



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

Condensed Consolidated Half-yearly Financial Statements for the six-month period ended June 30, 2023

Free Translation from the original in Spanish. In the event of discrepancy, the Spanish-Language version prevails.

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

Interim Condensed Consolidated Financial
Statements for the six-month period ended 30
June 2023 prepared in accordance with
International Financial Reporting Standards
(IFRSs) as adopted by the European Union,
together with Report on Limited Review

Translation of a report originally issued in Spanish and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial framework applicable to the Group in Spain (see Note 01.01). In the event of a discrepancy, the Spanish-language version prevails.

Translation of a report originally issued in Spanish and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial framework applicable to the Group in Spain (see Note 01.01). In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
ACS, Actividades de Construcción y Servicios, S.A. at the request of the Board of Directors:

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements (“the interim financial statements”) of ACS, Actividades de Construcción y Servicios, S.A. (“the Parent”) and Subsidiaries (“the Group”), which comprise the interim condensed consolidated statement of financial position as at 30 June 2023, and the interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for preparing these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the audit regulations in force in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

Based on our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2023 are not prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial statements, pursuant to Article 12 of Royal Decree 1362/2007.

Emphasis of Matters

We draw attention to Note 01.01.01 to the accompanying interim financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2022. Our conclusion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2023 contains the explanations which the Parent's directors consider appropriate about the significant events that took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required under Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2023. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries.

Other Matter

This report was prepared at the request of the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. in relation to the publication of the half-yearly financial report required by Article 100 of Consolidated Spanish Securities Market and Investment Services Law approved by Law 6/2023, of 17 March.

DELOITTE, S.L.
(Signed on original in Spanish)

Ignacio Alcaraz Elorrieta
27 July 2023

CONTENTS**Page**

– Consolidated statement of financial position at 30 June 2023	4
– Consolidated income statement for the half-year ended 30 June 2023	6
– Consolidated statement of comprehensive income for the six-month period ended 30 June 2023	7
– Consolidated statement of changes in equity for the six-month period ended 30 June 2023	8
– Consolidated statement of cash flows for the six-month period ended 30 June 2023	9
– Explanatory Notes to the Condensed Consolidated Half-yearly Financial Statements for the six-month period ended 30 June 2023	10
01. Introduction and basis of presentation for the half-yearly Condensed Consolidated Financial Statements	10
01.01. Basis of presentation and principles for consolidation	10
01.01.01. Basis of presentation	10
01.01.02. Bases of consolidation	11
01.01.03. Effect of the Ukraine-Russia conflict	12
01.02. Entry into force of new accounting standards	12
01.03. Comparative information	13
01.04. Non-current assets held for sale, liabilities related to non-current assets held for sale and discontinued operations	14
01.04.01. Non-current assets held for sale and liabilities associated with non-current assets classified as held for sale	14
01.04.02. Discontinued operations	17
01.05. Materiality	17
01.06. Events after the reporting date	17
01.07. Consolidated statement of cash flows	18
01.08. Changes in the scope of consolidation	20
01.09. Currency	23
01.10. Dividends paid by the Parent Company	23
01.11. Earnings per share from continuing and discontinued operations	24
01.11.01. Basic earnings per share	24
01.11.02. Diluted earnings per share	25
01.12. Seasonal nature of Group transactions	25
02. Intangible assets	25
02.01. Goodwill	25
02.02. Other intangible assets	26
03. Tangible assets - property, plant and equipment	26
04. Non-current assets in projects	27
05. Investments in companies accounted for using the equity method	29
06. Financial assets	33
06.01. Composition and breakdown	33
06.02. Equity instruments	34
06.03. Loans to associates and loans to third parties	34
06.04. Debt securities	34
06.05. Other financial assets and non-current financial assets in operating receivables	34
06.06. Trade and other receivables	35
06.07. Impairment losses	36
06.08. Cash and cash equivalents	36
07. Inventories	36
08.01. Share capital	36
	36

08.02. Treasury shares	38
08.03. Adjustments for changes in value	40
08.04. Non-controlling interests	40
09. Non-current provisions	41
10. Financial liabilities	42
10.01. Debentures and other marketable securities	42
10.02. Bank borrowings	43
10.03. Capital management	46
11. Derivative financial instruments	46
12. Tax matters	49
12.01. Deferred tax assets and liabilities	49
12.02. Change in income tax expense	50
13. Business segments	51
14. Finance costs	54
15. Average headcount	55
16. Impairment and gains or losses on the disposal of non-current assets and financial instruments and other operating expenses	55
17. Changes in the fair value of financial instruments	56
18. Related party transactions and balances	56
19. Transactions between individuals,, companies or Group entities related to Group shareholders or directors	56
20. Board of Directors and senior executives	57
20.01. Remuneration of directors	57
20.02. Remuneration of senior executives	58
20.03. Share-based remuneration systems	58
21. Other contingent liabilities	59
Appendix I	63
Individual financial statements	65
Basis of presentation of the selected individual financial information	65
Declaration of responsibility	66

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023**

ASSETS	Note	Thousands of Euros	
		30/06/2023	31/12/2022
		(*)	
NON-CURRENT ASSETS		11,923,120	12,420,992
Intangible assets	02	3,263,883	3,283,899
Goodwill		2,718,405	2,716,197
Other intangible assets		545,478	567,702
Tangible assets - property, plant and equipment	03	1,569,144	1,572,180
Non-current assets in projects	04	238,411	281,746
Investment property		67,175	68,561
Investments accounted for using the equity method	05	4,750,032	4,828,089
Non-current financial assets	06	1,066,447	1,434,655
Long term deposits	06	25,997	405
Derivative financial instruments	11	119,703	112,190
Deferred tax assets	12	822,328	839,267
CURRENT ASSETS		24,663,971	25,159,308
Inventories	07	808,316	828,968
Trade and other receivables		9,556,914	8,564,653
Trade receivables for sales and services	06	8,285,123	7,383,175
Other receivable	06	1,088,683	1,006,282
Current tax assets		183,108	175,196
Other current financial assets	06 and 10.02	1,165,130	1,180,617
Derivative financial instruments	11	383,026	252,839
Other current assets		263,114	226,771
Cash and cash equivalents	06	7,765,355	9,419,987
Non-current assets held for sale and discontinued operations	01.04	4,722,116	4,685,473
TOTAL ASSETS		36,587,091	37,580,300

(*) Unaudited.

The accompanying notes 01 to 21 and Appendix I are an integral part of the consolidated statement of financial position at 30 June 2023.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

EQUITY AND LIABILITIES	Note	Thousands of Euros	
		30/06/2023	31/12/2022
		(*)	
EQUITY	08	6,015,516	6,375,877
SHAREHOLDERS' EQUITY		4,803,468	5,166,439
Share capital		139,082	142,082
Share premium		366,379	366,379
Reserves		4,408,498	4,625,358
(Treasury shares and equity interests)		(495,730)	(622,170)
Profit for the period of the parent		385,239	668,227
(Interim dividend)		—	(13,437)
ADJUSTMENTS FOR CHANGES IN VALUE		474,565	380,957
Financial assets with changes in other comprehensive income		(59,203)	(60,016)
Hedging instruments		344,844	343,293
Translation differences		188,924	97,680
EQUITY ATTRIBUTED TO THE PARENT		5,278,033	5,547,396
NON-CONTROLLING INTERESTS		737,483	828,481
NON-CURRENT LIABILITIES		11,251,080	11,484,229
Grants		1,983	2,039
Non-current provisions	09	1,541,444	1,549,091
Non-current financial liabilities	10	8,718,119	8,878,681
Bank borrowings, debt instruments and other marketable securities		8,426,798	8,565,069
Project finance with limited recourse		192,880	205,476
Other financial liabilities		98,441	108,136
Long term lease liabilities	03	545,293	550,746
Derivative financial instruments	11	29,568	23,569
Deferred tax liabilities	12	303,929	294,346
Other non-current liabilities		110,744	185,757
CURRENT LIABILITIES		19,320,495	19,720,194
Current provisions		963,825	926,631
Current financial liabilities	10	1,635,146	1,498,323
Bank borrowings, debt instruments and other marketable securities		1,585,373	1,445,417
Project finance with limited recourse		26,859	33,666
Other financial liabilities		22,914	19,240
Short term lease liabilities	03	164,673	155,055
Derivative financial instruments	11	69,831	131,537
Trade and other payables		12,962,930	13,192,884
Suppliers		6,894,581	7,126,000
Other payables		5,812,560	5,898,483
Current tax liabilities		255,789	168,401
Other current liabilities		715,181	336,288
Liabilities relating to non-current assets held for sale and discontinued operations	01.04	2,808,909	3,479,476
TOTAL EQUITY AND LIABILITIES		36,587,091	37,580,300

(*) Unaudited.

The accompanying notes 01 to 21 and Appendix I are an integral part of the consolidated statement of financial position at 30 June 2023.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES**CONSOLIDATED INCOME STATEMENT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

	Note	Thousands of Euros	
		30/06/2023	30/06/2022
		(*)	
REVENUE	13	17,033,113	15,414,930
Changes in inventories of finished goods and work in progress		(3,484)	18,770
Capitalised expenses of in-house work on assets		164	234
Procurements		(11,520,229)	(10,730,646)
Other operating income		88,725	104,665
Personnel expenses		(3,846,124)	(3,468,919)
Other operating expenses		(1,088,457)	(1,061,572)
Depreciation and amortisation		(260,146)	(238,985)
Allocation of grants relating to non-financial assets and others		122	142
Impairment and gains or losses on the disposal of non-current assets	16	9,879	389,871
Other results	16	(4,091)	(8,485)
Ordinary results of companies accounted for using the equity method	05	229,250	174,119
Financial income		155,740	86,805
Financial costs	14	(318,768)	(222,020)
Changes in the fair value of financial instruments	17	200,058	31,558
Exchange differences		(5,445)	21,234
Impairment and gains or losses on the disposal of financial instruments	16	(59,683)	(4,621)
Non-ordinary results of companies accounted for using the equity method	05	1,593	2,029
PROFIT BEFORE TAX	13	612,217	509,109
Income tax	12	(152,015)	(125,922)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		460,202	383,187
Profit after tax from discontinued operations	01.04.02	—	65,333
PROFIT FOR THE PERIOD		460,202	448,520
(Profit) / loss attributed to non-controlling interests		(74,963)	(118,384)
(Profit) / loss from discontinued operations attributable to non-controlling interests		—	—
PROFIT ATTRIBUTABLE TO THE PARENT		385,239	330,136

EARNINGS PER SHARE	Note	Euros per share	
		30/06/2023	30/06/2022
Basic earnings per share	01.11	1.49	1.22
Diluted earnings per share	01.11	1.49	1.22
Basic earnings per share from discontinued operations	01.11	—	0.24
Basic earnings per share from continuing operations	01.11	1.49	0.98
Diluted earnings per share from discontinued operations	01.11	—	0.24
Diluted earnings per share from continuing operations	01.11	1.49	0.98

(*) Unaudited.

The accompanying notes 01 to 21 and Appendix I are an integral part of the consolidated income statement for the six-month period ended 30 June 2023.

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

	Thousands of Euros	
	30/06/2023 (*)	30/06/2022
(A) CONSOLIDATED RESULTS FOR THE PERIOD	460,202	448,520
(B) OTHER COMPREHENSIVE INCOME - ITEMS THAT ARE NOT RECLASSIFIED TO PROFIT OR LOSS FOR THE PERIOD:	(3,910)	142,394
For actuarial gains and losses	(6,275)	155,945
Tax effect	2,365	(13,551)
(C) OTHER COMPREHENSIVE INCOME - ITEMS THAT MAY BE RECLASSIFIED AFTER THE INCOME FOR THE PERIOD:	91,426	651,754
1. Hedging transactions:	(37,546)	91,686
Valuation gains/(losses)	(22,997)	78,676
Amounts transferred to the profit and loss account	(14,549)	13,010
2. Conversion differences:	77,205	210,643
Valuation gains/(losses)	78,859	230,600
Amounts transferred to the profit and loss account	(1,654)	(19,957)
3. Share in other comprehensive income recognized for investments in joint ventures and associates:	36,188	385,958
Valuation gains/(losses)	36,188	385,958
4. Debt instruments at Fair value through other comprehensive income	—	—
5. Other income and expenses that may be reclassified after the result of the period:	23,382	5,894
Valuation gains/(losses)	23,382	5,894
Amounts transferred to the profit and loss account	—	—
6. Tax effect	(7,803)	(42,427)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (A + B + C)	547,718	1,242,668
Attributed to the controlling entity	475,901	960,869
Attributed to non-controlling interests	71,817	281,799

(*) Unaudited.

The accompanying notes 01 to 21 and Appendix I are an integral part of the consolidated statement of comprehensive income for the six-month period ended 30 June 2023.

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

	Thousands of Euros								
	Share capital	Share premium	Retained earnings and other reserves	Treasury shares	Valuation adjustments	Profit/(Loss) attributed to the Parent	Dividendo a cuenta	Non-controlling interests	TOTAL
Balance at 01 January 2022	152,332	366,379	3,633,014	(691,916)	(170,918)	3,045,413	—	693,899	7,028,203
Income/(expenses) recognised in equity	—	—	81,611	—	549,122	330,136	—	281,799	1,242,668
Capital increases (Note 01.10 and 08)	1,524	—	(1,524)	—	—	—	—	—	—
Capital reductions (Note 01.10 and 08)	(8,000)	—	8,000	—	—	—	—	—	—
Stock options	—	—	2,236	—	—	—	—	—	2,236
Distribution of profit from the prior year									
To reserves	—	—	3,045,413	—	—	(3,045,413)	—	—	—
Acquisition of free allocation rights against 2021 (Note 01.10)	—	—	(128,736)	—	—	—	—	—	(128,736)
Remaining of free allocation rights against 2021 (Note 01.10)	—	—	71,310	—	—	—	—	—	71,310
Remaining of complementary allocation rights against 2021 (Note 01.10)	—	—	(388,861)	—	—	—	—	—	(388,861)
To dividends	—	—	—	—	—	—	—	(73,521)	(73,521)
Treasury shares (Note 08.02)	(1,524)	—	(453,653)	53,100	—	—	—	—	(402,077)
Treasury shares through investees	—	—	121	—	—	—	—	98	219
Changes in the ownership interest in controlled entities (Note 08.04)	—	—	(552,684)	—	—	—	—	(371,374)	(924,058)
Change in the consolidation perimeter and other effects of a lesser amount	—	—	(1,492)	—	—	—	—	(47,278)	(48,770)
Balance at 30 June 2022	144,332	366,379	5,314,755	(638,816)	378,204	330,136	—	483,623	6,378,613

	Thousands of Euros (*)								
	Share capital	Share premium	Retained earnings and other reserves	Treasury shares	Valuation adjustments	Profit/(Loss) attributed to the Parent	Dividendo a cuenta	Non-controlling interests	TOTAL
Balance at 31 December 2022	142,082	366,379	4,625,358	(622,170)	380,957	668,227	(13,437)	828,481	6,375,877
Income/(expenses) recognised in equity	—	—	(2,946)	—	93,608	385,239	—	71,817	547,718
Capital increases (Note 01.10 and 08)	1,166	—	(1,166)	—	—	—	—	—	—
Capital reductions (Note 01.10 and 08)	(3,000)	—	3,000	—	—	—	—	—	—
Stock options	—	—	2,236	—	—	—	—	—	2,236
Distribution of profit from the prior year									
To reserves	—	—	654,790	—	—	(668,227)	13,437	—	—
Acquisition of complementary allocation rights against 2022 (Note 01.10)	—	—	(123,960)	—	—	—	—	—	(123,960)
Remaining of allocation rights against 2022 (Note 01.10)	—	—	64,918	—	—	—	—	—	64,918
To dividends	—	—	—	—	—	—	—	(132,094)	(132,094)
Treasury shares (Note 08.02)	(1,166)	—	(200,754)	126,440	—	—	—	—	(75,480)
Treasury shares through investees	—	—	1,434	—	—	—	—	468	1,902
Changes in the ownership interest in controlled entities (Note 08.04)	—	—	(216,568)	—	—	—	—	(31,408)	(247,976)
Change in the consolidation perimeter and other effects of a lesser amount	—	—	(15,566)	—	—	—	—	219	(15,347)
Balance at 30 June 2023	139,082	366,379	4,408,498	(495,730)	474,565	385,239	—	737,483	6,015,516

(*) Unaudited.

The accompanying notes 01 to 21 and Appendix I are an integral part of the consolidated statement of changes in equity for the six-month period ended 30 June 2022.

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

		Note	Thousands of Euros	
			30/06/2023	30/06/2022
			(*)	
A)	CASH FLOWS FROM OPERATING ACTIVITIES		(141,839)	255,262
1	Profit before tax		612,217	509,109
2	Adjustments for:		81,680	105,629
	Depreciation and amortisation		260,146	238,985
	Other adjustments to profit (net)	01.07	(178,466)	(133,356)
3	Changes in working capital		(1,064,225)	(639,903)
4	Other cash flows from operating activities:		228,489	280,427
	Interest paid	10	(316,951)	(212,289)
	Dividends received		474,748	439,627
	Interest received	01.07	128,244	64,289
	Income tax (paid) / received	12	(57,552)	(11,200)
B)	CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES	02 and 03	(1,247,295)	280,243
1	Investment paid:		(1,493,473)	(238,497)
	Group companies, associates and business units		(1,245,309)	(109,748)
	Property, plant and equipment, intangible assets, projects and property investments		(243,507)	(108,265)
	Other financial assets		(4,487)	(20,375)
	Other assets		(170)	(109)
2	Divestment:	02 and 03	246,178	518,740
	Group companies, associates and business units		214,174	491,746
	Property, plant and equipment, intangible assets, projects and investment property		29,739	16,874
	Other financial assets		2,265	10,120
	Other assets		—	—
C)	CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		(161,524)	(4,560,337)
1	Equity instrument proceeds / (and payment):	01.07 and 08	(319,190)	(1,324,705)
	Issue		—	60,932
	Acquisition		(330,337)	(1,385,901)
	Disposal		11,147	264
2	Liability instrument proceeds / (and payment):	10	655,586	(2,952,416)
	Issue		1,936,054	(1,631,839)
	Refund and repayment		(1,280,468)	(1,320,577)
3	Dividends paid and remuneration relating to other equity instruments:	01.10	(112,240)	(68,954)
4	Other cash flows from financing activities:		(385,680)	(214,262)
	Payment of operating lease principal		(105,880)	(100,535)
	Other financing activity proceeds and payables	01.07	(279,800)	(113,727)
D)	EFFECT OF CHANGES IN EXCHANGE RATES		(103,974)	329,516
E)	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,654,632)	(3,695,316)
F)	CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		9,419,987	11,253,419
G)	CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		7,765,355	7,558,103
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD				
	Cash and banks		5,656,960	6,563,072
	Other financial assets		2,108,395	995,031
	TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		7,765,355	7,558,103

(*) Unaudited.

The accompanying notes 01 to 21 and Appendix I are an integral part of the consolidated statement of cash flows for the six-month period ended 30 June 2023.

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

Explanatory Notes to the Condensed Consolidated Half-yearly Financial Statements for the six-months period ended 30 June 2023

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

ACS, Actividades de Construcción y Servicios, S.A., the Parent Company, is public company incorporated in Spain in accordance with the Spanish Public Companies Act [Ley de Sociedades Capital] and its registered office is at Avenida de Pío XII, no. 102, 28036 Madrid.

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

01.01. Basis of presentation and principles for consolidation

01.01.01. Basis of presentation

The Condensed Consolidated Half-Yearly Financial Statements of ACS, Actividades de Construcción y Servicios, S.A. and Subsidiaries (hereinafter, the ACS Group) for the period of six months ending on 30 June 2023, were approved by the directors of the Parent Company at its Board of Directors meeting held on 27 July 2023, and were prepared using the accounting records kept by the Parent Company and the other companies within the ACS Group.

The directors approved the Condensed Consolidated Half-Yearly Financial Statements on the presumption that anyone who reads them will also have access to the Consolidated Annual Accounts for the year ended 31 December 2022, prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS), which were authorized for issue on 23 March 2023 and approved by the shareholders at the Annual General Meeting held on 5 May 2023. Consequently, and as they have been prepared using the accounting principles and standards employed in preparing the Consolidated Annual Accounts, it was not necessary to repeat or update the notes that are included in these Condensed Consolidated Half-Yearly Financial Statements. Instead, the accompanying explanatory notes include an explanation of events and transactions that are significant to an understanding of the changes in the consolidated financial position and consolidated performance of the ACS Group since the date of the above-mentioned Consolidated Annual Accounts. The interim financial information therefore does not include all the information required by the International Financial Reporting Standards as adopted by the European Union for a set of complete consolidated financial statements.

This consolidated interim financial information was prepared in accordance with International Accounting Standard 34 (IAS 34), on Interim Financial Reporting, and all the mandatory accounting principles and rules and measurement bases and, accordingly, they present fairly the ACS Group's consolidated equity and financial position at 30 June 2023, and the results of its operations, the changes in consolidated equity and the consolidated cash flows in the interim period then ended. All of this is pursuant to section 12 of Royal Decree 1362/2007.

In preparing this consolidated financial information for the ACS Group for the six-month period ended on 30 June 2023, estimates were occasionally made by the senior executives of the Group and of the consolidated entities, in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates essentially refer to the same aspects detailed in the Consolidated Annual Accounts for the year ended 31 December 2022:

- The measurement aimed at determining whether there are impairment losses on certain assets and, in particular, the assumptions and hypotheses considered in the analysis of the recoverability of the investment in Abertis.
- The fair value of the assets acquired and of the liabilities assumed in business combinations and the assignment of Purchase Price Allocation in acquisitions.
- The measurement of goodwill.
- The recognition of construction contract revenue and costs.
- The amount of certain provisions.
- The assumptions used in calculating liabilities and obligations to employees.
- The market value of derivatives (such as equity swaps, interest rate swaps, forward contracts, put option granted to Elliott on the interest in Thies, the put option granted to Elliott to sell its Class C preference shares in Thies, etc.) mentioned in Note 11.
- The useful life of the intangible assets and property, plant and equipment.
- The recoverability of deferred tax assets.
- The determination of the fair value of financial assets ("earn-out") and their consideration as discontinued operations.
- Environmental issues and their effect on assumptions of accounting estimates and judgements related to financial information.

In addition to the aspects detailed in the Consolidated Financial Statements for the year ended 31 December 2022, the income tax expense that, in accordance with IAS 34, is recognised in interim periods based on the best estimate of the weighted average tax rate that the Group expects for the annual period is noteworthy.

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

Changes in accounting estimates and policies and correction of fundamental errors

- [Changes in accounting estimates.](#)

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

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

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

No errors were corrected in the Condensed Consolidated Half-Yearly Financial Statements for the six-month period ended 30 June 2023. There were also no significant changes in accounting policies.

01.01.02. Bases of consolidation

Except for the above and the entry into force of new accounting standards, the bases of consolidation applied in the first half of 2023 are consistent with those applied in the Consolidated Annual Accounts for 2022 (see Note 01.02).

01.01.03.Effect of the Ukraine-Russia conflict

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

01.02. Entry into force of new accounting standards

Changes in accounting policies

During the 2023 reporting period, the following mandatory standards and interpretations, already adopted in the European Union, came into force and, where applicable, were used by the Group in these preparation of the Condensed Consolidated Financial Statements:

(1) New standards, amendments and interpretations whose application is mandatory in the year beginning January 1, 2023:

Approved for use in the European Union		Mandatory application in the years beginning on or after:
NIIF 17 Insurance Contracts	It replaces IFRS 4 and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts to ensure that entities provide relevant and reliable information that gives a basis for users of the financial information to assess the effect that insurance contracts have on the financial statements.	January 1, 2023
Amendments to IAS 1 Disclosure of accounting policies	Amendments that require companies to appropriately identify the material accounting policy information that should be disclosed in the financial statements.	
Amendments to IAS 8 Definition of accounting estimate	Amendments and clarifications to help entities distinguish changes in accounting estimates.	
Amendments to IAS 12 Deferred tax related to assets and liabilities arising from a single transaction	Clarifications on how companies should account for deferred tax and liabilities arising from a single transaction such as leases and decommissioning obligations.	
Amendments to IFRS 17 Insurance Contracts - Initial application of IFRS 17 and IFRS 9. Comparative information	Amendments to the transition requirements of IFRS 17 for insurers applying both IFRS 17 and IFRS 9 for the first time.	

Not yet approved for use by the European Union		Mandatory application in the years beginning on or after:
Amendments to IAS 12 Tax reform - Pillar 2 Model Rules	This amendment introduces a mandatory temporary exemption from the recognition of deferred taxes under IAS 12 related to the entry into force of the international Pillar 2 tax model. It also includes additional breakdown requirements.	January 1, 2023

Due to their relationship with certain companies of the Hochtief Group, the new IFRS 17 "Insurance contracts", which as of 1 January 2023, replaced the previous IFRS 4 "Insurance contracts" in its entirety.

Insurance contracts are measured using the building block approach in which the estimate of the present value includes all the discounted future cash flows, including an explicit risk adjustment and a contractual service margin. The contractual service margin represents the unearned profit that will be recognised in the future during the period in which the insurance contract services are provided. The measurement of insurance items, such as liabilities for insurance claims, typically takes into account all cash flows arising from the rights and obligations of an insurance contract.

The Group has chosen the modified retrospective approach for the transition to IFRS 17. Initial application of IFRS 17 has had no significant effects in its transition considering the consolidated financial statements of the ACS Group as a whole, assuming an effect of 0.5 millions of Euros in the consolidated statement of comprehensive income and 13.7 millions of Euros in the consolidated statement of comprehensive income during the first half of 2023. In accordance with this approach, the presentation of the comparative period remains unchanged and the opening of the consolidated statement of financial position for the year remains unchanged.

In relation to the remainder of the above standards, the ACS Group applied the standards in the first half of 2023 but they did not have a significant impact on the figures or the presentation and disclosure of the information, either because they did not entail any significant changes or because they refer to economic events that do not affect the ACS Group.

(2) New standards, amendments and interpretations whose application is mandatory subsequent to the calendar year beginning January 1, 2023 (applicable from 2024 onwards):

At the date of approval of these Condensed Consolidated Half-Yearly Financial Statements, the following standards and interpretations had been published by the IASB but had not yet come into force, either because their effective date is subsequent to the date of the Condensed Consolidated Half-Yearly Financial Statements or because they had not yet been adopted by the European Union:

Not yet approved for use by the European Union		Mandatory application in the years beginning on or after:
Amendments to IAS 1 Classification of liabilities as current and non-current and those subject to covenants	Clarifications regarding the presentation of liabilities as current or non-current, and in particular those whose maturity is conditional on compliance with covenants.	January 1, 2024
Amendments to IFRS 16 Lease liability in a sale and leaseback transaction	This amendment clarifies how companies subsequently account for lease liabilities arising on sale and leaseback transactions.	
Amendments to IAS 7 and IFRS 7 Financing agreements with suppliers	This amendment introduces requirements for discounting information specific to financing agreements with suppliers and their effects on the Company's liabilities and cash flows, including liquidity risk and associated risk management.	

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

01.03. Comparative information

The information contained in these Condensed Consolidated Half-yearly Financial Statements for the ACS Group for the first half of 2022 and at 31 December 2022 is presented solely for comparative purposes with each item in the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes of the Condensed Consolidated Half-Yearly Financial Statements for the six-month period ended 30 June 2023.

The explanatory notes include events or changes that might appear significant in explaining changes in the financial position and consolidated results of the ACS Group since the Group's last Consolidated Annual Accounts for 2022.

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

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

30 June 2023

At 30 June 2023, the non-current assets held for sale relate mainly to certain assets corresponding to the SH288 highway in Houston (United States), Concessions (see Note 01.08), energy projects in the process of being sold, such as the off-shore Kinkardine wind farm in Scotland and the Ca-Ku-A natural gas compression facility in Mexico and the 14.7% ownership interest in Ventia Services Group Ltd at market price for 231.6 millions of Euros, and other renewable energy and water assets that remain in the Group after the 2021 sale of most of the Industrial Services Line of Business signed with Vinci (see Note 01.04.02).

In all the above cases a formal decision was made by the Group to sell these assets, and a plan for their sale was initiated. These assets are currently available for sale and the sale is expected to be completed within a period of 12 months from the date of their classification as assets held for sale. It should be noted that the assets, which were classified as held for sale at 30 June 2023, were held in this category for a period of more than twelve months, but they were not sold due to certain circumstances, which at the time of their classification were not likely. Paragraph B1 (c) of appendix B of IFRS 5 exempts a company from using a one-year period as the maximum period for classifying an asset as held for sale if, during this period, circumstances arise that were previously considered unlikely, the assets were actively marketed at a price that is reasonable, they fulfil the requirements undertaken by Management and there is a high probability that the sale will occur within one year from the balance sheet date.

In the first half of 2023 the total value of the non-current assets held for sale increased to 36,643 thousands of Euros and the liabilities related to these assets decreased to 670,567 thousands of Euros. The change was due, on the one hand, to the reclassification as non-current assets held for sale in the year of the ownership interest in Ventia by Cimic in the amount at 30 June 2023 of 231.6 millions of Euros (see Note 01.08) since at 31 December 2022 it was included under "Non-current financial assets" in the statement of financial position and by the other, the derecognition of the Hydro Management, S.L. desalination plant due to the absence of the conditions determined by accounting regulations to maintain this classification, and the decrease in liabilities held for sale for the payment of the SH288 in January 2023.

The breakdown of the assets held for sale and liabilities associated with these assets at 30 June 2023 is as follows:

	Thousands of Euros			
	30/06/2023			
	Renewable energy	Highways	Other	Total
Tangible assets - property, plant and equipment	12,563	904	1,269	14,736
Intangible assets	—	382,452	—	382,452
Non-current assets in projects	710,458	2,363,838	109,417	3,183,713
Financial Assets	24,587	77,333	785,306	887,226
Deferred tax assets	9,945	—	3,941	13,886
Current assets	79,843	32,704	127,556	240,103
Assets held for sale	837,396	2,857,231	1,027,489	4,722,116
Non-current liabilities	622,845	1,240,823	547,928	2,411,596
Current liabilities	156,783	162,803	77,727	397,313
Liabilities relating to assets held for sale	779,628	1,403,626	625,655	2,808,909
Non-controlling interests held for sale	9,082	392,755	—	401,837

The “Others” item mainly includes the assets related to the desalination plants, gas compression plants and treatment plants associated with the Industrial activity, and the assets held for sale from Cimic, mainly the share of 14.7% in Ventia at market price for 231.6 millions of Euros. In the six-month period ended 30 June 2023, 155 million Ventia shares were sold and, therefore, interest increased from 32.8% to 14.7% (see Note 01.08).

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

The amount corresponding to the net debt included in the assets held for sale and the liabilities associated with these assets as of 30 June 2023 amounts to 2,113,801 thousands of Euros (1,593,715 thousands of Euros at 31 December 2022), of which 672,243 thousands of Euros (678,880 thousands of Euros at 31 December 2022) in renewable energies, 872,625 thousands of Euros in highways (479,412 thousands of Euros at 31 December 2022) and others for 568,933 thousands of Euros (435,423 thousands of Euros at 31 December 2022). The total amount of this net debt includes 811,035 thousands of Euros (741,236 thousands of Euros at 31 December 2022) corresponding to project financing and debt with limited resources. Net debt is calculated using the arithmetic sum of the current and non-current financial liabilities, less long term deposits, other current financial assets and cash and cash equivalents and the market value of listed shares registered as non-current assets held for sale.

2022

At 31 December 2022, non-current assets held for sale related mainly to the renewable energy and water assets that the Group still held following the sale of most of the Industrial Services Line of Business to Vinci (see Note 01.04.02) in 2021, as well as the SH288 Highway in Houston (United States) and to Concessions.

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

	Thousands of Euros			
	31/12/2022			
	Renewable energy	Highways	Other	Total
Tangible assets - property, plant and equipment	4,270	923	1,199	6,392
Intangible assets	—	388,203	3,829	392,032
Non-current assets in projects	708,323	2,390,377	37,165	3,135,865
Financial Assets	26,393	119,827	680,451	826,671
Deferred tax assets	37,803	—	3,379	41,182
Current assets	88,248	24,225	170,858	283,331
Assets held for sale	865,037	2,923,555	896,881	4,685,473
Non-current liabilities	188,985	1,021,464	455,458	1,665,907
Current liabilities	621,700	1,090,037	101,832	1,813,569
Liabilities relating to assets held for sale	810,685	2,111,501	557,290	3,479,476
Non-controlling interests held for sale	8,084	405,990	2,733	416,807

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

On the one hand, worthy of note in 2022 was the incorporation of the SH288 highway in Houston (United States) (see Note 01.08) and the sale of the wind farms of Vientos del Pastoral, S.A. and Parque Eólico Kiyú, S.A. in Uruguay and the hydroelectric plant Hidromanta in Peru that belongs to Spinning Assets, S.L.U. for an amount equal to 108.0 millions of Euros in June 2022. In addition, the renewable energy plants of Tonopah in the United States and Manchazol 1 Central Termosolar Uno, S.L. in Spain are no longer considered to be assets held for sale because the conditions required by accounting regulations for this classification were not met.

The income and expenses recognised under “Adjustments for changes in value” in the consolidated statement of changes in equity, which relate to operations considered to be held for sale at 30 June 2023 and 31 December 2022, are as follows:

	Thousands of Euros			
	30/06/2023			
	Renewable energy	Highways	Other	Total
Exchanges differences	13,525	(20,767)	8,481	1,239
Cash flow hedges	2,981	—	(2,840)	141
Adjustments for changes in value	16,506	(20,767)	5,641	1,380

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

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

01.04.02. Discontinued operations

Industrial

The ACS Group and the Vinci Group signed, effective 31 December 2021, the public deed of sale for the majority of the Industrial business of the Group ACS, which given the size of the business being sold, which basically represented all of ACS' operations and cash flows in this business that could be separated from the rest of the Group's operations, the decision was made to recognise the Industrial business being sold to Vinci as a discontinued operation in 2021 under "Profit after tax from discontinued operations" in the ACS Group's income statement.

In addition to the cash collection of 4,902 millions of Euros in favour of the ACS Group (see Note 06.08), there was a maximum earn out of 600 millions of Euros in cash at a rate of 20 millions of Euros for each half GW developed by the Industrial activity sold (up to the "Ready To Build" state) between 31 March 2021 and up to 7 years after the execution of the sale, which may be extended for an additional 18 months if the Industrial activity sold fails to perform 6 GW in the first 42 months. At 30 June 2022, the ACS Group updated the valuation performed in 2021 based on the best information available and, therefore, the fair value of the earn out amounted to 329 millions of Euros (see Note 06.03), which, together with other impacts related to the sale, gave rise to a profit of 65.3 millions of Euros under "Profit after tax from discontinued operations" as, in accordance with IFRS 5.35, the impacts related to the disposal of discontinued operations in a previous period are classified separately in the information corresponding to those discontinued operations. At 30 June 2023, it was not revalued since the circumstances on which the valuation was made in 2022 had not changed. After the end of the reporting period ended 30 June 2023, 20 millions of Euros was collected corresponding to the first 0.5 GW developed.

01.05. Materiality

In accordance with IAS 34, in deciding the information to be disclosed on the various items in the financial statements or other matters in the explanatory notes to the financial statements, the Group took into account their materiality in relation to the Condensed Consolidated Half-Yearly Financial Statements.

01.06. Events after the reporting date

On 21 June 2023, ACS, Actividades de Construcción y Servicios, S.A. agreed to carry out the first share capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 5 May 2023. 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 5 May 2023 (through which an optional dividend in shares or cash is structured) was set at 13,908,229 shares on 29 June 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 1.482 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 39,77% of the bonus issue rights. After the decision-making period granted to the shareholders had elapsed, in July 2023 the following events took place:

- The dividend was determined to be a total gross amount of EUR 163,937,784.82 (1.482 Euros per share) and was paid on 19 July 2023.
- The final number of shares subject to the share capital increase was 7,366,418 for a nominal amount of EUR 3,683,209, which were redeemed simultaneously for the same amount (see Note 08.02).

On 6 July 2023, Cimic through its investee Sedgman Pty Limited acquired 100% of Novopro Projects Inc. for an amount of 17 millions of Australian Dollars (10.5 millions of Euros). Novopro is a Canadian engineering and metals company serving projects in North America, Europe, Africa, the Middle East and Australia. Its main line of business and specialty is project development and operational optimisation in mineral processing for lithium projects, as well as potash, salt, magnesium and soda ash.

On 26 July 2023, the ACS Group agreed to transfer to Abertis Infraestructuras, S.A. its 56% interest in the SH288 toll road in Houston (Texas) subject to obtaining the relevant authorizations.

01.07. Consolidated statement of cash flows

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

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

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

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

The breakdown of the heading "Other adjustments to profit (net)" of the consolidated statement of cash flows for the six-month period ended 30 June 2023 and 2022 is as follows:

	Thousands of Euros	
	30/06/2023	30/06/2022
Financial income	(155,740)	(86,805)
Financial costs	318,768	222,020
Ordinary results of companies accounted for using the equity method	(229,250)	(174,119)
Non-ordinary results of companies accounted for using the equity method	(1,593)	(2,029)
Impairment and gains or losses on disposal of financial instruments	59,683	4,621
Changes in the fair value of financial instruments	(200,058)	(31,558)
Impairment and gains or losses on the disposal of non-current assets and other items	29,724	(65,486)
Total	(178,466)	(133,356)

The breakdown of the heading "Interest received" of the consolidated statement of cash flows for the six-month period ended 30 June 2023 and 2022 is as follows:

	Thousands of Euros	
	30/06/2023	30/06/2022
Operative interest received	94,989	46,750
Interest received from bank accounts	29,044	3,072
Other non-operative	4,211	14,467
Total	128,244	64,289

In preparing the consolidated statement of cash flows for the first half of 2023 and 2022, under the section on cash flows from financing activities, "Proceeds and payments relating to equity instruments" includes, the acquisitions of ACS treasury shares (see Note 08.02). In addition, in the first half of 2023, cash outflows from the purchase of shares of Hochtief, A.G. amounting to 246.3 millions of Euros were considered as cash flows from financing activities.

In the first half of 2022, cash flows from financing activities were considered, on the one hand, the cash inflows obtained from third parties as a result of Hochtief's share capital increase by 10% through a monetary contribution amounting to 60.9 millions of Euros (see Note 08.04), and, on the other hand, the cash outflows as a result of the takeover bid made by Hochtief to acquire the rest of Cimic's shares for an amount of 1,500 millions of Australian Dollars, which at the exchange rate prevailing at the date of each share acquired amounted to 985 millions of Euros (940 millions of Euros considering the average hedging rate) (see Note 08.04).

The payments made in the first half of 2023 by Hochtief amounting to for the settlement of the CCPP project in Australia and the payments made to resolve the litigation situation on Radials 3 and 5 amounting to 234 millions of Euros together were recognised under "Other financing activity proceeds and payables" in the statement of cash flows (see Note 09).

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

The reconciliation of the carrying amount of the liabilities arising from financing activities, separately disclosing the changes that generate cash flows from those that do not for the first half of 2023 and 2022, is as follows:

	Thousands of Euros	
	30/06/2023	30/06/2022
Initial net cash (debt) (Note 10.03)	224,005	2,008,640
Cash flows		
Issue of financial assets / (liabilities)	(1,936,054)	1,631,839
Payments of financial liabilities	1,280,468	1,320,577
Cash and cash equivalents	(1,550,658)	(4,024,832)
No Impact of Flows		
Change in net debt held for sale (Note 01.04)	520,086	(287,183)
Exchange difference	(34,069)	184,601
Reclassifications	308,478	(79,161)
Change in the consolidation perimeter and others	22,600	289,635
Final net cash (debt) (Note 10.03)	(1,165,144)	1,044,116

The amount corresponding to the reclassifications at 30 June 2023 mainly includes consideration in the calculation of the net debt for Ventia's listed shares amounting to 231.6 millions of Euros (see Note 10.03). The changes in the scope of consolidation and other changes at 30 June 2022 mainly include the change in the net debt resulting from the sale of the non-current assets held for sale of the Industrial business.

01.08. Changes in the scope of consolidation

The main changes in the scope of consolidation of the ACS Group (consisting of ACS, Actividades de Construcción y Servicios, S.A. and its subsidiaries) during the six-month period ended 30 June 2023 are detailed in Appendix I.

Acquisitions, sales, and other corporate transactions

Acquisitions

In the first half of 2023, there were no significant acquisitions of companies.

On 8 June 2022, Hochtief, A.G. decided to increase its share capital by just under 10% through a monetary contribution by using authorised capital. The company's share capital was increased through the issue of 7,064,593 new shares at 57.50 Euros per share, excluding shareholders' pre-emption rights. ACS, Actividades de Construcción y Servicios, S.A. was assigned 85% of the total number of new shares, which represented an increase in its shareholding in Hochtief, A.G. from 50.41% to 53.55% of the shares representing the share capital. The cash obtained through the share capital increase was used to repay part of the financing obtained to acquire Cimic (see Note 08.04).

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

Between August and October 2022, Iridium entered into a purchase agreement, through its North American subsidiary ACS Infrastructure Development, Inc., with four of the concession operator's partners to purchase 56.76% of the North American company Blueridge Transportation Group (BTG), which is the concession operator of a 17 km segment of the SH288 highway in Houston, Texas. After the fulfilment of the conditions precedent on which this purchase depended, the acquisition was accounted for in December 2022. The investment in this acquisition amounted to 1,141 millions of US Dollars. The Group's total interest in the project, after this acquisition, amounted to 78.38%, which meant that the Group now holds the majority of the voting rights and, therefore, has control of the company, which allows it to manage its relevant activities. The above involved consolidating the company using the full consolidation method, so that since it had previously held a share in this concession of 21.62%, for a carrying amount of approximately 70 millions of Euros, and taking into account that the fair value of this pre-existing interest amounted to 406 millions of Euros, in accordance with accounting rules, it was recognised that the consolidated income statement had a positive impact on its fair value, amounting to 334.8 millions of Euros, which was recognised under "Impairment and gains or losses on the disposal of non-current assets" in the consolidated income statement at the end of 2022.

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

In relation to the application of the standard on business combinations, after assessing the acquisition of control, the date on which control was obtained and whether the acquisition constitutes a business, IFRS 3 establishes that the acquirer will measure the identifiable assets and liabilities assumed at their fair value at

the acquisition date. The liabilities assumed include, where applicable, contingent liabilities insofar as they represent present obligations that arise from past events and their fair value can be reliably measured.

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

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

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

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

IFRS 3 establishes that the measurement period will not exceed one year from the acquisition date. During the measurement period, the acquirer may also recognise additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities when the acquisition took place. Therefore, the estimate made by the Group is considered provisional at the date of these interim condensed half-yearly financial statements.

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

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

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

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

The business combination was carried out with the aim of acquiring control of a key asset in a strategic market for the Group and strengthening its presence in this market. Transaction costs, not significant, were recognised in other operating expenses in the income statement at the end of the 2022 reporting period.

The acquired business did not generate a significant amount of revenue or profit for the Group during the period between the takeover and the end of the 2022 reporting period, since control was obtained in December 2022. If the acquisition had taken place on 1 January 2022, the turnover contributed by the concession would have amounted to 67.1 millions of Euros and profit for the annual reporting period ended 31 December 2022 at 100% would have amounted to 14.1 millions of Euros. As at 31 December 2022, the Group had yet to pay the amount of the acquisition, which was fully paid in January 2023.

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

On 1 April 2023, Iridum, through its North American subsidiary ACS Infrastructure Development, Inc., agreed to purchase the additional 21.62% that it did not already hold in the North American company Blueridge Transportation Group (BTG). Following this acquisition, and once the purchase agreement is executed, the ACS Group's stake in said concession company will increase to 100%. The acquisition price is 450 millions of US Dollars (approximately 391 millions of Euros). The execution of the sale is subject to compliance with the standard conditions precedent.

In April 2022, Clece Care Services Ltd. (CCS) acquired 100% of the CSN Care Group in the United Kingdom. (CCS) amounting to 23,863 thousands of euros, having generated an insignificant first-time consolidation difference.

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

Sales and other transactions

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

As a result of the above, and in accordance with current accounting regulations, Cimic's Management considered that it no longer had significant influence over Ventia, since it no longer has decision-making powers over the financial operating policies of its investment in Ventia. In addition, the protective rights established in the agreement are rights that may be exercised by any Ventia shareholder. Ventia has therefore lost its status as associate and is now recognised as a financial asset under IFRS 9 at fair value through profit or loss based on Ventia's quoted market price at 31 March 2022 (level 1 of the hierarchy). As a result, on 31 March 2022 Cimic recognised a profit before tax (without any effect on cash flow) of 338.3 millions of Euros (502 millions of Australian Dollars) under "Impairment and gains or losses on disposal of

non-current assets" (see Note 16) in the accompanying consolidated income statement. Cimic made an irrevocable election under IFRS 9 to recognise future changes in the value of the financial asset under "Other comprehensive income". At 31 December 2022, the company's shareholding remains at 32.8% (see Notes 06 and 16).

In the first six months of 2023, the sale of 18.1% of Ventia shares 216 millions of Euros in March 2023, and the classification of the remaining ownership interest of 14.7% as non-current assets held for sale (see Note 01.04.01).

01.09. Currency

The Condensed Consolidated Half-Yearly Financial Statements are presented in euros. Details of sales in the main countries in which the Group operates are set out in Note 13.

01.10. Dividends paid by the Parent Company

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

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

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

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

In addition, as a result of the resolution adopted by the shareholders at the General Shareholders' Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 5 May 2023, on 21 June 2023 the Company resolved to carry out the first capital increase, establishing the maximum reference value at 450 millions of Euros with a charge to the Company's reserves in order for the shareholders to be able to choose whether they wish to be compensated in cash or in the Company's shares. On 29 June 2023, certain aspects in relation to the first capital increase mentioned above were finalised and are summarised as follows:

- The maximum number of new shares to be issued in the first capital increase would be 13,908,229 shares.
- A total of 20 bonus issue rights are necessary to receive one new share.
- The acquisition price of each bonus issue right, by virtue of the purchase agreement assumed by ACS, is EUR 1.482.

After the decision-making period granted to the shareholders has elapsed, on 18 July 2023 the dividend was determined at a total gross amount of EUR 163,937,784.82 and was paid on 19 July. The ACS Group recorded under "Other current liabilities" in the consolidated statement of financial position appended at 30 June 2023 for the maximum amount of the potential liability at the aforementioned date for 100% of the fair value of the dividend approved which amounted to 382,278 thousands of Euros, although the final amount was 163,938 thousands of Euros (see Note 01.06). For this reason, 218,340 thousands of euros were reversed to the ACS Group's equity after 30 June 2023.

01.11. Earnings per share from continuing and discontinued operations

01.11.01. Basic earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the Group by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held in the year.

Accordingly:

	30/06/2023	30/06/2022	Change (%)
Net profit for the period (Thousands of Euros)	385,239	330,136	16.69
Weighted average number of shares outstanding	258,735,738	270,536,456	(4.36)
Basic earnings per share (Euros)	1.49	1.22	22.13
Diluted earnings per share (Euros)	1.49	1.22	22.13
Profit after tax and non-controlling interests from discontinued operations (Thousands of Euros)	—	65,333	(100.00)
Basic earnings per share from discontinued operations (Euros)	—	0.24	(100.00)
Basic earnings per share from continuing operations (Euros)	1.49	0.98	52.04
Diluted earnings per share from discontinued operations (Euros)	—	0.24	(100.00)
Diluted earnings per share from continuing operations (Euros)	1.49	0.98	52.04

	Number of shares	
	30/06/2023	30/06/2022
Common shares outstanding at 01 January	258,259,940	275,787,918
Effect of own shares	5,687,228	2,247,264
Effect of shares issued	2,331,835	3,047,466
Effect of redeemed shares	(8,331,835)	(19,047,466)
Common shares outstanding at 31 December	257,947,168	262,035,182
Weighted average number of shares outstanding at 31 December	258,735,738	270,536,456

01.11.02. Diluted earnings per share

In calculating diluted earnings per share, the amount of profit attributable to ordinary shareholders and the weighted average number of shares outstanding, net of treasury shares, are adjusted to take into account all the dilutive effects inherent to potential ordinary shares (share options, warrants and convertible debt instruments). For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the current period. The ACS stock option plan currently in force at 30 June 2023 (see Note 20.03) does not involve the issue of new shares in the future and, therefore, does not affect diluted earnings per share. At 30 June 2023, as a result of the simultaneous share capital increase and reduction in June 2023 for the same number of shares, the basic earnings and diluted earnings per share for continuing operations for the first half of 2023 is the same.

01.12. Seasonal nature of Group transactions

Given the activities Group companies and their geographical diversity, their transactions do not have particularly a cyclical or seasonal nature. This is why no specific disclosures on the seasonal nature of the Group's activities are included in these explanatory notes to the Condensed Consolidated Half-yearly Financial Statements for the six-month period ended 30 June 2023.

02. Intangible assets

02.01. Goodwill

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

	Thousands of Euros	
	Balance at 30/06/2023	Balance at 31/12/2022
Parent and others	558,249	554,420
Construction	1,988,590	1,991,912
Services	171,566	169,865
Total	2,718,405	2,716,197

In accordance with the table above, the most significant goodwill is the result of the full consolidation of Hochtief, A.G., amounting to 1,144,226 thousands of Euros at 30 June 2023 (1,144,226 thousands of Euros at 31 December 2022), and the result of the merger of the Parent Company with Grupo Dragados, S.A., which amounted to 554,420 thousands of Euros at 30 June 2023 (554,420 thousands of Euros at 31 December 2022).

There were no significant changes in the first half of 2023. In the 2022 reporting period, there were no significant changes, except for the addition and subsequent transfer corresponding to the goodwill of the SH288 highway explained in Note 01.04.01.

As regards goodwill, as a general rule on 30 September each year, the ACS Group compares the carrying amount of the company or cash-generating unit (CGU) against its value in use, determined using the discounted cash flow method. In this regard, no indications of impairment were identified during the first six months of 2023, which will be updated as at 30 September in accordance with its accounting policy. There have been no significant changes in the assumptions used when testing the Group's goodwill for impairment that could give rise to a significant risk of recognising an impairment loss in the future. It should be noted that the market value of the holding in Hochtief (79.20 Euros per share at 30 June 2023) is higher than its carrying amount.

In the first six months of 2023, there were no impairment losses on the ACS Group's goodwill. For the year 2022 no impairment losses were recognised in relation to the ACS Group's goodwill.

02.02. Other intangible assets

Additions in the first half of 2023 amounted to 13,793 thousands of Euros (5,226 thousands of Euros in the first half of 2022) mainly corresponding to Hochtief for 12,886 thousands of Euros (4,212 thousands of Euros in the first half of 2022).

In the first half of 2023, impairment losses in the amount of 33 thousands of Euros (449 thousands of euros in the first half 2022) were recognised on the items classified as "Other intangible assets". No impairment losses were reversed or recognised in the consolidated income statement in the first half of 2023 nor in the first half of 2022.

03. Tangible assets - property, plant and equipment

During the first six months of 2023 and 2022, additions of tangible assets - property, plant and equipment - were made in the amount of 269,659 thousands of Euros and 267,246 thousands of Euros respectively. In accordance with IFRS 16, this heading includes the rights to use the leased assets.

In the first half of 2023, the most significant acquisitions by lines of business relate mainly to the Construction area for 230,565 thousands of Euros (241,372 thousands of Euros in the first half of 2022), mainly in investments made by Hochtief amounting to 183,708 thousands of Euros (204,301 thousands of Euros in the first half of 2022), mainly associated with the tunnelling machines, and by Dragados for 46,857 thousands of euros (37,071 thousands of Euros in the first half of 2022) and to the Services area for 36,758 thousands of Euros (25,000 thousands of Euros in the first half of 2022) mainly corresponding to acquisition of machinery and industrial vehicles.

Similarly, assets were also sold in the first half of 2023 and the 2022 reporting period for a total carrying amount of 18,877 thousands of Euros and 5,482 thousands of Euros, respectively, which had a residual effect on the Group's income statement. The most significant losses in the first half of 2023 relate mainly to the Construction area, Dragados for 8,462 thousands of Euros (1,762 thousands of euros in the first half of 2022) and the sale of machinery owned by Hochtief for 4,860 thousands of Euros (2,407 thousands of Euros in the first half of 2022). Disposals were made in the Services area for 5,339 thousands of Euros (1,256 thousands of Euros in the first half of 2022).

At 30 June 2023, the Group had contractual commitments for the future acquisition of tangible assets - property, plant and equipment - for a value of 19,298 thousands of Euros (92,094 thousands of Euros at 31 December 2022), corresponding mainly to commitments to invest in machinery for Dragados amounting 18,537 thousands of Euros (20,422 thousands of Euros at 31 December 2022).

The impairment losses recognised in the consolidated income statement for 2023 amounted to 89 thousands of Euros (140 thousands of Euros in 2022). The impairment losses reversed and recognised in the consolidated income statement for 2023 amounted to 6,184 thousands of Euros for Hochtief (254 thousands of Euros in 2022).

Leases

In accordance with IFRS 16 “Leases”, at 30 June 2023, 611,985 thousands of Euros (604,626 thousands of Euros at 31 December 2022) in net right-of-use assets were recognised under “Tangible assets - Property, plant and equipment” in the consolidated statement of financial position. The breakdown of the right-of-use assets at 30 June 2023 and 31 December 2022 is as follows:

	Thousands of Euros	
	Balance at 30/06/2023	Balance at 31/12/2022
Land and buildings	1,010,310	1,049,081
Plant and machinery	129,750	130,119
Other intangible assets	199,862	184,311
Total tangible assets - property, plant and equipment	1,339,922	1,363,511
Accumulated depreciation	(727,497)	(758,495)
Impairment losses	(440)	(390)
Total net tangible assets - property, plant and equipment	611,985	604,626

The change in right-of-use assets during the first half of 2023 in the gross amount of 129,869 thousands of Euros mainly correspond to the additions in the Construction area by 103,115 thousands of Euros (152,712 thousands of Euros in the first half of 2022), highlighting the investments made by Hochtief in the amount of 77,694 thousands of Euros (144,325 thousands of Euros in the first half of 2022).

The corresponding depreciation of the right-of-use assets recognised by application of IFRS 16 “Leases” in the first half of 2023 amount to 92,096 thousands of Euros (87,369 thousands of Euros in the first half of 2022) and the recognition of interest on the lease obligation in the amount of 14,406 thousands of Euros in the first half of 2023 (10,980 thousands of Euros in the first half of 2022) included in the consolidated income statement.

“Long-term lease liabilities” and “Short-term lease liabilities” associated with these “Right-of-use assets” at 30 June 2023 amounted to 545,293 thousands of Euros and 164,673 thousands of Euros, respectively (550,746 and 155,055 thousands of Euros at 31 December 2022, respectively).

Variable lease payments were not material at 30 June 2023 and 31 December 2022.

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

There are assets leased under short-term leases or leases of low-value assets that do not apply IFRS 16 “Leases” since throughout the Group there are very short-term leases, generally for three to six months, or ongoing monthly agreements or contracts with termination clauses. For each lease, the Group analyses and assesses whether it is reasonably certain that the lease will be extended. These considerations include assessing the requirements of the asset in the project, the scope of the work that is to be carried out with this asset, and other relevant economic aspects to adequately assess the lease term. At 30 June 2023, the expenses accrued in the amount of 243,907 thousands of Euros (129,804 thousands of Euros at 30 June 2022) on the above assets were recognised under “Other operating expenses” in the consolidated income statement.

04. Non-current assets in projects

The balance of “Non-current assets in projects” in the consolidated statement of financial position at 30 June 2023 includes the costs incurred by the fully consolidated companies in the construction of transport infrastructure, services and power plants, the operation of which constitutes the purpose of their respective concessions. These amounts relate to property, plant and equipment associated with projects financed

under a project finance arrangement and concessions identified as intangible assets or those that are included as a financial asset according to the criteria discussed in Note 03.04 of the Consolidated Financial Statements at 31 December 2022. To better understand its activities relating to infrastructure projects, the Group considers it more appropriate to group its infrastructure projects together for presentation purposes, although they are broken down by type of asset (financial or intangible) in this Note.

In the first half of 2023, there were no significant changes under this heading. The most significant change in this heading in 2022 would have corresponded to the inclusion of the SH288 highway in Houston (United States) since it was considered a non-current asset held for sale (see Note 01.04.01) at 31 December 2022. In 2022, the change in the solar thermal power plants associated with the renewable energy plants of Tonopah in the United States and Manchazol 1 Central Termosolar Uno, S.L. was also noteworthy of mention (see Note 01.04.01).

All project investments made by the ACS Group at 30 June 2023 are as follows:

Type of infrastructure	End date of operation	Thousands of Euros		
		Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Highways / roads	2026	181,932	(134,389)	47,543
Solar thermal plants	2035 - 2040	357,508	(168,166)	189,342
Other infrastructures	—	1,897	(371)	1,526
Total		541,337	(302,926)	238,411

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

- The concession assets identified as intangible assets, as a result of the Group assuming demand risk at 30 June 2023, are as follows:

Type of infrastructure	End date of operation	Thousands of Euros		
		Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Highways / roads	2026	181,889	(134,349)	47,540
Other infrastructures	-	1,897	(371)	1,526
Total		183,786	(134,720)	49,066

- No concession assets were identified as financial assets as a result of the Group not assuming demand risk at 30 June 2023.
- The breakdown of the financial assets financed under a project finance arrangement that do not meet the requirements for recognition in accordance with IFRIC 12 at 30 June 2023 are as follows:

Type of infrastructure	End date of operation	Thousands of Euros		
		Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Highways / roads	2026	43	(40)	3
Solar thermal plants	2035 - 2040	357,508	(168,166)	189,342
Total		357,551	(168,206)	189,345

Simultaneously, there are concession assets that are not financed under a project finance arrangement amounting to 5,382 thousands of Euros (5,466 thousands of Euros at 31 December 2022) that are recognised as “Other intangible assets”.

No significant investments in projects were made in the first half 2023 or the 2022 reporting period.

No material impairment losses were in the first half of 2023, nor during the first half of 2022. Similarly, no significant impairment losses were reversed and recognised in the consolidated income statement for the first half of 2023 and 2022.

At 30 June 2023 and 31 December 2022, the Group had no significant contractual commitments for the acquisition of non-current assets in projects.

The financing relating to non-current assets in projects is explained in Note 10. The concession operators are also obliged to hold restricted cash reserves, known as reserve accounts, included under "Cash and cash equivalents

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

05. Investments in companies accounted for using the equity method

The breakdown, by line of business, of the investments in companies accounted for using the equity method at 30 June 2023 and 31 December 2022 is as follows:

Line of Business	Thousands of Euros					
	30/06/2023			31/12/2022		
	Share of net assets	Profit/(Loss) for the year	Total carrying amount	Share of net assets	Profit / (Loss) for the year	Total carrying amount
Construction	1,463,482	105,102	1,568,584	1,384,276	168,888	1,553,164
Concessions	3,060,411	120,763	3,181,174	3,073,514	201,001	3,274,515
Services	108	—	108	103	5	108
Corporation, other and adjustments	298	(132)	166	184	118	302
Total	4,524,299	225,733	4,750,032	4,458,077	370,012	4,828,089

"Ordinary results of companies accounted for using the equity method" and "Non-ordinary results of companies accounted for using the equity method" in the consolidated income statement at 30 June 2023 also include the profit or loss of companies accounted for using the equity method and that have been classified under "Non-current assets held for sale and discontinued operations", which amounts to 5,110 thousands of Euros (15,460 thousands of Euros in 2022).

– Construction

At 30 June 2023, the Construction area most notably included the investments from the Hochtief Group accounted for using the equity method in the amount of 1,560,787 thousands of Euros (1,545,232 thousands of Euros at 31 December 2022). In this last case, it should be noted that Thiess is accounted for as a joint venture using the equity method for 786 millions of Euros (812 millions of Euros at 31 December 2022).

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

– Concessions

At 30 June 2023, the Concessions area most notably included the interest in Abertis amounting to 2,872,158 thousands of Euros (2,971,045 thousands of Euros at 31 December 2022), relating to both the 20.0% interest held by Hochtief and the 30.0% shareholding held directly by ACS itself. The net contribution by Abertis' consolidated profit/(loss) to the ACS Group in the first half of 2023 amounted to a profit of 94,610

thousands of Euros (52,401 thousands of Euros of Euros in profit in the first half of 2022) once amortisation of the existing "purchase price allocation" is taken into account.

Material associates and joint ventures

In accordance with IFRS 12, the associates and joint ventures that are considered to be material at 30 June 2023 and 31 December 2022 are Abertis Holdco, S.A. and its Subsidiaries and Thiess Joint Venture, respectively.

Abertis

At 30 June 2023, the ACS Group owns 50% less one share of Abertis Holdco, S.A. The ACS Group's interest in Abertis Holdco, S.A. gives it a material influence within the meaning of IAS 28 and, therefore, Abertis is accounted for in these Condensed Consolidated Half-Yearly Financial Statements as an associate using the equity method.

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

Abertis Holdco, S. A. and Subsidiaries	Thousands of Euros	
	30/06/2023	31/12/2022
	100%	100%
Non-current assets	39,698,031	39,369,912
Current assets	5,565,789	5,597,077
Of which: Cash and cash equivalents	3,983,557	4,085,008
Asset held for sale	—	—
Non-current liabilities	31,506,953	30,636,521
Of which: Financial liabilities	25,896,683	25,018,447
Current liabilities	3,384,625	3,880,021
Of which: Financial liabilities	1,805,921	2,316,464
Liabilities associate to assets held for sale	—	—
Net assets	10,372,242	10,450,447
Minority interests	2,917,473	2,800,606
Equity attributable to the parent company	7,454,769	7,649,841
Hybrid bond	(1,962,794)	(1,960,091)
Equity attributable homogenized to owners of the Company	5,491,975	5,689,750
Group's share of net assets (50%)	2,745,988	2,844,875
Capitalized acquisition-related costs	126,170	126,170
Carrying amount of the investment	2,872,158	2,971,045

Abertis Holdco, S. A. and Subsidiaries	Thousands of Euros	
	30/06/2023	30/06/2022
	100%	100%
Turnover	2,717,033	2,427,494
Profit or loss from continuing operations	316,031	126,212
Post-tax profit/(loss) from discontinued operations	5,606	—
Profit / (loss) for the period	321,637	126,212
Non-controlling interest	110,770	(1,734)
Profit/(loss) for the year attributable to owners of the company	210,867	127,946
Other comprehensive income	330,469	763,214
Minority interests other comprehensive income	146,202	244,194
Other comprehensive income attributable to the parent company	184,267	519,020
Total comprehensive income	652,106	889,426
Minority interests total comprehensive income	256,972	242,460
Total comprehensive income attributable to the parent company	395,134	646,966
Group's share in total comprehensive income (50%)	197,567	323,483
in profit or loss	105,434	63,973
in other comprehensive income	92,133	259,510

In the first half of 2023, the ACS Group received dividends from Abertis Holdco, S.A. in the amount of 296,845 thousands of Euros (296,845 thousands of Euros in the first half of 2022).

In the first half of 2023, there were no indications of impairment on Abertis' interest and, therefore, no impairment tests were considered necessary. However, in accordance with the Group's policies, an impairment test will be carried out at 2023 year-end on the value of the investment in Abertis by comparing the recoverable amount with the carrying amount.

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

Thiess

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

Thiess Joint Venture	Thousands of Euros	
	30/06/2023	31/12/2022
	100%	100%
Non-current assets	3,126,476	3,232,540
Current assets	1,026,771	1,024,156
Of which: Cash and cash equivalents	155,324	162,366
Non-current liabilities	1,412,122	1,449,316
Of which: Financial liabilities	1,233,381	1,270,382
Current liabilities	942,980	873,515
Of which: Financial liabilities	317,904	190,277
Net assets	1,798,145	1,933,865
Minority interests	10,733	10,769
Equity attributable to the parent company	1,787,412	1,923,096
Group's share of net assets (50%) (*)	786,437	811,895

Thiess Joint Venture	Thousands of Euros	
	30/06/2023	30/6/2022
	100%	100%
Turnover	1,737,462	1,096,045
Other expenses	(1,344,003)	(762,670)
Depreciation and amortisation	(234,715)	(181,343)
Share of profits and losses of joint ventures	—	—
Financial income	927	264
Financial expenses	(61,507)	(38,157)
Profit / (loss) before tax	98,164	114,139
Income tax	(27,632)	(31,291)
Profit / (loss) for the period	70,532	82,848
Profit attributable to minority interests	(927)	(462)
Profit/(loss) attributable to parent company	69,605	82,386
Other comprehensive income	24,417	27,330
Minority interests other comprehensive income	12,208	13,665
Other comprehensive income attributable to the parent company	12,209	13,665
Total comprehensive income	94,949	110,178
Minority interests total comprehensive income	11,281	13,203
Total comprehensive income attributable to the parent company	81,814	96,975
Group's share in total comprehensive income (50%)	40,583	54,594
in profit or loss (*)	28,374	40,929
in other comprehensive income	12,209	13,665

(*) The Thiess shareholder agreement establishes a minimum distribution to each shareholder of 180.0 millions of Australian Dollars (118.8 millions of Euros) per year during the first six years. In addition, Thiess issued Class C preference shares (see Note 11) providing a coupon yield above all other equity instruments in the amount of 3.2 millions of Euros for the Group's shareholding in 2022. Accordingly, the returns are attributable first to both the Class C preference shares held by the Group and by Elliott and then to Elliott's minimum distribution. The amounts of insufficient returns for the Group include protection rights over those that would be recovered through future profits.

In the first half of 2023, the ACS Group received dividends from Thiess in the amount of 33,381 thousands of Euros (59,063 thousands of Euros in the first half of 2022).

On 26 July 2022, Thiess announced that it had entered into a bid execution agreement with MACA Limited ("MACA"). Thiess agreed to make an offer to MACA shareholders to acquire all the shares issued through a public takeover bid tied out of the market in cash of 1.025 Australian Dollars per share, which ended in October 2022 for 242 millions of Euros. This acquisition is an important part of the strategy that Thiess has to diversify its operations among commodities, services and geographical areas.

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

06. Financial assets

06.01. Composition and breakdown

In accordance with IFRS 9, the classification of financial assets 30 June 2023 and 31 December 2022 is as follows:

	Thousands of Euros			
	Value at 30/06/2023	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost
Non-current financial assets	1,092,444	565,690	657	526,097
Equity securities at long-term	200,731	200,074	657	—
Loans to group and associates companies at long-term	188,948	—	—	188,948
Loans to third parties at long-term	366,898	332,308	—	34,590
Debt securities at long-term	33,308	33,308	—	—
Long-term cash collateral deposits	25,997	—	—	25,997
Other financial assets at long-term	39,429	—	—	39,429
Non-current financial assets in operating receivables	237,133	—	—	237,133
Other current financial assets	1,165,130	75,021	562,339	527,770
Equity securities at short-term	153,958	38,356	115,602	—
Loans to group and associates companies to short-term	106,082	—	—	106,082
Loans to third parties at short-term	82,036	—	—	82,036
Debt securities at short-term	486,139	36,665	446,737	2,737
Other financial assets at short-term	328,710	—	—	328,710
Trade receivables for sales and services	8,285,123	—	—	8,285,123
Other receivable	1,088,683	—	—	1,088,683
Cash and cash equivalents	7,765,355	—	—	7,765,355

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

06.02. Equity instruments

Non-current and current equity instruments most notably include those from Hochtief amounting to 175,252 thousands of Euros and 152,984 thousands of Euros, respectively, at 30 June 2023 (576,129 thousands of Euros and 163,639 thousands of Euros, respectively, at 31 December 2022) and relate mainly to the decrease in the amount of non-current equity instruments compared to 31 December 2022, the consideration of Ventia's interest in Cimic, which as of 30 June 2023 is recognised as a non-current financial assets held for sale (see Note 01.08), and the Class C preference shares of Thiess (see Note 05). Short-term investments in securities held in special and general investment funds are also recognised.

06.03. Loans to associates and loans to third parties

At 30 June 2023, this line item most notably included the loans granted by Hochtief to its associates in the amount of 189,395 thousands of Euros (161,568 thousands of Euros at 31 December 2022). Furthermore, the loans granted by Iridium mature in the long term and most notably include the subordinated loan granted to Road Management (A13) Plc. in the amount of 50,418 thousands of Euros (47,779 thousands of Euros at 31 December 2022), the subordinated loan to Celtic Road Group (Portlaoise) in the amount of 23,233 thousands of Euros (23,233 thousands of Euros at 31 December 2022), the subordinate loan granted to Gorey to Enniscorthy M11 PPP Limited in the amount of 13,227 thousands of Euros (13,227 thousands of Euros at 31 December 2022) and the subordinate loan granted to New Ross N25 By Pass Designity in the amount of 8,354 thousands of Euros (8,385 thousands of Euros at 31 December 2022) and the subordinate loan granted to Iridium Hermes Road, S.L. for 8,201 thousands of Euros (6,552 thousands of Euros at 31 December 2022). In the first half of 2023, the changes in the loans are mainly due to the increase in the subordinated loan granted by Iridium Concesiones de Infraestructuras, S.A. to Iridium Hermes Road, S.L., the purpose of which is to partially finance the investment in the additional construction work on Eix Diagonal.

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

A 30 June 2023, "Loans to third parties" in the heading "Non-current financial assets" in the consolidated statement of financial position includes earn out corresponding to the sale of most of the Industrial activity performed in 2021, the fair value of which amounts to 332,308 thousands of Euros (328,936 thousands of Euros at 31 December 2022). After the end of the reporting period ended 30 June 2023, 20 millions of Euros were collected corresponding to the first 0.5 GW developed (see Note 01.04.02).

06.04. Debt securities

At 30 June 2023, this heading included the investments in securities maturing in the short term relating mainly to investments in securities, investment funds and fixed-income securities maturing at more than three months, and that it does not intend to hold until maturity, from Hochtief for 450,932 thousands of Euros (424,157 thousands of Euros at 31 December 2022). Other significant amounts include those held by the Dragados Group amounting to 32,471 thousands of Euros (62,706 thousands of Euros at 31 December 2022).

06.05. Other financial assets and non-current financial assets in operating receivables

As at 30 June 2023, "Other financial assets" included short-term deposits amounting to 238,074 thousands of Euros (296,552 thousands of Euros at 31 December 2022) as a result of the cash and cash equivalents available following the sale of the Industrial business.

In addition, at 30 June 2023, the amount mentioned in the previous paragraph includes 155,899 thousands of Euros (218,139 thousands of Euros at 31 December 2022) held as collateral to secure the derivatives arranged by the Group (see Note 11), recognised under "Other current financial assets" in the accompanying consolidated statement of financial position.

06.06. Trade and other receivables

The carrying amount of trade and other receivables reflects the following breakdown at 30 June 2023 and 31 December 2022:

	Thousands of Euros	
	Balance at 30/06/2023	Balance at 31/12/2022
Trade receivables for sales and services	8,242,999	7,348,898
Receivable from group companies and associates	42,124	34,277
Other receivables	1,088,683	1,006,282
Current tax assets	183,108	175,196
Total	9,556,914	8,564,653

The detail of "Trade receivables for sales and services" and net trade receivables balance, at 30 June 2023 and 31 December 2022 is as follows:

	Thousands of Euros	
	Balance at 30/06/2023	Balance at 31/12/2022
Trade receivables and notes receivable	5,257,075	4,645,370
Completed work pending certification	3,154,394	2,871,361
Allowances for doubtful debts	(168,470)	(167,833)
Total assets from receivables	8,242,999	7,348,898
Advances received on orders	(2,947,075)	(2,892,282)
Total liabilities from receivables	(2,947,075)	(2,892,282)
Total net trade receivables balance	5,295,924	4,456,616

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

Should the amount of output from inception be lower than the amount of the progress billings, the difference relates to contractual liabilities and is recognised under "Customer advances" under "Trade and other payables" on the liability side of the consolidated statement of financial position. Therefore, the balances are presented based on each project/work at both 30 June 2023 and 31 December 2022.

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

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

The Group companies assign trade receivables to financial institutions, without the possibility of recourse against them in the event of non-payment. The reduced balance of receivables amounted to 1,161,566 thousands of Euros at 30 June 2023 (1,063,190 thousands of Euros at 31 December 2022).

Substantially all the risks and rewards associated with the receivables, and control over them, were transferred through the sale and assignment of the receivables, since there are no repurchase agreements between the Group companies and the banks that have acquired the assets, and the banks may freely dispose of the acquired assets without the Group companies being able to limit this right in any manner. Consequently, the balances receivable relating to the receivables assigned or sold under the above conditions were derecognised in the consolidated statement of financial position. The Group companies continued to manage collection during the year.

06.07. Impairment losses

Neither during the first half of 2023 nor in the same period of 2022 have there been any significant impairment losses. There were no significant reversals due to impairment of financial assets in the first six months of 2023 or in the first half of 2022.

06.08. Cash and cash equivalents.

“Cash and cash equivalents” includes the Group’s cash and short-term bank deposits with an initial maturity of three months or less, and other short-term, highly liquid investments (maturing within less than three months) that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. The carrying amount of these assets amounting to 473,372 thousands of Euros at 30 June 2023 (484,221 thousands of Euros at 31 December 2022) reflects their fair value and there are no restrictions as to their use.

07. Inventories

The breakdown of “Inventories” at 30 June 2023 and 31 December 2022 is as follows::

	Thousands of Euros	
	30/06/2023	31/12/2022
Merchandise	163,949	163,692
Raw materials and other supplies	364,385	353,696
Work in progress	210,123	213,064
Finished goods	20,198	23,952
Others	49,661	74,564
Total	808,316	828,968

The balance of inventories at 30 June 2023 mainly corresponds to 347,506 thousands of euros (369.900 thousands of euros at 31 December 2022) contributed by the Hochtief Group, which includes projects in progress by 153,764 thousands of euros (169.842 thousands of euros at 31 December 2022), mainly real estate (land and buildings), for 83,276 thousands of euros from Hochtief and its Australian subsidiary Cimic (120.342 thousands of euros at 31 December 2022), not subject to restrictions or 30 June 2023 and 31 December 2022, and property assets in the rest of the ACS Group amounting to 226,580 thousands of euros (219.801 thousands of euros at 31 December 2022). In addition to the above restrictions, inventories have been not pledged and/or mortgaged as security for the repayment of debts either at 30 June 2023 or at 31 December 2022.

The impairment losses on inventories and their reversal were recognised in the consolidated income statement as 74 and 35 thousands of Euros in the six-month period ended 30 June 2023 (36 and 108 thousands of Euros, respectively, in the same period in 2022) from the various ACS Group companies.

08. Equity

08.01. Share capital

At 30 June 2023, the share capital of the Parent Company amounted to 139,082 thousands of Euros and was represented by 278,164,594 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 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.

On 23 March 2023, in accordance with the resolution passed at the Annual General Meeting held on 6 May 2022, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. agreed to reduce share capital, with a charge to profit or unrestricted reserves, through the retirement of the Company's treasury shares for a nominal amount of 3 millions of Euros through the retirement of 6 millions of Euros ACS treasury shares, making the corresponding provision with a charge to reserves as indicated in section 335.e) of the Corporate Enterprises Act (see Note 08.02).

In 2022, the Board of Directors of the Parent, in successive occasions, redeemed a total of 20,500,000 shares under the resolutions adopted by the General Meeting, reducing share capital by a nominal amount of EUR 10,250,000, by redemption, through profit or free reserves, by redeeming 20.5 million ACS treasury shares, making the corresponding provision with a charge to reserves as indicated in section 335.e) Corporate Enterprises Act (see Note 08.02).

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) of the Consolidated Text Corporate Enterprises Act, the power to increase, on one or more occasions, the share capital of the Company up to a maximum of 50% of the share capital, as of the date of the Meeting, within a maximum period of five years from the date of the above General Meeting.

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

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

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

At the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 5 May 2023, 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 580 million with a charge to unrestricted reserves, whereby the first capital increase may not exceed EUR 450 million and the second increase may not exceed EUR 130 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 2023 and, in the case of the second increase, within the first quarter of 2024, thereby coinciding with the dates on which the ACS Group has traditionally distributed the final dividend and the interim dividend. As regards the capital reduction, the resolution passed by the Board consists of reducing share capital through the retirement of the Company's treasury shares for a nominal amount equal to the nominal amount for which the above capital increase was effectively carried out. The Board is granted the power to execute these resolutions, on one or two occasions, simultaneously with each of the share capital increases (see Note 08.02).

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 08.02).

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

On 9 January 2023, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 6 May 2022, and 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 (see Note 08.02).

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

In addition to the Parent Company, the companies included in the scope of consolidation whose shares are listed on securities markets at 30 June 2023 are Hochtief, A.G. on the Frankfurt Stock Exchange (Germany) and Dragados y Construcciones Argentina, S.A.I.C.I. on the Buenos Aires Stock Exchange (Argentina).

08.02. Treasury shares

The changes in "Treasury Shares" in 2023 and 2022 were as follows:

	First half 2023		First half 2022	
	Number of shares	Thousands of Euros	Number of shares	Thousands of Euros
At beginning of the reporting period	25,904,654	622,170	28,876,676	691,916
Purchases	2,644,607	75,481	16,800,202	402,076
Depreciation and sales	(8,331,835)	(201,920)	(19,047,466)	(455,176)
At end of the reporting period	20,217,426	495,731	26,629,412	638,816

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 through the retirement of the necessary treasury shares. The definitive number of shares, subject to the capital increase, was 2,331,835 shares for a nominal amount of EUR 1,165,917.50, which were retired simultaneously for the same amount (see Note 01.10), and with an allocation to reserves

for the same amount as the nominal value of the retired shares, i.e., EUR 1,165,917.50, as provided for in section 335.c) Spanish Companies Act.

On 21 June 2023, 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 5 May 2023, so that once the process was concluded in July 2023, the definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued was 7,366,418 shares, and the nominal amount of the related capital increase was EUR 3,683,209. On that same date, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 3,683,209 through the retirement of 7,366,418 treasury shares and allocated the same amount to reserves as the nominal value of the retired shares, i.e., EUR 3,683,209 as provided for in section 335.c) of the Corporate Enterprises Act (see Note 08.01).

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 01.10), and with an allocation to reserves for the same amount as the nominal value of the retired shares, i.e., EUR 1,523,733.00, as provided for in section 335.c) 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 that same date, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 4,566,360 through the retirement of 9,132,720 treasury shares and allocated the same amount to reserves as the nominal value of the retired shares, i.e., EUR 4,566,360, as provided for in section 335.c) of the Corporate Enterprises Act (see Note 08.01).

On 23 March 2023, in accordance with the resolution passed at the Annual General Meeting held on 6 May 2022, the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A. agreed to reduce share capital, with a charge to profit or unrestricted reserves, through the retirement of the Company's treasury shares for a nominal amount of 3 millions of Euros through the retirement of 6 millions of Euros ACS treasury shares, making the corresponding provision with a charge to reserves as indicated in section 335.e) of the Corporate Enterprises Act.

In 2022, the Board of Directors of the Parent, in successive occasions, redeemed a total of 20,500,000 shares under the resolutions adopted by the General Meeting, reducing share capital by a nominal amount of EUR 10,250,000, by redemption, through profit or free reserves, by redeeming 20.5 million ACS treasury shares, making the corresponding provision with a charge to reserves as indicated in section 335.e) Corporate Enterprises Act (see Note 08.01).

At 30 June 2023, the Group held 20,217,426 treasury shares of the Parent Company, with a par value of EUR 0.5 each, representing 7.3% of the share capital, with a consolidated carrying amount of 495,731 thousands of Euros that is recognised in equity under "Treasury shares and equity interests" in the consolidated statement of financial position. At 31 December 2022, the Group held 25,904,654 treasury shares of the Parent, with a par value of EUR 0.5 each, representing 9.1% of the share capital, with a consolidated carrying amount of 622,170 thousands of Euros which was recognised in equity under "Treasury shares and equity interests" in the consolidated statement of financial position.

In the first six months of the reporting period, ACS notified the CNMV of the changes made to the treasury share buyback programme, which at year-end included a maximum of 18,450,000 shares to be acquired and a maximum investment of up to 553.5 millions of Euros, with a maximum term of up to 31 July 2024.

The average purchase price of ACS shares in the first six months of 2023 was EUR 28.54 per share (23.93 Euros per share in the first half of 2022).

08.03. Adjustments for changes in value

The net changes in the balance of this heading in the first half of 2023 and the 2022 reporting period were as follows:

	Thousands of Euros	
	First half of 2023	2022 annual reporting period
Beginning balance	380,957	(170,918)
Hedging Instruments	1,552	416,443
Available-for-sale financial assets	814	(53,170)
Exchange differences	91,242	188,602
Ending balance	474,565	380,957

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

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

08.04 Non-controlling interests

“Non-controlling interests” mainly relates to the full consolidation of Blueridge Transportation Group (BTG), the company that manages the SH288 highway in Texas, United States (see Note 01.08) amounting to 390,170 thousands of Euros at 30 June 2023 (405,990 thousands of Euros at 31 December 2022) and to the consolidation of Hochtief (the reduction of which from one year to the next is mainly due to the increase in the ownership interest in Hochtief as detailed in this Note) which includes both the ownership interests of the non-controlling shareholders of Hochtief and the non-controlling interests included in the statement of financial position of the German company amounting to 64,099 thousands of Euros at 30 June 2023 (95,674 miles thousands of Euros at 31 December 2022).

Iridium, through its subsidiary in North America, ACS Infrastructure Development, Inc., in April 2023, an agreement was reached for the purchase of the additional 21.62% that was missing from the North American company Blueridge Transportation Group (BTG), which is the concession company of a segment of 17 kilometres of the SH288 highway in Houston, Texas, United States, which includes two toll-road lanes in both directions in the median. After this acquisition, and once the purchase agreement is executed, the ACS Group's interest in that concession operator will increase to 100%. The acquisition cost amounted to 450 millions of Dollars (approximately 391 millions of Euros). The execution of the sale and purchase is still subject to obtaining the relevant administrative approvals and complying with the above conditions associated with this type of agreement.

In the first half of 2023, a 4.30% interest in Hochtief, A.G. was acquired, amounting to 248.0 millions of Euros, at an average price of 74.21 Euros per share, which meant increasing the interest in Hochtief, A.G. at the end of the first half of 2023 to 72.94% of the shares representing the share capital without discounting treasury shares, and 75.39% when treasury shares are discounted.

Hochtief, A.G. decided on 8 June 2022 to increase its share capital by slightly less than 10% through a monetary contribution making use of the authorised capital, issuing 7,064,593 new shares at 57.50 Euros per share, excluding the shareholders' subscription right. ACS, Actividades de Construcción y Servicios, S.A. was assigned 85% of the total number of new shares, which represented an increase in its shareholding in Hochtief, A.G. from 50.41% to 53.55% of the shares representing the share capital. The cash obtained through the share capital increase was used to repay part of the financing obtained to acquire Cimic (see Note 01.07).

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

In the first half of 2022, Hochtief, the majority shareholder of Cimic with a 78.6% interest, announced on 23 February 2022 a takeover bid to acquire the remaining Cimic shares for an amount of 22 Australian Dollars per share. Therefore, in the first half of 2022 the shareholding increased to 100% with the purchase of all Cimic shares held by third parties and their delisting from the stock exchange in 2022 (see Note 01.07).

09. Non-current provisions

The breakdown of this heading at 30 June 2023, and 31 December 2022, is as follows:

	Thousands of Euros	
	30/06/2023	31/12/2022
Provision for pensions and similar obligations	335,871	258,631
Personnel-related Provisions	57,845	113,866
Provision for third-party liability, taxes and for actions on infrastructure	1,147,728	1,176,594
Total	1,541,444	1,549,091

The change in the provision for pensions and similar obligations has mainly been due to the change in the discount rate used by Hochtief to measure its pension obligations in Germany, the United States and the United Kingdom to 4.02%, 5.10% and 5.35%, respectively, at 30 June 2023 (4.16%, 5.10% and 5.05%, respectively, at 31 December 2022).

Notes 20 and 36.02 to the ACS Group's Consolidated Financial Statements for the year ended 31 December 2022 describes the main disputes, including the main litigation of a tax and legal nature affecting the Group at that date.

In relation to the amount of litigation-related payments made by the ACS Group in the first six months of 2023, the payments made to resolve the litigation situation on Radials 3 and 5 and the last payment related to the CCPP Ichthys project in Australia for a total amount of 234 millions of Euros was noteworthy (see Note 01.07).

10. Financial liabilities

The classification of financial liabilities in accordance with IFRS 9 at 30 June 2023 and 31 December 2022 is as follows:

	Thousands of Euros			
	Value at 30/06/2023	Fair value through profit or loss	Fair value through other comprehensive income (equity)	Amortized cost
Long Term Financial Liabilities	8,718,119	—	—	8,718,119
Debentures and other negotiable securities	3,929,713	—	—	3,929,713
Payables to credit institutions	4,488,125	—	—	4,488,125
Payables on lease of goods	8,960	—	—	8,960
Project financing and debt with limited resources	192,880	—	—	192,880
Other long-term financial payables not in banks	77,490	—	—	77,490
Long-term payables to group and associated companies	20,951	—	—	20,951
Short Term Financial Liabilities	1,635,146	—	—	1,635,146
Debentures and other negotiable securities	19,491	—	—	19,491
Payables to credit institutions	1,560,327	—	—	1,560,327
Payables on lease of goods	5,555	—	—	5,555
Project financing and debt with limited resources	26,859	—	—	26,859
Other short-term financial payables not in banks	20,940	—	—	20,940
Short-term payables to group and associated companies	1,974	—	—	1,974

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

The derivative financial instruments are broken down in Note 11.

10.01. Debentures and other marketable securities

At 30 June 2023, the ACS Group had debentures and bonds issued amounting to 3,929,713 thousands of Euros in non-current issues and 19,491 thousands of Euros in current issues (3,920,911 thousands of Euros

in non-current issues and 107,740 thousands of Euros in current issues, respectively, at 31 December 2022) from Cimic, Hochtief, ACS, Actividades de Construcción y Servicios, S.A. and Dragados, S.A.

The most significant changes as at 30 June 2023 are as follows:

- In the first six months of 2023, ACS, Actividades de Construcción y Servicios, S.A. renewed the Euro Commercial Paper (ECP) programme for a maximum amount of 750 millions of Euros, which was registered on the Irish Stock Exchange. Through this programme, ACS may issue notes maturing between 1 and 364 days, thus enabling the diversification of financing channels in the capital market. At 30 June 2023 there were no outstanding issues under these programmes (55,000 thousands of Euros at 31 December 2022).
- It also renewed its debt issue programme, called the Euro Medium-Term Note Programme (EMTN Programme), for a maximum amount of 1,500 millions of Euros, which was approved by the Central Bank of Ireland).
- Furthermore, ACS, Actividades de Construcción y Servicios, S.A. renewed the Negotiable European Commercial Paper (NEU CP) programme in the first six months of 2023 for 500 millions of Euros, with a maximum issue term of 365 days, under the regulation of the Bank of France (pursuant to section D.213-2 of the French Monetary and Financial Code) and listed on the Luxembourg Stock Exchange. There were no outstanding issues under the above programmes at 30 June 2023 nor at 31 December 2022.

The detail of the ACS Group's main bonds at 30 June 2023 and 31 December 2022 is as follows:

Bonds	Carrying amount 30/06/2023	Carrying amount 31/12/2022	Price 30/06/2023	Price 31/12/2022	Principal (Millions of Euros)	Coupon (%)	Initial term (in years)	Maturity
ACS 750	748,139	752,767	93.62%	92.12%	750	1.375%	5	June 2025
ACS 50	51,297	37,051	n.a.	n.a.	50	4.750%	4	November 2026
ACS 50	—	28,011	n.a.	n.a.	28	0.785%	4.11	June 2023
DRAGADOS GREEN BOND 750	587,860	594,043	93.38%	90.94%	588	1.875%	8	April 2026
HOCHTIEF 500	507,629	503,022	95.82%	94.65%	500	1.750%	7	July 2025
HOCHTIEF 50 CHF	51,048	50,930	n.a.	n.a.	51	0.769%	6	June 2025
HOCHTIEF 50	50,074	50,646	n.a.	n.a.	50	2.300%	15	April 2034
HOCHTIEF 500	499,222	497,642	87.90%	81.73%	500	0.500%	8	September 2027
HOCHTIEF 1000 NOK	86,740	95,743	n.a.	n.a.	87	1.700%	10	July 2029
HOCHTIEF 250	251,213	249,580	77.68%	65.83%	250	1.250%	12	September 2031
HOCHTIEF 500	495,297	496,415	80.41%	74.92%	500	0.625%	8	April 2029
CIMIC 625	620,685	617,797	78.28%	74.43%	625	1.500%	8	May 2029

10.02. Bank borrowings

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

- ACS, Actividades de Construcción y Servicios, S.A. has a syndicated loan in the amount of 2,100,000 thousands of Euros divided into two tranches (tranche A of the loan, drawn down in full, in the amount of 950,000 thousands of Euros, and tranche B, a liquidity facility, in the amount of 1,150,000 thousands of Euros), which matures on 13 October 2025 and was extended at the end of July 2021 for an additional year until 13 October 2026. No amount has been drawn down on the liquidity facility of tranche B at 30 June 2023 or 31 December 2022. There have been no changes as regards the other terms.
- On 29 June 2017, the Company (Dragados, S.A.) and its investee (Dragados Construction USA, Inc.), as "Borrowers", signed a syndicated loan agreement with a group of international financial institutions, amounting to USD 270,000 thousands of Euros (248,482 thousands of Euros), which

was drawn down in full by Dragados Construction USA, Inc. The principal of this loan accrues interest at a rate tied to the Libor. On 22 June 2021, an agreement was reached to roll over the above loan agreement, whereby the amount of the loan was simultaneously repaid in part and increased, resulting in a tranche A of USD 232,750 thousands of Euros (214,200 thousands of Euros) and a tranche B of USD 62,250 thousands of Euros (57,289 thousands of Euros). Dragados Construction USA, Inc. used USD 37,250 thousands of Euros (34,281 thousands of Euros) of tranche B to partially repay the initial amount. Both tranches were arranged in full on 30 June 2023. The total amount of the loan was USD 295,000 thousands of Euros (271,489 thousands of Euros). In addition, the maturity date was extended to 28 June 2026, the date on which it will be fully repaid, with the rest of the terms unchanged.

- On 20 December 2018, Dragados, S.A. entered into a syndicated transaction amounting to a total of EUR 323,800 thousand, which was divided into tranche A as a loan amounting to EUR 161,900 thousand and tranche B as a credit facility for the same amount as tranche A. Subsequently, on 19 December 2019, this agreement was renewed, and tranches A and B were increased by EUR 70,000 thousand each, for a total of EUR 463,800 thousand. At 30 June 2023, 231,900 thousands of Euros of tranche A and 231,900 thousands of Euros of tranche B were drawn. The loan principal and the credit facility will bear interest at Euribor. On 15 December 2022, an agreement was reached to roll over the financing agreement, extending by one year its previously maturity on 20 December 2024.
- Hochtief refinanced, before maturity, the existing long-term syndicated loan of 1,700 millions of Euros maturing in 2024 and obtained another 300 millions of Euros for future corporate purposes, including the refinancing of existing credit facilities. Hochtief and an international banking union agreed on a credit line with a five-year term from 30 March 2023 and options for an extension of up to two additional years. The total amount is divided into 1,200 millions of Euros in guarantee lines, 500 millions of Euros in credit facilities and 300 millions of Euros in loans. These facilities are a core element of Hochtief's long-term financing strategy. Its early refinancing has been well received in the international banking market. The banks offered a total much higher than the amount required for refinancing. This interest was driven both by the strength of the market for corporate loans and by the strong investment grade rating granted to Hochtief (BBB- by S&P).
- In June 2023, Cimic extended the syndicated credit facility of 1,000 millions of Australian Dollars (610 millions of Euros) agreed with an international syndicate of banks until July 2025. 300 millions of Australian Dollars (183 millions of Euros) of the credit facility has been drawn down at 30 June 2023.
- “Project financing and debt with limited resources” on the liability side of the consolidated statement of financial position mainly includes the amount of the financing related to infrastructure projects.

The breakdown of this heading, by type of financed asset, at 30 June 2023 is as follows:

	Thousands of Euros		
	Current	Non-current	Total
Highways	16,270	16,036	32,306
Solar thermal plants	10,454	169,276	179,730
Other infrastructures	135	7,568	7,703
Total	26,859	192,880	219,739

The breakdown of this heading, by type of financial asset, at 31 December 2022 was as follows:

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

In the first half of 2023 and 2022, the ACS Group satisfactorily met all its bank borrowing payment obligations on maturity.

Note 21 of the Consolidated Financial Statements for 2022 details the main financial risks to which the ACS Group is exposed (interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk of listed shares). The most significant changes in the first six months of 2023 regarding the financial risks of the ACS Group detailed in the 2022 Consolidated Financial Statements are as follows:

- ACS, Actividades de Construcción y Servicios, S.A. renewed the Euro Commercial Paper (ECP) programme for a maximum amount of EUR 750 million, the Negotiable European Commercial Paper (NEU CP) programme for EUR 500 million, and the debt issuance programme known as Euro Medium-Term Note Programme (EMTN Programme) for a maximum amount of EUR 1,500 million.
- Hochtief refinanced, before maturity, the existing long-term syndicated loan of 1,700 millions of Euros maturing in 2024 and obtained another 300 millions of Euros for future corporate purposes, including the refinancing of existing credit facilities. Hochtief and an international banking union agreed on a credit line with a five-year term from 30 March 2023 and options for an extension of up to two additional years. The total amount is divided into 1,200 millions of Euros in guarantee lines, 500 millions of Euros in credit facilities and 300 millions of Euros in loans.
- In June 2023, Cimic increased the syndicated credit facility in the amount of 1,000 millions of Australian Dollars (610 millions of Euros) agreed with an international syndicate of banks until July 2025. 300 millions of Australian Dollars (183 millions of Euros) of the credit facility has been drawn down at 30 June 2023.

In April 2023, the credit rating agency Standard and Poor's (S&P) granted ACS, Actividades de Construcción y Servicios, S.A. a long-term corporate credit rating of BBB- and a short-term rating of A-3, with a stable outlook. Hochtief and Cimic also obtained the same credit rating.

At 30 June 2023, "Other current financial assets" in the Consolidated Statement of Financial Position at 30 June 2023 (see Note 06) amounted to 1,165,128 thousands of Euros (1,180,617 thousands of Euros at 31 December 2022), of which 911,191 thousands of Euros (603,231 thousands of Euros at 31 December 2022) could be settled in less than three months, if the Group chooses to do so, due to the instrument's own liquid nature or its own term. In addition, the fair value of the forward contracts (settled by differences) relating to ACS shares amounting to 373,509 thousands of Euros at 30 June 2023 (239,178 thousands of Euros at 31 December 2022) are considered to be liquid, since they may be disposed of at any time (see Note 11). Lastly, the shares of listed companies recognised as non-current assets held for sale corresponding to Ventia amounting to 231.6 millions of Euros were also considered liquid (see Notes 10.03 and 01.04.01).

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

10.03. Capital management

The ACS Group's objectives in relation to capital management are to maintain an optimum financial and equity structure to reduce the cost of capital and at the same time to safeguard the Group's ability to continue to operate with sufficiently sound debt/equity ratios.

The capital structure is controlled mainly through the debt-equity ratio, calculated as net financial debt divided by equity. Net financial debt is taken to be:

- + Net debt with recourse:
 - + Non-current bank borrowings
 - + Current bank borrowings
 - + Issue of bonds and debentures
 - Cash and other current financial assets
 - Shares recognised as non-current assets held for sale
- + Debt from project finance and debt with limited recourse.

The Group's directors consider that the gearing ratio at 30 June 2023 and 31 December 2022 was adequate, broken down as follows:

	Thousands of Euros	
	30/06/2023	31/12/2022
Net recourse debt / (cash)	945,405	(463,147)
Non-current bank borrowings (Note 10.02)	4,497,086	4,644,158
Current bank borrowings (Note 10.02)	1,565,881	1,337,676
Issue of bonds and debentures (Note 10.01)	3,949,204	4,028,652
Other financial liabilities (Note 10.02)	121,355	127,376
Long term deposits, other current financial assets and cash	(8,956,482)	(10,601,009)
Liste shares of non-current assets held for sale (Note 01.04.01)	(231,639)	—
Project financing (Note 10.02)	219,739	239,142
Net financial debt / (Net Cash) (Note 01.07)	1,165,144	(224,005)
Equity (Note 08)	6,015,516	6,375,877

11. Derivative financial instruments

The details of the financial instruments at 30 June 2023 and 31 December 2022 are as follows:

	Thousands of Euros			
	30/06/2023		31/12/2022	
	Assets	Liabilities	Assets	Liabilities
Hedges	119,703	21,672	112,187	16,985
Non-qualified hedges	—	7,896	3	6,584
Non-current	119,703	29,568	112,190	23,569
Hedges	9,010	7,258	12,991	765
Non-qualified hedges	374,016	62,573	239,848	130,772
Current	383,026	69,831	252,839	131,537
Total	502,729	99,399	365,029	155,106

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

The assets and liabilities relating to derivative financial instruments not qualified as hedges include the fair value of the derivatives that do not meet hedging conditions.

In the second half of 2018, a new ACS share option plan was established that, like the previous ones, is outsourced to two financial institutions. The financial institution holds these shares to be delivered to executives who are beneficiaries of the plan in accordance with the conditions included in the plan and at the exercise price of the option (EUR 37.17 per share). These derivatives do not meet the accounting requirements to qualify for hedge accounting, therefore their measurement is recorded by means of changes in the consolidated income statement. The change in fair value of this instrument is included under "Changes in the fair value of financial instruments" in the accompanying consolidated income statement (see Note 17). Pursuant to the contracts with the financial institutions, the latter do not assume any risk arising from the drop in the share price below the exercise price. The negative fair value of the derivatives related to ACS shares amounted to 62,068 thousands of Euros at 30 June 2023 (negative 129,962 thousands of Euros at 31 December 2022) and was recognised under "Current derivative financial instruments" on the liability side of the accompanying consolidated statement of financial position.

At 30 June 2023, ACS, Actividades de Construcción y Servicios, S.A. Has a forward derivative contract, settled by differences, on its own shares with a financial institution for a maximum total of 12,005,200 shares with a strike price of 15,993 Euros 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 30 June 2023, the Company has another forward contract settled by differences on 11,968,007 ACS shares between 7 March 2024 and 2 August 2024 at a rate of 115,075 shares per session.

The positive fair value of the forward contracts (settled by differences) related to ACS shares amounted to 373,509 thousands of Euros at 30 June 2023 (239,178 thousands of Euros at 31 December 2022) and was recognised under "Current derivative financial instruments" on the asset side of the accompanying consolidated statement of financial position. The effect on the income statement for the first half of 2023 has resulted in a profit of 134,331 thousands of Euros (a profit of 1,214 thousands of Euros in the first half of 2022) included under "Changes in fair value of financial instruments" in the accompanying consolidated income statement (see Note 17).

The amounts provided as security (see Note 06.05) relating to the above derivatives arranged by the Group amounted to 155,899 thousands of Euros at 30 June 2023 (218,139 at 31 December 2022).

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

The put option is accounted for as a derivative financial instrument in accordance with IFRS 9 and is therefore recognised at fair value through profit or loss in the ACS Group's consolidated financial statements.

The fair value of the put option cannot be assessed using the market price. A probability-weighted expected return methodology is used to obtain the value of the income from the put option based on future potential payments if the option is exercised, adjusted for minimum annual distributions as per the shareholders' agreement, and compared to the estimated exercise price to determine a fair value. At 30 June 2023, the fair value of the put option was determined to be 4.35 millions of Australian Dollars, equivalent to 2.65 millions of Euros (4.35 millions of Australian Dollars, equivalent to 2.77 millions of Euros at 31 December 2022).

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

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

The Thiess option is accounted for as a derivative financial instrument in accordance with IFRS 9 and is therefore recognised at fair value through profit or loss.

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

At 30 June 2023, the fair value of the put option was determined to be 1.68 millions of Australian Dollars, equivalent to 1.03 millions of Euros (1.68 millions of Australian Dollars, equivalent to 1.07 millions of Euros at 31 December 2022).

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

With regard to the assets and liabilities measured at fair value, the ACS Group followed the hierarchy set out in IFRS 7:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

	Thousands of Euros			
	Value at 30/06/2023	Level 1	Level 2	Level 3
Assets	1,706,436	605,636	576,889	523,911
Equity instruments	354,689	154,565	8,521	191,603
Loans to third parties	332,308	—	—	332,308
Debt securities	516,710	450,931	65,779	—
Other financial assets	—	—	—	—
Derivative financial instruments				
Non-current	119,703	—	119,703	—
Current	383,026	140	382,886	—
Liabilities	99,399	406	95,316	3,677
Derivative financial instruments				
Non-current	29,568	—	25,891	3,677
Current	69,831	406	69,425	—

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

The changes in financial instruments included under Level 3 during the six-month period ended on 30 June 2023, is as follows:

	Thousands of Euros						30/06/2023
	31/12/2022	Additions	Reductions	Valuation adjustments	Transfer Level 2	Others	
Assets - Equity instruments and derivative financial instruments	512,202	3,372	(21,810)	30,128	—	19	523,911
Liabilities - Derivative financial instruments	3,842	—	—	(165)	—	—	3,677

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

	Thousands of Euros						
	01/01/2022	Additions	Reductions	Valuation adjustments	Transfer Level 2	Others	31/12/2022
Assets - Equity instruments and derivative financial instruments	379,704	105,500	(59,099)	86,010	—	87	512,202
Liabilities - Derivative financial instruments	8,325	—	—	(4,483)	—	—	3,842

No derivative instruments measured at fair value through profit or loss were transferred between levels 1 and 2 of the fair value hierarchy in the first half of 2023 or in 2022.

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

12. Tax matters

12.01. Deferred tax assets and liabilities

The detail of the deferred tax assets at 30 June 2023 and 31 December 2022 is as follows:

	Thousands of Euros					
	30/06/2023			31/12/2022		
	Tax Group in Spain	Other companies	Total	Tax Group in Spain	Other companies	Total
Credit for tax loss	—	389,534	389,534	—	372,704	372,704
Other temporary differences	291,111	75,016	366,127	275,950	123,162	399,112
Tax credits and tax relief	62,927	3,740	66,667	63,711	3,740	67,451
Total	354,038	468,290	822,328	339,661	499,606	839,267

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

At 30 June 2023, deferred tax assets and liabilities arising from temporary differences totalling 516,641 thousands of Euros (484,145 thousands of Euros at 31 December 2022) have been offset. The offsetting was at the level of the same company or tax group and most of the offsetting arises in the Hochtief Group.

	Thousands of Euros	
	30/06/2023	31/12/2022
Deferred tax assets	1,338,969	1,323,412
Compensations of deferred tax assets/liabilities	(516,641)	(484,145)
Total deferred tax assets	822,328	839,267
Deferred tax liabilities	820,570	778,491
Compensations of deferred tax assets/liabilities	(516,641)	(484,145)
Total deferred tax liabilities	303,929	294,346

The deferred tax liabilities, which amount to 303,929 thousands of Euros (294,346 thousands of Euros at 31 December 2022), have not substantially changed with respect to 31 December 2022, the effect of the change under IAS 12 with mandatory application from 1 January 2023 being immaterial.

12.02. Change in income tax expense

The main items affecting the quantification of income tax expense at 30 June 2023, and 2022 are as follows:

	Thousands of Euros	
	30/6/2023	30/6/2022
Consolidated profit/(loss) before tax	612,217	509,109
Profit or loss of companies accounted for using the equity method	(230,843)	(176,148)
	381,374	332,961
Tax charge at 25%	95,344	83,240
Net impact of permanent differences, tax credits, national tax rate spreads and adjustments	56,671	42,682
Income tax expense / (income)	152,015	125,922

The effect of the spread between national tax rates and the reference tax rate of 25% is due to the fact that the nominal Spanish rate used to calculate this table is lower than the average nominal rates in the relevant countries in which the Group operates.

Subsequent to the end of the first half of 2023, the Spanish Tax Group received notice of initiation of tax proceedings for the periods from 2018 to 2021 for corporation tax and June 2019 to December 2021 for VAT and withholdings. The Company's directors do not expect any consequences that could significantly affect the Group's consolidated financial statements.

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

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

13. Business segments

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

The main areas of the Group are divided into:

a) Construction

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

b) Concessions

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

c) Services

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

d) Corporate

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

The detail of the assets and liabilities by business segment at 30 June 2023 and 31 December 2022 is as follows:

	Thousands of Euros			
	Assets		Liabilities	
	30/06/2023	31/12/2022	30/06/2023	31/12/2022
Construction	25,941,301	25,484,331	22,419,969	21,964,396
Concessions	5,162,965	5,617,813	2,372,569	2,708,743
Services	1,561,149	1,620,838	768,673	817,364
Corporation, others and adjustments	3,921,676	4,857,318	5,010,364	5,713,920
Total	36,587,091	37,580,300	30,571,575	31,204,423

The breakdown of ordinary income by business segments at 30 June 2023 and 2022 is as follows:

Business segments	Thousands of Euros	
	30/06/2023	30/06/2022
Construction	15,842,527	14,358,106
Concessions	94,722	45,235
Services	961,873	904,745
(-) Corporation, others, adjustments and eliminations of ordinary inter-segment income	133,991	106,844
Total	17,033,113	15,414,930

Inter-segment sales are made at market prices.

The reconciliation of operating profit/(loss), by business segment, to consolidated profit/(loss) before tax at 30 June 2023 and 2022 is as follows:

Business segments	Thousands of Euros	
	30/06/2023	30/06/2022
Construction	272,179	274,147
Concessions	124,102	91,018
Services	15,818	16,008
Total profit / (loss) of the segments reported upon	412,099	381,173
(+/-) Non-assigned profit	48,103	67,347
(+/-) Income tax and / or profit / (loss) from discontinued operations	152,015	60,589
Profit / (Loss) before tax	612,217	509,109

The turnover by geographical area as of 30 June 2023 and 2022 is as follows:

Revenue by Geographical Area	Thousands of Euros	
	30/06/2023	30/06/2022
Domestic market	1,620,673	1,540,659
Foreign market	15,412,440	13,874,271
a) European Union	1,003,486	980,352
a.1) Euro Zone	442,178	476,418
a.2) Non Euro Zone	561,308	503,934
b) Rest of countries	14,408,954	12,893,919
Total	17,033,113	15,414,930

Turnover amounting to 17,033,113 thousands of Euros in the first half of 2023 (15,414,930 thousands of Euros in the first half of 2022) includes performance obligations recognised mainly through the application of the product method in the construction business (civil construction, PPP, etc.), the concessions business and the services business (including construction management, comprehensive maintenance services for buildings, public places and organisations, and assistance to people).

Turnover by type for the first half of 2023 is as follows:

	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Construction	6,762,050	39.7 %	8,916,465	52.3 %	164,012	1.0 %	15,842,527	93.0%
Concesiones	—	0.0 %	94,722	0.6 %	—	0.0 %	94,722	0.6%
Services	—	0.0 %	961,873	5.6 %	—	0.0 %	961,873	5.6%
Corporate, others and adjustments	—	0.0 %	120,645	0.7 %	13,346	0.1 %	133,991	0.8%
Total	6,762,050	39.7 %	10,093,705	59.3 %	177,358	1.0 %	17,033,113	100.0%

Turnover by type for the first half 2022 was as follows:

	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Construction	5,853,096	38.0 %	8,356,598	54.2 %	148,412	1.0 %	14,358,106	93.1%
Concessions	—	0.0 %	27,313	0.2 %	17,922	0.1 %	45,235	0.3%
Services	—	0.0 %	904,749	5.9 %	(5)	0.0 %	904,744	5.9%
Corporate, others and adjustments	—	0.0 %	19,189	0.1 %	87,656	0.6 %	106,845	0.7%
Total	5,853,096	38.0 %	9,307,849	60.4 %	253,985	1.6 %	15,414,930	100.0%

The distribution of turnover relating to the Group's ordinary operations in the first half of 2023 and 2022, by the main countries where it operates, is as follows:

Revenue by Countries	Thousands of Euros	
	30/06/2023	30/06/2022
United States	9,475,544	8,441,978
Australia	3,344,579	2,879,901
Spain	1,620,673	1,540,659
Canada	1,020,783	946,101
Germany	400,877	436,366
Poland	236,614	183,351
United Kingdom	204,326	245,794
Czech Republic	113,596	64,711
India	98,108	30,429
Hong Kong	91,741	255,194
New Zealand	71,305	100,499
Other	354,967	289,947
Total	17,033,113	15,414,930

The backlog by line of business at 30 June 2023 and 31 December 2022 was as follows:

	Thousands of Euros	
	30/6/2023	31/12/2022
Construction	69,801,759	66,083,785
Services	2,682,193	2,912,176
Total	72,483,952	68,995,960

The backlog would be equivalent to approximately 23 months of activity at 30 June 2023 (23 months at 31 December 2022).

14. Finance costs

Although the impact on expenses is limited since most of the Group's debt is hedged against interest rate fluctuations, ordinary financial expense increased due to the rise in interest rates in the financing of current working capital, as well as the financing derived from the purchase of the SH288 by Iridium.

15. Average headcount

The detail of the average number of employees, by professional category and gender, in the first half of 2023 and 2022 is as follows:

By professional category	Average number of employees					
	30/06/2023			30/06/2022		
	Men	Women	Total	Men	Women	Total
University graduates	12,160	4,691	16,851	11,345	4,566	15,911
Junior college graduates	1,901	2,211	4,112	1,742	2,128	3,870
Non-graduate line personnel	10,408	7,316	17,724	9,874	7,153	17,027
Clerical personnel	1,895	2,578	4,473	1,787	2,657	4,444
Other employees	31,846	57,112	88,958	27,809	55,203	83,012
Total	58,210	73,908	132,118	52,557	71,707	124,264

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

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

The detail of "Impairment and gains or losses on the disposal of non-current assets" in the first half of 2023 and 2022 is as follows:

	Thousands of Euros	
	30/06/2023	30/06/2022
Impairment / Reversal of assets	(2,529)	330,268
Gains or losses on disposal of assets	12,408	59,603
Total	9,879	389,871

Worthy of note in the first half of 2022, this heading of the consolidated income statement included the effects of the exclusion of Ventia from the scope of consolidation of Cimic in the first quarter of 2022 as a result of losing its status as associate, whereby it is now recognised as a financial asset under IFRS 9 at fair value through profit and loss based on Ventia's quoted market price at that date. This resulted in a profit of 331.2 millions of Euros (502 millions of Australian Dollars) for Cimic recognised at 31 March 2022 under "Impairment and gains or losses on disposal of non-current assets" as indicated in Note 01.08.

On 11 April 2022, Cimic entered into a conditional and confidential commercial agreement with its consortium partners and JKC, which resulted in a complete and final agreement on all matters in relation to the CCPP contract. The effects on Cimic's income statement as a result of the agreement in relation to the CCPP project amounting to 325 millions of Euros (493 millions of Australian Dollars) were recognised under "Other operating expenses" in the accompanying consolidated income statement. As a result of this agreement, Cimic paid 127 millions of Euros in April 2022 and 190 millions of Euros in March 2023 (which was recognised under "Trade and other payables" in the consolidated statement of financial position at 31 December 2022).

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

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

The details of "Impairment and gains or losses on the disposal of financial instruments" in the first half of 2023 and 2022 is as follows:

	Thousands of Euros	
	30/06/2023	30/06/2022
Impairment of financial instruments	(57,672)	(2,470)
Gains or losses on disposal of financial instruments	(2,011)	(2,151)
Total	(59,683)	(4,621)

17. Changes in the fair value of financial instruments

This heading includes the effect on the consolidated income statement of derivative instruments that do not meet the efficiency criteria provided in IAS 39, or that are not hedging instruments. The most significant effect in the first half of 2023 relates to derivatives on ACS, Actividades de Construcción y Servicios, S.A. Stock options, which gave rise to a profit of 67,894 thousands of Euros (a loss of 5,157 thousands of Euros in the first of 2022), as described in Note 11. Additionally, this heading reflects the positive effect associated with the derivatives on ACS shares (forward contracts settled by differences), which resulted in a profit of 134,331 thousands of Euros (a profit of 1,214 thousands of Euros in the first half of 2022).

18. Related party transactions and balances

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

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

The transactions performed during the first half of 2023 are as follows:

June 2023 Related transactions Management or collaboration contracts	Other related parties		Total
	Others	Total	
Thousands of Euros			
Services rendered	87	87	87
Income	87	87	87

June 2023 Related transactions Other transactions	Other related parties	
	Fapin Mobi, S.L.	Total
Thousands of Euros		
Dividends and other profit distributed	387	387

The operations carried out during the first half of 2022 were as follows:

June 2022 Related transactions Management or collaboration contracts	Other related parties		Total
	Others	Total	
Thousands of Euros			
Services rendered	71	71	71
Income	71	71	71

June 2022 Related transactions Other transactions	Other related parties	
	Fapin Mobi, S.L.	Total
Thousands of Euros		
Dividends and other profit distributed	347	347

The transactions with other related parties are listed due to the relationship of certain board members of ACS, Actividades de Construcción y Servicios, S.A. with companies in which they are either shareholders or senior executives. The transactions with Fapin Mobi, S.L. are detailed in accordance with the relationship of the Board member Pedro Lopez Jimenez with these companies.

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

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

20. Board of Directors and senior executives

20.01. Remuneration of directors

In the first half of 2023 and 2022, remuneration for the Board members of ACS, Actividades de Construcción y Servicios, S.A. either as members of the boards of directors of the Parent and the Group companies or as senior executives of Group companies was as follows:

	Thousands of Euros	
	30/06/2023	30/06/2022
Remuneration for membership of the Board and / or Commissions	1,984	1,825
Wages	2,729	2,192
Variable cash remuneration	3,573	2,779
Total	8,286	6,796

An amount of 139 thousands of Euros was charged to the consolidated income statement in relation to stock options granted to members of the Board of Directors with executive duties in 2018 (139 thousands of Euros in the first half of 2022). This amount relates to the proportion of the value of the plan at the date on which it was granted.

The amounts corresponding to Board members relating to mutual funds, pension plans and life insurances at 30 June 2023 and 2022 are as follows:

	Thousands of Euros	
	30/06/2023	30/06/2022
Long-term savings systems	1,259	1,250
Other concepts	44	16
Total	1,303	1,266

The ACS Group does not have any balances with and has not granted any advances, loans or guarantees to any of the Board members at 30 June 2023 and 2022.

20.02. Remuneration of senior executives

The remuneration corresponding to the Group's senior executives, who are not executive directors, for the periods ended 30 June 2023 and 2022, is as follows:

	Thousands of Euros	
	30/06/2023	30/06/2022
Salary remuneration (fixed and variable)	12,210	13,099
Pension plans	1,035	1,042
Life insurances	25	20

The amounts recognised in the consolidated income statement in the first half of 2023 as a result of the stock options granted to the Group's Senior Management, in July 2018, amounted to 1,500 thousands of Euros (1,379 thousands of Euros in the first half of 2022) and are not included in the aforementioned remuneration. Similarly, as indicated in the case of directors, these amounts relate to the proportion of the value of the plan on the date it was granted.

The ACS Group does not have any balances with and has not granted any advances, loans or guarantees to any of the senior executives at 30 June 2023 and 2022.

20.03. Share-based remuneration systems

ACS

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

- The number of shares subject to the Options Plan will be a maximum of 12,586,580 shares, of EUR 0.50 par value each.
- The beneficiaries are 271 executives with options from 500,000 to 20,000.
- The acquisition price will be EUR 37.170 per share. This price will change by the corresponding amount should a dilution take place.
- The options may be exercised in two equal parts, cumulative if the beneficiary so wishes, during the fourth and fifth years after 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.
- 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 1,000 millions of Euros and whose international sales exceed 15% of their total revenue. In order for the options to be exercised by the beneficiaries, the following two criteria are established, one of which is financial in nature and the other non-financial, and with different weightings:

1. Financial criterion with a weighting of 85%: ROE: The objective set is to exceed average profitability in the sector over the period 2018-2020. If the ACS figure exceeds the sector average, 100% of the options foreseen will be allocated. If the ACS figure does not exceed the 25th percentile of the sector sample, 50% of the options will be allocated, with intermediate positions weighted proportionally between 50% and 85%. This criterion has already been met since the ACS's average ROE for the period 2018-2020 was 19.6% compared to 10.5% of the adjusted average of the sector (without considering companies with losses).
2. A non-financial criterion with a weighting of 15%: Sustainability: The objective set is to exceed for at least two years the 60th percentile in the world ranking table produced annually by RobecoSAM for the Dow Jones Sustainability Index. This criterion has also been met because ACS has been included in the DJSI World Index in the last two years.

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 30 June 2023 and 31 December 2022 was 32.170 and 26.770 millions of Euros, respectively. After the end of the reporting period, the plan has ended without having exercised any of the stock options.

HOCHTIEF

Within the Hochtief Group, there are also share-based payment remuneration systems for the Group's management. All of these share option plans form part of the remuneration system for senior executives of Hochtief, and long-term incentive plans. To hedge the risk of exposure to changes in the market price of the Hochtief shares, it has a number of derivatives that are not considered to be accounting hedges.

21. Other contingent liabilities

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

Both the investment of the ACS Group in Alazor (R3 and R5 highways), it should be noted that on 10 March 2023, the Funds and Creditor Banks of Alazor Inversiones, S.A. signed with ACS, Actividades de Construcción y Servicios, S.A., Desarrollo de Concesiones Viarias Uno, S.L, Autopistas, C.E.S.A., and Iberpistas, S.A., in the presence of the Administrators, a settlement agreement through which they joined all the proceedings corresponding to the successive claims filed by Alazor's financial creditors against the aforementioned Shareholders and Guarantors.

The claims that were the subject of said settlement were the following:

1. The declaratory claim filed in May 2019 by Haitong Bank S.A. Sucursal en España, acting as agent of the Financing Syndicate, invoked clause four (viii) of the Support Contract. The Madrid Court of First Instance No. 26 upheld the claim by means of a judgment dated 2 November 2021 ruling

against the Alazor Shareholders and their respective Guarantors. An appeal was filed against this ruling on 20 December 2021 to be decided by Section 13 of the Madrid Provincial Appellate Court.

2. The declaratory claim filed in January 2019 by the creditor Funds and Banks invoking clause 2 and clause 5 of the Support Contract to claim contributions made to Alazor for expropriation cost overruns and compliance with refinancing ratios. The Madrid Court of First Instance No. 13 dismissed the claim in its entirety by means of a judgment handed down on 7 November 2022, ruling in favour of the Shareholders and Guarantors. The Funds filed an appeal by pleading dated 13 December 2022, to be decided by the Madrid Provincial Appellate Court.
3. The claim formulated by the Shareholders and Guarantors before the Madrid Court of First Instance no. 51 for the damages caused after the revocation by the Provincial Appellate Court of the enforcement order issued in February 2014 in the first lawsuit related to clause 4 (viii) of the Support Contract.

The parties to the Agreement have jointly addressed the Courts and Tribunals before which the proceedings are being heard, requesting their termination by out-of-court-settlement and without ordering payment of legal costs. The request filed before the Madrid Court of First instance no. 26 has already had a procedural decision and is pending resolution, the same as that formulated before Section 13 of the Madrid Provincial Appellate Court; the request filed before the Court of First Instance no. 13 of Madrid has not yet received a procedural decision; and the one formulated before the Court of First Instance no. 51 of Madrid has been upheld by Decree dated 21 March 2023.

In relation to the ACS Group's investment in Irasa (R2 highway), it should be noted that by means of a declaratory claim served in September 2019, the Creditor Funds and Guarantors invoked clauses 2.1.2 and 2.1.4 of the Shareholders' Commitment Agreement, to claim payment of 471.8 millions of Euros in principal plus 79.7 millions of Euros interest (165.1 millions of Euros and 27.9 millions of Euros which would correspond to the ACS Group respectively) to cover construction and expropriation costs and contingent contributions. This claim was dismissed by the Madrid Court of First Instance no. 37 on 14 July 2022, absolving the Shareholders and Guarantors of all claims made against them and ordering the claimants to pay costs. On 8 September 2022, the Funds filed an appeal against this ruling, which will be heard by Section 10 of the Madrid Provincial Appellate Court.

In relation to the insolvency proceedings of the R2 and R3-R5 (Henarsa, Irasa, Accesos de Madrid and Alazor), they were all declared to be unforeseen. The Henarsa and Accesos de Madrid trustees in bankruptcy handed over the operation of the R2, R3 and R5 highways to the State in documents dated 28 February and 9 May 2018, respectively, and they are being managed by the Ministry of Transport, Mobility and Urban Agenda through SEITTSA — the state-owned land transport infrastructure company — under an agreement signed in August 2017, which was initially extended until 2022, and was once again extended until 2032.

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

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

In 2018, several briefs were filed requesting an extension of the term of execution of the Project works and compensation for damages in excess of USD 700 million, which include damages incurred by different participants in the Project (concession operator, construction group, rolling stock supplier, etc.). The Republic of Peru dismissed the claims made and included a counterclaim against the Concession Operator, claiming an amount in excess of USD 700 million for socio-economic and environmental damage.

Both the claim brought by the Concession Operator against Peru and the counterclaim by Peru against the Concession Operator have been consolidated into a single arbitration process with the ICSID. The process has followed its normal course: in the first half of May 2019, the evidentiary hearing was held in Washington, where various witnesses gave their testimony, two rounds of briefs were presented during June and July 2019 in relation to issues raised during the evidentiary hearing, and final pleadings were presented by both the Concession Operator and the State of Peru on 20 September 2019.

On 6 July 2021, the Court issued a partial award through the "Decision on Jurisdiction and Liability", which dismissed the counterclaim of the Republic of Peru and upheld virtually all of the claims of the Concession Operator, with the final award yet to be handed down on the amount of damages and costs of the proceedings. In particular, the Decision declares that (1) the Republic of Peru has breached its obligation to deliver most of the Areas of Stage 1A and all of the Areas of Stages 1B and 2 within the periods agreed, and (2) the Republic of Peru has breached its contractual obligations regarding the procedure for overseeing and approving the Detailed Engineering Studies, and that the Republic of Peru has failed to properly exercise its contractual supervisory role. As regards damages due to delays, the claim for damages due to delays in relation to Stages 2 and 1B is fully upheld and partially upheld for Stage 1A. On 11 August 2021, the Court issued Procedural Order no. 8 instructing the experts of the Concession Operator and of Peru to perform additional calculations based on the findings set forth in the Decision. On 11 October 2021, following the Court's procedural order, based on the delays determined by the Court in the Decision, the Concession Operator reduced its claim from USD 109.0 million to USD 84.7 million and the other members of the consortium other than the Concession Operator also made an adjustment to the damages initially claimed. On 30 December 2021, the concession grantor submitted to the Court its response to the Concession Operator's adjusted damage calculations, rejecting most of these damages and submitting much lower alternative calculations. On 31 January 2022, the Parties submitted a joint WACC Calculator to the Arbitral Tribunal and, subsequently, each party has submitted its own "instructions" for using the Calculator. The Arbitral Tribunal sent a notice on 27 June 2023 inviting the Parties to submit their pleadings on costs. The award for damages is expected to be issued in the last quarter of 2023.

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

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

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

The expert has prepared the draft preliminary expert report, which is currently being reviewed by the working group. On 11 April 2023, the ICSID Secretary General informed that the 3 arbitrators had accepted their corresponding appointments and that, therefore, the Arbitral Tribunal was constituted and the procedure opened. On 29 May 2023, the first session of the Arbitral Tribunal took place, in which the Parties agreed to set 29 September 2023 as the date for the submission of the Statement of Claim by the Concession Operator.

On 1 October 2018, an accusation was brought against Dragados and other companies for possible infringements of section 1 of the Spanish Competition Act (Ley de Defensa de la Competencia) and Article 101 of the Treaty on the Functioning of the European Union, consisting of agreements and exchanges of information between these companies in the field of tenders held by the various public authorities in Spain for the construction and refurbishment of infrastructures and buildings. On 16 July 2020, this accusation was declared to have exceeded its validity, although on 6 August 2020 a new accusation was brought in relation to the same facts as the expired accusation. On 16 September 2020, Dragados filed an appeal for judicial review against the ruling that decreed the expiration, which was admitted on 9 October 2020, with the claim being filed on 16 December 2020. On 6 July 2021, the Directorate of Competition of the CNMC issued a new preliminary ruling for the new accusation with proposed liquidated damages of 58 millions of Euros, indicating that the company could also be banned from entering into contracts with public authorities. The corresponding pleadings have been submitted against this preliminary ruling. On 15 July, the CNMC notified that a ruling had been handed down a fine of EUR 57.1 million on Dragados. This fine was appealed before the National Appellate Court and on 19 January 2023 the Court handed down its decision to suspend payment of the fine in exchange for the provision of a guarantee, which must be provided within the period indicated by the Court. Dragados and its external advisers consider that the action that was subject to this fine is not unlawful and did not restrict competition, and consider the fine to be disproportionate and lacking in justification. The Group's Management considers that the final ruling on this matter is unlikely to have a significant effect on the company.

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

APPENDIX I

CHANGES IN THE CONSOLIDATION PERIMETER

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

DCX Heiligenhaus GmbH & Co. KG
 DCX Heiligenhaus Verwaltungs GmbH
 Flatiron/Lts 1, A JV
 Flatiron/Lts 2, A JV
 Turner ImbuTec II
 Turner - Janey II JV
 Turner-Janey III JV
 Turner Azteca JV
 Turner-Mahogany JHU Henrietta Lacks JV
 Turner Carcon Source JV
 Turner Carcon TM Source JV
 Turner FS360 III A JV
 Turner FS360 IV A JV
 Turner Byrne Straight Line JV
 Turner-DA Everett a JV
 Turner Yates Project Kansas JV
 Turner Lendlease a Joint Venture
 Central Street Consortium
 Innovative Asset Solutions Pty Ltd
 Leighton India Holdings 2 Pte Ltd
 Leighton-First Balfour Joint Venture
 SH 288 Capital, LLC
 SH 288 Property, LLC
 Hellenic Fast Charging Service A.E.
 EWE Hochtief Ladepartner GmbH & Co. KG
 Skanska/Flatiron, Jv
 LightHorse Innovation Corporation (Formerly: 1887719 Alberta Ltd.)
 Palmetto Tri-Venture
 3CI-Turner Joint Venture
 TMP Joint Venture
 Barton Malow Turner Dixon a Joint Venture
 15148791 Canada Inc.

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

Perfect Care (Holdings) Limited
 Consorcio Dragados Compax Dos, S.A.
 Flatiron Electric Group (vormals: Terno, Inc.)
 Audubon Bridge Constructors
 Flatiron-Lane, a Joint Venture
 Saddleback Constructors
 Flatiron/Parsons, a JV
 Flatiron/Goodfellow Top Grade JV
 West Coast Rail Constructors
 Dragados/Flatiron/Sukut, a Joint Venture
 Topgrade/Flatiron
 Topgrade/Flatiron/Gallagher
 Tidewater Skanska/Flatiron
 Sukut/Flatiron Joint Venture

E.E. Cruz/NAB/Frontier
E.E. Cruz/Nicholson Joint Venture LLC
Nicholson/E.E. Cruz, LLC
Devine Sa Land Pty Ltd
Leighton Contractors (Philippines) Corp.
Leighton International Limited
Spark North East Link Holding Pty Limited
Spark North East Link Pty Limited
Newark Real Estate Holdings Inc.
Tesca Ingenieria del Ecuador, S.A.
Gravitas Offshore Ltd.
Aberdeen Holdco III LLC
Leighton Offshore Faulkner Pte Ltd
Sedgman South Africa Holding (Pty) Ltd

Separate financial statements

Separate financial statements

Accounting standards applied

The Selected Individual Financial Information (hereinafter, the selected financial information) has been prepared in accordance with current commercial laws and the General Accounting Plan approved by Royal Decree 1514/2007 of November 16, and its subsequent amendments, adapted to the summary models provided in Royal Decree 1362/2007 and in accordance with Circular 5/2015 of October 28, of the Spanish National Securities Market Commission [CNMV - Comisión Nacional del Mercado de Valores].

This selected financial information does not include all the information required by complete separate financial statements prepared in accordance with generally accepted accounting principles and standards under Spanish regulations. Specifically, the accompanying selected financial information has been prepared with the necessary content for compliance with the requirements for selected individual financial information, established in rule two of the aforementioned Circular 1/2008 for those cases in which the issuer, in applying the regulations in force, is required to prepare Condensed Consolidated Financial Statements. Consequently, the selected financial information must be read together with the Company's Consolidated Financial Statements for the year ended 31 December 2022 and together with the Condensed Consolidated Half-Yearly Financial Statements for the period from 1 January 2023 to 30 June 2023.

In relation to the preparation of the selected individual financial information, the consideration of the dividends received and the interest earned from the financing granted to the investees as revenue, in accordance with the ruling published in number 79 of the Spanish Accounting and Audit Institute Official Gazette of September 2009, is noteworthy of mention.

The breakdown of the individual turnover is as follows:

	Thousands of Euros	
	30/06/2023	30/06/2022
Dividends from Group companies and Associates	564,169	326,959
Financial income from Group companies and Associates	1,309	—
Services rendered	8,644	142
Total	574,122	327,101

This Selected Individual Financial Information was prepared in relation to the publication of the six-monthly financial report as required under Article 35 of Securities Market Law 24/1988, of 28 July, implemented by Royal Decree 1362/2007, of 19 October.

Declaration of responsibility

The directors declare that, to the best of their knowledge, the condensed semi-annual accounts presented for the six-month period ended on 30 June 2023 have been prepared in accordance with the applicable accounting principles, provide a true image of the equity, financial position and income of ACS, Actividades de Construcción y Servicios, S.A. and that of the companies included in the consolidation as a whole, and that the management report contains a true analysis of the required information.

Date of Declaration: 27 July 2023.

Florentino Pérez Rodríguez (Executive Chairman)	Pedro López Jiménez (Vice Chairman)
Juan Santamaría Cases (Chief Executive Officer)	Antonio Botella García (Board Member)
Javier Echenique Landiribar (Board Member)	Carmen Fernández Rozado (Board Member)
Lourdes Fraguas Gadea (Board Member)	María José García Beato (Board Member)
Emilio García Gallego (Board Member)	Mariano Hernández Herreros (Board Member)
Lourdes Máiz Carro (Board Member)	Catalina Miñarro Brugarolas (Board Member)
María Soledad Pérez Rodríguez (Board Member)	José Eladio Seco Domínguez (Board Member)
José Luis del Valle Pérez (Director and General Secretary)	

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

Declaration of responsibility

The directors declare that, to the best of their knowledge, the condensed semi-annual accounts presented for the six-month period ended on 30 June 2023, have been prepared in accordance with the applicable accounting principles, provide a true image of the equity, financial position and income of ACS, Actividades de Construcción y Servicios, S.A., and that the management report contains a true analysis of the required information.

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