 24,544 thousand at 31 December 2021). The amount of the guarantees furnished to ensure the successful execution of the projects stood at EUR 322,341 thousand at 31 December 2022 (EUR 691,019 thousand at 31 December 2021), while EUR 6,097 thousand related to other guarantees at 31 December 2022 (EUR 5,741 thousand at 31 December 2021). The Company's directors consider that any unanticipated liabilities that might arise from the guarantees provided would not be material.

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

As regards the claim for declaratory judgement filed by the financial institutions and notified to the shareholders in October 2013, 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 judgement, which was notified to ACS, Actividades de Construcción y Servicios, S.A. and Desarrollo de Concesiones Viarias Uno, S.L. in January 2019. In the new claim, 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). Madrid Court of First Instance no. 13 dismissed the claim in its entirety through a judgement dated 7 November 2022, releasing the shareholders and guarantors from all claims brought against them. It did not order the payment of any costs by the claimants. The Funds filed an appeal through a motion dated 13 December 2022, which will be disposed of by the Madrid Provincial 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 compensation for damages. Madrid Court of First Instance no. 51 upheld the Shareholders' claims through an order dated 11 March 2021, recognising a total indemnity payment of EUR 26.19 million (EUR 11.3 million corresponding to the ACS Group) and ordering the Funds to pay the costs. This order was ratified by the Madrid Provincial Court through an 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 claim was for declaratory judgement. In this claim, Haitong Bank S.A. Sucursal en España, acting as agent of the financial syndicate, claimed payment of EUR 562.5 million. Madrid Court of First Instance no. 26 found in favour of the claimants through a judgement dated 2 November 2021 (notified on 4 November), ordering Alazor's shareholders and their respective guarantors to pay Haitong Bank, for subsequent distribution among the lenders: (i) the amount of EUR 450 million (the total amount claimed less the EUR 112.5 million corresponding to Bankia, with which the claimants signed an out-of-court settlement); (ii) the statutory interest accrued since 21 December 2018; (iii) the late interest under the civil procedure act from the date of the judgement; and (iv) the costs. The judgement states that the shareholder Desarrollo de Concesiones Viarias Uno, S.L. and its guarantor ACS, Actividades de Construcción y Servicios, S.A. must pay EUR 132.9 million plus interest, and one fourth of the costs.

An appeal was filed against this judgement on 20 December 2021, and the Madrid Provincial Appellate Court is to hand down a ruling on it. It should be noted that Haitong Bank would be willing to request the provisional enforcement of the judgement and, if [the appeal] is allowed to proceed by the Court, the Court will issue an enforcement order requiring each judgement debtor to deposit or designate assets for an amount equivalent to the portion of the principal corresponding to that party and a provision for interest and costs, which is usually calculated at 30% of the principal (in the case of the ACS Group, approximately EUR 173 million). In such an event, the execution debtors will attempt to request the suspension of the enforcement or, alternatively, will propose that a guarantee or other surety instrument be furnished as a provisional alternative until the final non-appealable judgement is handed down.

The possible impact of the following events relating to the public administration's liability (Responsabilidad Patrimonial de la Administración — RPA) for the concession agreement corresponding to Highways R3 and R5 on the risk associated with the ACS Group's investment in Alazor is being analysed:

a. On 21 December 2021, the Ministry of Finance announced on its website that the Council of Ministers authorised modifying the spending limits charged to future years and increasing the credit corresponding to 2021, to allow the Highway Department to attend to the effects of the termination of several concession agreements. In its announcement, the Ministry stated that, regarding Highways R3 and R5, the Highway Department 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 Official State Gazette [Boletín Oficial del Estado - BOE] published Council of Ministers Resolution of 28 December 2021, approving the first provisional settlement of the contract and of the RPA corresponding to Highways R3 and R5, and agreeing on the payment on account of EUR 119,150,068.53 plus the interest for the time elapsed between when the order giving rise to the settlement phase of the solvency proceedings regarding the concessionaire was declared final and un-appealable and the day of effective payment.

c. On 15 February 2022, the trustees in bankruptcy of Accesos de Madrid, the concessionaire of Highways R3 and R5, acknowledged that they had received EUR 131,773,447.03 as the first payment on account of the RPA. After recalling that Alazor's financial creditors had recognised in the insolvency proceedings of Accesos de Madrid a pledge on the RPA, they asked the insolvency court for authorisation to pay the amount received individually to Accesos de Madrid's and Alazor's lenders, making the payment to the account of each of them indicated by Haitong Bank.

d. On 14 March 2022, the Judge of Madrid Commercial Court no. 6 gave authorisation for the amounts received by the insolvent party on account of the RPA to be paid individually to each senior lender in the current account indicated by each of them.

e. In addition, through a judgement dated 28 January 2022, the Supreme Court's Third Division partially allowed the appeal to the administrative court brought by the shareholders and guarantors of Highways R3 and R5 against Council of Ministers Resolution of 26 April 2019, which interpreted the highway concession agreements terminated by insolvency, regarding the RPA calculation method. As a result of this judgement, the awarding administration will be required to review the first RPA settlement ruling, which has already been drafted, and to take into account in the second and third rulings the Supreme Court's corrections to the calculation method. All of this can be expected to substantially increase the amounts estimated by the administration for the payment of the RPA.

Lastly, in March 2023, conditions that did not exist at year-end have become evident, giving rise to a definitive solution to favourably solve the possible impact referred to above.

In relation to the ACS Group's investment in Irasa (Highway R2), 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 judgement 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 project cost overruns and expropriations. This claim was dismissed by Madrid Court of First Instance no. 37 in a judgement dated 14 July 2022, releasing the shareholders from all the claims against them and ordering the claimants to pay the costs. On 8 September 2022, the Funds filed an appeal against this judgement, which the Madrid Provincial Court allowed to proceed.

In the insolvency proceedings of Henarsa, Irasa, Accesos de Madrid and Alazor, they were all declared to be not at fault. The trustees in bankruptcy of Henarsa and Accesos de Madrid handed over the operation of Highways R2 and R3 / R5 to the State in documents dated 28 February and 9 May 2018, respectively. The highways are being managed by the Ministry of Transport, Mobility and Urban Agenda [Ministerio de Transportes, Movilidad y Agenda Urbana] through SEITTSA — the state-owned land transport infrastructure company — under an agreement signed in August 2017, which was initially extended until 2022 and which has been extended again until 2032.

With regard to the proceedings in progress described above, the Company's directors, with the support of their legal advisors, do not expect any material liabilities additional to those recognised in the Annual Accounts to arise from the transactions or the results of the proceedings described in this note.

19.04. Average period of payment to suppliers

Disclosures on the period of payment to suppliers. Final Provision Two of Law 31/2014, of 3 December

The following is a summary of the disclosures required by Final Provision Two of Law 31/2014 of 3 December, 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, and which is applicable to Annual Accounts for years beginning on or after 1 January 2015:

	2022	2021
	Days	Days
Average period of payment to suppliers	16	36
Ratio of transactions paid	16	34
Ratio of transactions pending payment	31	37
	Thousands of Euros	Thousands of Euros
Total payments made	47,121	25,408
Total payments pending	584	30,932

In accordance with Law 18/2022, of 28 September on Enterprise Creation and Growth *[Ley 18/2022, de 28 de septiembre, de Creación y Crecimiento de empresas*], information is provided below on invoices paid in a period shorter than the maximum allowed in regulations on delinquent payments:

	2022
Monetary amount paid in euros in a period lower than the maximum established in the late payment regulations (thousands of euros)	47,121
Percentage of total monetary payments made to suppliers	100.0 %
Number of invoices paid in a period lower than the maximum established in the regulations on late payment.	2,403
Percentage over total number of invoices paid to suppliers	100.0 %

The figures shown in the above table in relation to payments to suppliers relate to suppliers that, because of their nature, are trade creditors for the supply of goods and services and, therefore, they include the figures relating to “Sundry accounts payable” under current liabilities in the accompanying balance sheet.

“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 in which 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 in which the denominator is the total amount of payments made and payments outstanding.

The ratio of transactions paid is calculated as the quotient in which the numerator is the sum of the products obtained by multiplying the amounts paid by the number of days until payment, and in which the denominator is the total amount of the payments made. Number of days until payment is understood as the number of calendar days 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 in which the numerator is the sum of the products obtained by multiplying the amounts payable by the number of days of outstanding payment, and in which the denominator is the total amount of the payments outstanding. Number of days of outstanding payment is understood as the number of calendar days elapsed from the date on which calculation of the period began until the last day of the period of the Annual Accounts.

The Company 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.

20. 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 11.01).

On 20 February 2023, ACS, Actividades de Construcción y Servicios, S.A. decided to extend the forward contract, which affects a total of 11,968,007 treasury shares and is to be settled exclusively in cash by differences, such that it will be settled between 7 March 2024 and 2 August 2024 at a rate of 115,075 shares per session (see Note 10).

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

Directors' Report

for 2022

01. Company Performance in 2022

ACS, Actividades de Construcción y Servicios, S.A. is the Parent of the ACS Group, a world leader in the infrastructure construction sector. The Group comprises several companies that operate in three distinct business lines: Construction, which comprises the activities of civil construction projects, building projects and infrastructure services; Concessions, which focuses on the development and operation of transport concessions; and Services, as a provider of comprehensive maintenance for buildings, public places and organisations, as well as assistance to people. The international market accounts for 91% of the ACS Group's revenue, and its strategic markets are North America and Australia.

The following table summarises the Group's consolidated financial data (reported in line with EU-IFRS):

Key operating and financial consolidated figures			
Millions of Euros	2022	2021 (*)	Var.
Sales	**33,615**	**27,837**	***+20.8%***
EBITDA	**1,747**	**1,598**	***+9.4%***
Net Profit	**668**	**403**	***+66.0%***
Backlog	**68,996**	**63,733**	***+8.3%***
Total Net (Debt)/Cash	**224**	**2,009**	**-1,785**

Data presented according to ACS Group management criteria.

(*) The Group's net profit in 2022 amounted to EUR 403 million, and does not take into account net gains on the sale of Industrial Services in 2021, the results of Industrial Services and other non-recurring impacts. Considering these impacts, net profit in 2021 stood at EUR 3,045 million.

Sales in the period rose by 20.8% to EUR 33,615 million. Adjusted for changes in the exchange rate, sales increased by 11.6%. This favourable performance is underpinned by widespread growth of activities in all markets, particularly the United States and Australia.

At 31 December 2022, the portfolio stood at EUR 68,996 million, 8.3% higher than the previous year (5.4% adjusted for the exchange rate). The strong performance of procurements meant that the backlog reached record highs, in terms of both volume and diversification. Awards in the year amounted to EUR 39,104 million, with more than EUR 11,800 million in contracts in the last quarter of the year, and with a growing share of new generation infrastructure projects relating to the energy transition and new technologies.

Gross operating profit (EBITDA) rose to EUR 1,747 million, for a 9.4% year-on-year increase. The changes in the operating margins were primarily due to a change in the business mix, with the increased importance of construction management activities in North America (Turner), which has lower margins, the lowering of the contract risk profile, and minor short-term impacts linked to project development.

Net profit stood at EUR 668 million euros, up 66.0%, with the contribution of Industrial Services — EUR 2,642 million — eliminated in 2021. The strong performance of Construction and Concession activities, which contributed to this growth, can be broken down by area of activity as follows:

Breakdown of net income by activity			
Millions of Euros	2022	2021 (*)	Var.
Construction	350	273	28.3%
Concessions	194	167	16.1%
Services	27	29	(6.4)%
Net Profit from the activities	**572**	**470**	**21.8%**
Corporation & others (1)	96	(67)	n.a
Net Profit	**668**	**403**	**66.0%**

1) Includes real estate and energy activities

(*) The Group's net profit in 2022 amounted to EUR 403 million, and does not take into account net gains on the sale of Industrial Services in 2021, the results of Industrial Services and other non-recurring impacts. Considering these impacts, net profit in 2021 stood at EUR 3,045 million.

Net profit from operations grew by 21.8% to EUR 572 million as a result of the strong operating and financial performance of all business activities, while the reduction in non-controlling interests of Cimic and Hochtief also contributed to this growth.

In 2022, the Corporation recognised a positive impact due to the change in the fair value of hedging instruments tied to ACS shares in the amount of EUR 56 million, net of tax effect and provisions made during the period (EUR 67 million), and EUR 65 million from the revaluation of the Industrial Services earn-out.

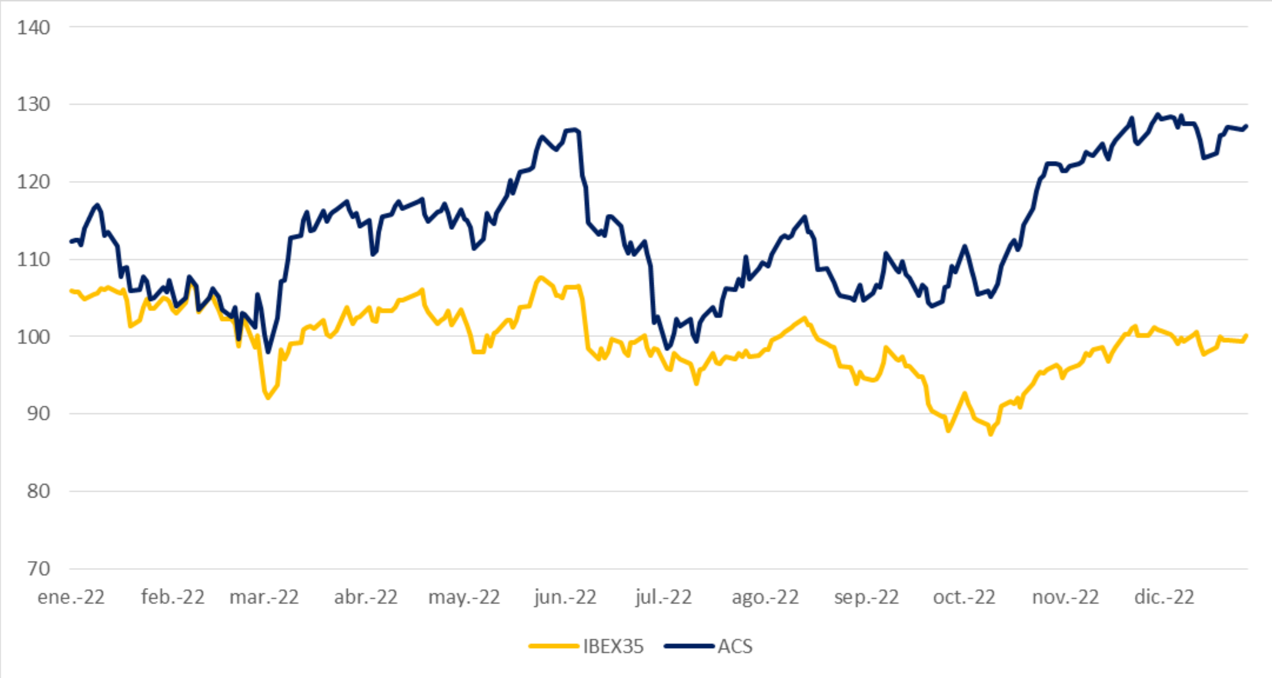
The effective tax rate, excluding non-recurring impacts, was 32.3%, compared to 23.6% in the comparable period, as a result of less tax credits from previous years being used.

The main item of income of ACS Actividades de Construcción y Servicios, S.A. relates to the dividends and finance income received from companies that form part of its consolidated group, which are detailed in the following table:

	Millions of Euros	
	2022	2021
Dividends of subsidiaries and associates	347	4,963
Service provision	16	11
Total	**363**	**4,974**

02. Stock Market Performance

The share price of ACS, Actividades de Construcción y Servicios, S.A. has shown greater volatility due to the uncertainty resulting from the pandemic, especially in the first months of the health crisis. The share price in 2022 gained 13.58%, which together with the dividend paid raised annual shareholder return by 22.07% ; the benchmark Spanish stock market index, the IBEX 35, declined by 5.56% in the same period; and earnings adjusted for dividends were down 1.51%.



The table here below summarises the main data on stock market performance for the ACS share:

ACS Share Performance	2022	2021
Closing Price	€26.77	€23.57
Evolution	13.58%	-13.19%
Maximum during the period	€27.30	€29.25
Date Maximum reached during the period	2 Dec	14 Jan
Minimum during the period	€20.79	€20.81
Date Minimum reached during the period	6 Jul	19 Jul
Period Average	€23.88	€24.40
Total share volume (thousands)	183,788	254,919
Average daily volume (thousands)	715	996
Total money flow (million €)	4,389	4,288
Average daily money flow (million €)	17.08	16.75
Number of shares (millions)	284.16	304.66
Market capitalization (million €)	7,607	7,181

At 31 December 2022, ACS, Actividades de Construcción y Servicios, S.A. held 25,904,154 treasury shares on the balance sheet, representing 9.1% of capital. The detail of the transactions carried out during the year is as follows:

	2022		2021	
	Number of Shares	Thousands of Euros	Number of Shares	Thousands of Euros
At beginning of the year	**28,876,176**	**691,899**	**25,604,141**	**635,994**
Purchases	29,708,164	709,781	20,169,758	472,252
Depreciation and sales	(32,680,186)	(779,528)	(16,897,723)	(416,347)
At end of the year	**25,904,154**	**622,152**	**28,876,176**	**691,899**

03. Risk Management Policies

03.01 Main risks and uncertainties faced by ACS, Actividades de Construcción y Servicios, S.A.

The ACS Group carries on its activities in industries, countries and socio-economic and legal environments that entail different levels of risk.

The ACS Group monitors and manages these risks to prevent them from reducing shareholder returns, jeopardising its employees or its corporate reputation, causing problems for its customers or giving rise to a negative impact on the Company as a whole.

To manage these risks, the ACS Group uses various tools to identify them sufficiently in advance or to avoid them altogether by minimising the risks and prioritising their impact as required.

The ACS Group's Corporate Governance Report for 2022 details these risk management tools as well as the risks and the uncertainties to which it has been exposed during the year.

03.02 Financial risk management

The ACS Group is similarly exposed to various financial risks, whether from changes in interest rates or exchange rates, liquidity risk or credit risk.

Risks arising from changes in the interest rates on cash flows are reduced by hedging the rates through financial instruments that mitigate the effect of any fluctuations. In this context, the Company uses interest rate swaps to reduce exposure from non-current loans.

Foreign currency risk is managed by arranging debt in the same functional currency as that of the assets financed by the Group abroad. To hedge the net positions denominated in currencies other than the euro, the Group arranges various financial instruments to reduce its exposure to foreign currency risk.

To manage liquidity risk arising from timing mismatches between the funds required and those generated, a balance is maintained between the term and the flexibility of the borrowings arranged by using phased financing that matches the Group's funding requirements. This goes hand in hand with the Group's capital management, which preserves an optimum financial and equity structure in order to reduce the cost of capital whilst safeguarding the Group's ability to continue operating with sound debt/equity ratios.

Lastly, credit risk arising from the non-payment of trade receivables is managed through the preventative assessment of the solvency rating of the Group's potential customers, both at the start of the business relationship for each set of works or project and during the contract term, by evaluating the credit rating of the outstanding amounts receivable and reviewing the estimated recoverable amounts that are considered doubtful receivables.

A complete description of the mechanisms used to manage all these financial risks and the financial instruments used to hedge the risks is included in the Annual Accounts of the Company and those of the Group for 2022.

03.03 Climate change risk

In order to respond to the need for comprehensive and uniform risk management, ACS has established a model that includes the identification, assessment, classification, measurement, management and follow-up of risks throughout the Group and its operating divisions. These identified risks are used to create a risk map that is regularly updated based on the different variables included in it and on the Group's areas of activity.

Continuing with its commitment to ongoing improvement, in 2022 the ACS Group moved forward with its analysis and assessment of the most significant risks and the identification of opportunities, based on the exercises presented in the previous year's reports. In 2022, in keeping with the recommendations of the

Task Force on Climate-Related Financial Disclosures (TCFD), various climate scenarios and time horizons were used to assess climate risks and opportunities by applying a well-tested methodology.

Climate change risks can be classified as:

– Physical risks, which emerge from the physical effects of climate change. They are considered acute if they arise as a result of specific or punctual weather or climatic events, or chronic if they arise from more progressive changes in climate patterns.
– Transition risks, which arise from adapting business models to a decarbonised economy. They are interconnected and their identification is important with respect to stakeholders, especially investors, given that a failure to respond to these risks may have operational and financial consequences. They include legal, technological market and reputational risks.

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

Chapter 5.1. of the Directors' Report of the ACS Group's consolidated Annual Accounts for 2022 and 2021 gives a complete breakdown of the most significant risks and opportunities identified. A summary of the scenarios, time horizons used and likelihoods of occurrence of those scenarios 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 most recent assessment report (AR6) have been used as a point of reference. The time horizon analysed for physical risks has been updated in accordance with the time horizons determined by the IPCC (2021-2040;2041-2060; 2061-2100). They are assessed according to five risk levels, from very low to very high. The main risks identified are:

  – Increased severity and frequency of weather phenomena (acute): low risk in the horizons and scenarios analysed.
  – Extreme climate events relating to temperatures (acute): from very low to low risk, depending on the time horizon and scenario analysed.
  – Disruptions in the supply chain caused by extreme climate phenomena (acute): from very low to low risk, depending on the time horizon and scenario analysed.

- **Transition risks:** The Stated Policies Scenario (Steps) and the Net Zero Emissions by 2050 (NZE) scenario of the International Energy Agency (IEA) have been taken as a reference. For transition risks, the following time horizons have been updated, according to the transition scenarios analysed: 2022-2035 and 2036-2050. They are assessed according to five risk levels, from very low to very high. The main risks identified are:

  – Reputational harm caused by climate change (reputational): medium to low risk, depending on the time horizon and scenario analysed.
  – Increased financing cost (market): low to high risk, depending on the time horizon and scenario analysed.
  – Higher insurance prices or reduced coverage (market). very low to medium risk, depending on the time horizon and scenario analysed.
  – Higher greenhouse gas emissions prices (regulatory): low to medium risk, depending on the time horizon and scenario analysed.
  – Regulation of project and services specifications (regulatory). very low to medium risk, depending on the horizon and scenario analysed.
  – Higher raw materials costs (market): low to medium risk, depending on the time horizon and scenario analysed.

- **Opportunities**: The Stated Policies Scenario (Steps) and the “Net Zero Emissions by 2050” (NZE) scenario of the International Energy Agency (IEA) have been taken as a reference. For opportunities, the following time horizons have been updated according to the transition scenarios analysed: 2022-2035 and 2036-2050. They are assessed according to five opportunity levels, from very low to very high. The main opportunities identified are:
  - Growing market for constructing climate change adaptation solutions (market); low to high opportunity, depending on the horizon and scenario analysed.
  - New opportunities relating to the electrification of the economy (electricity transmission, construction of battery factories) and renewable energies: low to very high opportunity, depending on the horizon and scenario analysed.
  - Other opportunities identified that could potentially have a significant impact on the Company are:
    - New opportunities relating to transport sector decarbonisation (railways, public transport system).
    - Water infrastructure construction/renovation.
    - Increased demand for building rehabilitation with energy efficiency criteria.
    - Operational efficiency enhancement actions (reduced water and energy use, innovation in product cycles...).

The ACS Group bases its 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.

In addition, the review conducted in 2022 identified the main measures for adapting to physical risks arising from climate change that should be implemented in the main lines of activity of the ACS Group.

The ACS Group’s leadership position in the infrastructure sector, and the actions carried out by the various ACS Group companies in the fight against climate change, means that the Group is also well positioned with a competitive edge to take advantage of the opportunities arising from climate change mitigation and adaptation activities.

In terms of the identified opportunities, the ACS Group has solid experience in promoting environmentally friendly products and services that are adapted to the impacts of climate change and contribute to the transition to a low carbon economy. In 2022, the projects managed by the ACS Group in Green Building and Green Infrastructure stood at EUR 12,935 million (compared to EUR 10,763 million in 2021), representing 41.2% of the ACS Group’s Construction sales.

Moreover, 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 should be noted that differences of interpretation of some criteria of substantial contribution have arisen among the various countries to which Commission Delegated Regulation (EU) 2021/2139 applies during this first year of application.

Specifically, there are differences of criteria regarding the eligibility of highway infrastructure within activity code 6.15 Infrastructure, which permits low carbon road transport and public transport. So as to present the information transparently, two scenarios are given: a first scenario in which highway infrastructure activity has not been considered an eligible activity, and the second scenario in which highway infrastructure activity has been considered eligible.

It is hoped that with the European clarifying documents (FAQs) to be published in 2023, the uncertainties over the interpretation of the criteria will be cleared up and the analysis can be updated 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 further information, see section 5.1.1. Combating climate change, and point 5.11. European Union Taxonomy, in the Statement of Non-Financial Information of the 2022 ACS Group's consolidated Directors' Report.

04. Human Resources

ACS, Actividades de Construcción y Servicios, S.A. had 54 employees in 2022. The Company's human resources policy follows the same line as that of ACS Group, and is aimed at retaining and recruiting teams of dedicated individuals, who have a high level of knowledge and expertise and are capable of providing the best service to our customers and rigorously and effectively generating business opportunities.

At 31 December 2022, the Consolidated Group had a total of 128,721 employees, of whom 16,475 are university graduates.

05. Corporate Social Responsibility and Non-Financial Information

The ACS Group's Corporate Social Responsibility policy, revised and approved by the Board of Directors at its meeting held on 25 February 2016, establishes basic principles and targeted actions on this topic as well as for the Group's relationship with the environment.

The details of the outcomes of the Corporate Social Responsibility policy, its basic principles and targeted actions by the ACS Group are compiled and published regularly on the ACS Group's website (www.grupoacs.com) and in the Integrated Annual Report accessible on the same website. Similarly, the Annual Report from Hochtief (www.hochtief.com) details the most relevant aspects relating to corporate social responsibility for that company and its subsidiaries.

Moreover, the ACS Group's Non-financial Information Statement is included in Chapter 6 of the consolidated Directors' Report for ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries, which forms part of the Integrated Report, prepared in accordance with Global Reporting Initiative (GRI) standards.

06. Significant Events After Year End

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.

On 20 February 2023, ACS, Actividades de Construcción y Servicios, S.A. decided to extend the forward contract, which affects a total of 11,968,007 treasury shares and is to be settled exclusively in cash by differences, such that it will be settled between 7 March 2024 and 2 August 2024 at a rate of 115,075 shares per session.

07. Outlook for 2023

Despite the geopolitical tension arising from the invasion of Ukraine and an economic scenario hampered by higher rates and global inflation, the ACS Group continues to have a favourable outlook for the performance of its businesses in coming quarters, thanks to its highly diversified, solid project portfolio and its balanced risk profile. The Group is uniquely positioned in the sector based on its leadership in developed markets along with a decentralised, flexible and dynamic business model, allowing it to quickly adapt to changing market conditions. These unique characteristics, along with a sound financial situation, are clear competitive advantages in the market, positioning the ACS Group as a key player in the sector’s transition to new generation infrastructure linked to the energy and digital transition. In addition the Group will continue to strengthen its concessional area with investments in the transport businesses, such as its recent acquisition of Highway SH-288 in Texas, in social infrastructure and in energy, and also in the new sectors on which its strategic growth is focused.

08. Average Period of Payment to Suppliers

Payments to suppliers relate to suppliers that, because of their nature, are trade creditors for the supply of goods and services; therefore, they include the figures relating to “Trade and other payables - Payable to suppliers” under current liabilities in the accompanying balance sheet.

	2022	2021
	Days	Days
Average period of payment to suppliers	16	36
Ratio of transactions paid	16	34
Ratio of transactions pending payment	31	37
	Thousands of Euros	Thousands of Euros
Total payments made	47,121	25,408
Total payments pending	584	30,932

In accordance with Law 18/2022, of 28 September on Enterprise Creation and Growth, information is provided below on invoices paid in a period shorter than the maximum allowed in delinquent payments:

	2022
Monetary amount paid in euros in a period lower than the maximum established in the late payment regulations (thousands of euros)	47,121
Percentage of total monetary payments made to suppliers	100.0 %
Number of invoices paid in a period lower than the maximum established in the regulations on late payment.	2,403
Percentage over total number of invoices paid to suppliers	100.0 %

Note 23 to the Group's consolidated financial statements provides additional information on the average period of payment to suppliers.

09. Annual Corporate Governance Report

The Annual Corporate Governance Report required by commercial law, which forms an integral part of the Directors' Report for 2022, is presented by reference and will be available on the CNMV website.

10. Annual Report on Director´s Remuneration

The Annual Report on Director Remuneration required by commercial law, which forms an integral part of the Directors' Report for 2022, is presented by reference and will be available on the CNMV website.

Declaration of Responsibility and Authorisation for Issue

The Board members declare that, to the best of their knowledge, the annual accounts (balance sheet, income statement, statement of recognised income and expense, statement of cash flows and the notes to the financial statements) have been prepared in accordance with the applicable accounting principles, and in accordance with the format requirements established in Commission Delegated Regulation (EU) 2019/815, provide a true and fair view of the equity, financial position and income of ACS, Actividades de Construcción y Servicios, S.A., and that the Directors' Report approved includes a fair analysis view of the business performance and results and the position of ACS, Actividades de Construcción y Servicios, S.A., together with a description of the main risks and uncertainties it faces, as well as the Annual Corporate Governance Report and the Annual Remuneration Report. In accordance with the provisions in force, the Board members sign this declaration of responsibility, the annual accounts and the directors' report of ACS, Actividades de Construcción y Servicios, S.A., prepared in accordance with the standards in force at 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 Luís del Valle Pérez (Director and General Secretary)	

The Director Mrs. María Soledad Pérez Rodríguez has not signed the annual accounts because he/she was unable to attend this meeting of the Board of Directors. She agrees with the accounts.

Madrid, 23 March 2023