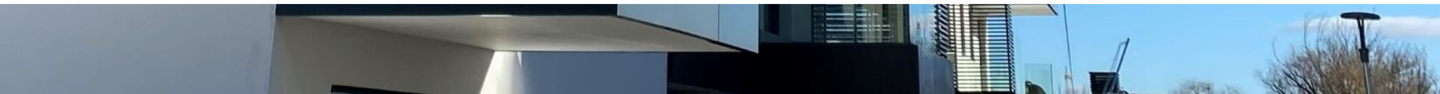
2023

ECONOMIC AND FINANCIAL REPORT



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

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

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

Consolidated Financial Statements
for the year ended
31 December 2023 and
Consolidated Directors' Report,
together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
España

Tel: +34 915 14 50 00
www.deloitte.es

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INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of ACS, Actividades de Construcción y Servicios, S.A.,

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of ACS, Actividades de Construcción y Servicios, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2023, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Recognition of revenue from long-term contracts and of amounts to be billed for work performed	
Description	**Procedures applied in the audit**
In order to recognise revenue from its long-term construction contracts, the Group generally uses the percentage of completion method provided for in IFRS 15. This revenue recognition method was a key matter in our audit since it affects a significant amount of the total volume of consolidated revenue and the measurement of the amounts to be billed for work performed, which at 31 December 2023 amounted to EUR 2,878,917 thousand. The percentage of completion method requires the use of very significant estimates by Group management, relating mainly to the expected outcome of the contract, the amount of costs to be incurred at the end of the construction work, the measurement of work completed in the period and the accounting for modifications to the initial contract, all of which impact the revenue recognised in the year. It should be noted in this connection that, in accordance with the revenue recognition standard (IFRS 15), contract modifications are recognised when the Group has received approval for them from the customer. Also, if the parties are in the process of agreeing upon a modification or if it is being negotiated or is under dispute, the corresponding revenue is recognised for an amount in relation to which it is highly probable that a significant reversal therein will not occur when the uncertainty associated therewith is resolved.	Our audit procedures included, among others, the review of the design and implementation of the relevant controls that mitigate the risks associated with the process of recognising revenue from long-term contracts. In order to perform substantive tests, we first selected a sample by applying quantitative and qualitative criteria, and then identified the contracts deemed to be significant either due to the total selling price of the contracts, or due to the revenue amount or contract margins or assets associated with the contracts. We performed an in-depth and itemised analysis of the selected projects in order to evaluate the reasonableness of the hypotheses and assumptions made by the Group, which included, among others, the determination of the transaction price, the recognition of the modifications approved by the customer and the treatment for accounting purposes of the variable consideration taken into account in the objective transaction price. As regards the amounts to be billed for work performed, we analysed whether the recognition of revenue from work in progress that had not been approved by the end customer was appropriate in light of the applicable accounting framework. To this end, and in order to obtain evidence about the recoverability of the collection rights arising from contract modifications and claims, we evaluated the internal and external evidence provided by Group management. With respect to a selection of contracts based on qualitative and quantitative factors, we analysed the reasonableness of the most significant positions.

Recognition of revenue from long-term contracts and of amounts to be billed for work performed	
Description	**Procedures applied in the audit**
These judgements and estimates are made by the persons in charge of the performance of the construction work, are subsequently reviewed at the various levels of the organisation and are submitted to controls designed to ensure the consistency and reasonableness of the criteria applied. In this connection, the construction project budgets, contract variations and claims must be very closely monitored.	In addition, in certain individually significant construction contracts, we involved our internal infrastructure project experts in order to assist us in the process of evaluating the reasonableness of the assumptions and hypotheses used by the Group to update the estimated budgeted costs, and to measure progress towards satisfaction of the performance obligations. Lastly, we evaluated whether Notes 03.16 and 12.01 to the accompanying consolidated financial statements were in conformity with those required by the applicable accounting regulations.

Measurement of the investment in Abertis	
Description	**Procedures applied in the audit**
As indicated in Note 09, the Group recognises its ownership interest in Abertis Holdco, S.A., amounting to EUR 3,523,574 thousand, under “Investments Accounted for Using the Equity Method”. At least once a year, and more often if there are indications of impairment, the Parent's directors review the fair value of this ownership interest by discounting the cash flows relating to the Abertis Holdco, S.A. and subsidiaries group. The measurement of the investment in Abertis is a key matter in our audit since it requires the use of judgement by the Parent's directors in relation to both the methodology used and the estimates considered as a basis for the measurement of the investment.	Our audit procedures included, among others, the review of the design and implementation of the relevant controls established to detect indications of impairment in relation to the investment. Also, we involved our valuation specialists to evaluate the reasonableness of the assumptions and data employed by management and the directors of the Parent to estimate fair value using the equity method. We also performed a sensitivity analysis of the key assumptions identified. Lastly, we checked that the disclosures furnished in Notes 02.02-e) and 09 to the accompanying consolidated financial statements in connection with this matter were in conformity with those required by the applicable accounting regulations.

Sale of a controlling interest in Blueridge Transportation Group

Description	Procedures applied in the audit
At the reporting date, the Group had completed the sale to Abertis Infraestructuras, S.A. of a 56.76% controlling interest owned by it in Blueridge Transportation Group, LLC. ("BTG"), the concession operator of State Highway 288 in Houston (United States), for EUR 1,423 million, as detailed in Notes 02.2.f) and 29 to the accompanying consolidated financial statements, which gave rise to the recognition of a gain, net of expenses and provisions for guarantees associated with the transaction, amounting to EUR 180 million. As a result of the aforementioned transaction, and pursuant to the standard on business combinations, after it had been determined that the Group had lost control of the business, the 43.24% ownership interest still held began to be accounted for using the equity method. In addition, the recognition at fair value of the net assets of the Group's previously held equity interest gave rise to a gain of EUR 262 million. We identified this matter as key in our audit because of the significance of the amounts involved and because the accounting treatment of transactions of this nature, which are unusual transactions, requires the use of significant judgements and estimates, including factors such as the determination of loss of control, the use of valuation techniques to determine the fair value of the assets and the quantification of any obligations that might arise from the sale agreement.	Our audit procedures consisted of, among others, the obtainment and analysis of the assessment of the Group's loss of control of BTG and the date on which this occurred, on the basis of the purchase and sale agreements entered into. We also recalculated the gain obtained on the sale of the 56.76% ownership interest in BTG taking into account every relevant aspect of the transaction, as well as the contractual obligations assumed, and we obtained evidence supporting the payment made to the Group. In addition, we evaluated the reasonableness of the amount recognised in profit or loss for the year as a consequence of the measurement at fair value of the previously held equity interest. We also reviewed the appropriateness and content of the disclosures relating to this transaction in Notes 02.02.f), 29.a) and 32 to the accompanying consolidated financial statements.

Emphasis of Matters

We draw attention to Note 02.01, which indicates that on 21 March 2024 the Parent's directors re-authorised for issue the Group's consolidated financial statements for 2023, on which we had issued, on 21 March 2024, our auditor's report in which we expressed an unmodified opinion. On 4 April 2024, the Parent's directors reissued the aforementioned previously issued consolidated financial statements, in order to include in Note 32 "Events after the Reporting Period" in the accompanying consolidated financial statements additional information on the direct and indirect ownership interest in Blueridge Transportation Group, LLC. (SH-288), the future outcome of the matters indicated in which could affect the recoverable amount of that investment. This report supersedes that previously issued.

Our opinion is not modified in respect of this matter.

Other Matter

The Group's consolidated financial statements for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 23 March 2023.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2023, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the consolidated directors' report, in accordance with the audit regulations in force, consists of:

a) Solely checking that the consolidated non-financial information statement, certain information included in the Annual Corporate Governance Report and the Annual Directors' Remuneration Report, to which the Spanish Audit Law refers, have been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) Evaluating and reporting on whether the other information included in the consolidated directors' report is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above had been furnished as provided for in the applicable legislation and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2023 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and Audit Committee of the Parent for the Consolidated Financial Statements

The Parent’s directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group’s consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent’s directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit committee is responsible for overseeing the process involved in the preparation and presentation of the consolidated financial statements.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix I to this auditor's report. This description, which is on pages 10 and 11, forms part of our auditor’s report.

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

We have examined the digital files in European Single Electronic Format (ESEF) of ACS, Actividades de Construcción y Servicios, S.A. and subsidiaries for 2023, which comprise the XHTML file including the consolidated financial statements for 2023 and the XBRL files with the tagging performed by the entity, which will form part of the annual financial report.

The directors of ACS, Actividades de Construcción y Servicios, S.A. are responsible for presenting the annual financial report for 2023 in accordance with the format and markup requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation"). In this regard, the Annual Corporate Governance Report and the Annual Directors' Remuneration Report were included by reference in the consolidated directors' report.

Our responsibility is to examine the digital files prepared by the Parent's directors, in accordance with the audit regulations in force in Spain. Those regulations require that we plan and perform our audit procedures in order to ascertain whether the content of the consolidated financial statements included in the aforementioned digital files corresponds in full to that of the consolidated financial statements that we have audited, and whether those consolidated financial statements and the aforementioned files were formatted and marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined correspond in full to the audited consolidated financial statements, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Additional Report to the Parent's Audit Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit committee dated 21 March 2024 and the supplementary report dated 4 April 2024.

Engagement Period

The Annual General Meeting held on 5 May 2023 appointed us as auditors of the Group for a period of three years from the year ended 31 December 2022.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Ignacio Alcaraz Elorrieta
Registered in ROAC under no. 20687

4 April 2024

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.

- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the Parent's audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

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

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

Consolidated Annual Accounts for the year ended 31 December 2023, prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Consolidated Directors' Report

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023

ASSETS	Note	Thousands of Euros	
		31/12/2023	31/12/2022
NON-CURRENT ASSETS		**12,915,104**	**12,420,992**
Intangible assets	04	**3,281,559**	**3,283,899**
Goodwill		2,734,491	2,716,197
Other intangible assets		547,068	567,702
Tangible assets - property, plant and equipment	05	**1,591,932**	**1,572,180**
Non-current assets in projects	06	**224,232**	**281,746**
Investment property	07	**66,557**	**68,561**
Investments accounted for using the equity method	09	**5,788,910**	**4,828,089**
Non-current financial assets	10	**1,000,529**	**1,434,655**
Long term deposits	10	**25,695**	**405**
Derivative financial instruments	22	**84,269**	**112,190**
Deferred tax assets	26.05	**851,421**	**839,267**
CURRENT ASSETS		**23,583,166**	**25,159,308**
Inventories	11	**790,004**	**828,968**
Trade and other receivables	12	**9,444,991**	**8,564,653**
Trade receivables for sales and services	10	7,920,935	7,383,175
Other receivable	10	1,183,069	1,006,282
Current tax assets	12	340,987	175,196
Other current financial assets	10	**1,163,599**	**1,180,617**
Derivative financial instruments	22	**528,047**	**252,839**
Other current assets	13	**355,389**	**226,771**
Cash and cash equivalents	10 and 14	**9,087,289**	**9,419,987**
Non-current assets held for sale and discontinued operations	03.09	**2,213,847**	**4,685,473**
TOTAL ASSETS		**36,498,270**	**37,580,300**

The accompanying notes 01 to 39 and Appendices I to III are an integral part of the consolidated statement of financial position at 31 December 2023.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023

EQUITY AND LIABILITIES	Note	Thousands of Euros	
		31/12/2023	31/12/2022
EQUITY	15	**5,630,571**	**6,375,877**
SHAREHOLDERS' EQUITY		**5,008,354**	**5,166,439**
Share capital		**139,082**	**142,082**
Share premium		**366,379**	**366,379**
Reserves		**4,188,688**	**4,625,358**
(Treasury shares and equity interests)		**(465,918)**	**(622,170)**
Profit for the period of the parent		**780,123**	**668,227**
(Interim dividend)		**—**	**(13,437)**
ADJUSTMENTS FOR CHANGES IN VALUE		**321,065**	**380,957**
Financial assets with changes in other comprehensive income		**(76,079)**	**(60,016)**
Hedging instruments		**252,940**	**343,293**
Translation differences		**144,204**	**97,680**
EQUITY ATTRIBUTED TO THE PARENT		**5,329,419**	**5,547,396**
NON-CONTROLLING INTERESTS		**301,152**	**828,481**
NON-CURRENT LIABILITIES		**11,278,208**	**11,484,229**
Grants	16	**1,775**	**2,039**
Non-current provisions	20	**1,888,979**	**1,549,091**
Non-current financial liabilities	17	**8,301,487**	**8,878,681**
Bank borrowings, debt instruments and other marketable securities	17.01 and 17.02	8,030,443	8,565,069
Project finance with limited recourse	18	175,649	205,476
Other financial liabilities	19	95,395	108,136
Long term lease liabilities	05	**543,162**	**550,746**
Derivative financial instruments	22	**30,373**	**23,569**
Deferred tax liabilities	26.05	**331,991**	**294,346**
Other non-current liabilities		**180,441**	**185,757**
CURRENT LIABILITIES		**19,589,491**	**19,720,194**
Current provisions	20	**1,119,230**	**926,631**
Current financial liabilities	17	**1,574,900**	**1,498,323**
Bank borrowings, debt instruments and other marketable securities	17.01 and 17.02	1,420,031	1,445,417
Project finance with limited recourse	18	29,814	33,666
Other financial liabilities	19	125,055	19,240
Short term lease liabilities	05	**160,569**	**155,055**
Derivative financial instruments	22	**8,019**	**131,537**
Trade and other payables	23	**14,294,643**	**13,192,884**
Suppliers		7,251,923	7,126,000
Other payables		6,856,908	5,898,483
Current tax liabilities		185,812	168,401
Other current liabilities	24	**441,997**	**336,288**
Liabilities relating to non-current assets held for sale and discontinued operations	03.09	**1,990,133**	**3,479,476**
TOTAL EQUITY AND LIABILITIES		**36,498,270**	**37,580,300**

The accompanying notes 01 to 39 and Appendices I to III are an integral part of the consolidated statement of financial position at 31 December 2023.

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

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Thousands of Euros	
		2023	2022
REVENUE	27	**35,737,759**	**33,615,234**
Changes in inventories of finished goods and work in progress		8,349	10,242
Capitalised expenses of in-house work on assets	27	1,405	250
Procurements	28.01	(24,461,939)	(23,375,215)
Other operating income	27	163,890	170,138
Personnel expenses	28.02	(7,835,264)	(7,249,882)
Other operating expenses		(2,224,849)	(2,272,551)
Depreciation and amortisation	04,05,06 and 07	(551,019)	(620,750)
Allocation of grants relating to non-financial assets and others	16	246	299
Impairment and gains or losses on the disposal of non-current assets	29	41,011	692,646
Other results	29	(155,192)	(277,597)
Ordinary results of companies accounted for using the equity method	09	411,880	380,918
Financial income		302,408	178,369
Financial costs	28.05	(659,141)	(484,152)
Changes in the fair value of financial instruments	22 and 28.04	422,436	219,220
Exchange differences		1,045	9,583
Impairment and gains or losses on the disposal of financial instruments	29	(79,165)	7,345
Non-ordinary results of companies accounted for using the equity method	09	3,369	4,554
PROFIT BEFORE TAX		**1,127,229**	**1,008,651**
Income tax	26.03	(199,084)	(201,200)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**928,145**	**807,451**
Profit after tax from discontinued operations	03.09	—	65,333
PROFIT FOR THE PERIOD		**928,145**	**872,784**
(Profit) / loss attributed to non-controlling interests	15.07	(148,022)	(204,557)
(Profit) / loss from discontinued operations attributable to non-controlling interests	15.07	—	—
PROFIT ATTRIBUTABLE TO THE PARENT		**780,123**	**668,227**

EARNINGS PER SHARE	Note	Euros per share	
		2023	2022
Basic earnings per share	31	3.00	2.50
Diluted earnings per share	31	3.00	2.50
Basic earnings per share from discontinued operations	31	—	0.24
Basic earnings per share from continuing operations	31	3.00	2.26
Diluted earnings per share from discontinued operations	31	—	0.24
Diluted earnings per share from continuing operations	31	3.00	2.26

The accompanying notes 01 to 39 and Appendices I to III are an integral part of the consolidated income statement for the year ended 31 December 2023.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Thousands of Euros	
	2023	**2022**
(A) CONSOLIDATED RESULTS FOR THE PERIOD	**928,145**	**872,784**
(B) OTHER COMPREHENSIVE INCOME - ITEMS THAT ARE NOT RECLASSIFIED TO PROFIT OR LOSS FOR THE PERIOD:	**(30,978)**	**150,204**
For actuarial gains and losses	(35,749)	197,747
Tax effect (Note 26.04)	4,771	(47,543)
(C) OTHER COMPREHENSIVE INCOME - ITEMS THAT MAY BE RECLASSIFIED AFTER THE INCOME FOR THE PERIOD:	**(73,503)**	**618,721**
1. Hedging transactions:	**(65,181)**	**130,225**
Valuation gains/(losses)	(33,189)	119,592
Amounts transferred to the profit and loss account	(31,992)	10,633
2. Conversion differences:	**106,201**	**93,478**
Valuation gains/(losses)	55,190	115,036
Amounts transferred to the profit and loss account	51,011	(21,558)
3. Share in other comprehensive income recognized for investments in joint ventures and associates:	**(120,743)**	**504,765**
Valuation gains/(losses)	(120,743)	504,765
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:	**(5,817)**	**(97,980)**
Valuation gains/(losses)	(5,817)	(97,980)
Amounts transferred to the profit and loss account	—	—
6. Tax effect (Note 26.04)	**12,037**	**(11,767)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (A + B + C)	**823,664**	**1,641,709**
Attributed to the controlling entity	696,093	1,331,915
Attributed to non-controlling interests	127,571	309,794

The accompanying notes 01 to 39 and Appendices I to III are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2023.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Thousands of Euros								
	Share capital	Share premium	Retained earnings and other reserves	Treasury shares	Valuation adjustments	Profit/(Loss) attributed to the Parent	Interim dividend	Non-controlling interests	TOTAL
Balance at 01 January 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	—	—	111,813	—	551,875	668,227	—	309,794	**1,641,709**
Capital increases (Note 15)	6,090	—	(6,090)	—	—	—	—	—	**—**
Capital reductions (Note 15)	(10,250)	—	10,250	—	—	—	—	—	**—**
Stock options	—	—	4,471	—	—	—	—	—	**4,471**
Distribution of profit from the prior year:									
To reserves	—	—	3,045,413	—	—	(3,045,413)	—	—	**—**
Acquisition of free allocation rights against 2021 (Note 15)	—	—	(128,736)	—	—	—	—	—	**(128,736)**
Remaining allotment rights from 2021 accounts (Note 15)	—	—	71,310	—	—	—	—	—	**71,310**
Acquisition of additional free allocation rights 2021 (Note 15)	—	—	(388,861)	—	—	—	—	—	**(388,861)**
Remaining allotment rights from 2021 accounts (Note 15)	—	—	203,294	—	—	—	—	—	**203,294**
To dividends	—	—	—	—	—	—	(13,437)	(97,712)	**(111,149)**
Treasury shares (Note 15.04)	(6,090)	—	(773,438)	69,746	—	—	—	—	**(709,782)**
Treasury shares through investees	—	—	155	—	—	—	—	64	**219**
Change in the consolidation perimeter and other effects of a lesser amount	—	—	(60,180)	—	—	—	—	353,119	**292,939**
Balance at 31 December 2022	**142,082**	**366,379**	**4,625,358**	**(622,170)**	**380,957**	**668,227**	**(13,437)**	**828,481**	**6,375,877**
Income / (expenses) recognised in equity	—	—	(24,138)	—	(59,892)	780,123	—	127,571	**823,664**
Capital increases (Note 15)	4,849	—	(4,849)	—	—	—	—	—	**—**
Capital reductions (Note 15)	(3,000)	—	3,000	—	—	—	—	—	**—**
Stock options	—	—	6,785	—	—	—	—	161	**6,946**
Distribution of profit from the prior year:									
To reserves	—	—	654,790	—	—	(668,227)	13,437	—	**—**
Acquisition of free allocation rights against 2022 (Note 15)	—	—	(123,960)	—	—	—	—	—	**(123,960)**
Remaining allotment rights from 2022 accounts (Note 15)	—	—	64,918	—	—	—	—	—	**64,918**
Acquisition of additional free allocation rights 2022 (Note 15)	—	—	(382,278)	—	—	—	—	—	**(382,278)**
Remaining allotment rights from 2022 accounts (Note 15)	—	—	218,340	—	—	—	—	—	**218,340**
To dividends	—	—	—	—	—	—	—	(172,947)	**(172,947)**
Treasury shares (Note 15.04)	(4,849)	—	(380,012)	156,252	—	—	—	—	**(228,609)**
Treasury shares through investees	—	—	1,493	—	—	—	—	410	**1,903**
Changes in the ownership interest in controlled entities (Note 08.04)	—	—	(405,925)	—	—	—	—	(55,375)	**(461,300)**
Change in the consolidation perimeter and other effects of a lesser amount	—	—	(64,834)	—	—	—	—	(427,149)	**(491,983)**
Balance at 31 December 2023	**139,082**	**366,379**	**4,188,688**	**(465,918)**	**321,065**	**780,123**	**—**	**301,152**	**5,630,571**

The accompanying notes 01 to 39 and Appendices I to III are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2023.

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

		Note	Thousands of Euros	
			2023	2022
A)	**CASH FLOWS FROM OPERATING ACTIVITIES**		**1,502,337**	**1,743,338**
1	**Profit before tax**		**1,127,229**	**1,008,651**
2	**Adjustments for:**		**190,374**	**376,951**
	Depreciation and amortisation		551,019	620,750
	Other adjustments to profit (net)	03.23	(360,645)	(243,799)
3	**Changes in working capital**		**(72,652)**	**44,135**
4	**Other cash flows from operating activities:**		**257,386**	**313,601**
	Interest paid	17, 18 and 19	(650,564)	(470,524)
	Dividends received		929,358	640,225
	Interest received	03.23	284,555	169,947
	Income tax (paid) / received	26	(305,963)	(26,047)
B)	**CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES**	04, 05, 06 and 07	**(15,747)**	**(198,099)**
1	**Investment paid:**		**(1,965,357)**	**(772,986)**
	Group companies, associates and business units		(1,452,810)	(452,476)
	Property, plant and equipment, intangible assets, projects and property investments		(495,532)	(285,175)
	Other financial assets		(16,748)	(35,278)
	Other assets		(267)	(57)
2	**Divestment:**	03, 04, 05, 06, 07 and 09	**1,949,610**	**574,887**
	Group companies, associates and business units		1,869,757	484,327
	Property, plant and equipment, intangible assets, projects and investment property		68,914	76,062
	Other financial assets		10,939	14,498
C)	**CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES**		**(1,652,857)**	**(3,537,774)**
1	**Equity instrument proceeds / (and payment):**	02.02.f and 15	**(1,063,706)**	**(2,233,472)**
	Issue		—	60,932
	Acquisition		(1,081,954)	(2,294,674)
	Disposal		18,248	270
2	**Liability instrument proceeds / (and payment):**	17, 18 and 19	**228,047**	**(376,983)**
	Issue		3,776,770	3,703,193
	Refund and repayment		(3,548,723)	(4,080,176)
3	**Dividends paid and remuneration relating to other equity instruments:**	15.01	**(394,458)**	**(351,747)**
4	**Other cash flows from financing activities:**		**(422,740)**	**(575,572)**
	Payment of operating lease principal		(215,935)	(201,955)
	Other financing activity proceeds and payables	03.23	(206,805)	(373,617)
D)	**EFFECT OF CHANGES IN EXCHANGE RATES**		**(166,431)**	**159,103**
E)	**NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS**		**(332,698)**	**(1,833,432)**
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**		**9,087,289**	**9,419,987**

CASH AND CASH EQUIVALENTS AT END OF THE PERIOD

		2023	2022
Cash and banks		7,255,264	6,078,133
Other financial assets		1,832,025	3,341,854
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**9,087,289**	**9,419,987**

The accompanying notes 01 to 39 and Appendices I to III are an integral part of the consolidated statement of cash flows for the year ended 31 December 2023.

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

Notes to the Consolidated Annual Accounts for the year ended 31 December 2023

01. Group activity

ACS, Actividades de Construcción y Servicios, S.A., the Parent Company, is a public company incorporated in Spain in accordance with the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*) and its registered office is at Avenida de Pío XII, 102, 28036 Madrid.

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

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

1. The business of constructing all kinds of public and private works, and the provision of services for the upkeep, maintenance and operation of motorways, highways, roads and, in general any type of public or private roads and any other type of works, and any kind of industrial, commercial and financial actions and operations that bear a direct or indirect relationship to these operations.

2. The promotion, construction, restoration and sale of housing developments and all kinds of buildings intended for industrial, commercial or residential purposes, either as employees or as independent professionals. The upkeep and maintenance of works, facilities and services, whether urban or industrial.

3. The management and execution of all manner of works, facilities, assemblies and maintenance related to power plants and electricity production, transmission and distribution lines, substations, transformation, interconnection and switching centres, generation and conversion stations, electric, mechanical and track installations for railways, metros and light rail, railway, light rail and trolleybus electrification, electric dam installations, purifying plants, drinking water treatment plants, wharfs, ports, airports, docks, ships, shipyards, platforms, flotation elements, and any other elements for diagnostics, tests, security and protection, controls for interlocking, operating, metering — either directly or remotely — for industries and buildings and those suited to the above-mentioned facilities, electrification, public lighting and illumination, electric installations in mines, refineries and explosive environments; and in general all manner of facilities related to the production, transmission, distribution, upkeep, recovery and use of electricity in all its stages and systems, and the operation, repair, replacement and upkeep of their components. Control and automation of all manner of electric networks and installations, remote controls and computer equipment required for the management, computerisation and rationalisation of all kinds of energy consumption.

4. The management and execution of all manner of works, facilities, assemblies and maintenance related to the electronics of systems and networks for telephone, telegraph, signalling and S.O.S. communications, civil protection, defence and traffic, voice and data transmission and use, measurements and signals, propagation, broadcast, repetition and reception of all kinds of waves, antennas, relays, radio-links, navigation aids, equipment and elements required for the execution of such works, assemblies and facilities.

5. The management and execution of all manner of works, facilities, assemblies and maintenance related to the development, production, transformation, storage, transmission, channelling, distribution, use, metering and maintenance of any other kind of energy and energy product, and of any other energy that may be used in the future, including the supply of special equipment, elements required for installation and assembly, and all manner of materials.

6. The management and execution of all manner of works, assemblies, facilities and maintenance of hydroelectric works to develop, store, raise, drive or distribute water, and its piping, transport and distribution, including water and gas treatment facilities.

7. The management and execution of all manner of works, assemblies, facilities and maintenance for developing, transporting, channelling and distributing liquid and solid gases for all kinds of uses.

8. The management and execution of all manner of works, assemblies, facilities and maintenance of ventilation, heating, air conditioning and refrigeration works and works to improve the environment, for all kinds of uses.

9. The management and execution of all manner of works, facilities, assemblies and maintenance related to cable cars, gondola lifts, chair lifts and aerial lifts for both passenger and material transport by means of systems of cables or any type of mechanical element. The retrieval of ships and submerged elements, maritime salvages, ship breaking, naval fleet repairs, repairs and assembly of engines and mechanical elements for ships, and underwater work and sale of aquatic and sports material.

10. The manufacture, transformation, processing, handling, repair, maintenance and all manner of operations of an industrial nature for commercialisation related to machinery, elements, tools, equipment, electric protection material, bare and insulated conductors, insulators, metal fittings, machines, tools and auxiliary equipment for assemblies and installation of railways, metros and light trains, power plants, and electricity transmission and distribution lines and networks and for telephone and telegraph communications, telecommunication, security, traffic, telematics and voice and data transmission systems; of elements and machines for the development, transformation, transmission and use of all kinds of energies and energy products; of fluid and gas lift pumps, piping and other elements, mechanisms, accessory instruments, spare parts and materials required for execution and performance of any industrial, agricultural, naval, transport, communication and mining works, facilities and assemblies and others listed in the preceding paragraphs. The production, sale and use of electricity and of other energy sources and the performance of studies relating to them, and the production, exploration, sale and use of all manner of solid, liquid or gaseous primary energy resources, including specifically all forms and kinds of hydrocarbons and natural, liquefied or any other type of gas. Energy planning and rationalisation of the use of energy and combined heat and power generation. The research, development and exploitation of communications and information technologies in all their facets.

11. The manufacture, installation, assembly, erection, supply, maintenance and commercialisation of all kinds of products and elements pertaining to or derived from concrete, ceramics, resins, varnishes, paints, plastics or synthetic materials; and metal structures for industrial plants and buildings, bridges, towers and supports of metal or reinforced concrete or any synthetic material for all manner of communications and electric power transmission or distribution, or any other class of energy material or product related to all types of energy.

12. The manufacture, preparation, handling and finishing, diagnosis, treatment and impregnation for protection and preservation and sale of wood in general, and especially of posts used for electric, telephone and telegraph lines, impregnation or servicing for mine and gallery timbering, building supports, construction woodwork, crossties for railways and barricades, and the production and commercialisation of antiseptic products and running of procedures for preserving wood, elements, tools and equipment of this nature. The acquisition, provision, application and use of paints, varnishes, coverings, plating and, in general, construction materials.

13. The management and execution of reforestation and agricultural and fishery restocking works, and maintenance and improvement work. Landscaping, planting, revegetation, reforestation, maintenance and conservation of parks, gardens and accessory elements.

14. The manufacture, installation, distribution and use in any way of all manner of ads and advertising supports. The design, construction, fabrication, installation, maintenance, cleaning, upkeep and advertising use of all manner of street furniture and similar elements.

15. The provision of all manner of public and private services of an urban nature, including the execution of any necessary works and facilities, either by administrative concession or leasing. The treatment,

recycling and recovery of all kinds of urban, urban-similar, industrial and sanitary waste; the treatment and sale of waste products, and the management and operation of waste treatment and transfer plants. Drafting and processing of all manner of environment-related projects.

16. The cleaning services for buildings, constructions and works of any kind, of offices, commercial premises and public places. Preparation, upkeep, maintenance, sterilisation, disinfection and extermination of rodents. Cleaning, washing, ironing, sorting and transportation of clothing.

17. Furniture assemblies and installations, including tables, shelves, office material, and similar or complementary objects.

18. Transports of all kinds, especially ground transportation of passengers and merchandise, and transport-related activities. Management and operation, and the provision of auxiliary and complementary services, of all manner of buildings and properties or complexes for public or private use, intended for use as service areas or stations, recreational areas, and bus or intermodal transportation stations.

19. The provision of integral health care and social assistance services by qualified personnel (physicians, psychologists, educators, university graduates in nursing, social workers, physical therapists and therapists) and performance of the following tasks: home care service; tele-home care and social health care; total or partial running or management of homes, day care centres, therapeutic communities and other shelters and rehabilitation centres; transportation and accompaniment of the above-mentioned groups; home hospitalisation and medical and nursing home care; supply of oxygen therapy, gas control, electro-medicine, and associated activities.

20. Provision of auxiliary services in housing developments, urban properties, industrial facilities, roadway networks, shopping centres, official agencies and administrative departments, sports or recreational facilities, museums, fairgrounds, exhibition galleries, conference and congress halls, hospitals, conventions, inaugurations, cultural and sports centres, sporting, social and cultural events, exhibits, international conferences, general shareholders' and owners' association meetings, receptions, press conferences, teaching centres, parks, farming facilities (agricultural, livestock and fisheries), forests, rural farms, hunting reserves, recreational and entertainment areas, and in general all kinds of properties and events, by means of porters, superintendents, janitors, ushers, guards or controllers, console operators, auditorium personnel, concierges, receptionists, ticket clerks (including ticket collection), telephone operators, collectors, caretakers, first aid personnel, hostesses and similar personnel or personnel who complement their functions, consisting of the maintenance and upkeep of the premises, and attention and service to neighbours, occupants, visitors and/ or users, by undertaking the appropriate tasks, excluding in all cases those which the law reserves for security firms. Collection and tallying of cash, and the making, collection and charging of bills and receipts. The development, promotion, exhibition, performance, acquisition, sale and provision of services in the field of art, culture and recreation, in their different activities, forms, expressions and styles.

21. Provision of emergency, prevention, information, telephone switchboard, kitchen and dining hall services. Opening, closing and custody of keys. Turning on and off, running, supervision, maintenance and repair of engines and heating and air conditioning, electricity and lift installations, water, gas and other supply pipes, and fire protection systems. The operation of rapid communication systems with public assistance services, such as police, firemen, hospitals and medical centres. Firefighting and prevention services in general, in woodlands, forests, rural farms, and industrial and urban facilities.

22. Integral management or operation of public or private educational or teaching centres, and surveillance, service, education and control of student bodies or other educational collectives.

23. Reading of water, gas and electricity meters, maintenance, repair and replacement of these meters, monitoring and transcription of readouts, meter inspection, data acquisition and updating, and instalment of alarms. Temperature and humidity measurements on roadways and, in general, all kinds of properties and real estate, and public and private facilities, providing all the controls required for proper upkeep and maintenance of these facilities or the goods deposited or safeguarded in them.

24. Handling, packing and distribution of food or consumer products; processing, flavouring and distribution of food for own consumption or supply to third parties; servicing, replacement and maintenance of

equipment, machinery and dispensing machines of the mentioned products; and participation in operations with raw materials, manufactured goods and supplies.

25. Provision of ground services to passengers and aircraft. Integral logistic freight services, such as: loading, unloading, stowing and unstowing, transport, distribution, placement, sorting, warehouse control, inventory preparation, replacement, control of warehouse stocks and storage of all kinds of merchandise, excluding the activities subject to special law. Management and operation of facilities for the distribution of merchandise and goods in general, and especially perishable products, such as fish markets and wholesale and retail markets. Reception, docking, mooring and service connections to boats.

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

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

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

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

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

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

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

02.01. Basis of presentation

The Consolidated Annual Accounts of the ACS Group for 2023 were prepared:

- By the Parent Company's directors, at the Board meeting held on 21 March 2024, and reissued on April 4, 2024 exclusively to include certain additional information in the Note of Events after the reporting date.
- In accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union, in conformity with Regulation (EC) No 1606/2002 of the European Parliament and of the Council and subsequent amendments, and in accordance with the format and labelling requirements set out in Commission Delegated Regulation (EU) 2019/815. The consolidation bases and the principal accounting policies and measurement bases applied in preparing the Group's Consolidated Annual Accounts for 2023 are summarised in Notes 02 and 03.
- Taking into account all the mandatory accounting principles and rules and measurement bases with a material effect on the Consolidated Annual Accounts, and the alternative treatments permitted by the relevant standards in this connection, which are specified in Note 03 (Accounting policies).
- So that they present fairly the Group's consolidated equity and financial position at 31 December 2023 and the results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended.

– On the basis of the accounting records kept by the Parent Company and by the other Group companies.

Notwithstanding the above, it should be noted that, as a result of the macroeconomic environment in which the ACS Group operates, which has led to uncertainty regarding how markets will perform, the relevant accounting estimates and significant judgements made in the preparation of the ACS Group's Consolidated Annual Accounts are affected by a greater degree of uncertainty. Therefore, the effects on the ACS Group's Consolidated Annual Accounts have been assessed and analysed and are set out below in the following note.

Macroeconomic backdrop

The ACS Group is exposed to risks arising from the businesses and sectors in which it operates. In addition, given that the Group operates in different countries, it is exposed to various regulatory and macroeconomic environments and is therefore exposed to any risks stemming from the performance of the global economy. Current conflicts such as Russia's invasion of Ukraine (and the effects of sanctions and other actions by several countries on the Russian economy intended to isolate and weaken it), the conflict between Israel and Gaza, and the situation in the Red Sea, although they have not had a significant impact on the ACS Group's business activities as of the date of these Consolidated Annual Accounts, are causing inflationary pressure and supply chain problems and, in general, are significantly disrupting the global economy, and increasing economic uncertainty and asset value volatility. The ACS Group continues to monitor the situation's potential impact on operating and financial performance in the activities of its various divisions. Although the current situation caused by the various conflicts has given rise to uncertainty regarding the performance and development of the markets and the infrastructure industry, the Group is reducing the risk profile of its new contracts, is highly diversified by activities and is located in developed regions with stable political frameworks that allow any potential impacts that may arise in the future to be mitigated (see Note 27).

Issues related to climate change

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

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

Comparative information

The information contained in these Consolidated Annual Accounts of the ACS Group for the year ended 31 December 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 explanatory notes to the Consolidated Annual Accounts for the year ended 31 December 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.

The ACS Group's Consolidated Annual Accounts for 2022, (IFRSs as adopted by the European Union) were approved by the shareholders at the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 5 May 2023.

The ACS Group's Consolidated Annual Accounts for 2023 have not yet been approved by the shareholders at the Annual General Meeting. However, the Parent Company's Board of Directors considers that these Consolidated Annual Accounts will be approved without any material changes.

Responsibility for the information and estimates made

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

The Consolidated Annual Accounts were prepared from the accounting records for 2023 of ACS, Actividades de Construcción y Servicios, S.A. and of the companies included in the scope of consolidation.

In preparing this Consolidated Annual Accounts for the ACS Group for the year ended 31 December 2023, estimates were occasionally made by the senior executives of the Group and of the consolidated entities, to quantify certain of the assets, liabilities, income, expenses and obligations reported in these annual accounts.

- The assessment of impairment losses on certain assets (Notes 03.01, 03.06 and 10) and, in particular, the assumptions and hypotheses considered in the analysis of the recoverability of the investment in Abertis (Note 09) and goodwill (Note 03.01).
- The fair value of the assets acquired and of the liabilities assumed in business combinations (Note 02.02.f) and the assignment of the Purchase Price Allocation in acquisitions.
- The recognition of earnings in construction contracts (Note 03.16.01).
- The amount of certain provisions (Note 03.13).
- The assumptions used in the calculation of liabilities and obligations to employees (Note 03.12.04).
- The market value of derivatives (such as equity swaps, interest rate swaps, forward contracts, put option granted to Elliott on the interest in Thiess, the put option granted to Elliott to sell its Class C preference shares in Thiess, etc.) mentioned in Note 22.
- The useful life of the intangible assets and property, plant and equipment (Notes 03.02 and 03.03).
- The recoverability of deferred tax assets (Note 26.05).
- The determination of the fair value of financial assets ("earn-out") and their consideration as discontinued operations (Note 03.09.02).
- Environmental issues and their effect on assumptions of accounting estimates and judgements related to financial information (Note 21.08).
- Financial risk management (Note 21).

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

Changes in accounting estimates and policies and correction of fundamental errors

- ### Changes in accounting estimates

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

– Changes in accounting policies and correction of fundamental errors

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

No errors were corrected in the Consolidated Annual Accounts for the year ended 31 December 2022. There were also no significant changes in accounting policies.

Bases of consolidation

Except for the above and the entry into force of new accounting standards, the bases of consolidation applied in 2023 are consistent with those applied in the Consolidated Annual Accounts for 2022 (see Note 03.24).

Currency

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

02.02. Basis of consolidation

a) Balances and transactions with Group companies and associates

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

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

b) Standardisation of items

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

In 2023 and 2022 the reporting date of the annual accounts of all the companies included in the scope of consolidation was the same or was temporarily brought into line with that of the Parent Company.

c) Subsidiaries

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

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

As at 31 December 2023, the ACS Group had an effective ownership interest of less than 50% in companies considered to be subsidiaries, because it controls the majority of the voting rights of these companies, the most representative of which have an asset volume of more than EUR 4 million: Piques y Túneles, S.A., Consorcio Embalse Chironta, S.A., Consorcio Constructor Hospital de Quellón, S.A. and Consorcio

Constructor Puente Santa Elvira, S.A. (these four companies were in the same situation as at 31 December 2022). The ACS Group fully consolidates these investees as it has the power, the rights to variable returns and the ability to affect these returns through the power it exercises.

As at 31 December 2023, the main companies of the ACS Group with dividend rights of more than 50% that are not fully consolidated include: Road Management (A13) Plc. and Benisaf Water Company, Spa. (these companies were in the same situation as at 31 December 2022).

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

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

Also, the share of third parties of:

– The equity of their investees is presented within the Group’s equity under “Non-controlling interests” in the consolidated statement of financial position.

– The profit for the year is presented under “Profit/(loss) attributable to non-controlling interests” and “Profit/(loss) from discontinued operations attributable to non-controlling interests” in the consolidated income statement and in the consolidated statement of changes in equity of the Group.

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

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

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

d) Joint arrangements

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

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

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

Notes 08 and 09 contain relevant information on material entities.

e) Associates

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

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

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

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

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

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

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

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

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

Note 09 contains relevant information on material entities.

f) Business combinations and changes in the scope of consolidation

Business combinations

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

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

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

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

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

Changes in the scope of consolidation

The main changes in the scope of consolidation of the ACS Group (consisting of ACS, Actividades de Construcción y Servicios, S.A. and its Subsidiaries) in the year ended 31 December 2023 are detailed in Appendix III.

Acquisitions, sales, and other corporate transactions

SH288

In 2022, the Group entered into certain purchase and sale agreements with four partners of the US company Blueridge Transportation Group (BTG), which was the successful bidder on the operation of the concession of a 17-km. segment of the SH288 highway in Houston, Texas, for the purchase of an additional 56.76% of the highway. After the fulfilment of the conditions precedent on which this purchase depended, the acquisition was accounted for in December 2022.

The amount of this acquisition stood at EUR 1,063 million (USD 1,141 million). Following this acquisition, the Group's total interest in the project amounted to 78.38%, giving the Group a majority of the voting rights and, therefore, control of the company, given that it manages its relevant activities. As a result, the company became fully consolidated. Given that the Group previously held a 21.62% interest in this concession, with a carrying amount of approximately EUR 70 million, and considering the fair value resulting from the previous purchase transaction in accordance with accounting standards, so as to present the originally held interest at fair value, a positive impact of EUR 334.8 million was therefore recognised under "Impairment and gains or losses on disposal of non-current assets" in the consolidated income statement at year-end 2022.

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 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 at a market discount rate of 6.7% until the end of the concession (2068). The business combination resulted in allocated goodwill of EUR 388 million.

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 revenue contributed by the concession would have amounted to EUR 67.1 million and profit for the year ended 31 December 2022 would have amounted to EUR 14.1 million. As at 31 December 2022, the Group had yet to pay the amount of the acquisition, which was fully paid in January 2023.

At year-end 2022, the assets and liabilities of the SH288 highway were classified under "Non-current assets held for sale" and "Liabilities related to non-current assets held for sale" given that the Group had formally decided to sell this asset and a plan for its sale had been initiated (see Note 03.09).

Next, on 31 March 2023, Iridium entered into a sale and purchase agreement with Shikun & Binui Ltd. for the acquisition of the remaining 21.62% of the concession operator, giving it a 100% interest. On 12 September 2023, after fulfilment of the conditions precedent to carry out the purchase, Iridium executed the transaction, giving it a 100% interest in the concession operator. The acquisition price stood at EUR 383 million (USD 410.7 million). Pursuant to the standard on business combinations, the transaction was recognised for accounting purposes as an acquisition of the non-controlling interests by the parent. This transaction had practically no impact on reserves, as the acquisition price of the remaining 21.62% of the SH288 was in line with the valuation of the Group's ownership interest in the concession operator, which was the result of the acquisition price of the interest at year-end 2022.

Throughout 2023, the Group continued to work on the plan to sell the SH288 until an agreement was reached in July 2023. In September 2023, a sale and purchase agreement was entered into to transfer the 56.76% interest in the concession operator to Abertis Infraestructuras, S.A. Specifically, on 27 December 2023, once the required authorisations had been obtained, this interest was transferred for EUR 1,423 million (USD 1,533 million). This gave rise to a gain net of transaction-related expenses, and certain commitments and potential contingencies that could arise from the sale agreements, of EUR 180 million, which was recognised under "Impairment and gains or losses on disposal of non-current assets" in the consolidated income statement at year-end 2023. The Group will reassess these contingencies on a regular basis.

In accordance with the standard on business combinations, once the Group's loss of control of the business had been assessed, its 43.24% interest in the SH288 was accounted for using the equity method. The loss of control also made it necessary to recognise a positive impact of EUR 262 million under "Impairment and gains or losses on disposal of non-current assets" in the Group's income statement as a result of the difference between the previous carrying amount of the investment held (EUR 793 million) and its fair value. The fair value of the net assets acquired as a result of the loss of control was calculated — as was the case with the takeover in 2022 — by measuring the toll road concession asset based on the project's discounted cash flows (the most significant assumptions of which relate mainly to the performance of traffic, tolls and inflation throughout the concession period). This calculation was also the basis for setting the price of the investment that was sold.

At 31 December 2023, the Group had formally decided to sell 21.62% of its total interest in the SH288 operator. Therefore, at year-end 21.62% of the investment was classified as “Non-current assets held for sale” (see Note 03.09.01) and the remaining 21.62% as “Investments in companies accounted for using the equity method” (see Note 09).

Other transactions

On 6 July 2023, Cimic, through its investee Sedgman Pty Limited, acquired 100% of Novopro Projects Inc. for AUD 17 million (EUR 10.5 million). Novopro is a Canadian engineering and metallurgical company that provides services for projects carried out in North America, Europe, Africa, the Middle East and Australia. Its core business and area of specialisation is project development and operational optimisation in mineral processing for lithium, potash, salt, magnesium and soda ash projects.

In April 2022, Clece Care Services Ltd. (CCS) acquired 100% of the CSN Care Group in the United Kingdom for EUR 23,863 thousand. The first-time consolidation difference generated was negligible.

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

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, and in accordance with current accounting regulations, Cimic’s management considered that it had lost its significant influence over Ventia, since it no longer had 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 therefore lost its status as associate and is now recognised as a financial asset under IFRS 9 at fair value through profit or loss based on Ventia’s quoted market price at 31 March 2022 (level 1 of the hierarchy). As a result, on 31 March 2022 Cimic recognised a profit before tax (without any effect on cash flow) of EUR 338.3 million (AUD 502 million) under “Impairment and gains or losses on disposal of non-current assets” (see Note 29) in the accompanying consolidated income statement. Cimic made an irrevocable election under IFRS 9 to recognise future changes in the value of the financial asset under “Other comprehensive income”. The shareholding at 31 December 2022 was 32.8%. In 2023, after reclassifying the shareholding as a non-current asset held for sale, the Company proceeded to sell all of Ventia’s shares for EUR 417 million (see Note 03.09.01).

03. Accounting policies

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

03.01. Goodwill

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

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

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

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

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

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

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

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

– If the negative goodwill is attributable to specific assets and liabilities of the companies acquired, by increasing the value of the liabilities (or reducing the value of the assets) whose market values were higher (lower) than the carrying amounts at which they had been recognised in their balance sheets and whose accounting treatment (amortisation, accrual, etc.) was similar to that of the same assets (liabilities) of the Group.
– The remaining amounts are presented under “Other results” in the consolidated income statement for the year in which the share capital of the subsidiary or associate is acquired.

03.02. Other intangible assets

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

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

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

03.02.01. Development expenditure

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

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

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

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

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

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

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

In addition, the costs incurred in carrying out activities that contribute to increasing the value of the various businesses in which the Group operates as a whole are recognised as expenses as they are incurred. Also, in general, replacements or costs incurred subsequently on intangibles assets are recognised as an expense, unless the future economic benefits expected from the assets increase.

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

03.02.02. Administrative concessions

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

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

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

03.02.03. Computer software

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

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

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

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

03.02.04. Other intangible assets

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

03.03. Tangible assets - Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

Identified right of use in leases

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

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

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

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

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

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

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

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

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

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

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

Variable lease payments were not material at 31 December 2023 or 2022.

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

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

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

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

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

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

The Group does not consider contracts with a lease term of less than one year and for low-value assets, with the main contracts being those associated with the lease of machinery, offices and transport equipment in different geographical areas of operation. There may also be some office leases that contain extension options that can be exercised by Group one year before the non-cancellable period of the lease. The Group considers these extensions in those cases where it is reasonably certain that the extension option will be exercised.

Lessor's standpoint:

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

Finance leases:

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

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

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

03.04. Non-current assets in projects

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

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

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

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

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

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

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

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

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

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

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

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

The infrastructures of all the ACS Group’s concessions were built by Group companies and no infrastructure was built by third parties. The revenue and expenses relating to infrastructure construction or upgrade services are recognised at their gross amount (recognition of sales and associated costs), with the construction margin recognised in the Consolidated Annual Accounts.

Intangible assets

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

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

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

Financial assets

Concessions qualifying as financial assets are recognised at the fair value of the construction services or improvements provided and in which the operator has an unconditional contractual right to receive a specified amount of cash or another financial asset over the term of the arrangement. In accordance with the amortised cost method, the related revenue is allocated to profit or loss at the effective interest rate of the receivable arising on the cash flow and concession payment projections, which are presented as revenue on the accompanying consolidated income statement. As described previously, the revenue relating to the provision of the operation and maintenance services is recognised in the income statement in accordance with IFRS 15 “Revenue from contracts with customers”. The expenses related to the concession are recognised in the accompanying consolidated income statement according to their nature.

The Group classifies the financial asset as non-current until it becomes due or the concession ends.

All actions taken in relation to the concession infrastructure, such as maintenance and replacements, give rise to revenue from services provided that is recognised in the income statement.

The operating expenses incurred by the companies are accounted for on an accrual basis in the income statement, giving rise to the recognition of revenue from services provided.

The value of the financial asset is increased by recognising the construction services and their performance, and reduced by the associated net proceeds.

If there are significant changes in the estimates that are indicative of a material change in the effective interest rate applicable to the concession arrangement, the Group assesses the carrying amount of the financial asset and adjusts it prospectively, recognising the corresponding impairment loss if the net present value of the cash flows to be received over the concession term is lower than the carrying amount of the financial asset.

03.05. Investment property

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

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

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

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

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

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

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

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

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

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

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

03.07. Inventories

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

Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The cost of inventories is calculated by using the weighted average cost formula. Net realisable value is the estimated selling price less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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

03.08. Non-current and other financial assets

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

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

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

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

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

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

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

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

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

Expected loss and customer insolvencies

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

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

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

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

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

Current/Non-current classification

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

Derecognition of financial assets

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

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

Fair value hierarchies

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

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

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

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

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

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

2023

At 31 December 2023, the non-current assets held for sale relate mainly to certain assets corresponding to the 21.62% of the SH288 highway in Houston (United States) purchased in 2023 (see Note 02.02.f), 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 other renewable energy and water assets that the Group still holds after the sale in 2021 of most of the Industrial Services Division signed with Vinci (see Note 03.09.02).

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 31 December 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 2023 the total value of the non-current assets held for sale decreased to EUR 2,471,626 thousand and the liabilities related to these assets decreased to EUR 1,489,343 thousand. The reduction between 2022 and 2023 is mainly due to the sale of 56.76% of the SH288 highway in Houston, Texas, to Abertis Infraestructuras, S.A. in December 2023 (see Note 02.02.f), with the consequent loss of control over it and its exclusion from the scope of consolidation in the Group's statement of financial position. Another reason for the decrease was the derecognition of the Hydro Management, S.L. desalination plant given that the conditions required in the accounting standard to maintain this classification were no longer met.

The breakdown of the assets held for sale and liabilities related to these assets at 31 December 2023 is as follows:

	Thousands of Euros			
	31/12/2023			
	Renewable energy	Highways	Other	Total
Tangible assets - property, plant and equipment	9,693	—	1,298	10,991
Intangible assets	—	—	—	—
Non-current assets in projects	692,381	2	159,910	852,293
Financial Assets	30,883	528,341	525,692	1,084,916
Deferred tax assets	49,684	—	3,768	53,452
Current assets	76,824	3,255	132,116	212,195
Assets held for sale	**859,465**	**531,598**	**822,784**	**2,213,847**
Non-current liabilities	681,815	179,061	113,812	974,688
Current liabilities	149,271	318,805	547,369	1,015,445
Liabilities relating to assets held for sale	**831,086**	**497,866**	**661,181**	**1,990,133**
Non-controlling interests held for sale	**7,081**	**—**	**—**	**7,081**

"Other" mainly includes assets related to desalination plants, gas compression plants and transmission lines related to the Industrial business. In 2023, the entire interest in Ventia that had been reclassified as an asset held for sale at the beginning of 2023 was sold (see Note 02.02.f).

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

The amount relating to net debt included under assets held for sale and liabilities related to these assets at 31 December 2023 totalled EUR 1,777,539 thousand (EUR 1,593,715 thousand at 31 December 2022), of which EUR 693,943 thousand (EUR 678,880 thousand at 31 December 2022) relates to renewable energies, EUR 494,607 thousand to highways (EUR 479,412 thousand at 31 December 2022) and EUR 588,989 thousand (EUR 435,423 thousand at 31 December 2022) to other assets. The total amount of this net debt includes EUR 215,920 thousand (EUR 741,236 thousand at 31 December 2022) corresponding to limited recourse project financing. Net debt is calculated using the arithmetic sum of the current and non-current financial liabilities, less long-term deposits, other current financial assets, and cash and cash equivalents.

2022

At 31 December 2022, the non-current assets held for sale related mainly to the renewable energy and water assets that the Group still held following the sale of most of the Industrial Services Division to Vinci (see Note 03.09.02) in 2021, and the SH288 Highway in Houston (United States) of the Concessions business.

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.

Worthy of note in 2022 was the incorporation of the SH288 highway in Houston (United States) (see Note 01.02.f) and the sale of the wind farms of Vientos del Pastorale, S.A. and Parque Eólico Kiyú, S.A. in Uruguay and the hydroelectric plant Hidromanta in Peru that belong to Spinning Assets, S.L.U. for an amount equal to EUR 108.0 million in June 2022. In addition, the renewable energy plants of Tonopah in the United States and Manchasol 1 Central Termosolar Uno, S.L. in Spain were no longer considered to be assets held for sale because the conditions required by accounting regulations for this classification were not met.

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

	Thousands of Euros			
	31/12/2023			
	Renewable energy	Highways	Other	Total
Exchanges differences	3,135	1,433	5,447	10,015
Cash flow hedges	5,760	—	3,145	8,905
Adjustments for changes in value	**8,895**	**1,433**	**8,592**	**18,920**

	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.

03.09.02. Discontinued operations

Industrial

The ACS Group and the Vinci Group signed, effective on 31 December 2021, the public deed of sale for the majority of the Industrial business of the Group ACS, and given the size of the business being sold — basically all of ACS' operations and cash flows in this business that could be separated from the rest of the Group's operations — it was decided 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 ACS Group receiving EUR 4,902 million in cash as consideration, there was a maximum earn-out of EUR 600 million in cash at a rate of EUR 20 million for each half GW generated by the Industrial business sold (up to the "ready to build" stage) between 31 March 2021, and up to 7 years following execution of the sale, which may be extended for an additional 18 months if the Industrial business sold fails to generate 6 GW in the first 42 months. At 31 December 2022, the ACS Group updated the valuation performed in 2021 based on the best information available, bringing the fair value of the earn-out to EUR 329 million (see Note 10.03). Along with other impacts relating to the sale, this gave rise to a profit of EUR 65.3 million under "Profit after tax from discontinued operations" given that, in accordance with IFRS 5.35, impacts related to the disposal of discontinued operations in a prior period are classified separately in the information on those discontinued operations. In 2023, EUR 40 million was received for the first GW generated, and an additional EUR 40 million were received for the second GW generated after the 2023 reporting date (see Note 10.03).

03.10. Equity

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

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

03.10.01. Share capital

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

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

03.10.02. Treasury shares

The transactions involving treasury shares in 2023 and 2022 are summarised in Note 15.04. Treasury shares were deducted from equity in the accompanying consolidated statement of financial position as at 31 December 2023 and 2022.

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

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

03.10.03. Share options

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

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

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

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

03.11. Government grants

The ACS Group has received grants from various government agencies mainly to finance investments in property, plant and equipment for its Services business. Evidence of compliance with the conditions established in the related grant resolutions was provided to the relevant competent agencies, and they are recognised when there is reasonable assurance that the conditions associated with their award have been met and that they will be received.

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

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

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

03.12. Financial liabilities

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

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

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

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

03.12.01. Debentures, loans and debt securities

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

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

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

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

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

03.12.02. Trade and other payables

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

“Trade payables” also includes the balances payable to suppliers through reverse factoring agreements with financial institutions, provided that the cost is borne by the Group and there is no possibility of recourse to the supplier in the event of non-payment. In addition, the payments related to these agreements are also classified as cash flows from operations since these transactions do not include either specific guarantees provided as pledges on the payments to be made or any changes that alter the commercial nature of the transactions.

In those reverse factoring transactions where the Group benefits from an additional deferral and does not bear any costs, the balances remitted are recognised under “Other current liabilities”.

03.12.03. Current/Non-current classification

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

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

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

03.12.04. Retirement benefit obligations

a. Post-employment benefit obligations

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

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

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

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

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

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

b. Other employee benefit obligations

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

03.12.05. Termination benefits

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

03.13. Provisions

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

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

Litigation and/or claims in process

At the end of 2023 certain litigation and claims were in process against the consolidated companies forming part of the ACS Group arising from the ordinary course of their operations. The Group's legal advisers and directors consider that the outcome of litigation and claims will not have a material effect on the annual accounts for the years in which they are settled.

Provisions for employee termination benefit costs

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

Provisions for pensions and similar obligations

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

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

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

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

Provisions for project completion

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

Decommissioning of fixed assets

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

Other provisions

Other provisions include mainly provisions for warranty costs.

03.14. Risk management policy

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

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

- Compliance with corporate governance rules.
- Establishment by the Group's various lines of business and companies of the risk management controls required to ensure that market transactions are performed in accordance with the policies, standards and procedures of the ACS Group.
- Special attention to the management of financial risk, basically including interest rate risk, foreign currency risk, liquidity risk and credit risk (see Note 21).

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

03.15. Financial derivatives

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

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

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

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

- Cash flow hedges: in hedges of this type, the changes in value of the hedging instrument determined to be effective are recognised provisionally in equity and are taken to income when the hedged item materialises, and if ineffective, they are recognised in profit or loss.
- Fair value hedges: in this case, if ineffective, the changes in value of the hedging instrument are recognised in profit or loss, and the changes in value of the hedged item adjusted by the hedged risk are also recognised in profit or loss, and if effective, they are recognised in equity.
- Hedge of a net investment in a foreign operation: the purpose of this type of hedging transaction is to hedge foreign currency risk and they are accounted for as hedges and recognised in the same way as cash flow hedges.

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

The requirements that should be met are as follows:

- Formal designation and documentation, at inception of the hedge, of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.

– Documentation identifying the hedged item, the hedging instrument and the nature of the risk being hedged.
– It must meet the effectiveness requirements, i.e., there is an economic relationship between the hedged item and the hedging instrument so that both generally move in directions opposite to the hedged risk. Likewise, credit risk should not have a dominant effect on changes in value of the hedged items and the hedge ratio should be equivalent to the percentage of exposure to the risk hedged.

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

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

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

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

The difference between the value of the change recognised in equity and the fair value of the derivative at the date on which the effectiveness test is being prepared will be considered the ineffective portion and will be recognised directly in the income statement.

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

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

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

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

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

included implicitly in the ex-tobacco European inflation-indexed swaps quoted on the market and is aligned with Spanish inflation by means of a convergence adjustment.

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

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

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

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

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

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

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

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

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

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

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

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

Interbank Interest Rate Reform

The Group maintains various hedging relationships with hedging instruments and hedged items where the interest rate benchmark is the SOFR (Secured Overnight Financing Rate) or the Euribor. These benchmark interest rates have been reformed and, therefore, the Group has assessed the potential impact on the financial statements and concluded that they will not have a material impact.

03.16. Revenue recognition

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

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

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

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

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

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

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

Certain particular features of the business activities carried on by the Group, such as revenue from the construction business, are detailed as follows:

Revenue:

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

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

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

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

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

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

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

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

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

Expenses:

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

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

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

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

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

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

The Group companies recognise the positive difference between the contract revenue recognised and the amount related to the progress billings from this contract under “Completed work pending certification” under “Trade and other receivables”. They also recognise the amount of advance billings for various items, including advances received from the customer, under “Advances received on orders” under “Trade and other payables”.

03.16.01. Construction activities

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

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

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

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

03.16.02. Services and other activities

In this case there is no single type of contract due to the wide variety of services provided. In general, contracts include various tasks and unit prices where revenue is are recognised in the income statement when services are provided on a time elapsed basis, i.e., when the customer simultaneously receives and consumes the benefits provided by the performance of the service as it occurs. This is the case, for example, for recurring or routine services such as facilities management, cleaning, etc.

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

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

3.17. Expense recognition

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

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

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

03.18. Offsetting

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

(a) has a legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

03.19. Income tax

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences, unless the temporary difference arises from the initial recognition of goodwill or the initial recognition (except in the case of a business combination) of other assets and liabilities in a transaction that affects neither accounting profit (loss) nor taxable profit (tax loss).

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

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

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

Tax uncertainties

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

03.20. Earnings per share

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

Diluted earnings per share are calculated by dividing net profit or loss attributable to ordinary shareholders adjusted by the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding during the year, adjusted by the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all the potential ordinary shares into ordinary shares of the Parent Company. For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the current period (see Note 31.02).

The execution of the share plan and the ACS share option plan currently in force at 31 December 2023 (see Note 28.03) does not involve the issuance of new shares in the future and, therefore, does not affect diluted earnings per share. At 31 December 2023, as a result of the simultaneous share capital increase and reduction decided in 2023 for the same number of shares, basic earnings and diluted earnings per share for continuing operations for the first half of 2023 are the same.

03.21. Foreign currency transactions

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

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

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

The exchange rates of the main currencies in which the ACS Group operates in 2023 and 2022 are as follows:

	Average exchange rate		Closing exchange rate	
	2023	2022	2023	2022
1 U.S. Dollar (USD)	0.923	0.952	0.905	0.938
1 Australian Dollar (AUD)	0.612	0.660	0.615	0.637
1 Polish Zloty (PLN)	0.221	0.213	0.231	0.213
1 Canadian Dollar (CAD)	0.686	0.729	0.684	0.691
1 British Pound (GBP)	1.152	1.170	1.154	1.131

All exchange rates are in euros.

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

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

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

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

03.22. Entities and branches located in hyperinflationary economies

In 2023 and 2022, the Group did not carry out any relevant activities in countries with hyperinflationary economies, such as Argentina and Venezuela, and therefore the impact has not been significant for the ACS Group.

None of the functional currencies of the consolidated subsidiaries and associates located abroad relate to hyperinflationary economies as defined by International Financial Reporting Standards. Accordingly, at the 2023 and 2022 accounting close it was not necessary to adjust the financial statements of any of the subsidiaries or associates to correct for the effect of inflation.

03.23. Consolidated statement of cash flows

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

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

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

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

The breakdown of “Other adjustments to profit (net)” in the consolidated statement of cash flows for 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Financial income	(302,408)	(178,369)
Financial costs	659,141	484,152
Ordinary results of companies accounted for using the equity method	(411,880)	(380,918)
Non-ordinary results of companies accounted for using the equity method	(3,369)	(4,554)
Impairment and gains or losses on disposal of financial instruments	79,165	(7,345)
Changes in the fair value of financial instruments	(422,436)	(219,220)
Impairment and gains or losses on the disposal of non-current assets and other items	41,142	62,455
Total	**(360,645)**	**(243,799)**

The breakdown of “Interest received” in the consolidated statement of cash flows for 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Operative interest received	213,135	150,964
Interest received from bank accounts	70,977	15,914
Other non-operative	443	3,069
Total	**284,555**	**169,947**

In preparing the consolidated statement of cash flows for 2023 and 2022, the acquisitions of ACS treasury shares were included under “Equity instrument proceeds/(and payment)” in the section on cash flows from financing activities (see Note 15.04). In addition, in 2023, cash outflows from the purchase of shares of Hochtief, A.G. amounting to EUR 462.3 million were considered as cash flows from financing activities. In 2022, these cash outflows included the amount of the Hochtief 10% capital increase and the subsequent purchases by Hochtief of EUR 543.1 million as well as the cash outflows resulting from Hochtief’s takeover bid to acquire the remaining shares of Cimic for AUD 1,500 million (EUR 985 million) (see Note 20.01).

The payments made in 2023 by Hochtief for the settlement of the CCPP project in Australia and the payments made to settle the litigation involving Radials 3 and 5 amounting to a total EUR 233 million were recognised under “Other financing activity proceeds and payables” in the statement of cash flows (see Note 20.01). This same heading included the payments made in 2022 by Hochtief in the amount of EUR 278 million for the settlement of the first instalment on the CCPP project in Australia, the final payment for the Chilean Alto Maipo project, and the legal costs and finance expenses arising from the litigation relating to the closure of the Seattle project (see Note 29.c).

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 2023 and 2022, is as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Initial net cash (debt) (Note 21)	**224,005**	**2,008,640**
Cash flows		
Issue of financial assets / (liabilities)	(3,776,770)	(3,703,193)
Payments of financial liabilities	3,548,723	4,080,176
Cash and cash equivalents	(166,267)	(1,992,535)
No Impact of Flows		
Change in net debt held for sale (Note 03.09)	183,824	772
Exchange difference	(82,576)	119,335
Reclassifications	48,545	(506,339)
Change in the consolidation perimeter and others	420,712	217,149
Final net cash (debt) (Note 21)	**400,196**	**224,005**

The amount corresponding to reclassifications at 31 December 2022 mainly included the reclassification of the debt arising from the full consolidation of the SH288 highway to non-current assets held for sale and liabilities related to non-current assets held for sale (see Notes 02.02.f and 03.09.01). The changes in the scope of consolidation and others at 31 December 2023 include the impact of the deconsolidation of the SH288 following the sale of 56.76% to Abertis Infraestructuras, which was recognised as a non-current asset held for sale, and the debt corresponding to Hydro Management, S.L. (see Note 03.09.01). At 31 December 2022, this heading mainly included the change in net debt resulting from the sale of the non-current assets held for sale of the Industrial business.

03.24 Entry into force of new accounting standards

Changes in accounting policies

The following mandatory standards and interpretations, already adopted in the European Union, came into force in 2023 and, where applicable, were used by the Group in these preparation of the Consolidated Annual Accounts:

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

Approved for use in the European Union		**Mandatory application in the years beginning on or after:**
IFRS 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.	1 January 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 on the definition of a change in accounting estimates.	
Amendments to IAS 12 Deferred tax related to assets and liabilities arising from a single transaction	Clarifications on how companies should account for deferred tax assets 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.	
Amendments to IAS 12 Tax Reform - Pillar Two 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 Two tax model. It also includes additional disclosure requirements.	

Due to the relationship with certain Hochtief Group companies, the new IFRS 17 “Insurance contracts” replaced the previous IFRS 4 “Insurance contracts” in its entirety as of 1 January 2023. The standard is relevant for these companies in relation to the non-life insurance business mainly due to their reinsurance activity for insured construction risks.

Insurance contracts are measured using the building block approach in which the estimated present value includes all expected 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. As a result, some items that were separately disclosed under IFRS 4 in our consolidated financial statements, such as deferred income comprising insurance premiums received in advance for subsequent periods, are omitted.

The Group has chosen the modified retrospective approach for the transition to IFRS 17. The initial application of IFRS 17 has not had a significant effect on the transition considering the ACS Group’s consolidated financial statements as a whole. Its effect on the consolidated income statement was EUR 12.5 million and EUR 17.3 million in the consolidated statement of comprehensive income in 2023. Under this approach, the figures presented for the comparative period remain unchanged as does the opening balance of the consolidated statement of financial position for the year.

The overlay approach applied to certain marketable securities held by our insurance companies, which previously allowed for fair value adjustments through other comprehensive income, ended with the introduction of IFRS 17. There were no significant effects on profit or loss as a result of the measurement of these marketable securities through profit or loss.

In relation to other previous standards, the ACS Group applied the standards in 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 1 January 2023 (applicable from 2024 onwards):

At the date of preparation of these Consolidated Annual Accounts, the following standards and interpretations had been published by the IASB but had not yet come into force, either because their effective date is subsequent to the date of the Consolidated Annual Accounts or because they had not yet been adopted by the European Union:

Approved for use in the European Union		**Mandatory application in the years beginning on or after:**
Amendments to IFRS 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.	1 January 2023
Not yet approved for use in the European Union		**Mandatory application in the years beginning on or after:**
Amendments to IAS 1 Classification of liabilities as current 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 subject to compliance with covenants.	1 January 2023
Amendments to IAS 7 and IFRS 7 Supplier finance arrangements	This amendment introduces requirements for disclosing information specific to finance arrangements with suppliers and their effects on the Company's liabilities and cash flows, including liquidity risk and associated risk management.	
Amendments to IAS 21 Lack of exchangeability	This amendment establishes an approach that specifies when one currency can be exchanged for another, and if it is not, the exchange rate to be used.	1 January 2023

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

04. Intangible assets

04.01. Goodwill

The detail by line of business of the changes in goodwill in 2023 and 2022 is as follows:

Line of Business	Thousands of Euros							
	Balance at 31/12/2022	Change consolidation method	Additions	Disposals and allocations	Impairment	Exchange differences	Transfers to/ from other assets	**Balance at 31/12/2023**
Parent and others	**554,420**	3,829	—	—	—	—	—	**558,249**
Construction	**1,991,912**	—	17,602	—	—	(6,272)	—	**2,003,242**
Services	**169,865**	—	3,078	28	—	1,298	(1,269)	**173,000**
Total	**2,716,197**	**3,829**	**20,680**	**28**	**—**	**(4,974)**	**(1,269)**	**2,734,491**

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

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

There were no significant changes in 2023. There were no significant changes in 2022, except for the addition and subsequent transfer to non-current assets held for sale of the goodwill relating to the SH288 highway explained in Note 03.09.01.

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. The amounts were restated on 30 September in accordance with its accounting policy. There have been no significant changes in the assumptions used when testing the Group's goodwill for impairment that could give rise to a significant risk of recognising an impairment loss in the future. It should be noted that the market price of the holding in Hochtief (EUR 100.30 per share at 31 December 2023) is higher than its carrying amount.

As regards the goodwill generated by the purchase of Hochtief, A.G. in 2011, in accordance with IAS 36.80, this goodwill was allocated to the main cash-generating units, namely Hochtief Asia Pacific and Hochtief Americas. The goodwill allocated to the business carried out by Hochtief Asia Pacific amounts to EUR 857 million (EUR 857 million at 31 December 2022), while EUR 287 million is allocated to the Hochtief Americas business (EUR 287 million at 31 December 2022). In 2023 and 2022, the ACS Group assessed the recoverability of this goodwill.

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

- Five-year forecasts used based on internal estimates.
- Weighted perpetual growth rate of 2.49% (2.53% in 2022).
- Weighted discount rate of 11.32% (11.99% in 2022). The discount rate used represents a premium of 662 basis points over the return on the long-term interest rate (10-year bond weighted based on the countries in which it operates) published by Bloomberg on 30 September 2023.

As for the sensitivity analysis of the impairment test on the goodwill allocated to Hochtief's Asia Pacific business, the most relevant aspects are that the goodwill test would withstand a discount rate of approximately 15.15%, representing a range of approximately 383 basis points. Furthermore, it would withstand an annual drop in cash flows of approximately 43% compared to projected cash flows.

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

- Five-year forecasts used based on internal estimates.
- Perpetual growth rate of 2.1% (2.3% in 2022).
- Discount rate of 9.29% (9.52% in 2022).

As for the sensitivity analysis of the impairment test on the goodwill allocated to Hochtief's Americas business, the most relevant aspects are that the goodwill test, even assuming a cash position of zero euros, would withstand a discount rate of more than 45%, and an annual drop in cash flows of more than 80% compared to the projected cash flows.

Along with the goodwill arising from the full consolidation of Hochtief, A.G. mentioned above, the most significant goodwill, which amounted to EUR 554,420 thousand (EUR 554,420 thousand at 31 December 2022), arose from the merger with the Dragados Group in 2003 and related to the amount paid in excess of the value of the assets on the acquisition date. This goodwill was allocated mainly to the Construction cash-generating unit of Dragados.

In 2023, the ACS Group assessed the recoverability of the goodwill allocated to Construction, comparing the carrying amount of the company or cash-generating unit (CGU) against its value in use, determined using the discounted cash flow method and internal projections for each of the companies.

The discount rate used is its weighted average cost of capital. To calculate the discount rate for Dragados, a weighted discount rate by country is used taking into consideration Dragados' sales in the main countries in which it operates as of September 2023, i.e., the United States, Spain, Canada, Poland, the United Kingdom, Peru and Chile. The following are used to calculate the discount rate for each of the countries: the 10-year bond yield; the unlevered beta of the sector according to Damodaran, relevered by the target debt; and the market risk premium by country according to Damodaran. The cost of the gross debt is the consolidated effective real cost of the debt at September 2023 and the tax rate used is the theoretical rate. The perpetual growth rate (g) used is equal to the increase in the CPI weighted in the countries in which Dragados operates for 2028 based on the IMF's report of October 2023 (2.02%)

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

- Five-year forecasts used based on internal estimates.
- Weighted perpetual growth rate of 2.02% (1.95% in 2022).
- Weighted discount rate of 9.79% (10.12% in 2022).

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

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

No reasonable scenario gave rise for the need to recognise an impairment loss. The impairment tests for the Construction cash-generating unit showed that it would withstand substantial increases in the discount rates of over 734 basis points and significant negative deviations (over 1.7%) in the budgeted EBITDA without incurring an impairment loss.

Accordingly, the directors consider that the sensitivity ranges of the tests as regards the key assumptions are within a reasonable range and, therefore, no impairment was detected in 2023 or 2022.

In relation to the remaining goodwill, excluding that generated by the merger between ACS and the Dragados Group and the goodwill arising from the full consolidation of Hochtief, A.G., in the case of the Services area, the total amount comes to EUR 173,000 thousand (EUR 169,865 thousand at 31 December 2022), corresponding to 24 different companies, the largest of which relates to the purchase of 25% of Clece for EUR 115,902 thousand (EUR 115,902 thousand at 31 December 2022), with no indications of impairment having been identified.

In the Construction area, the goodwill most notably includes that related to the acquisitions of Pulice, John P. Picone and Schiavone amounting to EUR 172,058 thousand (EUR 178,251 thousand at 31 December 2022), and that from acquisitions by the Hochtief Group after the takeover.

In these areas, the impairment tests to calculate the goodwill are based on assumptions similar to those described for each area of activity or in the case of the Dragados Group goodwill, taking into account the necessary adjustments based on the peculiarities, geographical markets and specific circumstances of the companies concerned.

According to the estimates and projections available to the directors of the Group and of each of the companies concerned, the projected cash flows attributable to these cash-generating units (or groups of units) to which the goodwill is allocated will make it possible to recover the carrying amount of each item of goodwill recognised at 31 December 2023.

As indicated in IAS 36, as of 31 December 2023 the Group has not found any evidence of significant impairment on goodwill and other assets subject to impairment testing. There have been no significant changes in the assumptions used when testing the Group's goodwill for impairment that could give rise to a significant risk of recognising an impairment loss in the future.

No impairment losses were recognised in 2023 or 2022 on the ACS Group's goodwill.

04.02. Other intangible assets

The changes in this heading in the consolidated statement of financial position in 2023 and 2022 were as follows:

	Thousands of Euros							
	Development	Computer software	Concessions	Other intangible assets	Total other intangible assets	Accumulated amortisation	Impairment losses	Total other intangible assets, net
Balance at 1 January of 2022	**7,904**	**19,873**	**316,806**	**1,818,791**	**2,163,374**	**(1,499,299)**	**(56,916)**	**607,159**
Changes in the consolidation perimeter	—	974	9,143	8,847	**18,964**	(1,592)	(308)	**17,064**
Additions or charges for the year	2,010	934	9,584	1,224	**13,752**	(78,437)	(572)	**(65,257)**
Disposals or reductions	—	(2,090)	(10,419)	(11,673)	**(24,182)**	23,604	302	**(276)**
Exchange differences	—	160	1,532	7,506	**9,198**	(4,958)	(4,441)	**(201)**
Transfers to/from other assets	—	677	1,395	(14,397)	**(12,325)**	(4,833)	26,371	**9,213**
Balance at 31 December of 2022	**9,914**	**20,528**	**328,041**	**1,810,298**	**2,168,781**	**(1,565,515)**	**(35,564)**	**567,702**
Changes in the consolidation perimeter	—	24	1,757	2,272	**4,053**	—	—	**4,053**
Additions or charges for the year	—	830	20,616	4,159	**25,605**	(73,625)	(66)	**(48,086)**
Disposals or reductions	—	(1,387)	(137,757)	(2,509)	**(141,653)**	138,964	—	**(2,689)**
Exchange differences	—	12	(9,509)	(8,993)	**(18,490)**	13,659	1,236	**(3,595)**
Transfers to/from other assets	—	969	—	212,357	**213,326**	(168,950)	(14,693)	**29,683**
Balance at 31 December of 2023	**9,914**	**20,976**	**203,148**	**2,017,584**	**2,251,622**	**(1,655,467)**	**(49,087)**	**547,068**

The additions in 2023 amounted to EUR 25,605 thousand (EUR 13,752 thousand in 2022) relating mainly to Hochtief in the amount of EUR 20,623 thousand (EUR 11,653 thousand in 2022).

In 2023 impairment losses amounting to EUR 66 thousand were recognised under "Other intangible assets" (EUR 572 thousand in 2022). No impairment losses were reversed or recognised in the consolidated income statement in 2023. In 2022, a total of EUR 302 thousand in impairment losses were reversed in the consolidated income statements.

The main assets recognised under “Other intangible assets” correspond to those generated in the first Hochtief consolidation process as a result of allocating the price to the fair value of the assets acquired and the liabilities assumed under the PPA (“Purchase Price Allocation”). This process most notably includes Hochtief’s construction backlog (mainly due to contracts in the Americas and Asia Pacific), prior to amortisation and impairment, amounting to EUR 603,655 thousand (EUR 603,655 thousand at 31 December 2022), which is fully amortised; the various trademarks of the Hochtief Group amounting to EUR 221,096 thousand (EUR 221,096 thousand at 31 December 2022); and the contractual relationships with customers of the Hochtief Group amounting to EUR 598,189 thousand (EUR 598,189 thousand at 31 December 2022). The accumulated amortisation on the above assets amounted to EUR 1,119,492 thousand (EUR 1,078,499 thousand at 31 December 2022). The amortisation charge for the year amounted to EUR 40,994 thousand (EUR 40,994 thousand at 31 December 2022).

In 2023 and 2022, no development expenditure was recognised as an expense in the consolidated income statement for 2023 and 2022, respectively.

At 31 December 2023, the amount of assets with an indefinite useful life other than those reported as “Goodwill” relate mainly to the trademarks of the Hochtief Americas and Hochtief Asia Pacific divisions amounting to EUR 44,416 thousand (EUR 46,027 thousand at 31 December 2022). Indications of possible impairment is verified annually. There were no significant impairment losses on these assets in 2023 or 2022.

At the end of 2023, the ACS Group had fully amortised intangible assets still in use with a gross carrying amount of EUR 627,876 thousand (EUR 628,880 thousand at 31 December 2022).

There were no material intangible asset items whose title was restricted in 2023 or 2022.

05. Tangible assets - Property, plant and equipment

The changes in this heading in the consolidated statement of financial position in 2023 and 2022 were as follows:

	Thousands of Euros							
	Land and buildings	Plant and machinery	Other tangible assets	Advances and Property, plant and equipment in the course of construction	Total tangible assets - property, plant and equipment	Accumulated depreciation	Impairment losses	Total net tangible assets - property, plant and equipment
Balance at 1 January of 2022	**1,175,846**	**1,466,820**	**623,265**	**132,505**	**3,398,436**	**(1,910,590)**	**(22,978)**	**1,464,868**
Changes in the consolidation perimeter	18,958	(8,771)	1,821	—	**12,008**	(3,171)	(2)	**8,835**
Additions or charges for the year	232,627	199,328	76,089	65,219	**573,263**	(438,856)	(349)	**134,058**
Disposals or reductions	(52,883)	(209,863)	(55,500)	(337)	**(318,583)**	287,169	527	**(30,887)**
Exchange differences	6,934	25,719	11,812	6,284	**50,749**	(25,683)	(1,311)	**23,755**
Transfers from / to other assets	(26,330)	58,474	15,554	(58,653)	**(10,955)**	(17,494)	—	**(28,449)**
Balance at 31 December of 2022	**1,355,152**	**1,531,707**	**673,041**	**145,018**	**3,704,918**	**(2,108,625)**	**(24,113)**	**1,572,180**
Changes in the consolidation perimeter	(10,010)	(41,135)	(2,112)	—	**(53,257)**	7,831	268	**(45,158)**
Additions or charges for the year	185,548	253,860	107,927	25,143	**572,478**	(447,378)	2,327	**127,427**
Disposals or reductions	(109,969)	(273,971)	(103,847)	(1,123)	**(488,910)**	456,652	55	**(32,203)**
Exchange differences	(22,900)	(45,953)	(11,229)	(1,575)	**(81,657)**	46,640	5,191	**(29,826)**
Transfers from / to other assets	(927)	404,465	31,578	(78,158)	**356,958**	(134,848)	(222,598)	**(488)**
Balance at 31 December of 2023	**1,396,894**	**1,828,973**	**695,358**	**89,305**	**4,010,530**	**(2,179,728)**	**(238,870)**	**1,591,932**

In 2023 and 2022, the additions of items of property, plant and equipment amounted to EUR 572,478 thousand and EUR 573,263 thousand, respectively. In accordance with IFRS 16, this heading includes the rights to use the leased assets.

In 2023, the most noteworthy acquisitions by division relate mainly to the Construction area for EUR 430,631 thousand (EUR 470,845 thousand in 2022), mainly in investments made by Hochtief for EUR 338,160 thousand (EUR 395,677 thousand in 2022), including purchases of tunnel boring machines, and by Dragados for EUR 92,471 thousand (EUR 75,168 thousand in 2022); the Concessions area for EUR 75,619 thousand for the acquisition of land for the construction of a data centre (EUR 3,324 thousand in 2022); and the Services area for EUR 65,137 thousand (EUR 92,956 thousand in 2022), relating mainly to the acquisition of machinery and industrial vehicles.

Similarly, assets were also sold in 2023 and 2022 for a total carrying amount of EUR 32,203 thousand and EUR 30,887 thousand, respectively, which had a residual effect on the Group's income statement. The most significant disposals in 2023 correspond mainly to the Construction area, in relation to Dragados, for EUR 11,777 thousand (EUR 5,955 thousand in 2022) and the sale of Hochtief machinery for EUR 13,603 thousand (EUR 20,867 thousand in 2022). The disposals relating to the Services area amounted to EUR 6,591 thousand (EUR 3,447 thousand in 2022).

At 31 December 2023, the Group had contractual commitments for the future acquisition of property, plant and equipment for a value of EUR 83,843 thousand (EUR 92,094 thousand at 31 December 2022), corresponding mainly to commitments to invest in machinery for Dragados amounting to EUR 7,625 thousand (EUR 20,422 thousand at 31 December 2022) and in technical installations for Hochtief amounting to EUR 75,465 thousand (EUR 71,570 thousand at 31 December 2022).

The impairment losses recognised in the consolidated income statement for 2023 amounted to EUR 126 thousand (EUR 349 thousand in 2022). In addition, the impairment losses reversed in the consolidated income statement for 2023 amounted to EUR 8,795 thousand (EUR 371 thousand in 2022).

Leases

In accordance with IFRS 16 "Leases", net right-of-use assets were recognised under "Property, plant and equipment" in the consolidated statement of financial position at 31 December 2023 as follows:

	Thousands of Euros						
	Land and buildings	Plant and machinery	Other tangible assets	Total tangible assets - property, plant and equipment	Accumulated depreciation	Impairment losses	Total net tangible assets - property, plant and equipment
Balance at 01 January of 2022	**847,747**	**122,158**	**149,249**	**1,119,154**	**(647,952)**	**(306)**	**470,896**
Changes in the consolidation perimeter	16,822	(4,799)	(264)	**11,759**	(3,786)	—	**7,973**
Additions or charges for the year	230,937	45,935	43,792	**320,664**	(182,769)	(329)	**137,566**
Disposals or reductions	(42,209)	(38,783)	(23,506)	**(104,498)**	99,242	247	**(5,009)**
Exchange differences	8,529	5,608	2,056	**16,193**	(8,591)	(2)	**7,600**
Transfers from / to other assets	(12,745)	—	12,984	**239**	(14,639)	—	**(14,400)**
Balance at 31 December of 2022	**1,049,081**	**130,119**	**184,311**	**1,363,511**	**(758,495)**	**(390)**	**604,626**
Changes in the consolidation perimeter	(9,511)	(61)	120	**(9,452)**	292	268	**(8,892)**
Additions or charges for the year	110,485	50,049	77,693	**238,227**	(185,788)	(126)	**52,313**
Disposals or reductions	(107,492)	(65,445)	(58,897)	**(231,834)**	210,335	55	**(21,444)**
Exchange differences	(20,677)	(3,493)	(4,500)	**(28,670)**	15,800	(10)	**(12,880)**
Transfers from / to other assets	(669)	(10)	24	**(655)**	(26)	—	**(681)**
Balance at 31 December of 2023	**1,021,217**	**111,159**	**198,751**	**1,331,127**	**(717,882)**	**(203)**	**613,042**

The change in “Right-of-use assets” in 2023 for a gross amount of EUR 238,228 thousand (EUR 320,664 thousand in 2022) relates mainly to additions in the Construction area amounting to EUR 190,012 thousand (EUR 251,509 thousand in 2022), and most notably includes the investments made by Hochtief amounting to EUR 142,385 thousand (EUR 219,947 thousand in 2022).

The depreciation and amortisation relating to the right to use the assets recognised in accordance with IFRS 16 “Leases” in 2023 amounted to EUR 186,249 thousand (EUR 183,037 thousand in 2022) and the interest recognised arising from the lease obligation amounted to EUR 29,497 thousand in 2023 (EUR 23,926 thousand in 2022) included in the consolidated income statement.

“Non-current lease liabilities” and “Current lease liabilities” associated with these “Right-of-use assets” at 31 December 2023 amounted to EUR 543,162 and EUR 160,569 thousand, respectively (EUR 550,746 and EUR 155,055 thousand at 31 December 2022, respectively).

The detail of the lease liabilities, by maturity, at 31 December 2023 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2024	2025	2026	2027	2028 and subsequent years	Total non-current
Lease liabilities	**160,569**	328,305	38,568	24,606	151,683	**543,162**

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

	Thousands of Euros					
	Current	Non-current				
	2023	2024	2025	2026	2027 and subsequent years	Total non-current
Lease liabilities	**155,055**	341,414	40,136	32,154	137,042	**550,746**

Variable lease payments were not material at 31 December 2023 or 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 31 December 2023, the expenses accrued in the amount of EUR 513,284 thousand (EUR 442,781 thousand at 31 December 2022) on the above assets were recognised under “Other operating expenses” in the consolidated income statement.

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

At 31 December 2023 and 2022, no significant items of property, plant and equipment were subject to restrictions.

The ACS Group has mortgaged land and buildings with a carrying amount of approximately EUR 28,867 thousand (EUR 36,635 thousand in 2022) to secure banking facilities granted to the Group.

At 31 December 2023, the Group had recognised EUR 1,122,984 thousand, net of depreciation, relating to property, plant and equipment owned by foreign companies and branches of the Group (EUR 1,197,791 thousand at 31 December 2022).

06. Non-current assets in projects

The balance of "Non-current assets in projects" in the consolidated statement of financial position at 31 December 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. 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 2023, there were no significant changes under this heading.

The most significant changes in this heading in 2022 were the solar thermal power plants associated with the Tonopah renewable energy plants in the United States and Manchasol 1 Central Termosolar Uno, S.L. (see Note 03.09.01).

All project investments made by the ACS Group at 31 December 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	181,930	(140,960)	**40,970**
Solar thermal plants	2035 - 2040	357,584	(175,794)	**181,790**
Other infrastructures	—	1,865	(393)	**1,472**
Total		**541,379**	**(317,147)**	**224,232**

The changes in this heading in 2023 and 2022 were as follows:

	Thousands of Euros					
	2023			2022		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**932,263**	**(650,517)**	**281,746**	**188,052**	**(115,199)**	**72,853**
Changes in the consolidation perimeter	(2)	—	**(2)**	2,933,189	(22,816)	**2,910,373**
Additions or charges for the year	1,220	(41,614)	**(40,394)**	1,199	(152,167)	**(150,968)**
Exchange differences	(67)	14	**(53)**	379	(15)	**364**
Disposals or reductions	—	—	**—**	—	1	**1**
Transfers	(392,035)	374,970	**(17,065)**	(2,190,556)	(360,321)	**(2,550,877)**
Ending balance	**541,379**	**(317,147)**	**224,232**	**932,263**	**(650,517)**	**281,746**

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

– The concession assets identified as intangible assets, as a result of the Group assuming demand risk at 31 December 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	(140,920)	**40,969**
Other infrastructures	-	1,865	(393)	**1,472**
Total		**183,754**	**(141,313)**	**42,441**

	Thousands of Euros					
	2023			2022		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**183,821**	**(128,126)**	**55,695**	**183,692**	**(115,160)**	**68,532**
Changes in the consolidation perimeter	—	—	**—**	2,933,189	(22,816)	**2,910,373**
Additions or charges for the year	—	(13,201)	**(13,201)**	16	(13,171)	**(13,155)**
Exchange differences	(67)	14	**(53)**	113	(15)	**98**
Transfers	—	—	**—**	(2,933,189)	23,036	**(2,910,153)**
Ending balance	**183,754**	**(141,313)**	**42,441**	**183,821**	**(128,126)**	**55,695**

– No concession assets were identified as financial assets as a result of the Group not assuming demand risk at 31 December 2023. The changes in 2023 and 2022 in the concession assets identified as financial assets are as follows:

	Thousands of Euros	
	2023	2022
Beginning balance	**—**	**4,317**
Investment	—	57
Finance income	1,145	1,791
Collections	—	(665)
Exchange differences	—	266
Transfers from/to other assets	(1,145)	(5,766)
Ending balance	**—**	**—**

In accordance with the measurement bases of IFRIC 12 and Note 03.04, the amount of financial remuneration included under “Revenue” amounted to EUR 1,145 thousand in 2023 (EUR 1,791 thousand in 2022), with no amounts in 2023 and 2022 corresponding to concession assets identified as financial assets classified as “Non-current assets held for sale and discontinued operations”.

The borrowing costs accrued in relation to the financing for the concessions classified under the financial asset model were immaterial in 2023 and 2022.

– The detail of the financial assets financed under a project finance arrangement that do not meet the requirements for recognition in accordance with IFRIC 12 as at 31 December 2023 and the changes in this heading in 2023 and 2022 are as follows:

Type of infrastructure	End date of operation	Thousands of Euros		
		Investment	Accumulated depreciation	Carrying amount of non-current assets in projects
Highways / roads	2026	41	(40)	**1**
Solar thermal plants	2035 - 2040	357,584	(175,794)	**181,790**
Total		**357,625**	**(175,834)**	**181,791**

	Thousands of Euros					
	2023			2022		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**748,442**	**(522,391)**	**226,051**	**43**	**(39)**	**4**
Changes in the consolidation perimeter	(2)	—	**(2)**	—	—	**—**
Additions or charges for the year	75	(28,413)	**(28,338)**	—	(138,996)	**(138,996)**
Disposals or reductions	—	—	**—**	—	1	**1**
Transfers	(390,890)	374,970	**(15,920)**	748,399	(383,357)	**365,042**
Ending balance	**357,625**	**(175,834)**	**181,791**	**748,442**	**(522,391)**	**226,051**

Simultaneously, there are concession assets that are not financed under a project finance arrangement amounting to EUR 45,059 thousand (EUR 5,466 thousand at 31 December 2022) that are recognised as “Other intangible assets”.

No significant investments in projects were made in 2023 or 2022.

There were no significant impairment losses in 2023. The impairment losses recognised in the consolidated income statement in 2022, amounting to EUR 50,309 thousand, mainly relate to the solar thermal power plants of Tonopah Solar Energy LLC. Similarly, no significant impairment losses were reversed or recognised in the consolidated income statements for 2023 or 2022.

At 31 December 2023 and 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 18. Concession operators are also required 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” (see Note 03.09).

07. Investment property

The changes in this heading in 2023 and 2022 are as follows:

	Thousands of Euros	
	2023	2022
Beginning balance	**68,561**	**41,003**
Additions	105	6,698
Sales / decreases	—	(113)
Charges for the year	(1,595)	(1,600)
Transfers from / to other assets	—	23,094
Exchange difference	(514)	(521)
Ending balance	**66,557**	**68,561**

The rental income earned from investment property amounted to EUR 7,845 thousand in 2023 (EUR 7,463 thousand in 2022). The average occupancy level of these assets was 53% (53% in 2022) with an average leased area of 167,936 square metres (168,767 square metres in 2022).

The direct operating expenses arising from investment properties included under "Other operating expenses" amounted to EUR 938 thousand in 2023 (EUR 967 thousand in 2022).

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

At the beginning of 2023, the gross carrying amount was EUR 86,834 thousand and accumulated depreciation (increased by accumulated impairment losses) amounted to EUR 18,273 thousand. At year-end, the gross carrying amount and accumulated depreciation were EUR 86,426 thousand and EUR 19,869 thousand, respectively. There were no material differences with respect to fair value in the accompanying Consolidated Annual Accounts.

08. Joint arrangements

The main aggregates included in the accompanying Consolidated Annual Accounts relating to unincorporated joint ventures and economic interest groupings for 2023 and 2022, in proportion to the percentage of ownership interest in the share capital of each joint venture, are as follows:

	Thousands of Euros	
	2023	2022
Net asset	2,912,501	2,505,827
Pre-tax profit or loss	(109,042)	(92,439)
Income tax expense (-) / income (+)	31,079	23,613
Post-tax profit or loss	(77,963)	(68,826)
Other comprehensive income	(5,976)	8,500
Total comprehensive income	(83,939)	(60,326)

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

09. Investments in companies accounted for using the equity method

09.01. Companies accounted for using the equity method

The breakdown, by type of entity, of the companies accounted for using the equity method as at 31 December 2023 and 2022, is as follows:

	Thousands of Euros	
	2023	2022
Associates	4,292,279	3,217,808
Jointly controlled entities	1,496,631	1,610,281
Total	**5,788,910**	**4,828,089**

The changes in this heading in 2023 and 2022 were as follows:

	Thousands of Euros	
	2023	2022
Beginning balance	**4,828,089**	**4,524,229**
Additions	1,013,088	159,885
Disposals	(7,714)	(19,627)
Change in consolidation method	564,215	3,292
Profit for the year	405,477	370,012
Changes in the equity of associates		
Exchange differences/other	(40,388)	93,349
Cash flow hedges	(80,481)	390,063
Financial assets held for sale	(1,212)	1,139
Transfer to non-current assets held for sale/discontinued operations	171	5,254
Distribution of dividends	(957,105)	(613,138)
Others	64,770	(86,369)
Ending balance	**5,788,910**	**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 for 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 EUR 9,772 thousand (EUR 15,460 thousand in 2022).

The detail, by division, of the investments in companies accounted for using the equity method at 31 December 2023 and 2022 is as follows:

Line of Business	Thousands of Euros					
	31/12/2023			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	1,262,449	170,375	**1,432,824**	1,384,276	168,888	**1,553,164**
Concessions	4,120,566	235,224	**4,355,790**	3,073,514	201,001	**3,274,515**
Services	108	14	**122**	103	5	**108**
Corporation, other and adjustments	310	(136)	**174**	184	118	**302**
Total	**5,383,433**	**405,477**	**5,788,910**	**4,458,077**	**370,012**	**4,828,089**

– Construction

At 31 December 2023, the Construction area most notably included the investments from the Hochtief Group accounted for using the equity method in the amount of EUR 1,426,987 thousand (EUR 1,545,232 thousand 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 EUR 806 million (EUR 812 million 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 after 31 March 2022 was recognised as a non-current financial asset instead of being accounted for using the equity method (see Notes 02.02.f and 10.01).

The carrying amount of investments accounted for using the equity method in the Construction Division has decreased due to both translation differences and distributed dividends, mainly relating to Hochtief.

– Concessions

At 31 December 2023, the Concessions area most notably included the ownership interest in Abertis amounting to EUR 3,523,574 thousand (EUR 2,971,045 thousand at 31 December 2022), relating to the ACS Group's 50% interest (through both Hochtief and ACS Actividades de Construcción y Servicios, S.A.). The net contribution by Abertis to the ACS Group's consolidated profit in 2023 amounted to a profit of EUR 179,229 thousand (a profit of EUR 142,964 thousand in 2022) once amortisation of the existing purchase price allocation had been taken into account.

In addition, the remaining 21.62% of the SH288 highway was recognised at 31 December 2023 (see Note 02.02.f).

09.02. Material associates / Joint arrangements

Material associates and joint ventures

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

Abertis

On 27 July 2023, the ACS Group and Mundys (formerly Atlantia) reached a new strategic collaboration agreement for Abertis with the main objective of strengthening its global leadership in transport infrastructure concessions, agreeing to promote an investment plan that will enable it to expand the portfolio of assets under management. The agreement also includes a new governance scheme that does not change Abertis's method of accounting.

At 31 December 2023, the ACS Group held a 50% interest in Abertis Holdco, S.A, giving the ACS Group significant influence in Abertis Holdco, S.A. within the meaning of IAS 28. Therefore, Abertis is accounted for as an associate using the equity method in these Consolidated Annual Accounts.

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

Abertis Holdco, S. A. and Subsidiaries	Thousands of Euros	
	31/12/2023	31/12/2022
	100 %	100 %
Non-current assets	44,678,613	39,369,912
Current assets	7,117,217	5,597,077
Of which: Cash and cash equivalents	4,251,163	4,085,008
Asset held for sale	—	—
Non-current liabilities	34,752,133	30,636,521
Of which: Financial liabilities	28,925,137	25,018,447
Current liabilities	4,377,053	3,880,021
Of which: Financial liabilities	2,608,979	2,316,464
Liabilities associate to assets held for sale	—	—
Net assets	**12,666,644**	**10,450,447**
Minority interests	3,897,632	2,800,606
Equity attributable to the parent company	**8,769,012**	**7,649,841**
Hybrid bond	(1,974,204)	(1,960,091)
Equity attributable homogenized to owners of the Company	**6,794,808**	**5,689,750**
Group's share of net assets (50%)	3,397,404	2,844,875
Capitalized acquisition-related costs	126,170	126,170
Carrying amount of the investment	**3,523,574**	**2,971,045**

Abertis Holdco, S. A. and Subsidiaries	Thousands of Euros	
	2023	2022
	100 %	100 %
Turnover	5,532,094	5,101,815
Profit or loss from continuing operations	802,517	346,164
Post-tax profit/(loss) from discontinued operations	11,276	—
Profit / (loss) for the period	**813,793**	**346,164**
Non-controlling interest	416,500	12,844
Profit/(loss) for the year attributable to owners of the company	397,293	333,320
Other comprehensive income	**64,076**	**866,195**
Minority interests other comprehensive income	85,887	230,647
Other comprehensive income attributable to the parent company	(21,811)	635,548
Total comprehensive income	**877,869**	**1,212,359**
Minority interests total comprehensive income	502,387	243,491
Total comprehensive income attributable to the parent company	375,482	968,868
Group's share in total comprehensive income (50%)	**187,741**	**484,434**
in profit or loss	**198,646**	**166,660**
in other comprehensive income	**(10,905)**	**317,774**

In 2023, the ACS Group received dividends from Abertis Holdco, S.A. amounting to EUR 296,845 thousand (EUR 296,845 thousand in 2022). At 31 December 2023, the irrevocable commitment relating to the capital increase of EUR 650 million (50% of the total EUR 1,300 million commitment) approved by Abertis Holdco’s shareholders prior to the reporting date was recognised and it was paid on 15 February 2024.

In 2023, to assess whether or not there were any indications of impairment of its interest in Abertis, the Group estimated the fair value of this shareholding. Therefore, the fair value of Abertis at year-end 2023 was restated in accordance with the Group's policies. The recoverable amount of the interest in Abertis accounted for using the equity method was compared with its carrying amount, and no impairment was detected. The ACS Group compared the carrying amount of the cash-generating unit (CGU), which includes the goodwill, with the fair value obtained using the discounted cash flow method (Abertis Holdco, S.A. and Subsidiaries). In accordance with IAS 36, the ACS Group considered that the most appropriate methodology for calculating the fair value corresponds to the assessment of a projected finite period of 5 years (2024-2028) together with the estimate of a residual value.

Based on the budgets and latest long-term projections, the impairment test on the Abertis goodwill as at 31 December 2023 was prepared based on:

– The cash projections obtained from the income and expense projection for the entire Abertis Group for the period (2024-2028) carried out by Abertis.
– To determine the terminal value, a growth rate of 2.0% was applied to the operating free cash flow after taxes for the last projected year, i.e. 2028, and, additionally, a cash outflow for investments in perpetuity was considered equivalent to the amortisation over this period.

The discount rate (WACC) applied to the cash flow projections was 5.95% and, in the case of the terminal value, the WACC applied was increased by 2.0%.

In relation to the result of the impairment test on the interest in Abertis accounted for using the equity method, the recoverable amount obtained (determined based on the fair value as indicated above) exceeds the carrying amount of the goodwill and the assets, so that the carrying amount of the investment in Abertis recognised at 31 December 2023 by the ACS Group can be recovered.

Based on the sensitivity analysis performed, the impairment test shows certain leeway as regards the carrying amount and is sensitive to changes in the discount rate and cash flows in perpetuity. Therefore, a drop in net operating profit after tax of more than 10 % and an increase in the WACC by more than 50 basis points could result in the need to recognise an impairment loss on the consolidated carrying amount of Abertis.

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

Thiess

On 31 December 2020, the Group finalised an agreement with funds managed by Elliott for the acquisition by Elliott of a 50% interest in the share capital of Thiess. According to the terms of the sale agreement, the ACS Group no longer controls Thiess, which is jointly controlled by Cimic and Elliott.

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	
	31/12/2023	31/12/2022
	100 %	100 %
Non-current assets	3,207,697	3,232,540
Current assets	1,077,103	1,024,156
Of which: Cash and cash equivalents	170,816	162,366
Non-current liabilities	1,475,675	1,449,316
Of which: Financial liabilities	1,284,382	1,270,382
Current liabilities	898,231	873,515
Of which: Financial liabilities	247,924	190,277
Net assets	**1,910,894**	**1,933,865**
Minority interests	10,515	10,769
Equity attributable to the parent company	**1,900,379**	**1,923,096**
Group's share of net assets (50%) (*)	**805,875**	**811,895**

(*) The carrying amount of the interest differs from a 50/50 stock split in Thiess owing to the preferred dividend for Elliott and the Class C preference shares issued by Thiess.

Thiess Joint Venture	Thousands of Euros	
	2023	2022
	100 %	100 %
Turnover	3,610,738	2,606,236
Other expenses	(2,711,204)	(1,846,702)
Depreciation and amortisation	(506,565)	(408,340)
Share of profits and losses of joint ventures	61	(66)
Financial income	2,447	1,056
Financial expenses	(133,600)	(97,466)
Profit / (loss) before tax	**261,877**	**254,718**
Income tax	(68,941)	(69,354)
Profit / (loss) for the period	**192,936**	**185,364**
Profit attributable to minority interests	(1,346)	(2,244)
Profit/(loss) attributable to parent company	191,590	183,120
Other comprehensive income	**(2,508)**	**41,441**
Minority interests other comprehensive income	(1,162)	20,721
Other comprehensive income attributable to the parent company	(1,346)	20,720
Total comprehensive income	**190,428**	**226,805**
Minority interests total comprehensive income	(2,508)	18,477
Total comprehensive income attributable to the parent company	190,244	208,328
Group's share in total comprehensive income (50%)	**52,302**	**78,593**
in profit or loss (*)	**53,464**	**57,872**
in other comprehensive income	**(1,162)**	**20,721**

(*) The Thiess shareholder agreement establishes a minimum distribution to each shareholder of AUD 180.0 million (EUR 110.1 million) per year during the first six years. In addition, Thiess issued Class C preference shares (see Note 11) providing a coupon yield above all other equity instruments in the amount of EUR 14.0 million (EUR 3.2 million in 2022) for the Group's shareholding. 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 Group's share of the profit for the period thus amounted to EUR 53.5 million (EUR 57.9 million in 2022). The amounts of insufficient returns for the Group include protection rights, which would be recovered through future profits.

In 2023, the ACS Group received dividends from Thiess amounting to EUR 29,974 thousand (EUR 59,083 thousand in 2022).

Cimic and Elliott financed the acquisition of MACA Limited (Australia) in 2022 through Thiess by subscribing new Thiess Class C preference shares. Cimic invested AUD 191.3 million (EUR 126.2 million). The preference shares were issued to the two investors in equal proportions and under the same conditions, and offer a coupon yield above all other equity instruments. These Class C preference shares are considered to be a non-current investment in Thiess not accounted for using the equity method in accordance with IAS 28; therefore, the equity instrument measured at fair value through profit or loss in accordance with IFRS 9.4.1.4 is recognised under “Non-current financial assets - Non-current equity instruments” (see Note 10.01). The coupon, in the form of a dividend, is recognised as cash flows from operating activities.

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

	Thousands of Euros			
	Associates		Jointly controlled entities	
	2023	2022	2023	2022
Carrying amount	**768,705**	**246,763**	**690,756**	**798,386**
Profit before taxes	**31,420**	**46,534**	**142,186**	**99,978**
Income taxes	(4,122)	(9,061)	(16,117)	8,028
Profit after taxes	**27,298**	**37,473**	**126,069**	**108,007**
Other comprehensive income	(29,947)	60,039	(37,071)	29,002
Total comprehensive income	**(2,649)**	**97,512**	**88,998**	**137,008**

10. Financial assets

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

	Thousands of Euros			
	Value at 31/12/2023	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost
Non-current financial assets	**1,026,224**	**252,311**	**3,617**	**770,296**
Equity securities at long-term	227,061	223,444	3,617	—
Loans to group and associates companies at long-term	194,324	—	—	194,324
Loans to third parties at long-term	323,713	—	—	323,713
Debt securities at long-term	28,867	28,867	—	—
Long-term cash collateral deposits	25,695	—	—	25,695
Other financial assets at long-term	32,059	—	—	32,059
Non-current financial assets in operating receivables	194,505	—	—	194,505
Other current financial assets	**1,163,599**	**99,302**	**624,102**	**440,195**
Equity securities at short-term	157,486	—	157,486	—
Loans to group and associates companies to short-term	137,628	—	—	137,628
Loans to third parties at short-term	64,071	—	—	64,071
Debt securities at short-term	574,488	99,302	466,616	8,570
Other financial assets to group and associates companies at short-term	354	—	—	354
Other financial assets at short-term	229,572	—	—	229,572
Trade receivables for sales and services	**7,920,935**	**—**	**—**	**7,920,935**
Other receivable	**1,183,069**	**—**	**—**	**1,183,069**
Cash and cash equivalents	**9,087,289**	**—**	**—**	**9,087,289**

	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**

The derivative financial instruments are broken down in Note 22.

10.01. Equity instruments

The detail of the balance of this heading at 31 December 2023 and 2022 is as follows:

	Thousands of Euros			
	31/12/2023		31/12/2022	
	Non-Current	Current	Non-Current	Current
Constructions	190,693	155,969	576,326	163,639
Concessions	32,918	1,517	21,813	954
Services	19	—	19	—
Corporation, other and adjustments	3,431	—	3,430	—
Total	**227,061**	**157,486**	**601,588**	**164,593**

Non-current and current equity instruments most notably include those of Hochtief amounting to EUR 190,496 thousand and EUR 155,969 thousand, respectively, at 31 December 2023 (EUR 576,129 thousand and EUR 163,639 thousand at 31 December 2022). The decrease in the amount of non-current equity instruments with respect to 31 December 2022 is due to the reclassification in 2023 of Ventia's interest in Cimic as a non-current asset held for sale (see Note 02.02.f) and the subsequent sale of the entire interest this year. In addition, the Thiess Class C preference shares of EUR 131.7 million (AUD 214.2 million) at 31 December 2023 are recognised under this heading (see Note 09.02).

10.02. Loans to associates

The detail of the balances of “Loans to associates” and of the scheduled maturities as at 31 December 2023 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2024	2025	2026	2027	2028 and subsequent years	Total non-current
Loans to associates	**137,628**	112,576	5,614	—	76,134	**194,324**

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

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

At 31 December 2023, this line item most notably included the loans granted by Hochtief to its associates in the amount of EUR 234,288 thousand (EUR 161,568 thousand at 31 December 2022). Of the long-term loans granted by Iridium, the most important include the subordinated loan granted to Road Management (A13) Plc. for an amount of EUR 51,116 thousand (EUR 47,779 thousand at 31 December 2022), the subordinated loan granted to Celtic Road Group (Portlaoise) in the amount of EUR 23,233 thousand (EUR 23,233 thousand at 31 December 2022), the subordinated loan granted to Gorey to Enniscorthy M11 PPP Limited in the amount of EUR 13,203 thousand (EUR 13,227 thousand at 31 December 2022), the subordinated loan granted to New Ross N25 By Pass Designity in the amount of EUR 8,343 thousand (EUR 8,385 thousand at 31 December 2022) and the subordinated loan granted to Iridium Hermes Road, S.L. in the amount of EUR 5,614 thousand (EUR 6,552 thousand at 31 December 2022).

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

10.03. Other loans

The detail of the balances of “Other loans” and of the scheduled maturities as at 31 December 2023 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2024	2025	2026	2027	2028 and subsequent years	Total non-current
Other loans	**64,071**	40,046	59,772	39,867	184,028	**323,713**

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

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

At 31 December 2023, "Loans to third parties" under "Non-current financial assets" in the consolidated statement of financial position includes the earn-out relating to the sale of most of the Industrial business carried out in 2021, which amounts to EUR 295,596 thousand (EUR 328,936 thousand at 31 December 2022) after receiving EUR 40 million in 2023 for the first GW generated (see Note 03.09.02). After the 2023 reporting date, an additional EUR 40 million was received for the second GW generated.

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

10.04. Debt securities

At 31 December 2023, this heading included the investments in securities maturing in the short term relating mainly to securities, investment funds and fixed-income securities maturing at more than three months, and that it does not intend to hold until maturity, from Hochtief for EUR 470,946 thousand (EUR 424,157 thousand at 31 December 2022) and from Dragados for EUR 94,971 thousand (EUR 62,706 thousand at 31 December 2022).

10.05. Other financial assets

At 31 December 2023, "Other financial assets" included short-term deposits amounting to EUR 218,123 thousand (EUR 296,552 thousand at 31 December 2022) and other deposits amounting to EUR 7,151 thousand (EUR 36,572 thousand) as a result of the cash available following the sale of the Industrial business.

In addition, at 31 December 2023, the amount mentioned in the previous paragraph includes EUR 163,406 thousand (EUR 218,139 thousand at 31 December 2022) held as collateral to secure the derivatives arranged by the Group (see Note 22), recognised under "Other current financial assets" in the accompanying consolidated statement of financial position.

Impairment losses

There were no significant impairment losses in 2023 or 2022. There were no significant reversals of impairment losses on financial assets in 2023 or 2022.

11. Inventories

The detail of “Inventories” at 31 December 2023 and 2022 is as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Merchandise	163,680	163,692
Raw materials and other supplies	339,911	353,696
Work in progress	211,509	213,064
Finished goods	27,754	23,952
Others	47,150	74,564
Total	**790,004**	**828,968**

The balance of inventories at 31 December 2023 relates mainly to the Hochtief Group in the amount of EUR 370,287 thousand (EUR 369,900 thousand at 31 December 2022).

This heading of the statement of financial position includes property assets (land and buildings) in the amount of EUR 297,098 thousand at 31 December 2023, relating mainly to Comunidades Gestionadas, S.A. (Cogesa) in the amount of EUR 188,934 thousand (EUR 197,189 thousand at 31 December 2022) and to the Hochtief Group in the amount of EUR 85,248 thousand (EUR 120,342 thousand at 31 December 2022).

The Group had no inventories subject to restrictions at 31 December 2023 or 31 December 2022. In addition to the above restrictions, no inventories have been pledged and/or mortgaged as security for the repayment of debts at 31 December 2023 or at 31 December 2022.

Impairment losses on inventories recognised and reversed in the consolidated income statement, relating to the various ACS Group companies, amounted to EUR 55 thousand and EUR 61 thousand in 2023, respectively (EUR 410 thousand and EUR 180 thousand in 2022, respectively).

12. Trade and other receivables

The carrying amount of trade and other receivables is reflected in the following breakdown at 31 December 2023 and 2022:

	Thousands of Euros	
	Balance at 31/12/2023	Balance at 31/12/2022
Trade receivables for sales and services	7,885,807	7,348,898
Receivable from group companies and associates	35,128	34,277
Other receivables	1,183,069	1,006,282
Current tax assets	340,987	175,196
Total	**9,444,991**	**8,564,653**

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

The breakdown of “Trade receivables for sales and services” and the net trade receivables balance at 31 December 2023 and 2022 is as follows:

	Thousands of Euros	
	Balance at 31/12/2023	Balance at 31/12/2022
Trade receivables and notes receivable	5,169,502	4,645,370
Completed work pending certification	2,878,917	2,871,361
Allowances for doubtful debts	(162,612)	(167,833)
Total assets from receivables	**7,885,807**	**7,348,898**
Advances received on orders	(3,095,157)	(2,892,282)
Total liabilities from receivables	**(3,095,157)**	**(2,892,282)**
Total net trade receivables balance	**4,790,650**	**4,456,616**

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

The breakdown of the amounts recognised in 2023 and 2022 is as follows:

	Thousands of Euros				
	Balance at 31/12/2022	Changes in the consolidation perimeter	Exchange differences	Others	Balance at 31/12/2023
Trade receivables and notes receivable (net of provisions)	**4,477,537**	10,206	(122,766)	641,913	**5,006,890**
Completed work pending certification	**2,871,361**	(24,532)	(76,154)	108,242	**2,878,917**
Total Contract assets	**7,348,898**	**(14,326)**	**(198,920)**	**750,155**	**7,885,807**
Total Contract liabilities	**2,892,282**	**(12,793)**	**(98,355)**	**314,022**	**3,095,156**

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

“Others” basically includes changes related to production and/or invoicing to customers during the year and the payments obtained from them, and the reclassifications from completed work pending certification to trade receivables and notes receivable.

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

Should the amount of output from inception be lower than the amount of the progress billings, the difference relates to contractual liabilities and is recognised under “Customer advances” under “Trade and other payables" on the liability side of the consolidated statement of financial position. Therefore, the balances are presented based on each project/work at both 31 December 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 revenue recognised in 2023 that was included in the balance of "Customer advances" (contract liabilities with customers) at the beginning of the year amounts to EUR 1,753 million (EUR 1,783 million in 2022), while the revenue recognised in 2023 resulting from performance obligations that were satisfied or partially satisfied in previous years amounts to a loss of EUR (75) million.

At 31 December 2023, retentions held by customers for contract work in progress amounted to EUR 1,513,956 thousand (EUR 1,337,461 thousand at 31 December 2022).

The Group companies assign trade receivables to financial institutions, without the possibility of recourse against them in the event of non-payment. The reduced balance of receivables amounted to EUR 1,106,441 thousand at 31 December 2023 (EUR 1,063,190 thousand 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.

There was no customer as at 31 December 2023 and 2022, that represented more than 10% of total revenue.

12.02. Changes in the allowances for doubtful debts

The following is a breakdown, by line of business, of the changes in allowances for doubtful debts in 2023 and 2022:

Movement in the impairment provision	Thousands of Euros
	Total
Balance at 1 January of 2022	**(192,824)**
Charges for the year	(3,226)
Reversals / Excesses	47,903
Changes in the consolidation perimeter and other	(19,686)
Balance at 31 December 2022	**(167,833)**
Charges for the year	(4,261)
Reversals / Excesses	3,521
Changes in the consolidation perimeter and other	5,961
Balance at 31 December 2023	**(162,612)**

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

The net trade receivables balance at 31 December 2023 amounted to EUR 4,790,650 thousand (EUR 4,456,616 thousand at 31 December 2022), of which EUR 558,146 thousand (EUR 465,198 thousand at 31 December 2022) relate to domestic activity and EUR 4,232,504 thousand (EUR 3,991,418 thousand at 31 December 2022) to international activity.

As regards domestic activity, EUR 393,133 thousand (EUR 315,997 thousand at 31 December 2022), 70% of the balance (68% of the balance at 31 December 2022), relates to the net balance receivable from the Spanish public authorities, while the remainder relates to the private sector, without a large concentration of balances.

Group management considers that the carrying amount of the trade receivables reflects their fair value. The Group companies are responsible for managing the accounts receivable and determining whether provisions need to be recognised, since each company best knows its exact position and the relationship with each of its customers. However, each business area establishes certain guidelines on the basis that each customer has their own peculiarities depending on the business activity performed. The accounts receivable from public authorities do not pose any significant problems regarding recoverability, and international activity mainly relates to work performed for public authorities in foreign countries, which reduces the possibility of experiencing significant insolvency.

Furthermore, a policy has been established for private customers where guarantees are provided before beginning construction work, which significantly reduces the risk of insolvency. Lastly, the existence of arrears and possible default are low since, besides the fact that the Group also has the right to request late payment interest from public authorities, its private customers are assigned a maximum risk level before contracting a service.

As regards foreign activities, the majority arises from the private sector amounting to EUR 3,833,417 thousand (EUR 3,243,749 thousand at 31 December 2022), the majority of which relate to the Hochtief Group. The status of customers that are past due but not impaired as at 31 December 2023 and 2022 is detailed under “Credit risk” in Note 21.

13. Other current assets

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

14. Cash and cash equivalents

“Cash and cash equivalents” includes the Group’s cash and short-term bank deposits with an initial maturity of three months or less, and other short-term, highly liquid investments (maturing within less than three months) that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

The carrying amount of these assets amounting to EUR 390,824 thousand at 31 December 2023 (EUR 484,221 thousand at 31 December 2022) reflects their fair value and there are no restrictions as to their use.

15. Equity

15.01. Share capital

As at 31 December 2023, the share capital of the Parent Company amounted to EUR 139,082 thousand (EUR 142,082 thousand at 31 December 2022) and was represented by 278,164,594 fully subscribed and paid shares (284,164,594 shares at 31 December 2022) 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 6 million of the Company’s treasury shares for a nominal amount of EUR 3 million, recognising a provision for the same amount with a charge to reserves as indicated in section 335.c) of the Corporate Enterprises Act (see Note 15.04).

In 2022, the Board of Directors of the Parent retired, on several occasions, a total of 20,500,000 shares in accordance with the resolutions passed by the shareholders at the General Meeting, reducing the share capital by a nominal amount of EUR 10,250,000 through the retirement of 20.5 million ACS treasury shares with a charge to profit or unrestricted reserves, recognising the corresponding provision with a charge to reserves as indicated in section 335.c) of the Corporate Enterprises Act (see Note 15.04).

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

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

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

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

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

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 15.04).

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

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 company included in the scope of consolidation whose shares are listed as of 31 December 2023 on stock exchanges is Hochtief, A.G., which is listed on the Frankfurt Stock Exchange (Germany).

At 31 December 2023, the shareholder with an ownership interest of over 10% in the Parent Company's share capital was Rosan Inversiones, S.L. with an interest of 14.16%.

15.02. Share premium

The share premium at 31 December 2023 and 2022 amounted to EUR 366,379 thousand and EUR 366,379 thousand, respectively.

The consolidated text of the Corporate Enterprises Act expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use. This reserve is unrestricted provided that the Company's equity does not fall below share capital as a result of its distribution.

15.03. Reserves

The detail of this heading at 31 December 2023 and 2022 is as follows:

	Thousands of Euros	
	Balance at 31/12/2023	Balance at 31/12/2022
Legal reserve	35,287	35,287
Voluntary reserves	6,974,878	7,144,603
Capital redemption reserve fund	72,216	64,367
Reserve for actuarial gains and losses	(24,139)	111,816
Others reserves	653,226	410,051
Reserves at consolidated companies	(3,522,780)	(3,140,766)
Total	**4,188,688**	**4,625,358**

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

Legal reserve

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

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

The legal reserve of the Group's Parent Company, which amounts to EUR 35,287 thousand, exceed the stipulated level at 31 December 2023 and 2022.

Voluntary reserves

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

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

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

Capital redemption reserve

As a result of the redemption of the Parent Company's shares carried out in 2023 and 2022, in accordance with section 335.c) of the consolidated text of the Corporate Enterprises Act, ACS, Actividades de Construcción y Servicios, S.A. established a restricted "Capital redemption reserve" of EUR 72,216 thousand (EUR 64,367 thousand at 31 December 2022), which is equivalent to the nominal value of the reduced share capital.

Reserve for actuarial gains and losses

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

15.04. Treasury shares

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

	2023		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	7,351,999	228,610	29,708,164	709,781
Depreciation and sales	(15,698,253)	(384,862)	(32,680,186)	(779,527)
At end of the reporting period	**17,558,400**	**465,918**	**25,904,654**	**622,170**

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 15.05), 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) of the Corporate Enterprises 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 15.01).

On 3 January 2022, ACS, Actividades de Construcción y Servicios, S.A. resolved to carry out the second capital increase with a charge to reserves approved by the shareholders at the Annual General Meeting held on 7 May 2021, and also resolved to carry out the second capital reduction of ACS, Actividades de Construcción y Servicios, S.A. for the same amount as the increase in share capital as a result of the second capital increase through the retirement of the necessary treasury shares. The definitive number of shares, subject to the capital increase, was 3,047,466 shares for a nominal amount of EUR 1,523,733.00, which were retired simultaneously for the same amount (see Note 15.05), and with an allocation to reserves for the same amount as the nominal value of the retired shares, i.e., EUR 1,523,733.00, as provided for in section 335.c) of the Corporate Enterprises Act.

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

On 23 March 2023, in accordance with the resolution passed at the Annual General Meeting held on 6 May 2022, the Board of ACS, Actividades de Construcción y Servicios, S.A. agreed to reduce share capital, with a charge to profit or unrestricted reserves, through the retirement of the Company's treasury shares for a nominal amount of EUR 3 million (EUR 10,250,000 in 2022 in accordance with the resolutions passed at the Annual General Meeting) through the retirement of 6 million ACS treasury shares (20,500,000 shares in 2022), recognising the corresponding provision with a charge to reserves as indicated in section 335.c) of the Corporate Enterprises Act (see Note 15.01).

At 31 December 2023, the Group held 17,558,400 treasury shares of the Parent Company, with a par value of EUR 0.5 each, representing 6.3% of the share capital, with a consolidated carrying amount of EUR 465,918 thousand that is recognised in equity under "Treasury shares" in the consolidated statement of financial position. At 31 December 2022, the Group held 25,904,654 treasury shares of the Parent Company, with a par value of EUR 0.5 each, representing 9.1% of the share capital, with a consolidated carrying amount of EUR 622,170 thousand that was recognised in equity under "Treasury shares" in the consolidated statement of financial position.

In 2023, 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 EUR 553.5 million, with a maximum term of up to 31 July 2024.

The average purchase price of ACS shares in 2023 was EUR 31.09 per share (EUR 23.89 per share in 2022).

15.05. Dividends

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.

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.

As a result of the resolution passed by the shareholders at the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 5 May 2023, on 21 June 2023 it was resolved to carry out the first capital increase, establishing the maximum reference value at EUR 450 million with a charge to the Company’s reserves in order for the shareholders to be able to choose whether they wish to be compensated in cash or in the Company’s shares. After the negotiation period for the bonus issue rights corresponding to the second bonus issue, the irrevocable commitment to purchase rights assumed by ACS was accepted by the holders of 39.8% of the bonus issue rights. After the decision-making period granted to the shareholders had elapsed, the following events took place:

– The dividend was determined to be a total gross amount of EUR 163,937,784.82 (EUR 1.482 per share) and was paid on 19 July 2023.

– The number of final shares subject to the capital increase was 7,366,418 for a nominal amount of EUR 3,683,209, which were redeemed simultaneously for the same amount.

15.06. Valuation adjustments / translation differences

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

	Thousands of Euros	
	2023	2022
Beginning balance	**380,957**	**(170,918)**
Hedging Instruments	(90,352)	416,443
Available-for-sale financial assets	(16,062)	(53,170)
Exchange differences	46,522	188,602
Ending balance	**321,065**	**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 financial assets through other comprehensive income include the unrealised gains or losses arising from changes in their fair value net of the related tax effect.

The translation differences at 1 January 2004 were recognised in the transition to IFRSs as opening reserves. Consequently, the amount presented in the Group's consolidated statement of financial position at 31 December 2023 relates exclusively to the difference arising in the period from 2004 to 2023, net of the related tax effect, between the closing and opening exchange rates, on non-monetary items whose fair value is adjusted against equity and on the translation to euros of the balances in the functional currencies of fully and proportionally consolidated companies, and companies accounted for using the equity method, whose functional currency is not the euro.

The main translation differences, by currency, at 31 December 2023 and 2022 were as follows:

	Thousands of Euros	
	Balance at 31/12/2023	Balance at 31/12/2022
U.S. Dollar (USD)	24,757	40,230
Australian Dollar (AUD)	61,049	34,550
Canadian Dollar (CAD)	(10,402)	(7,161)
Other currencies	68,800	30,061
Total	**144,204**	**97,680**

15.07. Non-controlling interests

The detail of the balance of "Non-controlling interests" in the consolidated statement of financial position at 31 December 2023 and 2022 is as follows:

Thousands of Euros			
Balance at 31/12/2023		Balance at 31/12/2022	
Non-controlling interests	Profit attributed to non-controlling interests	Non-controlling interests	Profit attributed to non-controlling interests
153,130	**148,022**	**623,924**	**204,557**

At 31 December 2023, "Non-controlling interests" mainly related to the consolidation of Hochtief, which includes both the ownership interests of the minority shareholders of Hochtief and the non-controlling interests included in the statement of financial position of the German company, amounting to EUR 30,787 thousand at 31 December 2023 (EUR 95,674 thousand at 31 December 2022).

In 2023, a 7.29% interest in Hochtief, A.G. was acquired, amounting to EUR 461.3 million, at an average price of EUR 81.47 per share, which increased the interest in Hochtief, A.G. at the end of 2023 to 75.93% of the shares representing the share capital without discounting treasury shares, and to 78.48% when treasury shares are discounted.

On 8 June 2022, Hochtief, A.G. decided to increase its share capital by just under 10% through a monetary contribution using authorised capital, issuing 7,064,593 new shares at EUR 57.50 per share, excluding shareholders' subscription rights. ACS, Actividades de Construcción y Servicios, S.A. was assigned 85% of the total number of new shares, which represents an increase in its shareholding in Hochtief, A.G. from 50.41% to 53.55% of the shares representing the share capital. The cash obtained in the capital increase was used to repay part of the financing obtained for the acquisition of Cimic (see Note 03.23).

In addition, in 2022 additional shares in Hochtief, A.G. were acquired for an amount of EUR 604 million, increasing the shareholding in this company at the end of 2022 to 68.64% of the shares representing the share capital, without discounting treasury shares, and to 70.94%, when treasury shares are discounted.

On 23 February 2022, Hochtief, Cimic's majority shareholder with a 78.6% interest, announced a tender offer to acquire the remaining shares of Cimic for AUD 22 per share, which gave Hochtief a 100% interest with the purchase of all Cimic shares held by third parties and led to its delisting from the stock exchange in 2022 (see Note 03.23).

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

	Thousands of Euros	
	31/12/2023	31/12/2022
Non-current assets	5,661,626	6,086,338
Current assets	13,344,558	12,213,320
Non-current liabilities	5,763,460	5,995,735
Current liabilities	11,976,459	11,074,474
Equity	**1,266,265**	**1,229,449**
Of which: Non-controlling interests Hochtief	30,787	95,674
Non-controlling interests of Hochtief included in equity of the ACS Group	**296,719**	**425,097**
Turnover	27,756,046	26,219,332
Profit before tax	**715,003**	**677,174**
Income tax	(170,977)	(162,165)
Profit for the period from continuing operations	**544,026**	**515,009**
Profit after tax from discontinued operations	—	—
Profit for the period	**544,026**	**515,009**
Of which: Non-controlling interests Hochtief	(21,277)	(33,235)
Profit attributable to the parent	**522,749**	**481,774**
Non-controlling interests included in profit or loss for the year	**(133,795)**	**(173,216)**
Cash flows from operating activities	1,335,264	1,050,816
Cash flows from investing activities	(249,671)	(484,588)
Cash flows from financing activities	(583,613)	(167,202)

“Non-controlling interests” in the accompanying consolidated statement of financial position reflects the proportionate share of the equity of Group companies in which there are minority shareholders. The changes in 2023, by item, were as follows:

	Thousands of Euros
Balance at 31 December 2022	**828,481**
Profit for the year from continuing operations	148,022
Dividends received	(172,948)
Changes in shareholdings in controlled companies and others	(481,952)
Adjustments for changes in value	(20,451)
Balance at 31 December 2023	**301,152**

The changes in 2022, by item, were as follows:

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

The changes in shareholdings in controlled companies in 2023 were mainly due to the exclusion of the SH288 highway from the scope of consolidation following the sale of the 56.76% interest in December 2023 (see Note 02.02.f). The changes in holdings in the controlled companies in 2022 were mainly due to Cimic's takeover bid (see Note 02.02.f).

At 31 December 2023, the shareholders with an ownership interest equal to or exceeding 10% of the subscribed capital of the Group's main subsidiaries were as follows:

Group	Percentage of ownership	Shareholder
Gasoductos y Redes Gisca, S.A.	47.50 %	Spie Capag, S.A.
Multiservicios Aeroportuarios, S.A.	49.00 %	Iberia, S.A.
Energía Renovable de la Península, SAPI de C.V.	30.00 %	Envisión Energy B.V. (24%)

16. Grants

The changes in the balance of this heading in 2023 and 2022 were as follows:

	Thousands of Euros	
	2023	2022
Beginning balance	**2,039**	**2,099**
Exchange differences	6	(18)
Additions	64	429
Transfers	(88)	(172)
Recognition in income statement	(246)	(299)
Ending balance	**1,775**	**2,039**

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

	Thousands of Euros					
	31/12/2023			31/12/2022		
	<1	2-5	>5	<1	2-5	>5
Grants related to assets	551	402	822	363	552	1,124

17. Bank borrowings, debentures and other marketable securities

The breakdown of the ACS Group's financial liabilities at 31 December 2023 and 2022, by nature and category for valuation purposes, is as follows:

	Thousands of Euros			
	31/12/2023		31/12/2022	
	Non-Current	Current	Non-Current	Current
Debt instruments and other marketable securities	3,933,655	37,914	3,920,911	107,740
Bank borrowings	4,272,437	1,411,931	4,849,634	1,371,343
- with limited recourse	175,649	29,814	205,476	33,666
- other	4,096,788	1,382,117	4,644,158	1,337,677
Other financial liabilities	95,395	125,055	108,136	19,240
Total	**8,301,487**	**1,574,900**	**8,878,681**	**1,498,323**

17.01. Debentures and other marketable securities

At 31 December 2023, the ACS Group had debentures and bonds issued amounting to EUR 3,933,655 thousand in non-current issues and EUR 37,914 thousand in current issues (EUR 3,920,911 thousand in non-current issues and EUR 107,740 thousand in current issues, respectively, at 31 December 2022) from Hochtief, Cimic, ACS, Actividades de Construcción y Servicios, S.A. and Dragados, S.A.

The most significant changes as at 31 December 2023 are as follows:

– In 2023, ACS, Actividades de Construcción y Servicios, S.A. renewed the Euro Commercial Paper (ECP) programme for a maximum amount of EUR 750 million, which was registered on the Irish Stock Exchange. Through this programme, ACS may issue notes maturing between 1 and 364 days, thus enabling the diversification of financing channels in the capital market. As at 31 December 2023, the issues outstanding under these programmes amounted to EUR 9,400 thousand (EUR 55,000 thousand 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 EUR 1,500 million, which was approved by the Central Bank of Ireland.

– Furthermore, ACS, Actividades de Construcción y Servicios, S.A. renewed the Negotiable European Commercial Paper (NEU CP) programme in 2023 for EUR 500 million, with a maximum issue term of 365 days, under the regulation of the Bank of France (pursuant to section D.213-2 of the French Monetary and Financial Code) and listed on the Luxembourg Stock Exchange. At 31 December 2023, the issues outstanding under the above programmes amounted to EUR 4,984 thousand. At 31 December 2022, there were no outstanding issues under these programmes.

The detail, by maturity, of these debentures and bonds at 31 December 2023 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2024	2025	2026	2027	2028 and subsequent years	Total non-current
Debentures and bonds	**37,914**	1,301,481	636,018	497,501	1,498,655	**3,933,655**

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

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

The detail of ACS Group´s main bonds at 31 December 2022 and 2023 is as follows:

Bonds	Carrying amount 31/12/2023	Carrying amount 31/12/2022	Price 31/12/2023	Price 31/12/2022	Principal (Millions of Euros)	Coupon (%)	Initial term (in years)	Maturity
ACS 750	753,818	752,767	97.09 %	92.12 %	750	1.375 %	5	June 2025
ACS 50	50,230	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	593,771	594,043	96.80 %	90.94 %	588	1.875 %	8	April 2026
HOCHTIEF 500	503,558	503,022	97.40 %	94.65 %	500	1.750 %	7	July 2025
HOCHTIEF 50 CHF	54,179	50,930	n.a.	n.a.	54	0.769 %	6	June 2025
HOCHTIEF 50	50,660	50,646	n.a.	n.a.	50	2.300 %	15	April 2034
HOCHTIEF 500	498,323	497,642	91.23 %	81.73 %	500	0.500 %	8	September 2027
HOCHTIEF 1000 NOK	89,579	95,743	n.a.	n.a.	90	1.700 %	10	July 2029
HOCHTIEF 250	249,747	249,580	83.89 %	65.83 %	250	1.250 %	12	September 2031
HOCHTIEF 500	497,331	496,415	86.84 %	74.92 %	500	0.625 %	8	April 2029
CIMIC 625	616,055	617,797	86.46 %	74.43 %	625	1.500 %	8	May 2029

17.02. Loans and credit facilities

17.02.01. Loans and credit facilities

The detail of the bank borrowings at 31 December 2023 and the repayment schedules are as follows:

	Thousands of Euros					
	Current	Non-current				
	2024	2025	2026	2027	2028 and subsequent years	Total non-current
Bank loans in euros	**722,390**	399,735	1,916,923	156,934	76,268	**2,549,860**
Foreign currency loans	**654,779**	437,200	274,565	192,194	635,426	**1,539,385**
Other financial debs	**4,948**	2,854	1,992	1,678	1,019	**7,543**
Total	**1,382,117**	**839,789**	**2,193,480**	**350,806**	**712,713**	**4,096,788**

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

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

In relation to bank loans, the most relevant matters during the period are as follows:

– ACS, Actividades de Construcción y Servicios, S.A. has a syndicated loan in the amount of EUR 2,100,000 thousand divided into two tranches (tranche A of the loan, drawn down in full, in the amount of EUR 950,000 thousand, and tranche B, a liquidity facility, in the amount of EUR 1,150,000 thousand), which matures on 13 October 2026 (except for EUR 10 million maturing in 2025). No amount has been drawn down on the liquidity facility of tranche B as at 31 December 2023 and 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 thousand (EUR 248,482 thousand), which was drawn down in full by Dragados Construction USA, Inc. On 22 June 2021, an agreement was reached to roll over the above loan agreement, whereby the amount of the loan was simultaneously repaid in part and increased, resulting in a tranche A of USD 232,750 thousand (EUR 214,200 thousand) and a tranche B of USD 62,250 thousand (EUR 57,289 thousand). Dragados Construction USA, Inc. used USD 37,250 thousand (EUR 34,281 thousand) of tranche B to partially repay the initial amount. Both tranches had been drawn down in full at 31 December 2023. The total amount of the loan was USD 295,000 thousand (EUR 266,968 thousand). In addition, the maturity date was extended to 28 June 2026, the date on which it will be fully repaid, with the rest of the terms unchanged. The principal of this loan accrues interest at a rate tied to the USD SOFR.

– 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. On 15 December 2022, an agreement was reached to roll over the financing agreement, extending its maturity date by one year to 20 December 2024. Finally, the agreement was rolled over on 30 November 2023, extending the final maturity date to 19 June 2026 and increasing the financing granted to EUR 465,000 thousand (EUR 232,500 thousand for tranche A and EUR 232,500 thousand for tranche B). After a new entity was included in the agreement in January 2024, the amount rose to EUR 470,000 thousand (EUR 235,000 thousand for each tranche). As at 31 December 2023, only EUR 232,500 thousand of tranche A had been drawn down. The principal of the loan and the credit facility will accrue interest tied to the Euribor.

– Hochtief refinanced, before maturity, the existing long-term syndicated loan of EUR 1,700 million maturing in 2024 and obtained another EUR 300 million for future corporate purposes, including the refinancing of existing credit facilities. Hochtief and an international bank syndicate reached an agreement for a credit facility 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 EUR 1,200 million in guarantee lines, EUR 500 million in credit facilities and EUR 300 million in loans.

– Cimic replaced the syndicated credit facility of AUD 1,000 million (EUR 612 million), maturing in July 2025, and repaid it in early October using two loan tranches of AUD 693 million (EUR 424 million) and USD 239 million (EUR 231 million), both maturing in five years.

– In early October 2023, Cimic also repaid its credit facility of AUD 950 million (EUR 581 million) ahead of schedule. In the process, Cimic entered into a new credit facility for AUD 625 million (EUR 383 million) with a three-year term and a credit facility for AUD 522 million (EUR 319 million) with a five-year term. Cimic was therefore able to increase its liquidity reserves on the whole by more than AUD 267 million (EUR 164 million).

– In November 2023, Cimic signed a three-year syndicated bonding facility for AUD 1,300 million (EUR 799 million). This facility replaces the credit facility of AUD 1,400 million (EUR 861 million) that matured in March 2024 and covers the Cimic Group's operational guarantee requirements in addition to the existing bilateral guarantee and bonding facilities.

The undrawn balances of the credit facilities granted to Group companies at 31 December 2023, by maturity, are as follows:

	Thousands of Euros					
	Current	Non-current				
	2024	2025	2026	2027	2028 and subsequent years	Total non-current
Credit lines in euros	**763,091**	1,892,314	1,367,606	—	517,297	**3,777,217**
Credit lines in foreign currency	**589,622**	282,912	384,308	100,336	327,320	**1,094,876**
Total	**1,352,713**	**2,175,226**	**1,751,914**	**100,336**	**844,617**	**4,872,093**

The undrawn balances of the credit facilities granted to Group companies at 31 December 2022, by maturity, were as follows:

	Thousands of Euros					
	Current	Non-current				
	2023	2024	2025	2026	2027 and subsequent years	Total non-current
Credit lines in euros	**652,976**	1,281,167	873,991	1,187,000	—	**3,342,158**
Credit lines in foreign currency	**462,250**	385,465	234,390	—	225,736	**845,591**
Total	**1,115,226**	**1,666,632**	**1,108,381**	**1,187,000**	**225,736**	**4,187,749**

At 31 December 2023, current and non-current bank borrowings in foreign currencies amounted to EUR 2,194,165 thousand (EUR 2,634,071 thousand at 31 December 2022), of which mainly EUR 1,256,261 thousand are in Australian dollars (EUR 1,513,951 thousand at 31 December 2022), EUR 685,734 thousand are in US dollars (EUR 882,100 thousand at 31 December 2022) and EUR 206,625 thousand are in Canadian dollars (EUR 143,922 thousand at 31 December 2022).

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

In 2023 the Group's euro loans and credits bore average annual interest of 2.77% (1.91% in 2022). Foreign currency loans and credits bore average annual interest of 5.99% (4.28% in 2022).

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

In 2023 and 2022, the ACS Group satisfactorily met its bank borrowing payment obligations on maturity. In addition, up to the date of the preparation of the Consolidated Annual Accounts, there was no significant non-compliance with its financial obligations. Accordingly, at 31 December 2023, the ACS Group met the significant ratios required by its financing agreements.

17.02.02. Financial liabilities classification

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

	Thousands of Euros			
	Value at 31/12/2023	Fair value through profit or loss	Fair value through other comprehensive income (equity)	Amortized cost
Long Term Financial Liabilities	**8,301,487**	**—**	**—**	**8,301,487**
Debentures and other negotiable securities	3,933,655	—	—	3,933,655
Payables to credit institutions	4,089,245	—	—	4,089,245
Payables on lease of goods	7,543	—	—	7,543
Project financing and debt with limited resources	175,649	—	—	175,649
Other long-term financial payables not in banks	74,473	—	—	74,473
Long-term payables to group and associated companies	20,922	—	—	20,922
Short Term Financial Liabilities	**1,574,900**	**—**	**—**	**1,574,900**
Debentures and other negotiable securities	37,914	—	—	37,914
Payables to credit institutions	1,377,169	—	—	1,377,169
Payables on lease of goods	4,948	—	—	4,948
Project financing and debt with limited resources	29,814	—	—	29,814
Other short-term financial payables not in banks	121,762	—	—	121,762
Short-term payables to group and associated companies	3,293	—	—	3,293

	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 22.

18. Project finance with limited recourse

“Project finance with limited recourse” on the liability side of the consolidated statement of financial position mainly includes the amount of the financing related to infrastructure projects (see Note 06).

The detail of this heading, by type of financed asset, at 31 December 2023 is as follows:

	Thousands of Euros		
	Current	Non-current	Total
Highways	16,643	7,842	**24,485**
Solar thermal plants	13,045	160,094	**173,139**
Other infrastructures	126	7,713	**7,839**
Total	**29,814**	**175,649**	**205,463**

The detail 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**

The detail, by maturity, of non-current financing at 31 December 2023 and 2022 is as follows:

	Thousands of Euros				
	Maturity in				
	2025	2026	2027	2028 and subsequent years	Total
Balance at 31 December 2023	30,737	15,596	15,804	113,512	**175,649**

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

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

The average interest rate for this type of project financing amounted to an annual 4.68% in 2023 and 3.21% in 2022.

The debts relating to limited recourse financing are secured by project assets and include clauses requiring that certain ratios be achieved by the project, which were being met in all cases at the date of authorisation for issue of these Annual Accounts. Except as specifically mentioned in the previous paragraphs in relation to each of the most relevant financing, there were no guarantees in the form of collateral at 31 December 2023 and 2022.

In 2023 and 2022 the ACS Group satisfactorily settled all its project financing debts with limited recourse on maturity. In addition, up to the date of the preparation of these Consolidated Annual Accounts, there was no significant non-compliance with its financial obligations.

19. Other financial liabilities

The breakdown of the balances of this heading in the consolidated statements of financial position at 31 December 2023 and 2022 is as follows:

	Thousands of Euros			
	Balance at 31/12/2023		Balance at 31/12/2022	
	Non-current	Current	Non-current	Current
Non-bank borrowings at a reduced interest rate	5,489	2,648	17,341	3,595
Payable to associates	20,922	3,282	17,651	2,594
Other	68,984	119,125	73,144	13,051
Total	**95,395**	**125,055**	**108,136**	**19,240**

The amount corresponding to “Other financial liabilities” in the consolidated statement of financial position mainly includes the financing obtained from public bodies in various countries to carry out certain infrastructure projects, which most notably includes the participating loan from the Spanish State granted to Autovía Medinaceli-Calatayud Sociedad Concesionaria del Estado, S.A., with an outstanding amount at 31 December 2023 of EUR 52,498 thousand (EUR 52,498 thousand at 31 December 2022) to finance the rebalancing achieved in 2011, and that matures during the remaining term of the concession (2026).

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

20. Provisions

20.01. Non-current

The changes in non-current provisions in 2023 were as follows:

NON-CURRENT	Thousands of Euros					
	Provision for pensions and similar obligations	Personnel-related Provisions	Provision for taxes	Provision for third-party liability	Provisions for actions on infrastructure	Total
Balance at 31 December 2022	**258,631**	**113,866**	**648**	**1,169,567**	**6,379**	**1,549,091**
Additions or charges for the year	3,425	42,324	2,165	559,155	—	607,069
Amounts used	(7,807)	(9,882)	(93)	(55,056)	—	(72,838)
Reversals	(1)	(1)	—	(102,339)	—	(102,341)
Increases due to the passing of time and the effect of exchange rates on discount rates	42,878	33	—	3,257	—	46,168
Exchange differences	(1,589)	(4,466)	—	(6,249)	—	(12,304)
Transfers and changes in the consolidation perimeter	—	—	—	(116,828)	—	(116,828)
Transfers	—	—	—	(9,038)	—	(9,038)
Balance at 31 December 2023	**295,537**	**141,874**	**2,720**	**1,442,469**	**6,379**	**1,888,979**

The change in the provision for pensions and similar obligations was mainly due to the change in the discount rate used to measure Hochtief’s pension obligations in Germany, the United States and the United Kingdom to 3.51%, 5.50% and 4.80%, respectively, at 31 December 2023 (4.16%, 5.10% and 5.05%, respectively, at 31 December 2022).

The Group companies recognise provisions on the liability side of the accompanying consolidated statement of financial position for present obligations arising from past events which the companies consider will probably require an outflow of resources embodying economic benefits to settle them on maturity. These provisions are recognised when the related obligation arises and the amount recognised is the best estimate at the date of the accompanying consolidated financial statements of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value is recognised as interest cost in the consolidated income statement. The reduction between years is mainly due to the reassessment carried out to cover operating risks, litigation and claims both in Spain and abroad, including guarantees for possible claims related to assets sold.

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

20.01.01 Provisions for pensions and similar obligations

On the one hand, defined benefit pension obligations were entered into by companies included in the group as a result of the merger by absorption of the Dragados Group in 2003. These obligations were externalised through group life insurance policies, in which investments have been assigned whose flows coincide in timing and amount with the payment schedule of the insured benefits. Based on the valuation made, at 31 December 2023 the amounts required to cover the obligations to current and retired employees amounted to EUR 3,985 thousand (EUR 4,002 thousand in 2022) and EUR 116,936 thousand (EUR 124,451 thousand in 2022), respectively. The actuarial assumptions used in the 2023 and 2022 valuations detailed above, are as follows:

Actuarial assunptions	2023	2022
Annual rate of increase of maximum social security pension deficit	2.00 %	8.50 %
Annual wage increase	2.35 %	2.35 %
Annual CPI growth rate	2.00 %	8.50 %
Mortality table (*)	PER2020_Col_1er.orden	PER2020_Col_1er.orden

(*) Guaranteed assumptions which will not vary

The interest rates applied since the pension obligations were externalised ranged from a maximum of 5.93% to a minimum 0.01%. The interest rate applied in 2023 was 2.43% (2.04% in 2022).

The amounts relating to the above pension obligations, recognised under "Personnel expenses" in the consolidated income statement for 2023, gave rise to income of EUR 417 thousand in 2023 (expense of EUR 179 thousand in 2022), relating mainly to the regularisation and redemption of the pension obligation, for unpaid income accrued, of a certain group of employees from the Dragados Group.

Additionally, ACS, Actividades de Construcción y Servicios, S.A. and other Group companies have alternative pension system obligations to certain members of the management team and Board of Directors of the Parent Company. These obligations have been formalised through several group savings insurance policies that provide benefits in the form of a lump sum, which represented a contribution of EUR 5,140 thousand in 2023 and was recognised under "Personnel expenses" in the consolidated statement of financial position for the year. In 2022, the contribution in this connection amounted to EUR 4,009 thousand.

Except as indicated above, in general, the Spanish Group companies have not established any pension plans to supplement the social security pension benefits. However, pursuant to the consolidated text of the Spanish Pension Fund and Plan Act (Ley de Regulación de los Planes y Fondos de Pensiones), in the specific cases in which similar obligations exist, the companies externalise their pension and other similar obligations to employees. The Group has no liability in this connection.

Provisions for pensions and similar obligations at the Hochtief Group

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

Defined benefit plans

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

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

Outside of Germany, there are defined benefit pension plans at Hochtief (UK) in the United Kingdom. Hochtief (UK) has a length-of-service and final salary pension plan. For each year of service, 1/75th of the eligible final salary is granted as a monthly pension. Benefits comprise a retirement pension, an invalidity pension and a surviving dependants' pension. The obligations at Turner include post-employment benefits in the form of health insurance for retired employees.

The detail of the Hochtief Group's defined benefit obligations as at 31 December 2023 and 2022 is as follows:

	Thousands of Euros		
	31/12/2023		
	Germany	USA	UK
Active members	72,525	—	6,334
Final salary	9,686	—	6,334
Not final salary	62,839	—	—
Vested benefits	95,596	—	12,738
Retirees	422,602	—	19,367
Similar obligations	75	46,996	—
Total	**590,798**	**46,996**	**38,439**
Duration in years (weighted)	**11.8**	**11.5**	**13.0**

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

Plan assets

Germany

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

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

To achieve an optimal conservative risk structure, cross-sector risk management has also been adopted, which uses the services of an independent external cross-sector manager with an annual fixed risk budget in a clearly structured cross-sector risk management process. Hochtief aims to ensure the full funding of pension obligations and to fund new vested benefits on the basis of current service cost on an annual or at least timely basis. If at any time there is a shortfall, the companies would make an additional payment. Pension obligations in Germany in excess of the contribution assessment ceiling applied in the legal pension insurance scheme are also covered through pension liability insurance. Pension liabilities from deferred employee compensation offered up until 31 December 2013 were funded through the purchase of retail fund units. Funding of the obligations handled by Hochtief Pension Trust e.V. as at 31 December 2023 is around 53% (59% in 2022); the figure for Germany as a whole is around 61% (67% in 2022). The reduction in funding ratios is mainly due to lower interest rates in the capital markets and the resulting increase in the present value of pension liabilities.

United Kingdom

The plan assets of the Hochtief (UK) plan are also funded by means of a trust. Legal minimum funding requirements apply. If funding is insufficient to make up a funding shortfall, an additional restructuring plan is drawn up. Plan funding is reviewed at least once every three years. Funding of pension obligations at Hochtief (UK) is around 81% (82% in 2022).

Defined benefit obligations are covered by plan assets as follows:

Coverage of defined benefit obligations by plan assets

	Thousands of Euros			
	31/12/2023		31/12/2022	
	Defined benefit obligations	Plan assets	Defined benefit obligations	Plan assets
Uncovered by plan assets	46,996	—	51,010	—
Partially covered by plan assets	565,490	317,043	534,058	326,528
Not fully covered by plan assets	**612,486**	**317,043**	**585,068**	**326,528**
Fully covered by plan assets	63,747	74,302	57,817	73,813
Total	**676,233**	**391,345**	**642,885**	**400,341**

Actuarial assumptions

The size of pension provisions is determined on an actuarial basis. This necessarily involves estimates. Specifically, the actuarial assumptions used in 2023 and 2022 are as follows:

	Percent					
	2023			2022		
	Germany	USA	UK	Germany	USA	UK
Discount factor*	3.51	5.50	4.80	4.16	5.10	5.05
Salary increases	2.75	—	2.50	2.75	—	2.45
Pension increases*	2,00 (1)	—	3.25	2,25 (1)	—	3.35

* Weighted average

(1) Assuming no guaranteed increase of 1,00% p.a. In 2023, a blanket 5,5% increase was incorporated for the next adjustment date (May 1, 2025).

The discount factors are obtained from the Mercer Pension Discount Yield Curve (MPDYC) model, taking into account the company-specific duration of pension liabilities.

Biometric mortality assumptions are based on published country-specific statistics and experience. The following mortality tables were used in the actuarial calculation of pension obligations:

Germany	Heubeck 2018 G mortality tables
USA	PRI2012 mortality table projected generationally with MP 2020
UK	S3PMA / S3PFA_M CMI_2021 (1.25 %) year of birth

The present value of defined benefit obligations and the market value of plan assets have changed as follows:

Changes in the present value of defined benefit obligations

	Thousands of Euros					
	2023			2022		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Defined benefit obligations at start of year	**556,010**	**86,875**	**642,885**	**781,272**	**121,523**	**902,795**
Current service costs	2,485	1,445	3,930	6,321	2,469	8,790
Interest expense	22,357	4,345	26,702	9,998	2,850	12,848
Remeasurements						
Actuarial gains / (losses) arising from changes in demographic assumptions	—	1,363	1,363	—	(47)	(47)
Actuarial gains / (losses) arising from changes in financial assumptions	44,124	(961)	43,163	(207,724)	(39,595)	(247,319)
Actuarial gains / (losses) arising from experience adjustments	2,249	(2,058)	191	1,857	2,164	4,021
Benefits paid from Company assets	(515)	(2,517)	(3,032)	(249)	(2,979)	(3,228)
Benefits paid from fund assets	(35,893)	(1,428)	(37,321)	(35,441)	(1,426)	(36,867)
Employee contributions	—	74	74	—	75	75
Effect of transfers	(19)	(714)	(733)	(24)	—	(24)
Currency adjustments	—	(989)	(989)	—	1,841	1,841
Defined benefit obligations at end of year	**590,798**	**85,435**	**676,233**	**556,010**	**86,875**	**642,885**

Changes in the market value of plan assets

	Thousands of Euros					
	2023			2022		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Plan assets at start of year	**371,098**	**29,243**	**400,341**	**413,613**	**48,222**	**461,835**
Interest on plan assets	15,345	1,528	16,873	5,392	861	6,253
Remeasurements						
Return on plan assets no included in net interest expense / income	5,452	(929)	4,523	(18,429)	(18,666)	(37,095)
Employer contributions	4,190	2,063	6,253	5,963	2,096	8,059
Employee contributions	—	74	74	—	75	75
Benefits paid	(35,893)	(1,428)	(37,321)	(35,441)	(1,426)	(36,867)
Currency adjustments	—	602	602	—	(1,919)	(1,919)
Plan assets at end of year	**360,192**	**31,153**	**391,345**	**371,098**	**29,243**	**400,341**

Investments in plan assets to cover future pension obligations gave rise to an effective return of EUR 21,396 thousand (an expense of EUR 30,842 thousand in 2022).

The pension provisions are determined as follows:

Reconciliation of pension obligations to provisions for pensions and similar obligations

	Thousands of Euros	
	31/12/2023	31/12/2022
Defined benefit obligations	676,233	642,885
Less plan assets	391,345	400,341
Funding status	**284,888**	**242,544**
Assets from overfunded pension plans	10,555	15,996
Provision for pensions and similar obligations	**295,443**	**258,540**

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

Breakdown of plan assets

	Thousands of Euros			
	31/12/2023			
	Fair value		Total	%
	Quoted in an active market	Not quoted in an active market		
Stock				
U.S. equities	29,890	—	29,890	7.64
European equities	10,130	—	10,130	2.59
Emerging market equities	9,599	—	9,599	2.45
Other equities	5,918	—	5,918	1.51
Bonds				
U.S. government bonds	1,863	—	1,863	0.48
European government bonds	15,178	—	15,178	3.88
Emerging market government bonds	13,702	—	13,702	3.50
Corporate bonds	56,642	2,020	58,662	14.99
Other bonds	14,964	3,360	18,324	4.68
Secure loans				
Europe	3,580	—	3,580	0.92
Investment bonds	52,663	6,141	58,804	15.03
Real state	—	50,274	50,274	12.85
Infrastructure	—	31,518	31,518	8.05
Insurance policies	—	78,052	78,052	19.94
Cash	4,817	—	4,817	1.23
Other	513	521	1,034	0.26
Total	**219,459**	**171,886**	**391,345**	**100.00**

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

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

	Thousands of Euros					
	2023			2022		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Current service cost	2,485	1,445	3,930	6,321	2,469	8,790
Total personnel expense	**2,485**	**1,445**	**3,930**	**6,321**	**2,469**	**8,790**
Interest expense for accrued benefit obligations	22,357	4,345	26,702	9,998	2,850	12,848
Interest on plan assets	(15,345)	(1,528)	(16,873)	(5,392)	(861)	(6,253)
Net interest expense / income (net investment and interest income)	**7,012**	**2,817**	**9,829**	**4,606**	**1,989**	**6,595**
Total amount recognized in profit or loss	**9,497**	**4,262**	**13,759**	**10,927**	**4,458**	**15,385**

In addition to the expenses recognised in the income statement, the consolidated statement of comprehensive income includes a reduction of EUR 35,749 thousand (EUR 197,747 thousand in 2022) in adjustments to defined benefit plans in 2023 before deferred taxes and after changes in the scope of consolidation and exchange rate. Before deferred taxes, cumulative actuarial losses amounted to EUR 343,606 thousand (EUR 307,857 thousand in 2022).

The Turner Group's obligations to meet healthcare costs for retired employees are included in the pension provisions due to their pension-like nature. At 31 December 2023, the defined benefit obligation came to EUR 46,996 thousand (EUR 50,285 thousand in 2022). Healthcare costs represented EUR 1,359 thousand

(EUR 2,235 thousand in 2022) of the current service cost and EUR 2,522 thousand (EUR 1,811 thousand in 2022) of the interest expense.

Sensitivity analysis

Pension obligations in the Hochtief Group are subject to the following significant risks:

Interest rate risk

For defined contribution plans, (notional) contributions are translated into benefits using a table of fixed interest rates, independent of the current market interest rate. Hochtief thus bears the risk of general capital market interest rate changes as regards the determination of benefits. Pension obligations have increased significantly in recent years due to the generally low level of interest rates in capital markets. This has a significant impact due to the relatively long term of the obligations.

Inflation risk

By law, company pensions in Germany must be raised in line with the inflation rate at least every three years. German company pensions under the 2000+ plan rise at an annual fixed rate of 1% and, therefore, there is only minor inflation risk in the payment phase. Turner's pension plans are not exposed to inflation risk.

Longevity risk

Granting pensions in the form of life annuities means that Hochtief bears the risk of pensioners living longer than predicted by actuarial calculations. This risk normally averages out across all pension plan participants and only comes into play if general longevity is longer than expected.

The impact of the stated risks on the defined benefit obligations under a corresponding change in actuarial assumptions is shown in the sensitivity analysis that follows.

Impact on the defined benefit obligations

	Thousands of Euros					
	31/12/2023					
	Germany		Rest of the world		Total	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0,50% / -0,50%	(32,125)	35,564	(4,899)	5,257	(37,024)	40,821
Discount rate +1,00% / -1,00%	(60,994)	74,733	(9,419)	11,574	(70,413)	86,307
Salary increases +0,50% / -0,50%	232	(226)	275	(260)	507	(486)
Pension increases +0,25% / -0,25%	11,299	(11,129)	821	(730)	12,120	(11,859)
Life expectancy +1 year	26,826	n/a	2,111	n/a	28,937	n/a

	Thousands of Euros					
	31/12/2022					
	Germany		Rest of the world		Total	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0,50% / -0,50%	(29,923)	32,583	(4,742)	5,226	(34,665)	37,809
Discount rate +1,00% / -1,00%	(57,017)	69,756	(9,060)	10,999	(66,077)	80,755
Salary increases +0,50% / -0,50%	296	(288)	202	(196)	498	(484)
Pension increases +0,25% / -0,25%	11,013	(10,623)	782	(758)	11,795	(11,381)
Life expectancy +1 year	24,408	n/a	2,240	n/a	26,648	n/a

Future cash flows

Benefit payments

At 31 December 2023, the future pension plan payments are as follows:

	Thousands of Euros
Due in 2024	41,373
Due in 2025	42,450
Due in 2026	43,614
Due in 2027	43,490
Due in 2028	43,778
Due in 2029 to 2033	210,012

Contributions to defined benefit plans

Contributions to defined benefit plans in 2024 are expected to amount to EUR 6,046 thousand.

Defined contribution plans

Under defined contribution plans, the Group pays into a state or private pension fund voluntarily or in accordance with legal or contractual provisions. It has no obligation to pay further contributions.

There are different defined contribution pension plans at Turner, Flatiron and E.E. Cruz in the US, and at Cimic in Australia. In the case of Turner, the employer matches the contribution at 2.5%, 3.75% or 5%, depending on the years of service. In addition, Turner makes an earnings-based employer contribution of between 3% and 9% of the employee's salary. The participant's 401k account is deposited in an external trust managed by the registrar, Fidelity. Turner employees have the option to defer a portion of their base salary up to the IRS annual limits in this plan. All eligible employees are automatically enrolled in the plan immediately after being hired and are vested in the company's contributions after three years of service. The majority of payments made are tax exempt, but it is also possible to make contributions out of taxable income and receive the investment returns tax free, with the investment risk being borne by the employees. The defined contribution plans at Flatiron and E.E. Cruz are also 401k plans. All non-union US employees are entitled to participate. A "safe harbour" contribution of 3.0% of employees' eligible compensation is made, regardless of the contribution they make. If employees contribute 3.0% or more out of their own pocket, the company will contribute up to 3.0% to reach 100%. The company's contribution is vested at an annual 33% and is fully vested after three years of service. For office workers at Flatiron, 4.0% of their eligible compensation is deducted as a contribution payment, regardless of their own participation in the plan. Employer contributions are immediately vested. In Australia, Cimic has paid 11.00% (previously 10.50%) of the total wages and salary into the legal (retirement) pension plan since 1 July 2023. The contribution rate is expected to gradually increase up to 12.0% by 2025. Employees have a choice of investment funds and bear the investment risk. In addition, they can make supplementary contributions on a voluntary basis, which are tax exempt.

The following amounts were paid into defined contribution plans and state pension schemes in 2023 and 2022:

	Thousands of Euros	
	2023	2022
Amounts paid into defined contribution plans		
Cimic	131,156	117,126
Turner	68,900	65,270
Flatiron	10,922	10,673
Other	886	1,014
Total	**211,864**	**194,083**
Amounts paid into state pension schemes (employer share)	**26,792**	**24,268**

The expenses are recognised as personnel expenses in the consolidated income statement.

20.01.02. Provisions for taxes

Non-current provisions include the amounts estimated by the Group to settle claims brought in connection with the payment of various taxes, levies and local taxes, mainly property tax and other possible contingencies, and the estimated consideration required to settle probable or certain liabilities and outstanding obligations for which the exact amount of the corresponding payment cannot be determined or for which the actual settlement date is not known, since they are contingent upon meeting certain terms. These provisions have been provided in accordance with the specific analysis of the probability that the related tax contingency or challenge might be contrary to the interests of the ACS Group, under the consideration of the country in which it has its origin and in accordance with the tax rates in this country. Since the timing for these provisions is dependent on certain facts, in some cases associated with the decisions handed down by the courts or similar bodies, the Group does not update these provisions given the uncertainty of the exact time in which the related risk may arise or disappear.

20.01.03. Provisions for third-party liabilities

These relate mainly to the following:

Provisions for litigation

These provisions cover the contingencies of the ACS Group companies that are party to certain legal proceedings due to the liability inherent to the business activities carried on by them. The lawsuits, although numerous, represent scantly material amounts when considered individually based on the size of the ACS Group. Period charges to these provisions are made based on an analysis of the lawsuits or claims in progress, according to the reports prepared by the legal advisers of the ACS Group. As in the case of provisions for taxes, these amounts are not updated since the time at which the associated risk arises or disappears depends on circumstances linked to court rulings or arbitration decisions and it is impossible to determine the date on which they will be handed down. Additionally, these provisions are not derecognised until the judgments handed down are final and payment is made or there is no doubt as to the disappearance of the associated risk. The reduction between years is mainly due to the reassessment carried out to cover operating risks, litigation and claims both in Spain and abroad, including guarantees for possible claims related to assets sold. It should be noted that the Group operates in different businesses and geographical areas with very specific sector regulations. Therefore, in the normal course of business, it is exposed to lawsuits arising from claims relating to defects or delays in construction work or discrepancies in costs and services provided. Some of these risks are covered by insurance policies, although the Group makes certain additional provisions to mitigate the risks of deviation for those risks where it considers its exposure to possible rulings other than those made locally to be high. Note 36 refers to the ACS Group's main contingencies.

Guarantees and contractual and legal obligations

This heading includes the provisions to cover the expenses arising from contractual and legal obligations of a non-environmental nature. A significant portion of these provisions is made by increasing the value of those assets related to the obligations assumed in relation to administrative concession activities at the beginning of the contractual agreement, which affect profit or loss when the asset concerned is depreciated in accordance with the depreciation rates. Additionally, it includes provisions for toll road concession operators, in relation to the costs of future expropriations borne by the concession operators in accordance with agreements reached with the grantors, and the current value of the investments made in concession arrangements (including improvements to infrastructure already foreseen and unavoidable in the initial agreement), according to the respective financial and economic models.

Period charges to these provisions are mainly made to cover the costs associated with toll road concession arrangements and other activities undertaken in the form of a concession. These provisions are made when the associated commitments arise, with the timing of their use being associated with the use of the infrastructure and/or its wear. Timing is analysed according to the financial and economic model of each concession, considering related historical information to adjust for possible deviations that might arise in the payment schedule set for these models.

The breakdown of provisions for third-party liabilities, by line of business, at 31 December 2023 is as follows:

Line of Business	Thousands of Euros
Construction	205,413
Concessions	159,311
Services	29,593
Corporation and others	1,048,152
Total	**1,442,469**

The most significant provisions in the Construction area relate to the Hochtief Group, for which period provisions were made at 31 December 2023 amounting to EUR 180,445 thousand (EUR 289,925 thousand at 31 December 2022). These provisions include those for insured claims amounting to EUR 153,409 thousand (EUR 259,091 thousand at 31 December 2022). Provisions for insurance claims consist of both liabilities for cover in the pre-claim phase and liabilities for claims incurred (claims phase after an insured event occurs). These provisions are measured based on a series of estimates and assumptions, in particular the estimate of future cash flows, and the procedures and data for determining both the discount rate and the adjustment for non-financial risk. At each reporting date, the estimated cash flows for provisions are remeasured using current discount rates. IFRS 17 provides for the option, applied at the portfolio level, to recognise the impact of changes in discount rates and financial risk in other comprehensive income rather than in the consolidated income statement. This is the option used at Hochtief.

In relation to Concessions, following the settlement agreement reached in 2023 regarding the process of reclaiming Radials R3 and R5 (see Note 36), the agreement was implemented after it was signed (see Note 29).

20.02. Current

The changes in current provisions in 2023 were as follows:

CURRENT	Thousands of Euros			
	Provision for termination benefits	Provision for contract work completion	Provision for other traffic operatons	Total
Balance at 31 December 2022	**720**	**36,575**	**889,336**	**926,631**
Additions or charges for the year	1,022	6,096	546,772	553,890
Amounts used	—	(4,565)	(419,593)	(424,158)
Reversals	(1,052)	(4,780)	(48,581)	(54,413)
Exchange differences	(46)	(72)	(22,066)	(22,184)
Changes in the consolidation perimeter	—	(428)	104,060	103,632
Transfers	—	51	35,781	35,832
Balance at 31 December 2023	**644**	**32,877**	**1,085,709**	**1,119,230**

The provision for the completion of the corresponding work, which is for the most part the budgeted or estimated losses during the execution of the works associated with onerous contracts.

The provision for other ordinary operations relates mainly to provisions recorded for the construction activities to cover risks and claims associated with the works.

21. Financial risk and capital management

In view of its activities, the ACS Group is exposed to various financial risks, mainly arising from the ordinary course of its operations, the borrowings to finance its operating activities, and its investments in companies with functional currencies other than the euro.

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

The financial risks to which the operating units are subject include mainly interest rate, foreign currency, liquidity and credit risks. The ACS Group's exposure to climate risk is described in Note 21.08 and in the ACS Group's Directors' Report (especially in the Non-Financial Information Statement).

21.01. Cash flow interest rate risk

This risk arises from changes in future cash flows relating to borrowings bearing interest at floating rates (or with current maturity and likely renewal) as a result of fluctuations in market interest rates.

The objective of the management of this risk is to mitigate the impact on borrowing costs arising from fluctuations in interest rates. For this purpose, financial derivatives that guarantee fixed interest rates or rates with caps and floors are arranged for a substantial portion of the borrowings that may be affected by this risk (see Note 22).

The sensitivity of the ACS Group's profit and equity to changes in interest rates, taking into account its existing hedging instruments and fixed rate financing, is as follows:

Year	Increase / Decrease in the interest rate (basic points)	Thousands of Euros	
		Effect on profit or loss	Effect on equity
		(prior to tax)	(after tax)
2023	50	21,329	33,057
	-50	(21,329)	(33,057)
2022	50	22,614	25,743
	-50	(22,614)	(25,743)

21.02. Foreign currency risk

Foreign currency risk arises mainly from the foreign operations of the ACS Group, which makes investments and carries out business transactions in functional currencies other than the euro, and from loans granted to Group companies in currencies other than those of the countries in which they are located.

To hedge the risk inherent to structural investments in foreign operations with a functional currency other than the euro, the Group endeavours to make these investments in the same functional currency as the assets being financed.

For the hedging of net positions in currencies other than the euro in the performance of contracts in force and contracts in the backlog, the Group uses various financial instruments for the purpose of mitigating exposure to foreign currency risk (see Note 22).

The sensitivity analysis shown below reflects the potential effect on the ACS Group, both on equity and on the consolidated income statement, of a five per cent fluctuation in the most significant currencies in comparison with the functional currency of each Group company, based on the situation at the end of the reporting period.

Effect on profit or loss before tax:

		Millions of Euros			
		2023		2022	
Functional currency	Currency	5 %	-5 %	5 %	-5 %
AUD	USD	12.4	-12.4	9.7	-9.7
EUR	USD	-8.2	8.2	-5.4	5.4
CZK	EUR	3.8	-3.8	3.0	-3.0
EUR	CAD	-2.9	2.9	-2.9	2.9
USD	EUR	1.5	-1.5	0.9	-0.9
AUD	EUR	1.1	-1.1	1.8	-1.8
EUR	GBP	-0.9	0.9	0.8	-0.8
AUD	SGD	0.7	-0.7	0.7	-0.7

Effect on equity before tax:

		Millions of Euros			
		2023		2022	
Functional currency	Currency	5 %	-5 %	5 %	-5 %
EUR	USD	109.9	-109.9	97.8	-97.8
AUD	EUR	31.7	-31.7	-30.7	30.7
EUR	CAD	22.4	-22.4	20.1	-20.1
EUR	GBP	13.2	-13.2	12.1	-12.1
EUR	NOK	4.6	-4.6	5.2	-5.2
AUD	SGD	-4.1	4.1	—	—
EUR	CHF	2.7	-2.7	2.6	-2.6
EUR	DZD	2.2	-2.2	3.0	-3.0

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

At 31 December 2023

	Millions of Euros					
	US Dollar (USD)	Polish zloty (PLN)	Pound sterling (GBP)	Australian Dollar (AUD)	Other currencies	Balance at 31/12/2023
Marketable securities (portfolio of short-term and long-term investments)	11,086	—	—	182,522	—	193,608
Loans to associates	68,749	—	42,116	43,163	677	154,705
Other loans	21,637	—	—	—	3,640	25,277
Bank borrowings, debt, and other held-for-trading liabilities (non-current)	279,327	269	3,798	1,256,262	—	1,539,656
Bank borrowings, debt, and other held-for-trading liabilities (current)	407,211	16,123	26,474	—	206,625	656,433

At 31 December 2022

	Millions of Euros					
	US Dollar (USD)	Brazilian Real (BRL)	Moroccan Dirham (MAD)	Australian Dollar (AUD)	Other currencies	Balance at 31/12/2022
Marketable securities (portfolio of short-term and long-term investments)	—	—	—	568,900	—	568,900
Loans to associates	31,684	—	38,779	15,434	1,177	87,074
Other loans	38,610	1	—	—	4,205	42,816
Bank borrowings, debt, and other held-for-trading liabilities (non-current)	327,414	1,027	35,655	1,443,855	1	1,807,952
Bank borrowings, debt, and other held-for-trading liabilities (current)	502,054	13,848	32,949	70,189	210,010	829,050

21.03. Liquidity risk

This risk arises from the timing differences between borrowing requirements for business investment commitments, debt maturities, working capital requirements, etc. and the funds obtained from the conduct of the Group’s ordinary operations, various forms of bank financing, capital market transactions and divestments.

The ACS Group has a policy for proactively managing its liquidity risk, closely monitoring its cash and the maturity of its financial obligations. The Group also manages liquidity risk through the efficient management of investments and working capital and the arrangement of lines of long-term financing.

The Group's objective with respect to the management of liquidity risk to maintain a balance between the flexibility, term and conditions of the credit facilities arranged on the basis of projected short-, medium-, and long-term fund requirements. Noteworthy in this connection is the use of limited recourse project financing, as described in Note 18, and current financing for working capital.

Certain transactions were carried out in 2023 that significantly reduced the liquidity risk of the ACS Group. The following stand out:

- ACS, Actividades de Construcción y Servicios, S.A. renewed the Euro Commercial Paper (ECP) programme for a maximum amount of EUR 750 million, the Negotiable European Commercial Paper (NEU CP) programme for EUR 500 million, and the debt issuance programme known as Euro Medium-Term Note Programme (EMTN Programme) for a maximum amount of EUR 1,500 million.
- Hochtief refinanced, before maturity, the existing long-term syndicated loan of EUR 1,700 million maturing in 2024 and obtained another EUR 300 million for future corporate purposes, including the refinancing of existing credit facilities. Hochtief and an international bank syndicate reached an agreement for a credit facility 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 EUR 1,200 million in guarantee lines, EUR 500 million in credit facilities and EUR 300 million in loans.
- In early October 2023, Cimic repaid its credit facility of AUD 950 million (EUR 581 million) ahead of schedule. In the process, Cimic entered into a new credit facility for AUD 625 million (EUR 383 million) with a three-year term and a credit facility for AUD 522 million (EUR 319 million) with a five-year term. Cimic was therefore able to increase its liquidity reserves on the whole by more than AUD 267 million (EUR 164 million).
- In November 2023, Cimic signed a three-year syndicated bonding facility for AUD 1,300 million (EUR 799 million). This facility replaces the credit facility of AUD 1,400 million (EUR 861 million) that matured in March 2024 and covers the Cimic Group's operational guarantee requirements in addition to the existing bilateral guarantee and bonding facilities.

These refinancing transactions improved the liquidity of the ACS Group's operations, which, combined with the funds generated by its activities, will allow it to adequately fund its operations in 2024.

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

At 31 December 2023, "Other current financial assets" in the consolidated statement of financial position (see Note 06) amounted to EUR 1,163,599 thousand (EUR 1,180,617 thousand at 31 December 2022), of which EUR 957,248 thousand (EUR 986,911 thousand 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 EUR 520,057 thousand at 31 December 2023 (EUR 239,178 thousand at 31 December 2022) are considered to be liquid, since they may be disposed of at any time (see Note 22).

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

Lastly, as a precautionary measure against this risk, the shareholders at the ACS Group's Annual General Meeting held on 10 May 2019 approved a motion to delegate to the Board of Directors the power to issue, on one or more occasions, within a maximum term of five years following 10 May 2019, securities convertible into and/or exchangeable for shares of the Company, and warrants or other similar securities that may directly or indirectly provide the right to the subscription or acquisition of the Company's shares, for a total amount of up to EUR 3,000 million; and the power to increase the share capital by the necessary amount, along with the power to exclude, where appropriate, the pre-emption rights up to a limit of 20% of the share capital, as indicated in Note 15.01.

21.04. Credit risk

The ACS Group is exposed to credit risk arising from its operations and certain financial activities. The objective of credit risk management is to reduce the impact of customer defaults as far as possible by means of the preventive assessment of the solvency rating of the Group's potential customers. When contracts are being performed, the credit quality of the outstanding amounts receivable is periodically evaluated and the estimated recoverable amounts of doubtful receivables are adjusted and written down with a charge to profit and loss for the year. The credit risk has historically been very limited.

In addition, the ACS Group is exposed to the risk of potential non-compliance by its counterparties in transactions involving financial derivatives and cash placement. Corporate management of the ACS Group establishes counterparty selection criteria based on the credit quality of the financial institutions, which translates into a portfolio of entities of high quality and solvency.

The status of trade and other receivables that are past due but not impaired as at 31 December 2023 and 2022 is detailed below:

	Thousands of Euros			
	31/12/2023			
	< 30 days	between 30 and 90 days	> 90 days	Total
Total	**284,667**	**118,609**	**326,083**	**729,359**

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

The directors consider that these past-due balances, particularly those related to public bodies — over which there are rights to demand payment for interest —, would not entail significant losses for the Group considered on an individual basis.

21.05. Exposure to publicly traded share price risk

The ACS Group is exposed to risks relating to the performance of the share price of listed companies.

The exposure in derivative contracts related to remuneration systems and in forward contracts settled by differences tied to the performance of the ACS, Actividades de Construcción y Servicios, S.A. share price (see Note 22) is noteworthy. Equity swaps ensure the exercise price of the remuneration systems, however, since the derivatives do not qualify for hedge accounting, their market value has a negative impact on the consolidated income statement only if the strike value offered to the beneficiaries decreases.

Changes in the price of the shares of listed companies, with regard to which the ACS Group has derivative instruments, financial investments, etc., will have an impact on its consolidated income statement.

21.06. Capital management

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

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

+ Net debt with recourse:
  + Non-current bank borrowings
  + Current bank borrowings
  + Issue of bonds and debentures
  – Cash and other current financial assets
+ Debt from the project finance and debt with limited recourse.

The Group's directors consider that the gearing ratio at 31 December 2023 and 2022 was adequate, the detail being as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Net recourse debt / (cash)	**(605,659)**	**(463,147)**
Non-current bank borrowings (Note 17.02)	4,096,788	4,644,158
Current bank borrowings (Note 17.02)	1,382,117	1,337,676
Issue of bonds and debentures (Note 17.01)	3,971,569	4,028,652
Other financial liabilities (Note 19)	220,449	127,376
Long term deposits, other current financial assets and cash	(10,276,582)	(10,601,009)
Project financing (Note 18)	**205,463**	**239,142**
Net financial debt	**(400,196)**	**(224,005)**
Equity (Note 15)	**5,630,571**	**6,375,877**

21.07. Estimate of fair value

The detail at 31 December 2023 and 2022 of the ACS Group's assets and liabilities measured at fair value, based on the hierarchy levels mentioned in Note 03.08, is as follows:

	Thousands of Euros			
	Value at 31/12/2023	Level 1	Level 2	Level 3
Assets	**1,591,648**	**632,234**	**745,419**	**213,995**
Equity instruments	384,547	161,103	9,449	213,995
Loans to third parties	—	—	—	—
Debt securities	594,785	470,946	123,839	—
Other financial assets	—	—	—	—
Derivative financial instruments				
Non-current	84,269	—	84,269	—
Current	528,047	185	527,862	—
Liabilities	**38,392**	**194**	**37,202**	**996**
Derivative financial instruments				
Non-current	30,373	30	30,343	—
Current	8,019	164	6,859	996

	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 decrease between years in assets included in level 1 is recognised under “Equity instruments” and is due to the sale of Ventia shares during the year (see Note 02.02.f). The assets recognised under “Debt securities” in level 1 are mainly from Hochtief and primarily relate 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 (see Note 10.04).

Level 2 of the Fair Value Measurement Hierarchy includes all the ACS Group’s financial derivatives, such as the forward contracts on ACS shares amounting to EUR 520,057 thousand (see Note 22), and other financial assets and liabilities not listed on organised markets. They are measured internally on a quarterly basis, using standard valuation techniques used in financial markets, compared against valuations received from counterparties when necessary.

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

- Interest rate hedges are measured using the zero-coupon rate curve, determined based on the deposits and rates traded on the market at the reporting date to obtain discount factors and applying it to the schedule of future flows from collections and payments.
- Derivatives where the underlying asset is quoted on an organised market and that are not qualified as hedges are measured using the Black-Scholes methodology and applying market parameters such as implicit volatility, repo costs, market interest rates and estimated dividends.
- For those derivatives where the underlying asset is quoted on an organised market, but the Group intends to hold them to maturity, either because the derivative forms part of a financing agreement or because its arrangement substitutes the underlying asset, the measurement is based on the calculation of its intrinsic value at the reporting date.

As regards the assets included under “Debt securities” in level 2, it should be pointed out that these assets relate mainly to liquidity surpluses allocated to the formalisation of fixed income securities maturing in more than three months from the date of acquisition, which are highly liquid and high-rotation assets. These amounts are mainly recognised in the Dragados division, amounting to EUR 94,972 thousand (EUR 62,706 thousand at 31 December 2022), and the Hochtief division, amounting to EUR 28,867 thousand (EUR 35,214 thousand at 31 December 2022).

The equity instruments classified under level 3, the fair value of which amounts to EUR 213,995 thousand (EUR 161,456 thousand at 31 December 2022), relate mainly to unlisted financial assets. These assets most notably include those from Hochtief amounting to EUR 178,904 thousand (EUR 137,471 thousand at 31 December 2022), which were measured using discounted cash flow techniques. The non-observable data used for this purpose are an internal rate of return of 9%, growth rates of between 2.5% and 3.0%, and discount rates of between 8% and 15%.

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

The changes in financial instruments included under Level 3 in 2023 are as follows:

	Thousands of Euros						
	31/12/2022	Additions	Reductions	Valuation adjustments	Transfer Level 2	Others	31/12/2023
Assets - Equity instruments and derivative financial instruments	**512,202**	17,766	(61,810)	41,433	—	(295,596)	**213,995**
Liabilities - Derivative financial instruments	**3,842**	—	—	(2,846)	—	—	**996**

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**

The loans to third parties classified under level 3 in 2022 related to the earn-out from the sale of most of the Industrial Services Division (see Note 03.09.02).

No derivative instruments measured at fair value through profit or loss were transferred between levels 1 and 2 of the fair value hierarchy in 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”, as their carrying amount approximates their fair value.

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

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

Therefore, in keeping with its commitment to continuous improvement, during the year the ACS Group continued to analyse and assess the most significant risks and to identify any opportunities, based on the exercise presented in the previous year’s report. In 2023, following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), different climate scenarios and time horizons were used to assess climate risks and opportunities, using a proven methodology.

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

– Physical risks are those that arise from the physical effects of climate change. They are considered acute if they arise from specific weather and climate events, and chronic if they arise from more gradual changes in climate patterns.

– Transition risks are the risks that arise from adapting business models to a decarbonised economy. These risks are interconnected and their identification is important for stakeholders, especially investors, since inaction in the face of these risks may have operational and financial consequences. These risks include legal, technological, market and reputational risks.

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

Although the full detail of the most significant risks and opportunities identified can be found in chapter 5.1 of the Directors' Report of the ACS Group's consolidated Annual Accounts for 2023 and 2022, a summary of the scenarios, time horizons used and their probabilities is shown below:

- **Physical risks**: the SSP2-4.5 and SSP5-8.5 scenarios used by the Intergovernmental Panel on Climate Change (IPCC) in its last assessment report (AR6) were taken as a reference together with the CORDEX information with high spatial resolution in their Fifth Assessment Report (AR5). The time horizon analysed for physical risks was updated in accordance with the recommendations of the European Sustainability Reporting Standard (ESRS1). Accordingly, the time horizons analysed were historical evolution (1986-2015) and future periods (2020-2049 and 2036-2065).
- For these scenarios and time horizons, a quantitative analysis of more than 80 representative projects relating to construction, services, concessions and natural resources activities was carried out, covering the Group's entire geographical deployment scope and various climate types.
- The ACS Group bases its Risk Control System on a range of strategic and operational actions to mitigate these risks and fulfil the objectives set by the Company's Board. Therefore, as regards the risks relating to climate change, the main risk management and mitigation measures are determined by the commitments and basic guiding principles defined in the ACS Group's Environmental Policy and in the strategic lines and objectives set out in the ACS Group's 2025 Sustainability Master Plan.
- Consequently, unlike with the 2022 analysis, in 2023 the study incorporated the broad diversity of climate risk management measures that the Group's various subsidiaries customarily implement in their activities.

The main conclusion drawn from the analysis is that the application of measures to address climate risk, including transfer of risk to the customer, specific insurance, contractual climate risk hedging clauses, specific health and safety measures, the use of early warning systems or physical measures to address climate impacts, means that for any of the scenarios, horizons and activities considered, the physical risk associated with climate is low or very low.

- **Transition risks**: the Stated Policies Scenario (STEPS) and Net Zero Emissions by 2050 (NZE) scenarios of the International Energy Agency (IEA) were taken as a reference. The following time horizons have been updated for transition risks in accordance with the transition scenarios analysed: 2022-2035 and 2036-2050.
- During the year, work was carried out based on the transition risks identified in 2022. Accordingly, some regulatory and market transition risks were identified for the 2022-2035 period for the construction activity. These risks are very low or low for the two scenarios considered and medium for other reputational or market risks, especially for the 2036-2050 period. However, similar to the 2022 study on physical risks, this analysis on transition risks did not include an assessment of the measures the Group has in place to mitigate their potential effects.
- In 2023, work was carried out mainly to identify these ongoing measures and assess their impact on mitigating potential transition risks.
- As can be inferred from the summary table on transition risks included in section 5.1., the ACS Group currently has a variety of measures (decarbonisation plans in various subsidiaries, communication and awareness-raising actions, actions for rapid adaptation to the new regulation or anticipation of changes in the market) that enable it to face possible transition risks with assurances, in all the scenarios and time horizons analysed.
- **Opportunities**: the Stated Policies Scenario (STEPS) and Net Zero Emissions by 2050 (NZE) scenarios of the International Energy Agency (IEA) were taken as a reference. The following time horizons have been updated for the opportunities in accordance with the transition scenarios analysed: 2022-2035 and 2036-2050. Based on the 2022 analysis, a detailed analysis has been

carried out to identify and quantify climate-related opportunities for the Group. The changes in and trend of the Group's portfolio in key sectors and the general trends of the potential market have therefore been analysed based on studies by independent entities.

The overall conclusion is that the opportunities associated with global needs for new infrastructure making it possible to achieve net zero emissions targets by 2050, together with the global targets set in order to close the climate change adaptation gap, may far outweigh the potential physical and transitional risks to the Group. Regarding potential physical and transitional risks, the Group's opportunity lies in having the competitive advantage of designing, building, repurposing and operating sustainable and climate-resilient infrastructure for its customers or for its PPP/concession projects by considering and analysing mitigation and adaptation measures and using new materials or technologies that support a project's climate resilience over its lifetime. In addition, due to its large size, the Group is ideally positioned to develop a more climate-resilient supply chain model by collaborating with its suppliers.

For example, over the last year, energy transition projects have doubled, to a total of EUR 4,152 million. Within this sector, the following projects stand out: batteries (electric vehicle factories, storage parks) have increased by a factor of 2.8, and power transmission and related facilities have tripled. In addition, the ACS Group has shown leadership through the growth its sales revenue in construction projects awarded with sustainable certification in recent years, with a 6% year-on-year increase. In 2023, sales in this sector reached EUR 14,087 million, currently accounting for 42.2% of total construction activity.

For more information, see point 4.1.1. Combating climate change, and point 4.11. European Union Taxonomy in the Non-Financial Information Statement in the ACS Group's Consolidated Directors' Report for 2023.

22. Derivative financial instruments

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

	Thousands of Euros			
	31/12/2023		31/12/2022	
	Assets	Liabilities	Assets	Liabilities
Hedges	84,269	24,322	112,187	16,985
Non-qualified hedges	—	6,051	3	6,584
Non-current	**84,269**	**30,373**	**112,190**	**23,569**
Hedges	4,405	6,514	12,991	765
Non-qualified hedges	523,642	1,505	239,848	130,772
Current	**528,047**	**8,019**	**252,839**	**131,537**
Total	**612,316**	**38,392**	**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 ACS Group's different lines of business expose it to financing risks, mainly foreign currency and interest rate risks. To minimise the impact of these risks and in accordance with its risk management policy (see Note 21), the ACS Group has arranged various financial derivatives, most of which have non-current maturities.

The detail, by maturity, of the notional amounts of the above hedging instruments at 31 December 2023 and 2022, based on the nature of the contracts, is as follows:

2023	Thousands of Euros							
	Notional value	2024	2025	2026	2027	2028	Subsequent years	Net fair value
Interest rate	1,626,462	115,605	—	977,544	—	—	533,313	50,543
Exchange rate	1,603,234	831	395,574	—	313,524	31,991	861,314	7,295
Price	—	—	—	—	—	—	—	—
Non-qualified hedges	503,216	372,596	—	—	125,868	4,752	—	516,086
Total	**3,732,912**	**489,032**	**395,574**	**977,544**	**439,392**	**36,743**	**1,394,627**	**573,924**

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

The notional amount for non-current assets and liabilities held for sale relating to renewable energy and concession activities at 31 December 2023 was as follows:

	Thousands of Euros						
	Notional value	2024	2025	2026	2027	2028	Subsequent years
Interest rate	86,394	29,050	—	25,610	—	—	31,734

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

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

The following table shows the fair value of the hedging instruments at 31 December 2023 and 2022, based on the nature of the contracts:

	Thousands of Euros			
	31/12/2023		31/12/2022	
	Assets	Liabilities	Assets	Liabilities
Interest rate	63,036	12,493	102,271	2,873
Exchange rate	25,638	18,343	22,907	14,877
Price	—	—	—	—
Non-qualified hedges	523,642	7,556	239,851	137,356
Total	**612,316**	**38,392**	**365,029**	**155,106**

The Group does not have any hedges of its foreign investments, since the foreign currency risk is hedged by the transactions performed in the local currency. Additionally, most significant foreign investments were made with long-term financing in which the interest rates on project financing debt are hedged.

Cash flow hedges (interest rate)

The purpose of using these derivatives is to limit changes in interest rates on its borrowings and to guarantee fixed interests rates, mainly by arranging interest rate swaps as the borrowings are arranged and used.

Most hedges are interest rate swaps that expire at the same time or slightly sooner than the underlying that they are hedging.

Hedges of this type are mainly related to the various loans within the Group and to project and other non-current financing, both at 31 December 2023 and 31 December 2022 (see Notes 17 and 18).

In relation to its long-term loans, ACS, Actividades de Construcción y Servicios, S.A. has arranged hedges in the amount of EUR 940,000 thousand that relate to the hedge of the syndicated loan maturing in September 2026 (hedges amounting to EUR 1,143,000 thousand at 31 December 2022).

Cash flow hedges (exchange rate)

Foreign currency risk relates mainly to projects in which payments and/or collections are made in a currency other than the functional currency.

In 2018, new hedging transactions were carried out to mitigate foreign currency risks in projects in North America where payments will have to be made in a currency other than that corresponding to the collections and maturing in 2025.

Also of note, due to their importance, are the derivatives arranged by Hochtief for a notional amount of EUR 1,206,829 thousand, which primarily mature after 2027 (EUR 1,269,851 thousand in 2022, maturing mainly after 2026).

Derivative instruments not classified as hedges

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

A new ACS share option plan and an ACS share plan for the next 5 years (2023-2028 Plan) were established in the second half of 2023 and have been outsourced to a financial institution (see Note 28.03). 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 31.55 per share). To ensure the exercise price of the remuneration systems, the Company has arranged two equity swaps linked to the remuneration plan referred to above. These derivatives do not meet the accounting requirements to qualify for hedge accounting, therefore their measurement is recorded by means of changes in the consolidated income statement. The change in fair value of these instruments is included under “Changes in fair value of financial instruments” in the accompanying consolidated income statement (see Note 28.04). Pursuant to the contracts with the financial institutions, the latter do not assume any risk arising from the drop in the share price below the exercise price. Since ACS’s share price at 31 December 2023 is higher than the exercise price of the option, no liability in this connection has been recognised in the consolidated statement of financial position at 31 December 2023 given that the adjustment, if necessary, would be in favour of the plan beneficiary (EUR 129,962 thousand recognised on the liability side under “Current derivative financial instruments” at 31 December 2022). In the first half of 2023, the 2018 ACS share option plan ended (see Note 28.03), with a positive impact on the 2023 income statement in the amount of EUR 62,975 thousand (see Note 28.04).

At 31 December 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

12,731,731 shares, adjustable on the basis of future dividends, and 111 maturities, with the last maturity date in February 2025 at a rate of 114,700 shares per session. In addition, at 31 December 2023 the Company had another forward derivative contract, settled by differences, on 12,705,666 shares, adjustable on the basis of future ACS dividends, with the last maturity date in August 2024, at a rate of 115,117 shares per session. After the reporting date, ACS, Actividades de Construcción y Servicios, S.A. renewed the latter contract, to be settled, also by differences, between 27 February 2025 and 5 August 2025 at 115,094 shares per session (see Notes 10.05 and 28.04).

The positive fair value of the forward contracts (settled by differences) related to ACS shares amounted to EUR 520,057 thousand at 31 December 2023 (EUR 239,178 thousand at 31 December 2022) and was recognised under “Current derivative financial instruments” on the asset side of the accompanying consolidated statement of financial position, following the impact of the re-strike of the forward contract for EUR 80 million. The effect on the income statement in 2023 is a profit of EUR 360,885 thousand (a profit of EUR 123,737 thousand in 2022) recognised under “Changes in fair value of financial instruments” in the accompanying consolidated income statement (see Note 28.04).

The amounts provided as security (see Note 10.05) relating to the above derivatives arranged by the Group amounted to EUR 163,406 thousand at 31 December 2023 (EUR 218,139 at 31 December 2022).

As part of the divestment of Thiess, the transaction agreement included a put option for Elliott to sell all or part of its 50% interest in Thiess (Class A preference shares or ordinary shares) 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. The fair value of the put option was determined by an external independent advisor. At 31 December 2023, the fair value of the put option was determined to be AUD 0, equivalent to EUR 0 (AUD 4.35 million, equivalent to EUR 2.77 million at 31 December 2022).

The input parameters assumed for the measurement were an expected exercise period of zero to three years, an EBITDA multiplier of 3 to 5 times and discount rates of between 10% and 15%. There were no significant interrelationships between unobservable inputs that could have a material effect on fair value. Changes in these data did not have a material effect on total comprehensive income, total assets and liabilities, or equity.

As indicated in Note 5, in 2022 Thiess issued Class C preference shares providing a coupon yield above all other equity instruments in the amount of EUR 14.0 million (EUR 3.2 million in 2022) 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 Class A preference shares or ordinary shares or announces that it will exercise the option to sell all remaining shares (the “Thiess option”).

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

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

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 three to seven years and discount rates of between 10% and 15%. There were no significant interrelationships between unobservable inputs that could have a material effect on fair value. Changes in these parameters did not have a material effect on total comprehensive income, total assets and liabilities, or equity.

At 31 December 2023, the fair value of the Thiess option was determined to be AUD 1.62 million, equivalent to EUR 1 million (AUD 1.68 million, equivalent to EUR 1.07 million 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.

23. Trade and other payables

This heading mainly includes the amounts outstanding for trade purchases and related costs, and customer advances for contract work amounting to EUR 2,474,242 thousand in 2023 (EUR 2,422,566 thousand in 2022) (see Note 12) and the amount of the work billed in advance totalling EUR 620,915 thousand in 2023 (EUR 469,716 thousand in 2022).

The Group has entered into reverse factoring arrangements and supply chain financing agreements (as they are called in other countries) with various financial institutions to facilitate, at their discretion, early payment to its suppliers, under which suppliers may exercise their collection rights with the Group companies or entities, obtaining the amount invoiced less the finance costs of discounting and the fees charged by those financial institutions. The amount drawn down against the reverse factoring arrangements and supply chain financing agreements totalled EUR 459,976 thousand at 31 December 2023 (EUR 701,833 thousand at 31 December 2022). These arrangements do not change the main terms and conditions of payment to suppliers and, therefore, they continue to be classified as trade payables.

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

The following is a summary of the disclosures required by Final Provision Two of Law 31/2014, of 3 December, which was prepared in accordance with Spanish Accounting and Audit Institute Resolution of 29 January 2016, on the disclosures to be included in the annual accounts in relation to the average period of payment to suppliers in commercial transactions in Spain:

	2023	2022
	Days	
Average period of payment to suppliers	47	45
Ratio of transactions paid	51	49
Ratio of transactions pending payment	29	33
	Thousands of Euros	
Total payments made	1,669,836	1,457,990
Total payments pending	452,547	406,991

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

	Period 2023	Period 2022
Monetary amount paid in thousands of euros in a period lower than the maximum established in the late payment regulations	1,642,687	1,445,426
Percentage of total monetary payments made to suppliers	98.4 %	99.1 %
Number of invoices paid in a period lower than the maximum established in the regulations on late payment.	503,213	469,581
Percentage over total number of invoices paid to suppliers	97.7 %	97.5 %

The figures shown in the above tables in relation to payments to suppliers relate to suppliers that, because of their nature, are trade creditors for the supply of goods and services and, therefore, they include the figures relating to “Trade and other payables - Suppliers” under current liabilities in the accompanying consolidated statement of financial position, which does not include accounts payable for reverse factoring amounting to EUR 719,647 thousand.

“Average period of payment to suppliers” is taken to be the period that elapses from the delivery of the goods or the provision of the services by the supplier to the effective payment of the transaction. This “Average period of payment to suppliers” is calculated as the quotient where the numerator is the sum of the ratio of transactions paid multiplied by the total amount of payments made plus the ratio of transactions not yet paid multiplied by the total amount of payments outstanding, and where the denominator is the total amount of payments made and payments outstanding.

The ratio of transactions paid is calculated as the quotient where the numerator is the sum of the products of multiplying the amounts paid by the number of days until payment, and where the denominator is the total amount of payments made. Number of days until payment is understood to mean the number of calendar days that have elapsed from the date on which calculation of the period began until the effective payment of the transaction.

Likewise, the ratio of transactions not yet paid corresponds to the quotient where the numerator is the sum of the products of multiplying the amounts payable by the number of days of outstanding payment, and where the denominator is the total amount of payments outstanding. Number of days of outstanding payment is understood to mean the number of calendar days that have elapsed from the date on which calculation of the period began until the last day of the period of the annual accounts.

The Group will use the date of receipt of the products or provision of the services to begin calculating the period for both the number of days until payment and the number of days of outstanding payment. In the absence of reliable information as to when this circumstance occurs, the Company will use the date of receipt of the invoice. In the event that any financing is made available to creditors that allows for early payment, the date of the drawdown by the creditors will be considered to be the date of payment, provided that the cost is borne by the customer and there is no possibility of recourse to the supplier in the event of non-payment.

24. Other current liabilities

This heading of the consolidated statement of financial position at 31 December 2023 amounting to EUR 441,997 thousand (EUR 336,288 thousand at 31 December 2023) includes — in addition to EUR 214,876 thousand, of which EUR 191,953 thousand relate to reverse factoring arrangements issued for the payment of invoices to foreign suppliers — other items such as prepayments, payments to non-current asset suppliers, deposits and guarantees received, and amounts relating to current accounts with joint ventures and other third parties with accounts payable.

25. Segments

25.01. Basis of segmentation

The structure of the ACS Group reflects its focus on different lines of business or activity areas. Segment reporting based on the different lines of business includes information regarding the Group's internal organisation, taking into account the bodies involved in monitoring operations and taking decisions.

25.01.01. Primary segments - business segments

In accordance with the ACS Group's internal organisational structure and, consequently, its internal reporting structure, in 2023 the Group carried on its business activities through lines of business, which are the operating reporting segments as indicated in IFRS 8.

The main areas of the Group 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 and others

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 property assets developed by Cogesa and the renewable energy and water assets, plus the effects of consolidation.

25.01.02 Geographical segments

The ACS Group is managed by business segments and the management based on geographical segments is irrelevant. Accordingly, a distinction is made between Spain and the rest of the world, in accordance with IFRS 8.

25.02. Basis and methodology for business segment reporting

The reporting structure is designed in accordance with the effective management of the various segments comprising the ACS Group. Each division has its own resources based on the entities engaging in the related business activity and, accordingly, has the assets required to carry on the activity.

Each of the business segments relates mainly to a legal structure, in which the companies report to a holding company representing each activity for business purposes. Accordingly, each legal entity has the assets and resources required to carry on its business activities in an autonomous manner.

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

25.02.01. Income statement by business segment: 2023

	Thousands of Euros				
	Construction	Concessions	Services	Corporate unit, others and adjustments	Total Group
REVENUE	**33,356,996**	**186,750**	**1,928,066**	**265,947**	**35,737,759**
Operating expenses net	(32,191,086)	(113,787)	(1,819,938)	(223,351)	(34,348,162)
Depreciation and amortisation	(451,706)	(16,183)	(51,622)	(31,508)	(551,019)
Impairment and gains or losses on the disposal of non-current assets	15,038	189,603	(189)	(163,441)	41,011
Other results	1,793	(3,566)	662	(154,081)	(155,192)
Ordinary results of companies accounted for using the equity method	170,377	231,868	—	9,635	411,880
Financial results	(201,393)	(69,019)	(14,586)	(70,690)	(355,688)
Changes in the fair value of financial instruments	(3,418)	1,070	—	424,784	422,436
Impairment and gain or losses on the disposal of financial instruments	4,009	447	—	(83,621)	(79,165)
Non-ordinary results of companies accounted for using the equity method	—	3,355	14	—	3,369
PROFIT / (LOSS) BEFORE TAX	**700,610**	**410,538**	**42,407**	**(26,326)**	**1,127,229**
Income tax	(145,002)	(9)	(12,866)	(41,207)	(199,084)
PROFIT / (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**555,608**	**410,529**	**29,541**	**(67,533)**	**928,145**
Profit after tax from discontinued operations	—	—	—	—	—
PROFIT / (LOSS) FOR THE PERIOD	**555,608**	**410,529**	**29,541**	**(67,533)**	**928,145**
Profit / (Loss) attributed to non-controlling interests	(121,712)	(24,987)	(1,880)	557	(148,022)
Profit / (loss) from discontinued operations attributed to non-controlling interests	—	—	—	—	—
PROFIT / (LOSS) ATTRIBUTABLE TO THE PARENT	**433,896**	**385,542**	**27,661**	**(66,976)**	**780,123**

Income statement by business segment: 2022

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

25.02.02. The breakdown of revenue for 2023 and 2022 in the Construction business is as follows:

	Thousands of Euros	
	2023	2022
Spain	**1,497,061**	**1,417,550**
Dragados	1,497,029	1,417,550
International	**31,859,935**	**30,015,337**
Dragados	4,103,921	3,796,005
Hochtief	27,756,014	26,219,332
Total	**33,356,996**	**31,432,887**

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

	Thousands of Euros	
	2023	2022
Facility Management	1,928,066	1,818,792
Total	**1,928,066**	**1,818,792**

Of the total revenue from the Services business, EUR 196,724 thousand in 2023 and EUR 193,812 thousand in 2022 relate to international operations, representing 10.2% and 10.7%, respectively.

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

The reconciliation of revenue, by business segment, to consolidated revenue for 2023 and 2022 is as follows:

Segments	Thousands of Euros					
	2023			2022		
	External income	Inter-segment income	Total income	External income	Inter-segment income	Total income
Construction	33,336,923	20,073	**33,356,996**	31,417,056	15,831	**31,432,887**
Concessions	185,390	1,360	**186,750**	95,408	1,002	**96,410**
Services	1,924,931	3,135	**1,928,066**	1,815,792	3,000	**1,818,792**
(-) Corporation, others, adjustments and eliminations of ordinary inter-segment income	290,515	(24,568)	**265,947**	286,978	(19,833)	**267,145**
Total	**35,737,759**	—	**35,737,759**	**33,615,234**	—	**33,615,234**

Inter-segment sales are made at market prices.

The reconciliation of operating profit/(loss), by business segment, to consolidated profit/(loss) before taxes for 2023 and 2022 is as follows:

Business segments	Thousands of Euros	
	2023	2022
Construction	555,608	530,902
Concessions	410,529	218,211
Services	29,541	27,816
Total profit / (loss) of the segments reported upon	**995,678**	**776,929**
(+/-) Non-assigned profit	(67,533)	95,855
(+/-) Income tax and / or profit / (loss) from discontinued operations	199,084	135,867
Profit / (Loss) before tax	**1,127,229**	**1,008,651**

Revenue by geographical area for 2023 and 2022 is as follows:

Revenue by Geographical Area	Thousands of Euros	
	2023	2022
Domestic market	3,356,407	3,170,387
Foreign market	32,381,352	30,444,847
a) European Union	2,063,605	2,032,978
a.1) Euro Zone	924,902	960,027
a.2) Non Euro Zone	1,138,703	1,072,951
b) Rest of countries	30,317,747	28,411,869
Total	**35,737,759**	**33,615,234**

The following table shows the breakdown, by geographical area, of certain of the Group's consolidated balances:

	Thousands of Euros			
	Spain		Rest of the world	
	2023	2022	2023	2022
Revenue	3,356,407	3,170,387	32,381,352	30,444,847
Segment assets	16,379,062	9,021,706	20,119,208	28,558,594
Total investments / (divestments) net	40,031	(423,316)	(24,284)	621,415

25.02.03 Breakdown of assets

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

	Thousands of Euros			
	Assets		Liabilities	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Construction	26,865,971	25,484,331	23,554,324	21,964,396
Concessions	4,294,708	5,617,813	1,188,390	2,708,743
Services	1,615,743	1,620,838	802,195	817,364
Corporation, others and adjustments	3,721,848	4,857,318	5,322,790	5,713,920
Total	**36,498,270**	**37,580,300**	**30,867,699**	**31,204,423**

The assets at 31 December 2023 and 2022, by geographical area, are as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Europe	**17,028,125**	**13,968,427**
Spain	16,379,062	9,021,706
Germany	379,571	3,838,028
Rest of Europe	269,492	1,108,694
Rest of geographic areas	**19,470,145**	**23,611,873**
Americas	11,634,171	15,347,591
Asia	57,786	57,975
Australia	7,752,128	8,118,407
Africa	26,060	87,901
TOTAL	**36,498,270**	**37,580,300**

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

	Thousands of Euros	
	2023	2022
Construction	452,264	489,927
Concessions	76,942	4,713
Services	68,968	94,135
Corporate unit, others and adjustments	1,234	6,137
Total	**599,408**	**594,912**

26. Tax matters

26.01. Consolidated Tax Group

Pursuant to current law, ACS, Actividades de Construcción y Servicios, S.A. is the Parent Company of Tax Group 30/99, which includes the Spanish subsidiaries in which the Parent Company has a direct or indirect ownership interest of at least 75% and that meet the requirements provided for in Spanish regulations governing the tax consolidation regime.

The Group's other subsidiaries file individual tax returns in accordance with the tax law in force in each country, either individually or with groups of companies, such as in the US or Australia.

26.02. Reconciliation of the current income tax expense to accounting profit

The reconciliation of the income tax expense for continuing operations resulting from the application of the standard tax rate in force in Spain to the current tax expense recognised, and the determination of the average effective tax rate, are as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Consolidated profit before tax	1,127,229	1,008,651
Net profit from equity accounted investments	(415,249)	(385,472)
Permanent differences	74,664	(341,558)
Taxable profit	786,644	281,621
Tax at 25%	196,661	70,406
Deductions for incentives	(5,446)	(5,849)
Effect of different standard tax rate in other countries	25,488	11,337
Current tax income expense	216,703	75,894
Effective rate, excluding equity method	27.5%	26.9%

The permanent differences in both 2023 and 2022 are mainly due to tax exempt income.

The tax credits basically include both double taxation tax credits and tax credits for donations and those for R&D activities carried out in Spain and in other countries.

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

The corporation tax charge for the year ended 31 December 2023 included the result of the Constitutional Court's 18 January 2024 judgment in the calculation of tax loss carryforwards for the period. This judgment declared unconstitutional the limits imposed on tax loss carryforwards introduced by Royal Decree Law 3/2016 for taxpayers with the tax profile of the Parent and its consolidated tax group (carryforward limited to 25% of taxable profit). The judgement therefore required returning the previous year's rule on the limit of tax loss carryforwards to 70% of taxable profit, which is the criterion applied by the Parent for calculating its tax for the period for the individual company and for the tax group.

26.03. Detail of income tax expense

The detail of the income tax expense is as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Current income tax expense (Note 26.02)	216,703	75,894
Expense / (income) relating to adjustments to prior year's tax	(6,506)	(3,368)
(Income) arising from the application of prior year's deferred tax assets	(77,823)	(15,999)
Expense arising from deferred tax assets generated in the year and not capitalised	58,655	89,238
Gasto / (ingreso) por efecto sobre impuestos diferidos de cambios legislativos	170	32
Expense / (Income) other adjustments to tax for the year	7,885	55,403
Final balance of the income tax	**199,084**	**201,200**
Effective rate on consolidated profit or loss excluding equity-accounted profit or loss	28.0 %	32.3 %

The expense relating to deferred tax assets generated in the year and not recognised in 2023 and 2022 is a result mainly of the decision not to recognise the tax assets associated with the tax losses in certain jurisdictions, while income from the application of deferred tax assets from previous years is due to the use of tax losses by the Spanish Tax Group whose deferred tax assets were not recognised.

In addition, no tax expense was incurred in 2023 or 2022 in relation to profit from discontinued operations.

26.04. Taxes recognised in equity

In addition to the tax effects recognised in the consolidated income statement, in 2023 a credit of EUR 16,808 thousand was recognised directly in the Group's equity (a charge of EUR 59,310 thousand in 2022). These amounts relate to tax effects of adjustments to financial assets through other comprehensive income, with a charge of EUR 6,857 thousand in 2023 (credit of EUR 18,451 thousand in 2022), cash flow derivatives, with a credit of EUR 17,501 thousand in 2023 (charge of EUR 29,697 thousand in 2022), actuarial losses, with a credit of EUR 4,771 thousand in 2023 (charge of EUR 47,543 thousand in 2022) and translation differences, with a credit of EUR 1,393 thousand in 2023 (charge of EUR 521 thousand in 2022).

26.05. Deferred taxes

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

	Thousands of Euros	
	31/12/2023	31/12/2022
Deferred tax assets arising from:		
Asset valuation adjustments and impairment losses	171,034	193,792
Other provisions	246,082	221,702
Pension costs	59,684	12,027
Income with different tax and accounting accruals	47,395	28,554
Losses of establishments abroad	100,389	94,804
Financial expenses not deductible	20,360	8,348
Other	288,046	294,776
Total	**932,990**	**854,003**
Assets for tax loss	352,914	401,958
Assets for deductions in quota	59,487	67,451
Total	**1,345,391**	**1,323,412**
Compensations of deferred tax assets/liabilities	(493,970)	(484,145)
Total deferred tax assets	**851,421**	**839,267**

Deferred tax liabilities arising from:		
Assets recognised at an amount higher than their tax base	407,270	344,854
Income with different tax and accounting accrual	84,158	110,673
Other	334,533	322,964
Total	**825,961**	**778,491**
Compensation of deferred tax assets/liabilities	(493,970)	(484,145)
Total deferred tax liabilities	**331,991**	**294,346**

At 31 December 2023, deferred tax assets and liabilities arising from temporary differences totalling EUR 493,970 thousand (EUR 484,145 thousand 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.

The detail of and changes in the main deferred tax assets and liabilities recognised by the Group in 2023 and 2022 is as follows:

	Thousands of Euros								
			Charge/credit to equity				Business combinations		
	Balance at 31 December 2022	Current movement in the year	Actuarial gains and losses	Charge/credit to asset and liability revaluation reserve	Available-for-sale financial assets	Other	Period acquisitions	Period disposals	Balance at 31 December 2023
Assets	**1,323,412**	**29,194**	**4,771**	**(1,991)**	**—**	**(4,230)**	**3**	**(5,768)**	**1,345,391**
Temporary differences	854,003	82,437	4,771	(1,991)	—	(462)	—	(5,768)	932,990
Tax losses	401,958	(45,425)	—	—	—	(3,619)	—	—	352,914
Tax credits	67,451	(7,818)	—	—	—	(149)	3	—	59,487
Liabilities	**778,491**	**57,706**	**—**	**(12,428)**	**—**	**(4,083)**	**2**	**6,273**	**825,961**
Temporary differences	778,491	57,706	—	(12,428)	—	(4,083)	2	6,273	825,961

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

Tax loss and tax credit carryforwards relating to the ACS Spanish Tax Group amounted to EUR 65,041 thousand at 31 December 2023 (EUR 63,711 thousand at 31 December 2022).

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

	Thousands of Euros					
	31/12/2023			31/12/2022		
	Tax Group in Spain	Other companies	Total	Tax Group in Spain	Other companies	Total
Credit for tax loss	9,991	307,597	**317,588**	—	372,704	**372,704**
Other temporary differences	287,023	187,323	**474,346**	275,950	123,162	**399,112**
Tax credits and tax relief	55,050	4,437	**59,487**	63,711	3,740	**67,451**
Total	**352,064**	**499,357**	**851,421**	**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.

The deferred tax liabilities, amounting to EUR 331,991 thousand (EUR 294,346 thousand at 31 December 2022), have not substantially changed with respect to 31 December 2022, as the effect of the amendment to IAS 12, the application of which is mandatory as of 1 January 2023, is not material.

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

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

Pursuant to current regulations, deferred tax assets arising from temporary difference are not subject to expiration periods.

Furthermore, as regards the tax assets arising from tax losses, their use is subject to various conditions and periods established by the different applicable national regulations. However, there is no statutory limitation period in the vast majority of jurisdictions where losses have been incurred.

In turn, tax credit carryforwards corresponding to the Spanish Tax Group, included on the asset side of the consolidated statement of financial position in the amount of EUR 55,050 thousand (EUR 63,711 thousand in 2022), are set to expire according to the type of asset as set out in the Spanish Corporation Tax Act (*Ley del Impuesto sobre Sociedades*). The unused tax credits in 2023 mainly relate to tax credits arising between 2011 and 2015 for reinvestment of capital gains, the statutory limitation period of which is 15 years.

As regards the tax credits of the Spanish Tax Group, an impairment test is carried out every year to determine which tax credits are used by the Group within the expiration period.

The key assumptions of this test, which are consistent with those applied in previous years, were as follows:

- Profit before tax, calculated based on taxable profit, of the business areas in Spain that, with respect to that obtained in 2023, increases for subsequent years at annual rates of 3%.
- General maintenance of the scope of consolidation of companies in the Tax Group.
- The finance charge for the Group's corporate debt in Spain was specifically recalculated taking into account the new breakdown of this debt and a reduction at an average annual rate of 2% was estimated for subsequent years.
- The minimum tax rate of 15% of taxable profit was taken into account and a maximum of 25% of adjusted gross tax liability was set regarding the use of the gross tax liability adjusted by tax credits for R&D, reinvestment and others.

The Group has considered, in relation to the analysis of the recoverability of deferred tax assets, the main positive and negative factors that apply to the recognition of these assets, identifying that the following factors, among others, are met:

Positive factors

- History of recurring profits by the tax group.
- Existence of new business opportunities for the tax group. Having a solid portfolio.
- The Group is not a start-up.
- Compliance with business plans and profit forecasts in the coming financial years.

– Some of the businesses that make up the tax group are not very complex in terms of making projections.

Negative factors

– The longer the recovery time, the less reliable the estimate will be.
– Long offsetting periods do not guarantee that deferred tax assets will be reversed in full because a company or tax group could generate new losses in the future or cease to be a going concern. In the case of the ACS Spanish tax group, it has a history of recurring profits and a solid future portfolio, so this negative factor does not apply and the loss was a one-off operating event.

On the basis of these assumptions, the tax assets of the Spanish Tax Group recognised in the statement of financial position would be used before they expire. However, it is worth noting that significant negative deviations between the above profits and the estimates used in the impairment test, in overall terms, i.e., that may not be offset by subsequent positive deviations within the expiration period, could represent a recoverability risk as regards the tax credits. In particular, based on the test performed, negative changes in the Spanish Tax Group's attributable profit, in overall (not specific) terms, throughout the relevant period, with respect to the average of those generated in the last two years, would determine the beginning of the partial expiration of the tax credits.

In addition to the amounts recognised on the asset side of the consolidated statement of financial position, as detailed in the table above, the Group has other deferred tax assets and tax loss and tax credit carryforwards not recognised on the asset side of the consolidated statement of financial position because it is not possible to predict the future flows of economic benefits, the breakdown and expiration period of which are shown in the table below.

	Thousands of Euros		
Validity limit	Due to timing differences	For tax losses	For deductions
2024	—	7,411	—
2025-2028	—	34,351	52,571
Subsequent	—	147,607	43,011
No limit	108,272	1,288,690	47

Of these amounts, the tax asset for uncapitalised losses attributable to the Spanish tax group amounted to EUR 847,239 thousand, of which EUR 362,015 thousand were generated in Spain and the rest abroad, with EUR 630,820 thousand from the Hochtief Group.

26.06 Tax audits

Under the current law, taxes cannot be considered to have been definitely settled until the tax returns filed have been reviewed by the tax authorities or until the limitation period has expired.

In July 2023, the Group was notified that tax audits were being commenced on the Spanish tax group in relation to corporation tax, from 2018 to 2021, and VAT and withholdings, from 2019 to 2021. In view of the varying interpretations that can be made of the tax rules, this could result in tax liabilities that cannot be objectively quantified at the present time. However, the ACS Group's directors do not consider that any significant contingent liabilities in relation to the Group's profit could arise from any tax audit carried out.

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 yet to be transposed into Spanish law, it has been transposed in Germany, where it is fully in force.

Given that the ACS Group falls within the scope of application of this new tax, the impact that it will have has been assessed in accordance with the latest information available in the Country-by-Country Report, and with the financial information for 2023. According to this information, the effect is expected to be very limited, given that practically all the jurisdictions in which the Group operates have tax rates higher than the minimum rate of 15%. However, the ACS Group will continue to assess this matter in its future financial statements.

27. Revenue and backlog

27.01. Revenue

The distribution of revenue in 2023 and 2022 relating to the Group's ordinary operations, by business segment, is as follows:

Business segments	Thousands of Euros	
	2023	2022
Construction	33,356,996	31,432,887
Concessions	186,750	96,410
Services	1,928,066	1,818,792
(-) Corporation, others, adjustments and eliminations of ordinary inter-segment income	265,947	267,145
Total	**35,737,759**	**33,615,234**

Revenue amounting to EUR 35,737,759 thousand in 2023 (EUR 33,615,234 thousand in 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).

Revenue by type for 2023 is as follows:

	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Construction	13,861,174	38.8 %	19,109,093	53.5 %	386,729	1.1 %	33,356,996	93.3 %
Concessions	—	0.0 %	186,750	0.5 %	—	0.0 %	186,750	0.5 %
Services	—	0.0 %	1,928,076	5.4 %	(10)	0.0 %	1,928,066	5.4 %
Corporate, others and adjustments	—	0.0 %	250,683	0.7 %	15,264	0.0 %	265,947	0.7 %
Total	**13,861,174**	**38.8 %**	**21,474,602**	**60.1 %**	**401,983**	**1.1 %**	**35,737,759**	**100.0 %**

Revenue by type for 2022 was as follows:

	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Construction	12,739,511	37.9 %	18,341,687	54.6 %	148,412	0.4 %	31,432,887	93.5 %
Concessions	—	0.0 %	96,410	0.3 %	—	0.0 %	96,410	0.3 %
Services	—	0.0 %	1,818,802	5.4 %	(10)	0.0 %	1,818,792	5.4 %
Corporate, others and adjustments	—	0.0 %	252,444	0.8 %	14,701	0.0 %	267,145	0.8 %
Total	**12,739,511**	**37.9 %**	**20,509,343**	**61.0 %**	**163,103**	**0.5 %**	**33,615,234**	**100.0 %**

In 2023 foreign currency transactions relating to sales and services rendered amounted to EUR 31,204,723 thousand (EUR 29,140,304 thousand in 2022) and those relating to purchases and services received amounted to EUR 23,157,655 thousand (EUR 21,926,634 thousand in 2022).

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

Revenue by Countries	Thousands of Euros	
	2023	2022
United States	20,106,805	18,837,354
Australia	7,228,784	6,350,306
Spain	3,356,407	3,170,387
Canada	1,900,222	1,919,322
Germany	837,643	858,833
Poland	486,809	404,078
United Kingdom	405,786	471,525
Czech Republic	228,885	167,751
Other	1,186,418	1,435,678
Total	**35,737,759**	**33,615,234**

27.02. Backlog

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

	Thousands of Euros	
	31/12/2023	31/12/2022
Construction	70,624,891	66,083,785
Services	2,913,418	2,912,176
Total	**73,538,309**	**68,995,960**

Revenue by backlog at 31 December 2023 is as follows:

	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Construction	31,994,220	43.5 %	38,562,866	52.4 %	67,805	0.1 %	70,624,891	96.0 %
Services	—	0.0 %	2,913,418	4.0 %	—	0.0 %	2,913,418	4.0 %
Total	**31,994,220**	**43.5 %**	**41,476,284**	**56.4 %**	**67,805**	**0.1 %**	**73,538,309**	**100.0 %**

Revenue by backlog at 31 December 2022 was as follows:

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

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

The term of the contracts varies depending on the different business areas, with the average contract term for construction activities ranging from 1 to 5 years, for maintenance, construction and services up to 10 years, and for the construction and operation of concessions up to 30 years.

Capitalised expenses amounting to EUR 1,405 thousand (EUR 250 thousand in 2022), relating mainly to in-house work on property, plant and equipment and intangible assets, were recognised under “Capitalised expenses of in-house work on assets” in the consolidated income statement for 2023.

The Group mainly includes expenses invoiced to unincorporated joint ventures in the Construction business, claims against insurance companies and grants related to income received under “Other operating income”.

28. Expenses

28.01. Procurements

The detail of this heading in 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Cost of merchandise sold	2,247	69,552
Cost of raw materials and other consumables used	22,038,581	20,909,402
Contract work carried out by other companies	2,421,057	2,395,880
Impairment of merchandise, raw material and procurements	54	381
Total	**24,461,939**	**23,375,215**

28.02. Personnel expenses

The breakdown of personnel expenses in 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Wages and salaries	6,631,259	6,131,472
Social security costs	953,731	885,417
Other personnal expenses	252,163	234,612
Provisions	(1,889)	(1,619)
Total	**7,835,264**	**7,249,882**

Personnel expenses amounting to EUR 6,946 thousand in 2023 (EUR 4,471 thousand in 2022) relating to ACS, Actividades de Construcción y Servicios, S.A. share option plans are recognised in the consolidated income statement. These share option plans were recognised under “Wages and salaries”.

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

By professional category	Average number of employees					
	2023			2022		
	Men	Women	Total	Men	Women	Total
University graduates	12,333	4,800	**17,133**	11,563	4,591	**16,154**
Junior college graduates	1,948	2,233	**4,181**	1,793	2,182	**3,975**
Non-graduate line personnel	10,597	7,444	**18,041**	10,080	7,246	**17,326**
Clerical personnel	1,874	2,609	**4,483**	1,826	2,699	**4,525**
Other employees	32,503	57,549	**90,052**	29,251	55,555	**84,806**
Total	**59,255**	**74,635**	**133,890**	**54,513**	**72,273**	**126,786**

The distribution of the average number of employees in 2023 and 2022, by line of business, was as follows:

	Average number of employees	
	2023	2022
Construction	50,969	46,270
Concessions	440	402
Services	82,246	79,880
Corporate unit and others	235	234
Total	**133,890**	**126,786**

The average number of employees with disabilities at ACS Group companies with offices in Spain in 2023 amounted to 7,764 people (7,091 people in 2022). This represents 9.8% (9.2% in 2022) of the ACS Group's average workforce in Spain.

The breakdown of the average number of employees, by gender and professional category, with a disability greater than or equal to 33% in Spain is as follows:

	Average number of employees with disabilities >33% in Spain					
	2023			2022		
	Men	Women	Total	Men	Women	Total
University graduates	17	12	**29**	15	12	**27**
Junior college graduates	16	32	**48**	16	34	**50**
Non-graduate line personnel	1,673	1,649	**3,322**	1,449	1,426	**2,875**
Clerical personnel	27	84	**111**	31	80	**111**
Other employees	1,515	2,739	**4,254**	1,394	2,634	**4,028**
Total	**3,248**	**4,516**	**7,764**	**2,905**	**4,186**	**7,091**

28.03. Share-based remuneration systems

ACS

On 27 July 2023, the Board of ACS, Actividades de Construcción y Servicios, S.A., using the authorisation granted by the shareholders at the Company's Annual General Meeting held on 5 May 2023, and following a favourable report from the Remuneration Committee, approved the Long-Term Incentive Plan for ACS Group executives, covering a period of five years (2023-2028) and with the following main characteristics:

a. Plan involving the delivery of shares of ACS, Actividades de Construcción y Servicios, S.A. (Long-Term Incentive Plan 1, “LTIP1”) or purchase options on the Company’s own shares (Long-Term Incentive Plan 2, “LTIP2”). Specifically, LTIP1 is a share-based plan that is limited to executives of ACS and Group subsidiaries who have no other long-term incentive plan in their compensation scheme (as is the case of Hochtief and its subsidiaries); by contrast, LTIP2 is a share option plan that is offered to executives throughout the Group, including the main subsidiaries over which the Group has operational control.

b. A total of 1,120,000 shares are covered by LTIP1. The beneficiaries are 131 executives with the right to receive from 100,000 to 1,150 shares.

c. A maximum of 10,000,000 shares will be covered by the share option plan (LTIP2). The beneficiaries are 229 executives with the right to exercise from 590,000 to 5,000 options.

d. In the case of shares (LTIP1), the price is considered the last quoted price before the delivery date. The acquisition price of the options will be EUR 31.55 per share. This price will change by the corresponding amount should a dilution take place.

e. Beneficiaries may exercise the rights during the last two years and subject to a service condition.

f. The rights may be exercised up until 30 June 2028:

    i. For LTIP1, the shares will be delivered in two instalments: the first half in July 2026 and the second half in July 2027.

    ii. For LTIP2, the options may be exercised in two equal parts, which can be simultaneous if the beneficiary so wishes, during the fourth and fifth years from 1 July 2023.

g. For each beneficiary to receive shares or exercise options granted, in addition to meeting the service condition, the operational, financial and sustainability performance of the ACS Group during the calculation period must meet the Group’s objectives. The criteria chosen for meeting these objectives are:

    1. With a weighting of 40%, the total shareholder return (TSR) over the period (2023-2025) must be higher than the median of the main companies in the sector with a stock market capitalisation and international status comparable to ACS (these companies are detailed in Appendix 1). In this case, the executive receives 100% of the rights allocated under this criterion. If the TSR over this period is less than the 25th percentile of the comparable sample, the executive receives no rights under this criterion. If the TSR is between the 25th and 50th percentile of the sample, the number of rights received by the executive will be proportional to result within this range (0% for the 25th percentile and 100% for the 50th percentile).

    2. With a weighting of 40%, the average return on equity (ROE) of the ACS Group in 2023-2025, measured as the percentage of net profit over equity for the previous year (Net Profit n / Equity n-1), must above 10%. If the result is lower, no rights will be granted to the executive.

    3. With a weighting of 20%, the average percentile obtained in the DJSI in 2023-2025 must be greater than 85%. In this case, the executive receives 100% of the rights allocated under this criterion. If the average DJSI percentile in the measurement period is less than the 60th percentile, the executive receives no rights under this criterion. If the result for ACS is between the 60th and 85th percentile, the number of rights received by the executive will be proportional to result within this range (0% for the 60th percentile and 100% for the 85th percentile).

Tax withholdings, expenses and the taxes payable as a result of exercising the shares and the share options will be borne exclusively by the beneficiaries.

The ACS Group's previous share option plan (granted in 2018) ended in June 2023 without the options being exercised.

Share-based remuneration, which is recognised as personnel expenses in the consolidated income statement with a balancing entry in equity, amounts to EUR 6,946 thousand in 2023, of which EUR 4,710 thousand relates to the 2023-2028 Plan and EUR 2,236 thousand to the 2018-2022 Plan (EUR 4,471 thousand in 2022). The stock market price of ACS shares at 31 December 2023 and 2022 was EUR 40.16 and EUR 26.77 per share, respectively.

The commitments arising from these plans are hedged through financial institutions (see Note 22). In relation to the plans described above, the share options are to be settled through equity instruments and never in cash. However, since the Parent Company has hedged the commitments arising from these plans with a financial institution, their settlement will not involve, under any circumstances, the issue of equity instruments in addition to those outstanding as at 31 December 2023. In 2023, EUR 4,471 thousand (see Note 28.02) (EUR 4,471 thousand in 2022) related to share-based remuneration were recognised as personnel expenses in the consolidated income statement, with a balancing entry in equity. To calculate the total cost of the above share plans, the Parent Company considered the finance cost of the plans on the date on which the plan was granted based on the futures curve on the notional value of each of them, the effect of the estimated future dividends during the period of the plans, and the value of the put option granted to the financial institution by applying the Black-Scholes formula. This cost is distributed over the vesting years of the plan.

HOCHTIEF

Within the Hochtief Group, there are also share-based payment remuneration systems for the Group's management. All of these share option plans form part of the remuneration system for senior executives of Hochtief, and long-term incentive plans. The provisions recognised for these share-based payment plans at 31 December 2023 totalled EUR 3,363 thousand (EUR 3,768 thousand at 31 December 2022). EUR 4,851 thousand (EUR 1,007 thousand in 2022) were taken to the consolidated income statement in this connection in 2023. To hedge the risk of exposure to changes in the market price of the Hochtief shares, it has a number of derivatives that are not considered to be accounting hedges.

The following share-based remuneration plans were in force for executives of Hochtief, A.G. and its investees in 2023:

Long-term Incentive Plan 2018

The Long-term Incentive Plan 2018 (LTIP 2018) was launched in that same year by resolution of the Supervisory Board and is open to Executive Board members and certain executives. This plan is based on performance share awards (PSA).

The terms and conditions stipulate that for each performance share award (PSA) exercised within an exercise period of two years after a waiting period of three years, entitled individuals receive from the issuer a payment equal to the closing price of Hochtief shares on the last trading day on the stock markets before the exercise date, plus a performance bonus. The amount of this bonus depends on the applicable effective performance indicator for each company in the last full year before the exercise date. The performance bonus for Executive Board members and executives of Hochtief, A.G. depends on the adjusted available cash flow.

The gain is limited to EUR 533.70 per PSA.

The plan was fully exercised in 2023.

Long-term Incentive Plan 2019

The Long-term Incentive Plan 2019 (LTIP 2019) was launched in that same year by resolution of the Supervisory Board and is open to Executive Board members and certain executives. This plan is based on performance share awards (PSA).

The terms and conditions stipulate that for each performance share award (PSA) exercised within an exercise period of two years after a waiting period of three years, entitled individuals receive from the issuer a payment equal to the closing price of Hochtief shares on the last trading day on the stock markets before the exercise date, plus a performance bonus. The amount of this bonus depends on the applicable effective performance indicator for each company in the last full year before the exercise date. The performance bonus for Executive Board members and executives of Hochtief, A.G. depends on the adjusted available cash flow.

The gain is limited to EUR 477.12 per PSA.

Long-term Incentive Plan 2021

The Long-term Incentive Plan 2021 (LTIP 2021) was launched in that same year by resolution of the Supervisory Board and is open to Executive Board members and certain executives. This plan is based on performance share awards (PSA).

The terms and conditions stipulate that for each performance share award (PSA) exercised within an exercise period of two years after a waiting period of three years, entitled individuals receive from the issuer a payment equal to the closing price of Hochtief shares on the last trading day on the stock markets before the exercise date, plus a performance bonus. The amount of this bonus depends on the applicable effective performance indicator for each company over the last three years before the exercise date. The performance bonus for Executive Board members and executives of Hochtief, A.G. depends on the adjusted available cash flow in the last full year before the exercise date.

The gain is limited to EUR 292.95 per PSA.

Long-term Incentive Plan 2022

The Long-term Incentive Plan 2022 (LTIP 2022) was launched in that same year by resolution of the Supervisory Board and is open to Executive Board members. This plan is based on performance share awards (PSA).

The terms and conditions stipulate that for each performance share award (PSA) applied in an exercise period of two years after a waiting period of three years, entitled individuals receive a payment equal to the closing price of Hochtief shares on the last trading day on the stock markets before the exercise date, plus a performance bonus. The amount of this bonus depends on the adjusted available cash flow existing in the last full year before the exercise date.

The gain is limited to EUR 261.03 per PSA.

Long-term Incentive Plan 2023

The Long-term Incentive Plan 2023 (LTIP 2023) was launched in that same year by resolution of the Supervisory Board and is open to Executive Board members. This plan is based on performance share awards (PSA).

The terms and conditions stipulate that for each performance share award (PSA) applied in an exercise period of two years after a waiting period of three years, entitled individuals receive a payment equal to the closing price of Hochtief shares on the last trading day on the stock markets before the exercise date, plus a performance bonus. The amount of this bonus depends on the adjusted available cash flow existing in the last full year before the exercise date.

The gain is limited to EUR 262.08 per PSA.

The terms and conditions of all plans stipulate that, when this right is exercised —and subject to fulfilment of all other requisite criteria— Hochtief, A.G. normally has the option of delivering Hochtief shares instead of paying out the gain in cash. When the entitled individuals are not employees of Hochtief, A.G., the expenses incurred on exercise are borne by the investee concerned.

The amounts granted, expired and exercised under the plans to date are as follows:

	Originally granted	Outstanding at 31 Dec 2022	Granted in 2023	Expired in 2023	Exercised / settled in 2023	Disposal / Sale	Outstanding at 31 Dec 2023
LTIP 2018 – performance stock awards	20,069	1,900	—	—	1,900	—	—
LTIP 2019 – performance stock awards	21,485	19,035	—	—	18,235	—	800
LTIP 2021 – performance stock awards	12,857	12,857	—	—	—	—	12,857
LTIP 2022 – performance stock awards	3,133	3,133	—	—	—	—	3,133
LTIP 2023 – performance stock awards	—	—	34,364	—	—	—	34,364

Provisions recognised for the share-based payment plans totalled EUR 3,363 thousand at the reporting date (EUR 3,768 thousand in 2022). The total expenses recognised for the plans declared in 2023 amounted to EUR 4,851 thousand (total income of EUR 1,007 thousand in 2022). The intrinsic value of the plans to be exercised at the end of the reporting period was EUR 79 thousand (EUR 1,154 thousand in 2022).

28.04. Changes in fair value of financial instruments

This heading includes the effect on the consolidated income statement of derivative instruments that do not meet the efficiency criteria provided in IAS 39, or that are not hedging instruments. The most important outcome in 2023 is the positive impact of derivatives on ACS shares (forward contracts settled by differences), which resulted in a profit of EUR 360,885 thousand (a profit of EUR 123,737 thousand in 2022). Also taken into account is the effect of the derivatives of ACS, Actividades de Construcción y Servicios, S.A. on the ACS share options, which gave rise to a profit of EUR 62,975 thousand (a profit of EUR 40,992 thousand in 2022), as described in Note 22.

28.05. Finance cost

The breakdown of finance costs in 2023 and 2022 is as follows:

Financial costs	Millions of Euros	%	Millions of Euros	%
	2023		2022	
Debt-related financial expenses	558.6	85	361.1	75
Financial expenses for Collateral and Guarantees	21.4	3	27.1	6
Other financial expenses	79.1	12	96.0	19
Total	**659.1**	**100**	**484.2**	**100**

Although finance costs have a limited impact since most of the Group's debt is hedged against interest rate fluctuations, the ordinary net finance expense rose as a result of higher interest rates for financing short-term working capital, and financing derived from Iridium's purchase of the SH288.

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

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

In 2023, "Gains or losses on disposal of non-current assets" mainly includes the recognition of the capital gain on the sale of 56.76% of the SH288 highway to Abertis Infraestructuras (see Note 02.02.f) for EUR 180 million and, in accordance with the standard on business combinations, the positive impact (with no effect on cash flows) of the revaluation of the remaining 43.24% at fair value, amounting to EUR 262 million. In addition, “Impairment/Reversal of impairment on non-current assets” includes the amounts related to provisions made to mitigate certain operational risks of the Group that were reassessed at year-end 2023.

In 2022, “Gains or losses on disposal of non-current assets” mainly included the following:

- The recognition of the capital gain relating to the purchase of an additional 56.76% of the SH288 highway, which, together with the 21.62% previously held, enabled the Group to obtain control of the highway and manage its relevant activities. Therefore, instead of being accounted for using the equity method, it was fully consolidated at fair value of the transaction, and, consequently, the portion originally held by the Group was measured at fair value, with a positive impact in the amount of EUR 334.8 million (see Note 02.02.f).
- The effects of the exclusion of Ventia from the scope of consolidation of Cimic in the first quarter of 2022 due to the loss of its status as associate, as a result of which it was recognised as a financial asset under IFRS 9 at fair value through other comprehensive income, taking the market price of Ventia at that date as the reference. This resulted in a profit (with no effect on cash flows) of EUR 338.3 million (AUD 502 million), as indicated in Note 02.02.f.
- On 11 April 2022, Cimic entered into an agreement with its consortium partners and JKC on all matters in relation to the CCPP contract with a negative impact on Cimic’s income statement in the amount of EUR 325 million (AUD 493 million), which was recognised under “Other operating expenses” in the accompanying consolidated income statement. As a result, Cimic paid EUR 127 million in 2022 and EUR 183.5 million in 2023.
- The results 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., those relating to the photovoltaic energy development projects in Spain, the sale of the Vientos del Pastorale, S.A. and Parque Eólico Kiyú, S.A. wind farms in Uruguay, and the Hidromanta hydroelectric plant in Peru owned by Spinning Assets, S.L.U. (see Note 03.09).

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

The breakdown of “Impairment and gains or losses on disposal of financial instruments” in 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Impairment of financial instruments	(72,445)	(428)
Gains or losses on disposal of financial instruments	(6,720)	7,773
Total	**(79,165)**	**7,345**

c) Other results

This heading includes any gains or losses recognised by the Group that are considered to be non-recurring, mainly arising from the final settlement of lawsuits and disputes involving projects related termination agreements and extraordinary work completed and indemnities relating to work concluded on various international projects for a net loss of EUR 155 million in 2023 after taking into consideration the net use of certain provisions for risks amounting to EUR 79 million (a loss of EUR 278 million in 2022).

30. Distribution of profit

As in previous years, at the date of the call notice of the Annual General Meeting, the Parent Company’s Board of Directors agreed to propose an alternative remuneration system allowing shareholders to receive bonus shares of the Company, or cash through the sale of the corresponding bonus issue rights. This option would be instrumented through a bonus issue, which will be subject to approval by the shareholders at the Company’s General Meeting. In the event that it is approved, the bonus issue could be executed by the

Board of Directors on up to two occasions, in July and in the first few months of the following year, coinciding with the times when dividends are customarily paid. During the execution of each bonus issue, each shareholder of the Company receives a bonus issue right for each share. The rights received will be traded on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. Depending on the alternative chosen, shareholders would be able to either receive new bonus shares of the Company or sell their bonus issue rights on the market or sell them to the Company at a specific price calculated using the established formula.

The distribution of the profit for 2023 that the Parent's Board will propose for approval at the Annual General Meeting is the transfer to voluntary reserves of the Company's entire profit for the year amounting to EUR 1,141,079 thousand.

31. Earnings per share from continuing and discontinued operations

31.01. Basic earning 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:

	2023	2022	Change (%)
Net profit for the period (Thousands of Euros)	780,123	668,227	16.75
Weighted average number of shares outstanding	260,320,413	266,979,163	(2.49)
Basic earnings per share (Euros)	**3.00**	**2.50**	**20.00**
Diluted earnings per share (Euros)	**3.00**	**2.50**	**20.00**
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)	**3.00**	**2.26**	**32.74**
Diluted earnings per share from discontinued operations (Euros)	—	0.24	(100.00)
Diluted earnings per share from continuing operations (Euros)	**3.00**	**2.26**	**32.74**

	Number of shares	
	2023	2022
Common shares outstanding at 01 January	258,259,940	275,787,918
Effect of own shares	8,346,254	2,972,022
Effect of shares issued	9,698,253	12,180,186
Effect of redeemed shares	(15,698,253)	(32,680,186)
Common shares outstanding at 31 December	260,606,194	258,259,940
Weighted average number of shares outstanding at 31 December	260,320,413	266,979,163

31.02. Diluted earnings per share

In calculating diluted earnings per share, the amount of profit attributable to ordinary shareholders and the weighted average number of shares outstanding, net of treasury shares, are adjusted to take into account all the dilutive effects inherent to potential ordinary shares (share options, warrants and convertible debt instruments). For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the current period. The execution of the share plan and the ACS share option plan currently in force at 31 December 2023 (see Note 28.03) does not involve the issuance of new shares in the future and, therefore, does not affect diluted earnings per share. At 31 December 2023, as a result of the simultaneous share capital increase and reduction decided in 2023 for the same number of shares, basic earnings and diluted earnings per share for continuing operations for the first half of 2023 are the same.

32. Events after the reporting date

On 8 January 2024, 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 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 3,234,472 shares on 16 January 2024.

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 0.457 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 35.45% of the bonus issue rights. After the decision-making period granted to the shareholders had elapsed, in January 2024 the following events took place:

- The dividend was determined to be a total gross amount of EUR 45,067,502.86 (EUR 0.457 per share) and was paid on 6 February 2024.
- The final number of shares subject to the capital increase was 1,875,974 for a nominal amount of EUR 937,987.00, which were redeemed simultaneously for the same amount (see Note 08.02).

On 30 January 2024, in relation to the Supreme Court judgment handed down the previous day, which rules on the appeal filed by ACESA — a subsidiary of Abertis — in relation to the AP 7 agreement, ACS reported that the impact of this ruling on its consolidated financial statements is a loss of EUR 14.5 million and that it has already been taken into account in the profit for 2023.

At 15 February 2024, the commitment relating to the capital increase of EUR 390 million (30% of the total EUR 1,300 million commitment) approved by Abertis Holdco’s shareholders prior to the reporting date (see Note 09).

The Texas Transportation Commission (USA) met on March 28, 2024 to authorize the creation of a transportation corporation and the possible early termination of the concession contract for the SH-288 highway, currently owned by the ACS Group and Abertis, which has been operating with outstanding success since it came into operation in November 2020. The termination fee maintained by the grantor amounts to approximately US$1,732 million.

However, the Commission has announced that prior to the decision, a six-month period will be opened in which possible alternatives that avoid such early termination and that reflect the interest of the State of Texas and the investor shareholders will be negotiated.

33. Related party transactions and balances

Transactions between the Parent and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note. Transactions between the Group and its associates are disclosed below. Transactions between the Parent and its subsidiaries and associates are disclosed in the Parent's separate financial statements.

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

33.01. Transactions with associates

During the year, the Group companies performed the following transactions with related parties that do not form part of the Group:

	Thousands of Euros	
	2023	2022
Sale of goods and services	208,924	152,334
Purchase of goods and services	137	113
Accounts receivable	398,555	329,940
Accounts payable	727,007	89,628

Transactions between related parties are carried under normal market conditions.

33.02. Related party transactions and balances

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

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

The following transactions were performed in 2023:

2023 Related transactions Management or collaboration contracts	Other related parties	
	Others	Total
	Thousands of Euros	
Services rendered	171	**171**
Sale of goods	1,336	**1,336**
Income	**1,507**	**1,507**

The following transactions were performed in 2022:

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

The transactions with other related parties are listed due to the relationship of certain directors of ACS, Actividades de Construcción y Servicios, S.A. with companies in which they are either shareholders or senior executives.

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

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

34. Board of Directors and senior executives

The Board members of ACS, Actividades de Construcción y Servicios, S.A. received the following remuneration either as Board members of the Parent Company or Board members or senior executives of Group companies for the years ended 31 December 2023 and 2022:

	Thousands of Euros	
	2023	2022
Remuneration for membership of the Board and / or Commissions	3,791	3,637
Wages	5,176	4,937
Variable cash remuneration	9,862	7,954
Payment systems based on financial instruments	1,664	484
Total	**20,493**	**17,012**

The amounts charged to the consolidated income statement as a result of ACS shares and share options (see Note 28.03) granted in 2018 and 2023 to Board members with executive duties amounted to EUR 989 thousand, of which EUR 850 thousand correspond to the 2023 Plan and EUR 139 thousand to the 2018 Plan (EUR 278 thousand in 2022). This amount relates to the proportion of the value of the plan at the date on which it was granted.

The amounts paid to Board members relating to mutual funds, pension plans and life insurance at 31 December 2023 and 2022 are as follows:

	Thousands of Euros	
	2023	2022
Long-term savings systems	2,518	2,564
Other concepts	87	75
Total	**2,605**	**2,639**

The ACS Group does not have any balances with and has not granted any advances, loans or guarantees to any of the Board members at 31 December 2023 and 2022.

34.01. Transactions with members of the Board of Directors

The transactions with Board members or with companies in which they have an ownership interest giving rise to a relation with the ACS Group are indicated in Note 33.02 on transactions with related parties.

34.02. Remuneration of senior executives

The remuneration paid to the Group's senior executives, who are not executive directors, for the periods ended 31 December 2023 and 2022, was as follows:

	Thousands of Euros	
	2023	2022
Salary remuneration (fixed and variable)	32,030	22,952
Pension plans	2,239	2,062
Life insurances	53	52

The increase in remuneration (fixed and variable) of the Group's senior executives is basically due to the change in the composition of senior management and the increase in the number of senior executives. The amounts recognised in the consolidated income statement in 2023 as a result of ACS shares and share options (see Note 28.03) granted to the Group's executives in July 2018 and July 2023 amounted to EUR 1,960 thousand, of which EUR 1,538 thousand correspond to the 2023 Plan and EUR 422 thousand to the 2018 Plan (EUR 2,757 thousand in 2022) and are not included in the above remuneration. Similarly, as indicated in the case of directors, these amounts relate to the proportion of the value of the plan on the date it was granted.

The ACS Group does not have any balances with and has not granted any advances, loans or guarantees to any of the senior executives at 31 December 2023 and 2022.

35. Other disclosures concerning the Board of Directors

In accordance with the information held by the Company, no direct or indirect conflicts of interest arise with the Company as set out in applicable regulations (currently in accordance with that established in section 229 of the Corporate Enterprises Act), all without prejudice to the information on related party transactions reflected in the notes to the financial statements. The amount corresponding to the premiums for the third-party liability insurance taken out on behalf of the Parent Company's directors, among others, amounted to EUR 2,266 thousand in 2023 (EUR 2,399 thousand in 2022).

In 2023 and 2022, the Company had commercial relationships with companies in which some of their directors perform management functions. All these commercial relationships were carried out on an arm's length basis in the ordinary course of business, and related to ordinary Company transactions.

36. Guarantee commitments to third parties and other contingent liabilities

36.01. Guarantee commitments to third parties

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

	Thousands of Euros	
	Disposed	
	31/12/2023	31/12/2022
Technical guarantees	7,580,438	6,958,193
Financial guarantees	228,376	268,310
Guarantees and guarantees in relation to Bonding Lines	19,825,376	16,848,333
Total	**27,634,190**	**24,074,836**

The limit of the guarantees and sureties granted to third parties at 31 December 2023 amounted to EUR 32,033,058 thousand (EUR 29,359,222 thousand at 31 December 2022).

The financial guarantees amounting to EUR 228 million (EUR 268 million at 31 December 2022) include EUR 24 million for progress guarantees (EUR 66 million at 31 December 2022), EUR 88 million correspond to capital contribution commitments for projects (EUR 93 million at 31 December 2022), with the remaining EUR 116 million corresponding to other financial guarantees (EUR 110 million at 31 December 2022). The year-on-year increase in technical guarantees and guarantees and sureties in relation to bonding lines is mainly due to the inclusion of new projects and to a lesser extent to fluctuations in the exchange rate.

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

The above amounts include the guarantees granted by Cimic on the sale of Thiess to Elliot (as described in Note 09). The ACS Group has recognised as a derivative financial instrument the value of the put option for Elliott to sell all or part of its 50% interest in Thiess to Cimic after the third year, i.e., four to six years after the sale on 31 December 2020. At 31 December 2023, the fair value of the put option (see Note 22) was determined to be AUD 0, equivalent to EUR 0 (AUD 4.35 million, equivalent to EUR 2.77 million at 31 December 2022). In addition, in relation to Elliot, Thiess issued Class C preference shares, as indicated in Notes 09 and 22. Therefore, there are agreements relating to Thiess Class C preference shares. Under the agreement, Elliott has the option to sell its Class C preference shares to Cimic within 42 months. The term begins six months after the period for exercising the put option expires or six months after the date on which Elliott ceases to hold the shares or announces that it will exercise the option to sell all remaining shares (the “Thiess option”). At 31 December 2023, the fair value of the Thiess option was determined to be AUD 1.62 million, equivalent to EUR 1 million (AUD 1.68 million, equivalent to EUR 1.07 million at 31 December 2022).

The ACS Group’s directors do not expect any material liabilities additional to those recognised in the accompanying consolidated statement of financial position to arise as a result of the transactions described in this Note. The contingent liabilities include the normal liability of the companies with which the Group carries out its business activities. Normal liability is that related to compliance with the contractual obligations assumed in the course of the construction or maintenance services or assistance to people, both by the companies themselves or the unincorporated joint ventures in which they have interests.

This coverage is achieved by means of the corresponding guarantees provided to secure the performance of the contracts, compliance with the obligations assumed in the concession agreements, etc.

All of the project financing, including that under “Non-current assets in projects” and that under “Non-current assets held for sale and discontinued operations” in the accompanying consolidated statement of financial position, whether fully consolidated or accounted for using the equity method, has construction guarantees until the project enters into service.

The Group has income recognition policies in place for its construction activities that are based on the certainty of collection, in accordance with the contractual terms and conditions of the agreements executed.

However, there are certain outstanding balances receivable that are under dispute with the corresponding customers or even — particularly as regards international works — that require certain experts necessary to intermediate as arbitration processes have commenced to resolve such disputes.

As for litigation-related payments made by the ACS Group in 2023, the payments made to settle the litigation involving Radials 3 and 5 and the last payment relating to the CCPP Ichthys project in Australia amounted to a total of EUR 234 million (see Note 03.23).

36.02. Other contingent liabilities

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

In relation to the ACS Group's investment in Alazor (R3 and R5 highways), on 10 March 2023, Alazor Inversiones, S.A.'s creditor funds and banks entered into a settlement agreement 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 trustees in bankruptcy, with respect to all the proceedings relating to successive lawsuits filed by Alazor's financial creditors against the shareholders and guarantors (the "Settlement Agreement").

The following lawsuits were part of this settlement:

1. The claim for declaratory proceedings filed in May 2019 by Haitong Bank, S.A. Sucursal en España, acting as agent of the financing syndicate, invoking clause 4 (viii) of the Support Agreement, in which it claimed the direct payment of EUR 562.5 million plus interest (of which EUR 132.8 million plus interest corresponded to the ACS Group). Court of the First Instance no. 26 of Madrid upheld the claim in a judgment dated 2 November 2021, ruling against Alazor's shareholders and their respective guarantors. The defendants filed an appeal against this judgment on 20 December 2021, and a ruling has yet to be handed down by Section 13 of the Madrid Provincial Court.

   The joint application by the signatories of the Settlement Agreement for the termination of this lawsuit as a result of an out-of-court settlement and without awarding costs was upheld by the Madrid Provincial Court by the order dated 23 November 2023. The lawsuit was therefore considered to be concluded for ACS, DCV1, Autopistas and Iberpistas, continuing only for the Funds and Sacyr. The lawsuit was therefore considered to be concluded for ACS, DCV1, Autopistas and Iberpistas, continuing only for the Funds and Sacyr. Subsequent to year-end, a total of EUR 50,627 thousand was received in accordance with the Settlement Agreement reached between the creditor funds and banks of Alazor Inversiones, S.A. and ACS, Actividades de Construcción y Servicios, S.A. and Desarrollo de Concesiones Viarias Uno (DCV1), S.L.".

2. The claim for declaratory proceedings filed in January 2019 by the creditor funds and banks, invoking clause 2 and clause 5 of the Support Agreement to claim contributions in favour of Alazor, in relation to expropriation cost overruns and compliance with refinancing ratios, for a total amount of EUR 757 million plus interest (of which EUR 169 million would correspond to the ACS Group). Court of the First Instance no. 13 of Madrid dismissed the lawsuit in its entirety through a judgment dated 7 November 2022, acquitting the shareholders and guarantors. The Funds filed an appeal on 13 December 2022, which was considered to have been filed by the Court on 15 June 2023, although the case files have not yet been sent to the Madrid Provincial Court.

   In this case, the application for termination as a result of an out-of-court settlement under the Settlement Agreement was filed with the Court on 15 March 2023 and, after the hearing took place, a ruling has yet to be handed down.

3. The claim filed by the shareholders and guarantors before Court of the First Instance no. 51 of Madrid for harm and loss caused after the Provincial Court revoked the enforcement order issued in February 2014 in the first lawsuit relating to clause 4 (viii) of the Support Agreement.

The corresponding application for termination as a result of an out-of-court settlement was upheld by the Court by means of a decree dated 21 March 2023.

In relation to the ACS Group's investment in Irasa (R2 highway), through a claim for declaratory proceedings filed in September 2019, the creditor funds invoked clauses 2.1.2 and 2.1.4 of the Shareholders' Commitment Agreement to claim payment for EUR 471.8 million in principal, plus EUR 79.7 million in interest (of which EUR 165.1 million and EUR 27.9 million would correspond to the ACS Group, respectively), for construction and expropriation cost overruns and contingent contributions. This claim was dismissed, with an order to pay court costs, by Madrid Court of the First Instance no. 37 in a judgement dated 14 July 2022. The appeal filed by the Funds was also dismissed with an order to pay costs, and the ruling was handed down by Section 10 of the Madrid Provincial Court through a judgment dated 21 December 2023. The Funds have filed an appeal to the Supreme Court against this last judgment (the Court considered it to have been filed on 12 February 2024), and the Admissions Section of the First Chamber of the Supreme Court has yet to decide whether or not to grant it leave to proceed.

In relation to the insolvency proceedings involving the R2 and the R3-R5 highways, (Henarsa, Irasa, Accesos de Madrid and Alazor), they were all declared to be not at fault. The trustees in bankruptcy of Henarsa and Accesos de Madrid handed over the operation of the R2, R3 and R5 highways to the State in documents dated 28 February and 9 May 2018, respectively; they are now 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:

<u>ICSID Arbitration 1:</u> 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 rejected the claims made and included a counterclaim against the concession operator, claiming an amount in excess of USD 700 million for socio-economic and environmental damage.

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

On 6 July 2021, the Court issued a partial award through the "Decision on Jurisdiction and Liability", which dismissed the counterclaim of the Republic of Peru and upheld virtually all of the claims of the concession operator, with the final award yet to be handed down on the amount of damages and costs of the proceedings. In particular, the Decision declares that (1) the Republic of Peru has breached its obligation to deliver most of the Areas of Stage 1A and all of the Areas of Stages 1B and 2 within the periods agreed, and (2) the Republic of Peru has breached its contractual obligations regarding the procedure for overseeing and approving the Detailed Engineering Studies, and that the Republic of Peru has failed to properly exercise its contractual supervisory role. As regards damages due to delays, the claim for damages due to delays in relation to Stages 2 and 1B is fully upheld and partially upheld for Stage 1A. On 11 August 2021, the Court issued Procedural Order no. 8 instructing the experts of the concession operator and of Peru to perform additional calculations based on the findings set forth in the Decision. On 11 October 2021, following the Court's procedural order, based on the delays determined by the Court in the Decision, the concession operator reduced its claim from USD 109.0 million to USD 84.7 million and the other members of the consortium other than the concession operator also made an adjustment to the damages initially claimed. On 30 December 2021, the concession grantor submitted to the Court its response to the concession operator's adjusted damage calculations, rejecting most of these damages and submitting much lower alternative calculations. On 31 January 2022, the Parties submitted a joint WACC Calculator to the Arbitral Tribunal and, subsequently, each party has submitted its own "instructions" for using the Calculator. The Arbitral Tribunal sent a notice on 27 June 2023 inviting the parties to file their written submissions on court costs. The award for damages is expected to be issued in the second quarter of 2024.

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 respective appointments and, 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. The Republic of Peru filed its Statement of Defence on 2 October 2023.

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 Secretary-General of the ICSID reported that the three arbitrators had accepted their respective appointments and, therefore, the Arbitral Tribunal was duly constituted and the procedure initiated. The first session of the Arbitral Tribunal was held on 29 May 2023. The concession operator filed the Statement of Claim on 29 September 2023.

On 1 October 2018, an accusation was brought against Dragados and other companies for possible infringements of section 1 of the Spanish Competition Act (*Ley de Defensa de la Competencia*) and Article 101 of the Treaty on the Functioning of the European Union, consisting of agreements and exchanges of information between these companies in the field of tenders held by the various public authorities in Spain for the construction and refurbishment of infrastructures and buildings. On 16 July 2020, this accusation was declared to have exceeded its validity, although on 6 August 2020 a new accusation was brought in relation to the same facts as the expired accusation. On 16 September 2020, Dragados filed an appeal for judicial review against the ruling that decreed the expiration, which was admitted on 9 October 2020, with the claim being filed on 16 December 2020. On 6 July 2021, the Directorate of Competition of the CNMC issued a new preliminary ruling for the new accusation with proposed liquidated damages of EUR 58 million, indicating that the company could also be banned from entering into contracts with public authorities. The corresponding pleadings have been submitted against this preliminary ruling. On 15 July 2022, the CNMC served notice that a ruling had been handed down imposing 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 was provided in February 2023. 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 Group.

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

37. Information on the environment

The ACS Group combines its business aims with the objective of protecting the environment and appropriately managing the expectations of its stakeholders in this area. The ACS Environmental Policy defines the general principles to be followed, but are sufficiently flexible to accommodate the elements of policy and planning development by the companies in the various business areas and meet the requirements of the most recent version of the ISO 14001 standard and other commitments assumed by the companies to other environmental standards, such as EMAS, or standards relating to their carbon footprint or water footprint. This Policy establishes the following commitments:

1. To comply with applicable regulations and standards in general and other voluntary commitments entered into in each of the offices, branches, projects, works and services of the ACS Group.
2. To prevent contamination, by assessing the potential environmental risks at every stage of a project, job or service, with the aim of designing processes that minimise environmental impact as far as possible.
3. To continuously improve management of environmental activities, by setting and following up on environmental goals.
4. To strive for transparency in external communications, by periodically publishing information about environmental initiatives to all stakeholders, meeting their demands and expectations, either in compliance with regulations or independently.
5. To enhance skills and raise awareness, by providing training and educational activities to employees, suppliers, customers and other stakeholders.

The significant level of implementation of an environmental management system verified by a third party, present in companies representing 93.2% of Group sales, is based on the objective of seeking adoption of the ISO 14001 standard in the majority of the Group’s activities, which is implemented in 83.2% of the ACS Group’s operations.

To implement and roll out a policy based on these environmental commitments, the most significant commitments are identified at the corporate level, based on their impact on the environment and external requirements, and are then compared with each company’s management systems and the environmental priorities for each business activity.

Considering the environmental impacts identified, the main environmental activities of ACS Group companies will be specifically and operationally focused around four main areas:

1. Energy and emissions.
2. Circular economy.
3. Efficient and responsible use of water resources.
4. Biodiversity.

For more information on these impacts, see the Non-Financial Information Statement in the ACS Group’s Consolidated Directors’ Report for 2023.

Environmental expenses incurred in 2023 amounted to EUR 5,938 thousand (EUR 14,840 thousand in 2022).

38. Auditors’ fees

The fees for financial audit services provided to the various companies in 2023 and 2022 were as follows:

	Thousands of Euros	
	2023	2022
Audit service fees	**13,039**	**12,891**
Main auditor	11,227	8,883
Other auditors	1,812	4,008
Non-audit services	**3,689**	**3,753**
Services required by applicable regulations	**190**	**288**
Main auditor	190	288
Other auditors	—	—
Other verification services	**804**	**232**
Main auditor	804	232
Other auditors	—	—
Fees for fiscal services	**2,031**	**1,730**
Main auditor	871	419
Other auditors	1,160	1,311
Other services	**664**	**1,503**
Main auditor	26	345
Other auditors	638	1,158
Total	**16,728**	**16,644**

The ACS Group’s main auditor in 2023 was Deloitte (KPMG in 2022).

In relation to services provided in Spain:

– The fees relating to audit services provided by Deloitte, S.L. for the financial statements amounted to EUR 2,249 thousand (EUR 1,957 thousand in 2022 by KPMG Auditores, S.L.). These fees include those related to the limited half-yearly reviews.

– Fees for non-audit services provided by Deloitte amounted to EUR 731 thousand (EUR 321 thousand in 2022 by KPMG Auditores, S.L.).

In relation to the main auditor, the table above shows that the amount for “Services required by accounting regulations” includes mainly the verification of the Non-Financial Reporting Statement. “Other verification services” mainly includes the ICFR report, comfort letter work and due diligence work. Lastly, “Tax services” mainly includes tax services related to general advisory services.

39. Explanation added for translation to English

These consolidated financial statements are presented on the basis of IFRSs as adopted by the European Union. Certain accounting practices applied by the Group that conform with IFRSs may not conform with other generally accepted accounting principles.

APPENDICES

As stated in Note 02 to the financial statements, Appendices I and II list the subsidiaries, unincorporated joint ventures and economic interest groupings of the ACS Group in 2023, including their registered office and the Group's effective percentage of ownership. The effective percentage indicated in the Appendices includes, in the event it is applicable to subsidiaries, the proportionate part of the treasury shares held by the subsidiary.

For the companies domiciled in the Group's four main countries — Spain, Germany, Australia and the United States —, covering about 88% of sales, a breakdown is provided for the registered office of the main headquarters or management office, expressly declared for income tax purposes in the country of residence (in particular, 'domicilio fiscal' in Spain, 'geschaftsanschrift' in Germany, 'business address of main business' in Australia and 'corporation's principal office' or 'place of business' in the United States). In the other countries, the registered office given is the address considered legally relevant in each case.

The information is grouped in accordance with the management criteria of the ACS Group on the basis of the different business segments or lines of business carried on in 2023 and 2022. Note 25.01 explains the bases for segmentation and the reorganisation carried out in the year and their restatement for the purposes of comparison, in relation to the construction and concessions businesses.

1. CONSTRUCTION

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

Information is separated on the basis of the two companies heading this line of business:

– Dragados

This includes both domestic and foreign activities relating to civil construction works (highways and roads, railways, hydraulic infrastructures, coasts and ports, etc.), and residential and non-residential buildings.

– Hochtief

This segment includes the activities carried on by the different business segments of this company:

- Hochtief Americas - Its activities are mainly carried on in the US and Canada and relate to the construction of buildings (public and private), infrastructure, civil engineering, and educational and sports facilities.
- Hochtief Asia Pacific - Its activities are carried on by its Australian subsidiary Cimic, in particular construction, mining contracts (mainly through the Thiess joint venture), operation and maintenance, and the development of real estate infrastructures.
- Hochtief Europe - This segment mainly operates through Hochtief Solutions, A.G., which designs, develops, constructs and operates infrastructure projects, real estate and facilities.

2. CONCESSIONS

The Concessions area includes the activities of Iridium and the shareholdings in Abertis and is focused on the development and operation of transport concessions.

– Iridium

It carries out infrastructure promotion and development, both in relation to transport and public facilities, managing different public-private collaboration models.

– Abertis

This relates to the ACS Group's ownership interest in Abertis.

3. SERVICES

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

4.- CORPORATE UNIT

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

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
ACS, Actividades de Construcción y Servicios, S.A.	**Avda. de Pío XII, 102. 28036 Madrid. España.**	
CONSTRUCTION - DRAGADOS		
Dragados, S.A.	**Avda. del Camino de Santiago, 50. 28050 Madrid. España.**	**100.00 %**
Apadil Armad. Plást. y Acces. de Iluminación, S.A.	E.N. 249/4 Km 4.6 Trajouce. Sâo Domingos de Rana. 2775, Portugal.	100.00 %
Aparcamiento Tramo C. Rambla-Coslada, S.L.	C/ Orense, 34-1º. 28020 Madrid. España.	100.00 %
Besalco Dragados, S.A.	Avda. Tajamar nº 183 piso 1º Las Condes. Santiago de Chile. Chile.	50.00 %
Blue Clean Water, LLC.	150 Meadowlands Parkway, 2nd Fl.Seacaucus 07094. New Jersey. Estados Unidos.	76.40 %
Consorcio Constructor Hospital de Quellón, S.A.	Av. Tajamar, 183, depto P-5 Las Condes. Santiago de Chile. Chile.	49.99 %
Consorcio Constructor Juzgado de Garantía de Osorno, S.A.	Avda. Vitacura 2939, ofic. 2201. Las Condes. Santiago de Chile. Chile.	100.00 %
Consorcio Constructor Puente Santa Elvira, S.A.	Avenida Tajamar 183, piso 5. Las Condes.Santiago. Chile.	49.99 %
Consorcio Dragados Conpax, S.A.	Avda. Vitacura 2939 ofic. 2201.Las Condes - Santiago de Chile. Chile.	60.00 %
Consorcio Embalse Chironta, S.A.	Avda. Vitacura nº 2939. 2201 Las Condes. Santiago de Chile. Chile.	49.99 %
Consorcio Tecdra, S.A.	Avda. Vitacura nº 2939. 2201 Las Condes. Santiago de Chile. Chile.	100.00 %
Construcciones y Servicios del Egeo, S.A.	Alamanas,1 151 25 Maroussi.Atenas. Grecia.	100.00 %
Drace Geocisa, S.A.	Avda. del Camino de Santiago, 50. 28050 Madrid. España	100.00 %
Drace Infraestructures UK, Ltd.	Regina House second floor, 1-5 Queen Street.Londres EC4N 15W. Reino Unido	100.00 %
Drace Infrastructures USA, Llc.	701 5 th Avenue, Suite 7170 Seattle, WA 98104.Washington. Estados Unidos.	100.00 %
Dragados Australia PTY Ltd.	Level 32, 101 Miller Street - North Sydney - 2060 - NSW. Sydney. Australia.	100.00 %
Dragados Canadá, Inc.	150 King Street West, Suite 2103.Toronto ON. Canadá.	100.00 %
Dragados Construction USA, Inc.	810 Seventh Ave. 9th Fl.New York, NY 10019. Estados Unidos.	100.00 %
Dragados CVV Constructora, S.A.	Avda. Vitacura 2939 of.2201.Las Condes.Santiago de Chile. Chile.	80.00 %
Dragados Ireland Limited	70 Sir John Rogerson's Quay, Dublin 2, D02R296. Dublin. Irlanda.	100.00 %
Dragados Norge AS	c/o Econ Partner AS, Dronning Mauds gate 15, 0250. Oslo. Noruega.	100.00 %
Dragados UK Ltd.	Regina House 2Nd Floor, 1-5. Queen Street. EC4N 1SW-London-Reino Unido	100.00 %
Dragados USA, Inc.	810 Seventh Ave. 9th Fl.New York, NY 10019. Estados Unidos.	100.00 %
Electren UK Limited	Regina House 1-5 Queen Street.Londres. Reino Unido.	100.00 %
Electrén, S.A.	Avda. del Brasil, 6. 28020 Madrid. España	100.00 %
Gasoductos y Redes Gisca, S.A.	C/ Orense, 6. 2ª Planta 28020 Madrid. España	52.50 %
Geocisa UK Ltd.	Chester House, Kennington Park, 1-3 Brixton Road. Londres SW9 6DE. Reino Unido	100.00 %
Geotecnia y Cimientos del Perú, S.A.C.	C/ El Santuario, 140, Dept. 303. Callao. Lima. Perú.	100.00 %
gGravity, Inc.	810 Seventh Ave. 9th Fl., NY 10019. Nueva York. Estados Unidos.	100.00 %
Inmobiliaria Alabega, S.A.	C/ Orense, 34-1º. 28020 Madrid. España	100.00 %
J.F. White Contracting Company	10 Burr Street, Framingham, MA 01701. Estados Unidos.	100.00 %
John P. Picone Inc.	31 Garden Lane. Lawrence.NY 11559 Estados Unidos.	100.00 %
Lining Precast, LLC .	P.O. Box 12274.Seattle, WA 98102. Estados Unidos.	100.00 %
Mostostal Pomorze, S.A.	80-557 Gdansk ul. Marynarki Polskiej 59. Polonia	100.00 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
Muelle Melbourne & Clark, S.A.	Avda. Vitacura nº 2939. 2201 Las Condes. Santiago de Chile. Chile.	50.00 %
PA Wyroby Betonowe Sp. z.o.o.	82-300 Elblag ul. Plk. Dabka 215. Polonia	100.00 %
Piques y Túneles, S. A.	Avda. Tajamar 183, piso 5. Las Condes.Santiago de Chile. Chile	49.99 %
Polaqua Sp. z o. o.	Dworska 1, 05-500 Piaseczno (Wólka Kozodawska). Polonia.	100.00 %
Prince Contracting, LLC.	10210 Highland Manor Drive, Suite 110.Tampa, FL, 33610. Estados Unidos.	100.00 %
Pulice Construction, Inc.	8660 E. Hartford Drive, Suite 305, Scottsdale, AZ 85255. Estados Unidos.	100.00 %
Roura Cevasa México, S.A. de C.V	Calle Oxford, 30, Colonia Juarez, CP 06600, Cuauhtemoc. Ciudad de México. México.	100.00 %
Roura Cevasa, S.A.	C/ Chile 25, P.I. Azque, 28.806 Alcalá de Henares. Madrid. España.	100.00 %
Schiavone Construction Company	150 Meadowlands Parkway, 2nd Fl.Seacaucus 07094 New Jersey. Estados Unidos.	100.00 %
Sussex Realty, LLC.	31 Garden Lane Lawrence, NY 11559. EE.UU.	100.00 %
Técnicas e Imagen Corporativa, S.L.	Avda. de Paris, 1 - 19200 Azuqueca de Henares.Guadalajara.España	100.00 %
Tecsa Empresa Constructora, S.A.	Plaza Circular Nº 4, planta 5ª. 48001 Bilbao. España.	100.00 %
Vías y Construcciones, S.A.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
CONSTRUCTION - HOCHTIEF		
Hochtief Aktiengesellschaft	**Essen. Alemania**	**78.48 %**
Beggen PropCo Sàrl	Steinfort. Luxemburgo	78.48 %
Eurafrica Baugesellschaft mbH	Essen. Alemania	78.48 %
HOCHTIEF Insurance Broking and Risk Management Solutions GmbH	Essen. Alemania	78.48 %
NEXPLORE Hong Kong Ltd.	Hongkong	78.48 %
NEXPLORE Technology GmbH	Essen. Alemania	78.48 %
NEXPLORE Technology Holding GmbH & Co. KG	Essen. Alemania	78.48 %
NEXPLORE Technology Verwaltungs GmbH	Essen. Alemania	78.48 %
Steinfort Multi-Asset Fund SICAV-SIF	Luxemburgo. Luxemburgo	78.48 %
Steinfort PropCo Sàrl	Steinfort. Luxemburgo	78.48 %
Stonefort Captive Management S.A.	Steinfort. Luxemburgo	78.48 %
Stonefort Insurance Holdings S.A.	Steinfort. Luxemburgo	78.48 %
Stonefort Insurance S.A.	Steinfort. Luxemburgo	78.48 %
Stonefort Reinsurance S.A.	Luxemburgo. Luxemburgo	78.48 %
Vintage Real Estate HoldCo Sàrl	Steinfort. Luxemburgo	78.48 %
Hochtief Americas		
Hochtief Americas GmbH	**Essen. Alemania**	**78.48 %**
Auburndale Company Inc.	Ohio. Estados Unidos	78.48 %
Canadian Borealis Construction Inc.	Alberta. Canadá	61.19 %
Canadian Borealis Holdings Inc.	Canadá	61.19 %
Canadian Turner Construction Company Ltd.	Toronto. Canadá	78.48 %
CB Finco Corporation	Alberta. Canadá	61.19 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
CB Resources Corporation	Alberta. Canadá	61.19 %
Clark Builders (British Columbia) Inc.	Canadá	47.71 %
Clark Builders (Manitoba) Inc.	Canadá	47.71 %
Clark Builders Partnership	Alberta. Canadá	61.19 %
Clark/ Scott Builders Inc	Canadá	30.60 %
Clark Turner Dawson Creek JV	Vancouver. Canadá	69.85 %
E.E. Cruz and Company Inc.	Holmdel. Estados Unidos	78.48 %
FECO Equipment	Denver. Estados Unidos	78.48 %
Flatiron-Blythe Development Company JV	Firestone. Estados Unidos	54.93 %
Flatiron-Branch Civi JV	Broomsfield. Estados Unidos	47.09 %
Flatiron Construction Corp.	Wilmington. Estados Unidos	78.48 %
Flatiron Constructors Canada Ltd.	Vancouver. Canadá	78.48 %
Flatiron Constructors Inc.	Wilmington. Estados Unidos	78.48 %
Flatiron Constructors Inc. – Blythe Development Company JV	Firestone. Estados Unidos.	47.09 %
Flatiron Constructors Inc. Canadian Branch	Vancouver. Canadá	78.48 %
Flatiron Equipment Company Canada	Calgary. Canadá	78.48 %
Flatiron Greenline Canada Ltd.	Calgary. Canadá	78.48 %
Flatiron Greenline (DB) Canada Ltd.	Calgary. Canadá	78.48 %
Flatiron Holding Inc.	Wilmington. Estados Unidos	78.48 %
Flatiron-Skanska-Stacy and Witbec JV	San Marcos. Estados Unidos	31.39 %
Flatiron/Turner Construction of New York LLC	New York. Estados Unidos	78.48 %
Flatiron West Inc.	Wilmington. Estados Unidos	78.48 %
Frontier Employees Inc.	Estados Unidos	61.19 %
Hochtief Argentina S.A.	Buenos Aires. Argentina	78.48 %
Hochtief USA Inc.	Delaware. Estados Unidos	78.48 %
Lakeside Alliance	Chicago. Estados Unidos	40.02 %
Lathrop Ozanne JV	Toledo. Estados Unidos	60.43 %
Maple Red Insurance Company	Vermont. Estados Unidos	78.48 %
OMM Inc.	Plantation. Estados Unidos	78.48 %
Real PM Ltd.	Reino Unido	78.48 %
Services Products Buildings Inc.	Ohio. Estados Unidos	78.48 %
SourceBlue Canada Ltd.	Toronto. Canadá	78.48 %
SourceBlue LLC	New Jersey. Estados Unidos	78.48 %
Stratus Risk Management Associates Inc.	New York. Estados Unidos	78.48 %
The Lathrop Company Inc.	Ohio. Estados Unidos	78.48 %
The Turner Corporation	Wilmington. Estados Unidos	78.48 %
Tompkins Builders Inc.	Washington. Estados Unidos	78.48 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
Tompkins Turner Grunley Kinsley JV (C4ISR Aberdeen & Proving Grounds)	Maryland. Estados Unidos	40.02 %
Trans Hudson Brokerage, LLC	Delaware. Estados Unidos.	78.48 %
TSIB Cell 1 IC	Estados Unidos.	78.48 %
TSIB Re Inc.	Estados Unidos.	78.48 %
TUJV	Atlanta. Estados Unidos	62.78 %
Turner AECOM-Hunt NFL JV (NFL Stadium)	Inglewood. Estados Unidos	39.24 %
Turner Azteca JV	Dallas. Estados Unidos	66.70 %
Turner Byrne Straight Line JV	San Antonio. Estados Unidos	47.09 %
Turner Canada Holdings Inc.	New Brunswick. Canadá	78.48 %
Turner Canada LLC	New York. Estados Unidos	78.48 %
Turner Carcon Source JV	Dallas. Estados Unidos	40.02 %
Turner Carcon TM Source JV	Dallas. Estados Unidos	40.02 %
Turner Clayco Memorial Stadium JV (UIUC Memorial Stadium)	Chicago. Estados Unidos	40.02 %
Turner Clayco Willis Tower JV (Willis Tower)	Chicago. Estados Unidos	40.02 %
Turner Construction Company	New York. Estados Unidos	78.48 %
Turner Construction Company of Ohio LLC	Ohio. Estados Unidos	78.48 %
Turner Construction/Sano-Rubin Construction Services (St. Peter's Health Ambulatory Center)	Albany. Estados Unidos	47.09 %
Turner Consulting and Management Services Pvt. Ltd.	India	78.47 %
Turner Consulting (Thailand) Ltd.	Tailandia	39.24 %
Turner Corenic Suitland and HS Complex Replacement	Reston. Estados Unidos	59.74 %
Turner-DA Everett JV	Charlotte. Estados Unidos	62.78 %
Turner - d'Escoto-Brwon & Momen-Cullen JV	Chicago. Estados Unidos	39.32 %
Turner – d'Escoto-Powers & Sons-Cullen JV (Chicon Collaborative)	Chicago. Estados Unidos	45.52 %
Turner (East Asia) Pte. Ltd.	Singapur	78.48 %
Turner/Flatiron JV	San Diego. Estados Unidos	78.48 %
Turner-Flatiron JV (Denver International Airport)	Colorado. Estados Unidos	78.48 %
Turner FS360	Atlanta. Estados Unidos	54.93 %
Turner FS360 II A JV	Atlanta. Estados Unidos	62.78 %
Turner FS360 III JV	Atlanta. Estados Unidos	51.01 %
Turner FS360 IV JV	Atlanta. Estados Unidos	54.93 %
Turner Holt JV	Charlotte. Estados Unidos	62.78 %
Turner ImbuTec	Pittsburgh. Estados Unidos	58.86 %
Turner ImbuTec II	Pittsburgh. Estados Unidos	66.70 %
Turner International Consulting (Thailand) Ltd.	Tailandia	39.24 %
Turner International (East Asia) Ltd.	Hongkong	78.48 %
Turner International (Hong Kong) Ltd.	Hongkong	78.48 %
Turner International Industries Inc.	New York. Estados Unidos	78.48 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
Turner International LLC	New York. Estados Unidos	78.48 %
Turner International Malaysia Sdn. Bhd.	Malasia	78.48 %
Turner International Professional Services Ltd. (Ireland)	Irlanda	78.48 %
Turner International Professional Services, S. de R.L. de C.V.	México	77.69 %
Turner International Proje Yonetimi Ltd. Sti.	Turquía	78.48 %
Turner International Pte. Ltd.	Singapur	78.48 %
Turner International Support Services, S. de R.L. de C.V.	México	77.69 %
Turner International (UK) Ltd.	Londres. Reino Unido	78.48 %
Turner-Janey III JV	Boston. Estados Unidos	51.01 %
Turner - Janey II JV	Boston. Estados Unidos	51.01 %
Turner/Janey/J&J JV	Masachusetts. Estados Unidos	47.09 %
Turner-Janey JV	Boston. Estados Unidos	54.93 %
Turner-Kiewit JV (GOAA South Airport)	Florida. Estados Unidos	62.78 %
Turner-Mahogany JHU Henrietta Lacks JV	Baltimore. Estados Unidos	43.16 %
Turner Mahogany UMMC STC Renewal III JV	Baltimore. Estados Unidos	50.22 %
Turner Management Consulting (Shanghai) Co. Ltd.	Shanghai. China	78.47 %
Turner – Martin Harris (Las Vegas Convention and Visitors Authority)	Las Vegas. Estados Unidos	51.01 %
Turner-McKissack JV (HHC – FEMA Coney Island Hospital Campus Renovation)	New York. Estados Unidos	47.09 %
Turner One Way	Boston. Estados Unidos	62.78 %
Turner One Way II	Boston. Estados Unidos	58.86 %
Turner Partnership Holdings Inc.	New Brunswick. Canadá	78.48 %
Turner Paschen Aviation Partners JV II	Chicago. Estados Unidos	40.02 %
Turner-PCL JV (LAX Midfield)	New York. Estados Unidos	39.24 %
Turner-PCL JV (San Diego Airport)	San Diego. Estados Unidos	39.24 %
Turner - Power & Sons	Chicago. Estados Unidos	58.86 %
Turner Project Management India Pvt. Ltd.	India	78.47 %
Turner Promethean JV	San Antonio. Estados Unidos	58.86 %
Turner Sanorubin JV (Health Alliance)	Albany. Estados Unidos	40.02 %
Turner Shook Champion Partners	Cleveland. Estados Unidos	39.32 %
Turner Southeast Europe d.o.o Beograd	Belgrado. Serbia	78.48 %
Turner Surety & Insurance Brokerage Inc.	New Jersey. Estados Unidos	78.48 %
Turner TEC JV	San Diego. Estados Unidos	62.78 %
Turner TWC JV	West Des Moines. Estados Unidos	70.63 %
Turner Vietnam Co. Ltd.	Vietnam	78.48 %
Turner Watson JV	Philadelphia. Estados Unidos	47.09 %
Universal Construction Company Inc.	Alabama. Estados Unidos	78.48 %

Hochtief Asia Pacific

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Subsidiaries

Company	Registered Office	% Effective Ownership
Hochtief Asia Pacific GmbH	**Essen. Alemania**	**78.48 %**
Hochtief Australia Holdings Ltd.	**Sydney. Australia**	**78.48 %**
Cimic Group Ltd.	**Victoria. Australia**	**78.48 %**
512 Wickham Street Pty. Ltd.	Sidney. Australia	78.48 %
512 Wickham Street Trust	Sidney. Australia	78.48 %
A.C.N. 126 130 738 Pty. Ltd.	Sidney. Australia	78.48 %
A.C.N. 151 868 601 Pty. Ltd.	Sidney. Australia	78.48 %
Alloy Fab Pty. Ltd.	Sidney. Australia	78.48 %
Arus Tenang Sdn. Bhd.	Kuala Lumpur. Malasia	78.48 %
BCJHG Nominees Pty. Ltd.	Sidney. Australia	78.48 %
BCJHG Trust	Sidney. Australia	78.48 %
Bintai – Leighton JV	Singapur	78.48 %
Broad Construction Pty. Ltd.	Sidney. Australia	78.48 %
Broad Construction Services (NSW/VIC) Pty. Ltd.	Sidney. Australia	78.48 %
Broad Construction Services (WA) Pty. Ltd.	Sidney. Australia	78.48 %
Broad Group Holdings Pty. Ltd.	Sidney. Australia	78.48 %
CGI3 Pty. Ltd.	Sidney. Australia	78.48 %
CIMIC Admin Services Pty. Ltd.	Sidney. Australia	78.48 %
CIMIC Finance Ltd.	Sidney. Australia	78.48 %
CIMIC Finance (USA) Pty. Ltd.	Sidney. Australia	78.48 %
CIMIC Group Investments No. 2 Pty. Ltd.	Sidney. Australia	78.48 %
CIMIC Group Investments Pty. Ltd.	Sidney. Australia	78.48 %
CIMIC Residential Investments Pty. Ltd.	Sidney. Australia	78.48 %
CMENA Pty. Ltd.	Sidney. Australia	78.48 %
CPB Contractors (PNG) Ltd.	Port Moresby. Papua Nueva Guinea	78.48 %
CPB Contractors Pty. Ltd.	Sidney. Australia	78.48 %
CPB Contractors UGL Engineering JV	Sidney. Australia	78.48 %
CPB Contractors (Victoria) Pty. Ltd.	Victoria. Australia	78.48 %
Curara Pty. Ltd.	Sidney. Australia	78.48 %
Dais Vic Pty. Ltd.	Sidney. Australia	78.48 %
Devine Constructions Pty. Ltd.	Brisbane. Australia	78.48 %
Devine Funds Pty. Ltd.	Brisbane. Australia	78.48 %
Devine Funds Unit Trust	Brisbane. Australia	78.48 %
Devine Homes Pty. Ltd.	Brisbane. Australia	78.48 %
Devine Land Pty. Ltd.	Brisbane. Australia	78.48 %
Devine Management Services Pty. Ltd.	Brisbane. Australia	78.48 %
Devine Pty. Ltd.	Queensland. Australia	78.48 %

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Company	Registered Office	% Effective Ownership
Devine Springwood No. 2 Pty. Ltd.	Brisbane. Australia	78.48 %
D.M.B. Pty. Ltd.	Brisbane. Australia	78.48 %
Ecco Engineering Company Ltd.	Wanchai. Hongkong	78.48 %
EIC Activities Pty. Ltd.	Sidney. Australia	78.48 %
EIC Activities Pty. Ltd. (NZ)	Auckland. Nueva Zelanda	78.48 %
Giddens Investment Ltd.	Wanchai. Hongkong	78.48 %
Hamilton Harbour Developments Pty. Ltd.	Sidney. Australia	78.48 %
Hamilton Harbour Unit Trust (Devine Hamilton Unit Trust)	Sidney. Australia	78.48 %
Hopeland Solar Farm Pty. Ltd.	Nueva Gales del Sur. Australia	78.48 %
Hopeland Solar Farm Trust	Queensland. Australia	78.48 %
Hopeland Solar Holdings Pty. Ltd.	Nueva Gales del Sur. Australia	78.48 %
ICC Infrastructure Pty. Ltd.	Sidney. Australia	78.48 %
ICC Mining Pty. Ltd.	Sidney. Australia	78.48 %
IDD Tech Pty. Ltd.	Sidney. Australia	78.48 %
Industrial Composites Engineering Pty. Ltd.	Sidney. Australia	78.48 %
Innovated Asset Solutions Pty. Ltd. & UGL Operations and Maintenance (Services) Pty. Ltd.	Sidney. Australia	78.48 %
Innovative Asset Solutions Group Pty. Ltd.	Sidney. Australia	78.48 %
Innovative Asset Solutions Pty. Ltd.	Sidney. Australia	78.48 %
Jarrah Wood Pty. Ltd.	Sidney. Australia	78.48 %
Jet-Cut Pty. Ltd.	Sidney. Australia	78.48 %
JHAS Pty. Ltd.	Sidney. Australia	78.48 %
JHI Investment Pty. Ltd.	Sidney. Australia	78.48 %
JH ServicesCo Pty. Ltd.	Sidney. Australia	78.48 %
Kings Square Developments Pty. Ltd.	Sidney. Australia	78.48 %
Kings Square Developments Unit Trust	Sidney. Australia	78.48 %
Legacy JHI Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Asia (Hong Kong) Holdings (No. 2) Ltd.	Wanchai. Hongkong	78.48 %
Leighton Asia Ltd.	Wanchai. Hongkong	78.48 %
Leighton Asia Philippines Inc.	Filipinas	78.48 %
Leighton Asia Southern Pte. Ltd.	Singapur	78.48 %
Leighton Contractors (Asia) Ltd.	Wanchai. Hongkong	78.48 %
Leighton Contractors Inc.	Sebastopol. Estados Unidos	78.48 %
Leighton Contractors (Indo-China) Ltd.	Wanchai. Hongkong	78.48 %
Leighton Contractors Infrastructure Nominees Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Contractors Infrastructure Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Contractors Infrastructure Trust	Sidney. Australia	78.48 %
Leighton Contractors Lanka (Private) Ltd.	Colombo. Sri Lanka	78.48 %

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Company	Registered Office	% Effective Ownership
Leighton Contractors (Laos) Sole Co. Ltd.	Vientiane. Laos	78.48 %
Leighton Contractors (Malaysia) Sdn. Bhd.	Kuala Lumpur. Malasia	78.48 %
Leighton Contractors (Philippines) Inc.	Taguig City. Filipinas	31.39 %
Leighton Contractors Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Engineering & Construction (Singapore) Pte. Ltd.	Singapur	78.48 %
Leighton Engineering Sdn. Bhd.	Kuala Lumpur. Malasia	78.48 %
Leighton Equity Incentive Plan Trust	Sidney. Australia	78.48 %
Leighton Foundation Engineering (Asia) Ltd.	Wanchai. Hongkong	78.48 %
Leighton Group Property Services Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Harbour Trust	Sidney. Australia	78.48 %
Leighton Holdings Infrastructure Nominees Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Holdings Infrastructure Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Holdings Infrastructure Trust	Sidney. Australia	78.48 %
Leighton India Contractors Pvt. Ltd.	Bombay. India	78.48 %
Leighton India Holdings Pte. Ltd.	Singapur	78.48 %
Leighton Infrastructure Investments Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Infrastructure Limited	Wanchai. Hongkong	78.48 %
Leighton International Mauritius Holdings Ltd. No. 4	Port Louis. Mauricio	78.48 %
Leighton Investments Mauritius Ltd. No. 4	Port Louis. Mauricio	78.48 %
Leighton JV	Wanchai. Hongkong	78.48 %
Leighton Middle East and Africa (Holding) Ltd.	George Town. Islas Cayman. Reino Unido	78.48 %
Leighton Offshore Eclipse Pte. Ltd.	Singapur	78.48 %
Leighton Offshore Mynx Pte. Ltd.	Singapur	78.48 %
Leighton Offshore Pte. Ltd.	Singapur	78.48 %
Leighton Offshore Sdn. Bhd.	Kuala Lumpur. Malasia	78.48 %
Leighton Offshore Stealth Pte. Ltd.	Singapur	78.48 %
Leighton (PNG) Ltd.	Port Moresby. Papua Nueva Guinea	78.48 %
Leighton Portfolio Services Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Projects Consulting (Shanghai) Ltd.	Pudong District. China	78.48 %
Leighton Properties (Brisbane) Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Properties Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Properties (VIC) Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Properties (WA) Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Superannuation Pty. Ltd.	Nueva Gales del Sur. Australia	78.48 %
Leighton U.S.A. Inc.	Sebastopol. Estados Unidos	78.48 %
Leighton Yongnam JV	Singapur	78.48 %
LH Holdings Co. Pty. Ltd.	Sidney. Australia	78.48 %
LH Holdings No. 2 Pty. Ltd.	Victoria. Australia	78.48 %

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Company	Registered Office	% Effective Ownership
LH Holdings No. 3 Pte. Ltd.	Singapur	78.48 %
LMENA Pty. Ltd.	Sidney. Australia	78.48 %
LNWR Pty. Ltd.	Sidney. Australia	78.48 %
LNWR Trust	Sidney. Australia	78.48 %
Logistic Engineering Services Pty. Ltd.	Sidney. Australia	78.48 %
Network Rezolution Finance Pty. Ltd.	Victoria. Australia	78.48 %
Newest Metro Pty. Ltd.	Sidney. Australia	78.48 %
Nexus Point Solutions Pty. Ltd.	Sidney. Australia	78.48 %
Opal Insurance (Singapore) Pte. Ltd.	Singapur	78.48 %
Optima Activities Pty. Ltd.	Sidney. Australia	78.48 %
Pacific Partnerships Energy Pty. Ltd.	Sidney. Australia	78.48 %
Pacific Partnerships Holdings Pty. Ltd.	Sidney. Australia	78.48 %
Pacific Partnerships Investments 2 Pty. Ltd.	Sidney. Australia	78.48 %
Pacific Partnerships Investments 2 Trust	Sidney. Australia	78.48 %
Pacific Partnerships Investments Pty. Ltd.	Sidney. Australia	78.48 %
Pacific Partnerships Investments Trust	Sidney. Australia	78.48 %
Pacific Partnerships Pty. Ltd.	Sidney. Australia	78.48 %
Pacific Partnerships Services NZ Ltd.	Auckland. Nueva Zelanda	78.48 %
Pekko Engineers Ltd.	Kwai Chung. Hongkong	78.48 %
Pioneer Homes Australia Pty. Ltd.	Brisbane. Australia	78.48 %
PT Leighton Contractors Indonesia	Jakarta. Indonesia	74.55 %
Regional Trading Ltd.	Hongkong	78.48 %
Riverstone Rise Gladstone Pty. Ltd.	Brisbane. Australia	78.48 %
Riverstone Rise Gladstone Unit Trust	Brisbane. Australia	78.48 %
Sedgman Asia Ltd.	Hongkong	78.48 %
Sedgman Botswana (Pty.) Ltd.	Gaborone. Botswana	78.48 %
Sedgman Canada Ltd.	Vancouver. Canadá	78.48 %
Sedgman Chile S.p.a.	Santiago de Chile. Chile	78.48 %
Sedgman Consulting Pty. Ltd.	Brisbane. Australia	78.48 %
Sedgman CPB JV (SCJV)	Brisbane. Australia	78.48 %
Sedgman Employment Services Pty. Ltd.	Brisbane. Australia	78.48 %
Sedgman Engineering Technology (Beijing) Co. Ltd.	Beijing. China	78.48 %
Sedgman International Employment Services Pty. Ltd.	Brisbane. Australia	78.48 %
Sedgman Mozambique Ltda.	Maputo. Mozambique	78.48 %
Sedgman Novopro Projects Inc.	Canadá	78.48 %
Sedgman Onyx Pty. Ltd.	Brisbane. Australia	78.48 %
Sedgman Operations Employment Services Pty. Ltd.	Brisbane. Australia	78.48 %
Sedgman Operations Pty. Ltd.	Brisbane. Australia	78.48 %

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Company	Registered Office	% Effective Ownership
Sedgman Projects Employment Services Pty. Ltd.	Brisbane. Australia	78.48 %
Sedgman Pty. Ltd.	Brisbane. Australia	78.48 %
Sedgman South Africa (Proprietary) Ltd.	Centurion. Sudáfrica	78.48 %
Sedgman USA Inc.	Reno. Estados Unidos	78.48 %
Silverton Group Pty. Ltd.	Sidney. Australia	78.48 %
Sustaining Works Pty. Ltd.	Sidney. Australia	78.48 %
Talcliff Pty. Ltd.	Brisbane. Australia	78.48 %
Tambala Pty. Ltd.	Port Louis. Mauricio	78.48 %
Telecommunication Infrastructure Pty. Ltd.	Sidney. Australia	78.48 %
Thai Leighton Ltd.	Bangkok. Tailandia	78.48 %
Thiess Infrastructure Nominees Pty. Ltd.	Sidney. Australia	78.48 %
Thiess Infrastructure Pty. Ltd.	Sidney. Australia	78.48 %
Thiess Infrastructure Trust	Sidney. Australia	78.48 %
Think Consulting Group Pty. Ltd.	Sidney. Australia	78.48 %
Townsville City Project Pty. Ltd.	Sidney. Australia	78.48 %
Townsville City Project Trust	Sidney. Australia	78.48 %
UGL (Asia) Sdn. Bhd.	Kuala Lumpur. Malasia	78.48 %
UGL Engineering Pty. Ltd.	Sidney. Australia	78.48 %
UGL Engineering Pvt. Ltd.	Bombay. India	78.48 %
UGL Integra Pty. Ltd.	Sidney. Australia	78.48 %
UGL (NZ) Ltd.	Auckland. Nueva Zelanda	78.48 %
UGL Operations and Maintenance Pty. Ltd.	Sidney. Australia	78.48 %
UGL Operations and Maintenance (Services) Pty. Ltd.	Sidney. Australia	78.48 %
UGL Pty. Ltd.	Sidney. Australia	78.48 %
UGL Rail (North Queensland) Pty. Ltd.	Sidney. Australia	78.48 %
UGL Rail Pty. Ltd.	Sidney. Australia	78.48 %
UGL Rail Services Pty. Ltd.	Sidney. Australia	78.48 %
UGL Regional Linx Pty. Ltd.	Sidney. Australia	78.48 %
UGL Resources (Contracting) Pty. Ltd.	Sidney. Australia	78.48 %
UGL Resources (Malaysia) Sdn. Bhd.	Petaling Jaya. Malasia	78.48 %
UGL (Singapore) Pte. Ltd.	Singapur	78.48 %
UGL Solutions Pty. Ltd.	Western Australia. Australia	78.48 %
UGL Unipart Rail Services Pty. Ltd.	Sidney. Australia	54.93 %
UGL Utilities Pty. Ltd.	Sidney. Australia	78.48 %
United Group Infrastructure (NZ) Ltd.	Auckland. Nueva Zelanda	78.48 %
United KG (No. 1) Pty. Ltd.	Sidney. Australia	78.48 %
United KG (No. 2) Pty. Ltd.	Sidney. Australia	78.48 %
Wai Ming M&E Ltd.	Wanchai. Hong Kong	78.48 %

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Company	Registered Office	% Effective Ownership
Western Port Highway Trust	Sidney. Australia	78.48 %
Hochtief Europe		
Hochtief Solutions AG	**Essen. Alemania**	**78.48 %**
Deutsche Baumanagement GmbH	Essen. Alemania	78.48 %
Deutsche Bau- und Siedlungs-Gesellschaft mbH	Essen. Alemania	78.48 %
Dicentra Copernicus Roads Sp. z o.o.	Varsovia. Polonia	78.48 %
EDGITAL GmbH	Herne. Alemania	78.48 %
FunkenbergQuartier GmbH & Co. KG	Essen. Alemania	78.48 %
Hochtief Bau und Betrieb GmbH	Essen. Alemania	78.48 %
HOCHTIEF Bau und Betrieb II GmbH	Essen. Alemania	78.48 %
Hochtief BePo Hessen Bewirtschaftung GmbH	Essen. Alemania	78.48 %
Hochtief BePo Hessen GmbH	Essen. Alemania	78.48 %
Hochtief Construction Austria GmbH & Co. KG	Viena. Austria	78.48 %
Hochtief Construction Chilena Ltda.	Santiago de Chile. Chile	78.48 %
Hochtief Construction Management Middle East GmbH	Essen. Alemania	78.48 %
Hochtief CZ a.s.	Praga. República Checa	78.48 %
HOCHTIEF Data Center Partner GmbH	Essen. Alemania	78.48 %
Hochtief Development Czech Republic s.r.o.	Praga. República Checa	78.48 %
Hochtief Development Poland Sp. z o.o.	Varsovia. Polonia	78.48 %
Hochtief Engineering GmbH	Essen. Alemania	78.48 %
HOCHTIEF Europe GmbH	Essen. Alemania	78.48 %
Hochtief Infrastructure GmbH	Essen. Alemania	78.48 %
HOCHTIEF Labore Kassel GmbH	Essen. Alemania	78.48 %
HOCHTIEF Ladepartner GmbH	Essen. Alemania	78.48 %
Hochtief LINXS Holding LLC	Wilmington. Estados Unidos	78.48 %
Hochtief Offshore Crewing GmbH	Essen. Alemania	78.48 %
HOCHTIEF Operations Hellas Unipersonal S.A.	Marousi, Grecia	78.48 %
Hochtief Operators Holding LLC	Wilmington. Estados Unidos	78.48 %
Hochtief ÖPP Projektgesellschaft mbH	Essen. Alemania	78.48 %
Hochtief Polska S.A.	Varsovia. Polonia	78.48 %
HOCHTIEF PPP Lifecycle 1 GmbH	Essen. Alemania	78.48 %
Hochtief PPP Operations Austria GmbH	Viena. Austria	78.48 %
Hochtief PPP Operations GmbH	Essen. Alemania	78.48 %
Hochtief PPP Schulpartner Braunschweig GmbH	Braunschweig. Alemania	78.48 %
Hochtief PPP Solutions (Ireland) Ltd.	Dublin. Irlanda	78.48 %
Hochtief PPP Solutions Netherlands B.V.	Vianen. Países Bajos	78.48 %
HOCHTIEF PPP Solutions North America LLC	Wilmington. Estados Unidos	78.48 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
Hochtief PPP Solutions (UK) Ltd.	Swindon. Gran Bretaña	78.48 %
Hochtief PPP Transport Westeuropa GmbH	Essen. Alemania	78.48 %
Hochtief Projektentwicklung GmbH	Essen. Alemania	78.48 %
Hochtief SK s.r.o.	Bratislava. Eslovaquia	78.48 %
HOCHTIEF Solarpartner GmbH	Essen. Alemania	78.48 %
Hochtief Solutions Middle East Qatar W.L.L.	Doha. Qatar	38.45 %
Hochtief Solutions Real Estate GmbH	Essen. Alemania	78.48 %
Hochtief Solutions Saudi Arabia LLC	Al-Khobar. Arabia Saudí	44.46 %
HOCHTIEF Soziale Infrastruktur Europa GmbH	Essen. Alemania	78.48 %
Hochtief Trade Solutions GmbH	Essen. Alemania	78.48 %
HOCHTIEF (UK) Construction Ltd.	Swindon. Gran Bretaña	78.48 %
Hochtief U.S. Holdings LLC	Wilmington. Estados Unidos	78.48 %
Hochtief ViCon GmbH	Essen. Alemania	78.48 %
HTP Immo GmbH	Essen. Alemania	78.48 %
JZF GmbH	Essen. Alemania	78.48 %
Perlo Sp. z o.o.	Varsovia. Polonia	78.48 %
prefolio Securitisation S.à r.l.	Wasserbillig. Luxemburgo	78.48 %
Project Development Poland 3 B.V.	Amsterdam. Países Bajos	78.48 %
Project SP1 Sp. z o.o.	Varsovia. Polonia	78.48 %
Projektgesellschaft Konrad-Adenauer-Ufer Köln GmbH & Co. KG	Essen. Alemania	78.48 %
Raststätten Betriebs GmbH	Viena. Austria	78.48 %
synexs GmbH	Essen. Alemania	78.48 %
Tivoli Garden GmbH & Co. KG	Essen. Alemania	78.48 %
TRINAC GmbH	Essen. Alemania	78.48 %
TRINAC Polska Sp. z o.o.	Varsovia. Polonia	78.48 %
ViA6West Service GmbH	Bad Rappenau. Alemania	78.48 %
CONCESSIONS - IRIDIUM		
Iridium Concesiones de Infraestructuras, S.A.	**Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.**	**100.00 %**
595 O&M Company LLC	One Alhambra Plaza Suite 1200, Coral Gables FL, 33134. Miami. Estados Unidos.	100.00 %
ACS 288 Holdings, LLC	One Alhambra Plaza suite 1200. Coral Gables. Estados Unidos.	100.00 %
ACS BNA GP Inc.	595 Burrard Street, Suite 2600, P.O Box 4, Vancouver, BC V7X 1L3. Vancouver. Canadá.	100.00 %
ACS BNA Holdco Inc.	595 Burrard Street, Suite 2600, P.O Box 4, Vancouver, BC V7X 1L3. Vancouver. Canadá.	100.00 %
ACS BNA O&M GP Inc	Suite 2600, Three Bentall Cent 595 Burrard St. P.O. Box 4 Vancouver BC V7X 1L3. Vancouver. Canadá.	100.00 %
ACS Crosslinx Maintenance Inc.	550 Burrard Street, 2300, Vancouver, British Columbia. Canad V6C 2B5	100.00 %
ACS Crosslinx Partner Inc.	666 Burrard Street, Vancouver, B.C. V6C 2Z7. Canadá.	100.00 %
ACS DC Infra S.L.U.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
ACS EgLRT Holdings Inc.	666 Burrard Street, Vancouver, B.C. V6C 2Z7. Canadá.	100.00 %
ACS Infra Tech&Mobility, S.L.	Avenida del Camino de Santiago, 50. 28050.. Madrid. España.	100.00 %
ACS Infraestructuras Perú SAC	Avenida Pardo y Aliaga N 652, oficina304A. San Isidro, Lima 27. Perú.	100.00 %
ACS Infrastructuras México, S. R. L. de C. V.	C/ Oxford, 30, Colonia Ju rez, Delegación Cuahtémoc.CP: 06600 México, Distrito Federal. México.	100.00 %
ACS Infrastructure Canadá, Inc.	155 University Avenue, Suite 900,Toronto, Ontario M5H 3B7. Canadá.	100.00 %
ACS Infrastructure Development, Inc.	One Alhambra Plaza suite 1200. Coral Gables. Estados Unidos.	100.00 %
ACS Link 427 Holdings Inc.	2800 Park Place. 666 Burrard Street. BC V6C 2Z7. Vancouver. Canadá.	100.00 %
ACS Link 427 Partner Inc.	2800 Park Place. 666 Burrard Street. BC V6C 2Z7. Vancouver. Canadá.	100.00 %
ACS LINXS Holdings, LLC	One Alhambra Plaza, Suite 1200, Coral Gables, Florida 33134. Coral Gables. Estados Unidos.	100.00 %
ACS LINXS O&M Holdings, LLC	One Alhambra Plaza, Suite 1200, Coral Gables, Florida 33134. Coral Gables. Estados Unidos.	100.00 %
ACS Mosaic Transit Partners Holding Inc.	745 Thurlow Street, Suite 2400 Vancouver, British Columbia V6E 0C5. Vancouver. Canadá.	100.00 %
ACS MTP Maintenance INC	745 Thurlow Street, Suite 2400 Vancouver, British Columbia V6E 0C5. Vancouver. Canadá.	100.00 %
ACS MTP Partner INC	745 Thurlow Street, Suite 2400 Vancouver, British Columbia V6E 0C5. Vancouver. Canadá.	100.00 %
ACS O&M Solutions GP Inc	155 University Avenue, Suite 900, Toronto On M5H3B7. Toronto. Canadá.	100.00 %
ACS OLRT Holdings INC.	2800 Park Place, 666 Burrard Street Vancouver, British Columbia V6C 2Z7. Vancouver. Canadá.	100.00 %
ACS Portsmouth Holdings, L.L.C.	One Alhambra Plaza, Suite 1200, Coral Gables. Florida 33134. Estados Unidos.	100.00 %
ACS RT Maintenance Partner INC.	2800 Park Place, 666 Burrard Street Vancouver, British Columbia V6C 2Z7. Vancouver. Canadá.	100.00 %
ACS RTF Holdings Inc.	2800 Park Place, 666 Burrard Street, Vancouver BC V6C 2Z7. Vancouver. Canadá.	100.00 %
ACS RTF Partner Inc.	2800 Park Place, 666 Burrard Street, Vancouver BC V6C 2Z7. Vancouver. Canadá.	100.00 %
ACS RTG Partner INC.	2800 Park Place, 666 Burrard Street Vancouver, British Columbia V6C 2Z7. Vancouver. Canadá.	100.00 %
ACS SSLG Partner Inc.	1400-1501 av. McGill College Montréal, QC H3A 3M8. Canadá.	100.00 %
ACS St. Lawrence Bridge Holding Inc.	1400-1501 av. McGill College Montréal, QC H3A 3M8. Canadá.	100.00 %
ACS WEP Holdings, Inc.	1 Germain Street Suite 1500.Saint John NB E2L4V1. Canadá.	100.00 %
Angels Flight Development Company, LLC	One Alhambra Plaza Suite 1200, 33134. Los Ángeles. Estados Unidos.	86.66 %
Autovía Medinaceli-Calatayud Soc.Conces.Estado, S.A.	Avda. Camino de Santigo, 50 - 28050 Madrid. España.	100.00 %
Can Brians 2, S.A.	Avinguda Josep Tarradellas, 8, 2º. 08029 Barcelona. España.	100.00 %
CAT Desenvolupament de Concessions Catalanes, S.L.	Avinguda Josep Tarradellas, 8, 2º. 08029 Barcelona. España.	100.00 %
Concesiones de Infraestructuras Chile Dos, S.A.	José Antonio Soffia 2747 Oficina 602 Comuna de Providencia. Santiago. Chile.	100.00 %
Concesiones de Infraestructuras Chile Tres, S.A.	José Antonio Soffia 2747 Oficina 602 Comuna de Providencia. Santiago. Chile.	100.00 %
Concesiones de Infraestructuras Chile Uno S.A.	Avenida Apoquindo 3001 piso 9, Comuna Las Condes. Chile	100.00 %
Concesiones Viarias Chile Tres, S.A.	José Antonio Soffia N°2747, Oficina 602, Comuna de Providencia. Santiago de Chile. Chile	100.00 %
Desarrollo de Concesionarias Viarias Uno, S.L.	Avenida del Camino de Santiago, 50. 28050 Madrid. España.	100.00 %
Desarrollo de Concesiones Ferroviarias, S.L.	Avenida del Camino de Santiago, 50. 28050 Madrid. España.	100.00 %
Dragados Concessions, Ltd.	Hill House, 1 - Little New Street. London EC4A 3TR. Inglaterra.	100.00 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
Dragados Waterford Ireland, Ltd.	70 Sir John Rogerson´s Quay. Dublin. Irlanda	100.00 %
Estacionament Centre Direccional, S.A.	Avenida de la Universitat, s/n. 43206 Reus. Tarragona. España.	100.00 %
Explotación Comercial de Intercambiadores, S.A.	Avda. de America, 9A (Intercambiador de Tptes)28002 Madrid. España.	100.00 %
FTG O&M Solutions ACS GP Ltd.	Suite 2400, 745 Thurlow Street, Vancouver, British Columbia, V6E 0C5. Vancouver. Canadá.	100.00 %
FTG O&M Solutions Limited Partnership	Suite 2400, 745 Thurlow Street, Vancouver, British Columbia, V6E 0C5. Vancouver. Canadá.	75.00 %
Iridium Aparcamientos, S.L.	Avenida del Camino de Santiago, 50. 28050 Madrid. España.	100.00 %
Iridium Portlaoise Ireland Limited	70 Sir John Rogerson´s Quay. Dublin. Irlanda	100.00 %
Operadora Autovia Medinaceli Calatayud, S.L.	Avda Camino de Santigo 50. 28050 Madrid. España.	100.00 %
Parking Mérida III, S.A.U.	Avenida Lusitania, 15, 1º, Puerta 7. 06800 Mérida. Badajoz. España.	100.00 %
Parking Nou Hospital del Camp, S.L.	Avenida de la Universitat, s/n.43206 Reus. Tarragona. España.	100.00 %
Parking Palau de Fires, S.L.	Avenida de la Universitat, s/n.43206 Reus. Tarragona. España.	100.00 %
SH 288 Property, LLC	One Alhambra Plaza, Suite 1200 - Coral Gables, FL 33134. Miami. Estados Unidos.	100.00 %
SH288 Inversión S.L.	Av. del Camino de Santiago, 50. 28050. Madrid. España.	100.00 %
Sociedad Concesionaria Nuevo Complejo Fronterizo Los Libertadores	José Antonio Soffia N 2747, Oficina 602 - comuna de Providencia.Santiago de Chile. Chile.	100.00 %
SERVICES		
ACS Servicios y Concesiones, S.L.	**Avda. Camino de Santiago, 50.28050 Madrid. España.**	**100.00 %**
CLECE GROUP		
Clece, S.A.	**Avda. Manoteras, 46 Bis 2ª Planta. 28050 Madrid. España.**	**100.00 %**
Accent Social, S.L.	C/ Josep Ferrater y Mora 2-4 2ª Pl. 08019 - Barcelona. España. Barcelona. España.	100.00 %
AILSA Care Services Ltd.	6th Floor, Sugar Bond, 2 Andersib Okace, Edinburgh, Scotland, EH6 5NP. Edimburgo. Reino Unido.	100.00 %
All Care (GB) Limited	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Atende Servicios Integrados, S. L.	Avda. República Argentina, 21-Bº 3ª planta Oficina 9 CP 41011 Sevilla. España.	100.00 %
Avio Soluciones Integradas, S.A.	Avda Manoteras, 46 Bis 1ª Planta.28050 Madrid. España.	100.00 %
Caleido Soluciones Integrales, S.L.	Av. De Manoteras, 46 Bis 2ª Planta. 28050. Madrid. España.	100.00 %
Call-In Homecare Limited	6th Floor, Sugar Bond, 2 Andersib Okace, Edinburgh, Scotland, EH6 5NP. Edimburgo. Reino Unido.	100.00 %
Care Relief Team Limited	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Carpe Soluciones Integrales, S.L.	Av. De Manoteras, 46 Bis 2ª Planta. 28050. Madrid. España.	100.00 %
Clece Care Services, Ltd.	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Clece Seguridad S.A.U.	Avda. de Manoteras, 46, Bis 1ª Pl. Mod. C 28050 Madrid. España.	100.00 %
Clece Solutions, S.L.	Av. De Manoteras, 46 Bis 2ª Planta. 28050. Madrid. España.	100.00 %
Clece Vitam S.A.	Av. Manoteras, 46 Bis 1ª Planta. 28050. Madrid. España.	100.00 %
Clece Vitam, S.A. (Portugal)	Concelho de Oeiras, Lisboa. Lisboa. Portugal.	100.00 %
Clece, S.A. (Portugal)	Concelho de Oeiras.Lisboa. Portugal.	100.00 %
Clyde Heathcare Limited	6th Floor, Sugar Bond, 2 Andersib Okace, Edinburgh, Scotland, EH6 5NP. Edimburgo. Reino Unido.	100.00 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
Confident Care Limited	6th Floor, Sugar Bond, 2 Andersib Okace, Edinburgh, Scotland, EH6 5NP. Edimburgo. Reino Unido.	100.00 %
CSN Care Group Limited	6th Floor, Sugar Bond, 2 Andersib Okace, Edinburgh, Scotland, EH6 5NP. Edinburgh. Reino Unido.	100.00 %
Dale Care Ltd.	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Eleva2 Comercializadora S.L.	Avenida de Manoteras. 46 BIS 2 Planta 2. 28050 Madrid. España.	100.00 %
Enequip Serveis Integrals S.L.	C/ Calçat, 6 1ª Planta Edificio Tolero 07011 - Palma de Mallorca España	100.00 %
Hartwig Care Ltd.	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
HazelHead Home Care Limited	6th Floor, Sugar Bond, 2 Andersib Okace, Edinburgh, Scotland, EH6 5NP. Edimburgo. Reino Unido.	100.00 %
Homecarers Care Services Limited	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Ideal Complex Care, Ltd.	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Inserlimp Soluciones S.L.	C/ Cabeza Mesada 5 Pta. 4ª Dcha. 28031. Madrid. España.	100.00 %
Integra Formación Laboral y Profesional, S.L.	C/ Cabeza Mesada 5 Pta. 4ª Dcha. 28031. Madrid. España.	100.00 %
Integra Logística, Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo, S.L.	C/ Cabeza Mesada 5 Pta. 4ª Dcha. 28031. Madrid. España.	100.00 %
Integra Manteniment Gestio I Serveis Integrats Centre Especial D'Ocupacio Illes Balears, S.L. Unipersonal	C/ Maquinaria, 4 - 2ª Planta Oficina nº1. 07011 Palma de Mallorca 07008 Islas Baleares. España.	100.00 %
Integra Manteniment, Gestio i Serveis Integrats, Centre Especial de Treball, Catalunya, S.L.	c/ Josep Ferrater i Mora, 2-4, planta 3, módulo B 08019 Barcelona.España	100.00 %
Integra Mantenimiento, Gestión Y Servicios Integrados Centro Especial de Empleo Andalucia, S.L.	Polígono Industrial PISA C/ Industria, 1 -Edif. Metropoli I Pta.2ª Mod 01-05 CP 41927 Mairena de Aljarafe. Sevilla. España	100.00 %
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Galicia S.L.	Centro de Negocios BCA-28 Calle Copérnico, 6 Polígono Industrial A Grela, Oficina 6 y 7 15008. A Coruña. España	100.00 %
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Murcia, S.L.	Avda. Abenarabi, 28, Torre Damasco, oficina 3, CP 30008. Murcia. España.	100.00 %
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo Valencia, S.L.	C/ Músico José orti Soriano, 18 Pta. BJ 46900 - Torrent. Valencia. España	100.00 %
Integra Mantenimiento, Gestión y Servicios Integrados Centro Especial de Empleo, S.L.	C/ Cabeza Mesada 5 Pta. 4ª Dcha. 28031. Madrid. España.	100.00 %
Integra Mantenimiento, Gestión y Servicios Integrados Sur Centro Especial de Empleo S.L.	C/ Luis Alvarez Lencero, 3 Edif. Eurodom 5.Badajoz 06011. Extremadura. España.	100.00 %
Klemark Espectaculos Teatrales, S.A.	Avda. Landabarri, 4, Leioa. Vizcaya. España.	100.00 %
Koala Soluciones Educativas, S.A.	Avda Manoteras, 46 Bis 1ª Planta.28050. Madrid. España.	100.00 %
Lafuente Servicios Integrales, S.L.U.	Parque Tecnológico C/. Alessandro Volta 2-4-6 Bloq 3. 46980 Paterna, Valencia. España.	100.00 %
Lauriem Complete Care Limited	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Limpiezas Deyse, S.L.	C/ Lérida, 1. Manresa. Barcelona. España	100.00 %
Lirecan Servicios Integrales, S.A.	C/ Ignacio Ellacuria Beascoechea, 23-26 Planta 2, Playa del Hombre.Telde. Las Palmas. España.	100.00 %
Merseycare Julie Ann Limited	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Multiserveis Ndavant, S.L.	C/Josep Ferrater i Mora, 2-4 Barcelona. España.	100.00 %
Multiservicios Aeroportuarios, S.A.	Avda. Manoteras 46 Bis 2ª Planta. 28050 Madrid. España	51.00 %
NV Care Ltd.	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
P.L.M. Facility Mangement Unipessoal, Lda.	Rua Rui Teles Palhinha Nº 8 2º D 2740-278. Porto Salvo. Portugal.	100.00 %
Perfect care Limited	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Premium Care (Sheffield) Limited	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Premium Care Holdings Limited	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
Richmond 1861, S.L.	Avda. Movera, 600.50016 - Zaragoza. España.	100.00 %
Samain Servizos a Comunidade, S.A.	Pza. América,1, bloque 1, 1ª Pta, 36211. Vigo. España.	100.00 %
Senior Servicios Integrales, S.A.	Avda Manoteras, 46 Bis 1ª Planta.28050. Madrid. España.	100.00 %
Serveis Educatius Cavall de Cartró, S.L.	C/ Josep Ferrater y Mora, 2-4 2ª Pl. 08019 - Barcelona. España.	100.00 %
StarCare Limited	3 Ella Mews, NW3 2NH. London. Reino Unido.	100.00 %
Talher, S.A.	C/ Quintanavides, 19 edificio 4 1ª planta. 28050. Madrid. España.	100.00 %
Universal Care Services (UK) Limited	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Zaintzen, S.A.U.	Landabarri Zeharbidea 3 Zbekia, 4ª Pisua G.48940 Leoia (Bizkaia). España.	100.00 %
Zenit Logistics S.A.	Avda. de Manoteras, 46 Bis.28050 Madrid. España.	100.00 %
CORPORATE UNIT AND OTHERS		
Cariátide, S.A.	Avda. de Pío XII, 102. 28036 Madrid. España.	100.00 %
Comunidades Gestionadas, S.A.	C/ Orense, 34-1º. 28020 Madrid. España.	100.00 %
Nexplore, S.A.	Avda. de Pío XII, 102. 28036 Madrid. España.	100.00 %
Residencial Monte Carmelo, S.A.U.	Avda. de Pío XII, 102. 28036 Madrid. España.	100.00 %
Infraestructuras Energéticas Medioambientales Extremeñas, S.L.	Avda. de Pío XII, 102. 28036 Madrid. España.	100.00 %
ACS Industrial Activities, Inc.	1235 North Loop West Suite 1020, Houston, TX 77008. Estados Unidos.	100.00 %
ACS Servicios, Comunicaciones y Energía Internacional, S.L.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
ACS Thermosolar Plants, Inc.	7380 West Sahara Avenue, Suite 160 Las Vegas, Nevada, 89117. Estados Unidos.	100.00 %
Apodaca CCG Invest S.L.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
Avanzia Instalaciones MX, S.A. de C.V.	Hamburgo, 213, Planta 15, Colonia Juárez, CP 06600. Ciudad de Méjico. México.	100.00 %
B.I. Josebeso, S.A.	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	82.80 %
Cajamarca LT Invest, S.L.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
Cobra Energy Investment Finance, LLC	1235 North Loop West Suite 1020, Houston, TX 77008. Estados Unidos.	100.00 %
Cobra Energy Investment, LLC.	1235 North Loop West Suite 1020, Houston, TX 77008. Estados Unidos.	100.00 %
Concesionaria Desaladora del Sur, S.A.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Perú	100.00 %
Crescent Dunes Finance , Inc.	1235 North Loop West Suite 1020, Houston, TX 77008. Estados Unidos.	100.00 %
Crescent Dunes Investment, LLC	1235 North Loop West Suite 1020, Houston, TX 77008. Estados Unidos.	100.00 %
Energía Renovable de la Península, SAPI de CV	Paseo Tamarindos 400 B, suite 101.Colonia Bosques Lomas, Cuajimalpa de Morelos. Ciudad de Méjico. México.	70.00 %
Energía y Servicios Dinsa I, S.L.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
Energías Ambientales de Oaxaca, S.A.	Jose Luis Lagrange Nº 103, Piso 8. Colonia Los Morales. Ciudad de Méjico. México.	100.00 %
Geida Beni Saf, S.L.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
Golden State Environmental Tedagua Corporation, S.A.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
Grazigystix Pty Ltd	1st Floor, Building 9 - St Andrews, Inanda Greens Office Park, 54 Wierda Road West, Sandton, Johannesburg. Sudáfrica.	65.00 %
Grupo ACS South Africa Proprietary Limited	1st Floor, Building 9 - St Andrews, Inanda Greens Office Park, 54 Wierda Road West, Sandton, Johannesburg. Sudáfrica.	100.00 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
Hydro Management, S.L.	Avda.Teneniente General Gutierrez Mellado, 9. 30008 Murcia. España	79.63 %
Instalaciones y Servicios Codeven, C.A.	Avda.S.Fco Miranda. Torre Parque Cristal. Torre Este, planta 8. Oficina 8-10. Chacao. Caracas. Venezuela	100.00 %
Instalaciones y Servicios Spínola III, S.L.U	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
Kinkandine Offshore Windfarm Limited	20 Castle Terrace. Edimburgo. Reino Unido (Escocia).	90.00 %
LT La Niña, S.A.C.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Perú	100.00 %
Manchasol 1 Central Termosolar Uno, S.L.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
Mantenimientos, Ayuda a la Explotación y Servicios, S.A. (MAESSA)	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
Parque Eólico Valdehierro, S.L.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
Península Wind Holding, S.L.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
Pilot Offshore Renewables Limited	20 Castle Terrace. Edimburgo. Reino Unido (Escocia).	90.00 %
Pío XII Industrial División Brit Assets, S.L.U.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
Pío XII Industrial División Global Assets, S.A.U.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
Planta de Tratamiento de Aguas Residuales, S.A.	Cal. Amador Merino Reyna N° 267 Int. 902 - San Isidro. Perú	100.00 %
Railways Infraestructures Instalac y Servicios LLC	Alameer Sultan Street North, Alnaeem dist. (4), Ahmed Al-Hamoody Street Building no. (8) Jeddah. Arabia Saudí	100.00 %
Saneta Luz S.L	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
Sativa Green Plant, S.L.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
Sedmive, C.A. (Sociedad Española Montajes Industriales Venezuela)	Av. Francisco de Miranda, con Av. Eugenio Mendoza, Edf. Sede Gerencial La Castellana, Piso 8, Oficina 8A, La Castellana. Caracas. Venezuela.	100.00 %
Servicios Compresión de Gas CA-KU-A1, S.A.P.I. de C.V.	Jose Luis Lagrange, 103, P8 Col. Polanco I sección Deleg. Miguel Hidalgo. México D.F. México.	100.00 %
Tejavana Fotovoltaica Canaria, S.L.U.	Procesador, 19. Telde 35200 Las Palmas. Islas Canarias. España	100.00 %
Tonopah Solar Energy, LLC	11 Gabbs Pole Line Rd Box 1071, Tonopah, NV 89049. Estados Unidos.	100.00 %
Venezolana de Limpiezas Industriales, C.A. (VENELIN)	Pz Venezuela, Torre Phelps s/n. 1050 Caracas. Venezuela.	82.80 %

APPENDIX II

UTE's / EIG's

UTE / EIG	Address	% Effective Ownership	Revenue 100%
			Thousand euros
CONSTRUCTION - DRAGADOS			
Tunel Mandri	Cl. Vía Laietana, 33, 5ª Planta - Barcelona	43.50 %	40,585
Estructura Sagrera Ave	Cl. Vía Laietana, 33, 5ª Planta - Barcelona	33.50 %	54,293
Sector 2	Cl. Gran Vía, 53 - Bilbao	85.00 %	31,487
Castellbisbal-Martorell	Cl. Vía Laietana, 33, 5ª Planta - Barcelona	100.00 %	17,218
HS2 Euston Station	Cl. Moorgate, 155 - Londres	50.00 %	187,130
Atxondo-Abadiño	Av. del Camino de Santiago, 50 - Madrid	100.00 %	18,748
Red viaria y ferroviaria APV	Av. Menéndez y Pelayo, 3 - Valencia	65.00 %	24,550
Cruzon Street Partnership	Cl. New Canal St. Birmingham b5	50.00 %	34,454
Consorcio Constructor Metro Lima	Av. de la República de Colombia 791 - Lima	35.00 %	329,475
Terminal Vicálvaro	Av. del Camino de Santiago, 50 - Madrid	100.00 %	16,344
Hotel Forum	Av. del Camino de Santiago, 50 - Madrid	50.00 %	18,678
Central Hidroelectrica Salto Chira	Cl. Cardenal Marcelo Spínola, 10 - Madrid	45.00 %	19,700
Best Fase 1B2	Plaza Europa, 9, planta 10 - Hospitalet de Llobregat	50.00 %	14,005
Canal De Acceso	Av. del Camino de Santiago, 50 - Madrid	60.00 %	13,370
Embalse de Almudevar	Cl. Condesa de Venadito, s/n Portal 7, 1 - Madrid	26.00 %	12,403
Sierrapando	Av. del Camino de Santiago, 50 - Madrid	70.00 %	12,949
Estación de Chamartin Vias - Azvi	Av. del Camino de Santiago, 50 - Madrid	55.00 %	14,312
O Barco	Av. del Camino de Santiago, 50 - Madrid	52.00 %	10,008
Bases de Villarrubia-Gabaldon	Cl. Julián Camarillo, 6 - Madrid	50.00 %	11,199
A11 Quintanilla-Olivares	Av. del Camino de Santiago, 50 - Madrid	50.00 %	20,778
Lote 2 Norte	Pz. Circular, 4, 5º - Bilbao	65.00 %	22,856
MIV Centro 2021-2022	Av. del Camino de Santiago, 50 - Madrid	22.50 %	19,696
Ampliación Estación de Chamarrtín A.V.	Av. del Camino de Santiago, 50 - Madrid	25.00 %	53,719
Yeles-Guadalmez	Av. de Europa 18 - Parque Empresarial la Moraleja - Alcobendas	50.00 %	23,941
L4 Barceloneta-Verdaguer	Av. del Camino de Santiago, 50 - Madrid	50.00 %	11,966
Mantenimiento Ave Energía	Cl. Zafiro, s/n, Edif. 1 - Madrid	14.86 %	19,509
Mantenimiento Energía Norte	Av. Del Brasil, 6. 28020 - Madrid	30.00 %	10,268
MIV 2021 Lote 1	Cl. Francisco Gervás, 14 - 1ºA - Madrid	18.00 %	22,694
GCT Constructors	150 Meadowlands Pkwy, Secaucus, NJ 07094	60.00 %	16,339
Chesapeake - Paralell Thimble Shoal Tunnel	2377 Ferry Road, Virginia Beach, VA 23455	100.00 %	126,709
Unionport Constructors	150 Meadowlands Pkwy, Secaucus, NJ 07094	55.00 %	18,492
Potomac Yards Constructors	421 E. Route 59, Nanuet, NY 10954	40.00 %	23,238
Hampton Roads Br & Tunnel	240 Corporate Blvd., Norfolk, VA 23502	42.00 %	744,597
HSR 13-57	1610 Arden Way, Suite 175, Sacramento, CA 95815	50.00 %	480,990
Gordie Howe Int'l Bridge	1001 Springwells Ct, Detroit, MI, 48209	40.00 %	504,627
I-16 at I-95 Project	20 Martin Court, Savannah, GA 31419	100.00 %	54,280
I2/I69C Interchange Proj	1708 Hughes Landing Blvd, The Woodlands, TX 77380	100.00 %	86,487

APPENDIX II

UTE's / EIG's

UTE / EIG	Address	% Effective Ownership		Revenue 100%
				Thousand euros
Automated People Mover	2959 Eve Avenue - Lake Isabelle, CA 93240	20.00	%	371,520
3rd Track 6240 Mainline Exp	900 Merchants Concourse, Westbury, NY 11590	50.00	%	72,206
Purple Line	5700 Rivertech Court, Suite 105, Riverdale, MD 20737	60.00	%	427,104
P209 Dry Dock 3 Replacement	690 Mapunapuna Street, 2nd Level, Honolulu, HI 96819	50.00	%	230,514
Bay Park Conveyance	2 Marjorie Lane, East Rockaway, NY 11518-2020	70.00	%	118,551
Gowanus Canal CSO	969 Midland Avenue, Yonkers, NY 10704	45.00	%	56,659
MLK Interchange	10210 Highland Manor Dr. STE110, Tampa, FL 33629	85.00	%	30,316
Broadway Curve	3157 East Elwood, Phoenix, AZ 85034	40.00	%	207,912
Eglinton Crosslinx Transit Solutions - Constructors	4711 Yonge St, Suite 1500,Toronto M2N 7E4	25.00	%	180,099
White Rose SNC-DRAGADOS-PENNECON G.P.	1133 Topsail Road, Mount Pearl, Newfoundland, A1N 5G2	40.00	%	278,947
REM	1140 boulevard de Maissoneuve, Montreal, Quebec H3A 1M8	24.00	%	724,333
Finch - Mosaic Transit Constructors GP	150 King Street West, Suite 2103, Toronto M5H 1J9	33.33	%	207,913
Gordie Howe - BNA Constructors Canada GP	150 King Street West, Suite 2103, Toronto M5H 1J9	40.00	%	635,207
Site C- Aecon-Flatiron-Dragados-EBC Partnership	1055 Dunsmuir Street, Suite 2124, Vancouver, BC V7X1G4	27.50	%	614,086
Eglinton West Advance Tunnel Project	20 Carlson Court, Suite 105, Toronto, ON M9W7K6	40.00	%	149,067
CNPIAT- Construction Nouveau Pont-ILE - AUX-Tourtes	100, Rue Sherbrooke O, Porte 1600	50.00	%	80,697
CONSTRUCTION - HOCHTIEF				
Amalia Harbour - Civil Works Package	Amstelveen, Países Bajos	50.00	%	31,667
ARGE A7 Tunnel Altona	Hamburgo, Alemania	65.00	%	62,348
ARGE BMG Berlin	Berlín, Alemania	50.00	%	39,076
ARGE Haus der Statistik	Berlín, Alemania	50.00	%	18,298
ARGE SBT 1.1 Tunnel Gloggnitz	Gloggnitz, Austria	40.00	%	49,596
ARGE Tunnel Rastatt	Ötigheim, Alemania	50.00	%	23,297
ARGE U2/22 x U5/2 Rathaus/Frankhplatz	Viena, Austria	33.33	%	23,895
ARGE VE41 Hp Marienhof	Múnich, Alemania	50.00	%	16,651
BAB A100, 16. Bauabschnitt	Berlín, Alemania	50.00	%	10,764
Brno - Kas. Černá pole - logistické cent	Brno, República Checa	55.00	%	6,702
Brno - Svratka PPO	Brno, República Checa	30.00	%	4,964
Citylink	Danderyd, Suecia	50.00	%	26,305
CRSH1 - Sydhavn	Copenhague, Dinamarca	50.00	%	20,232
London Power Tunnels Phase 2	Londres, Reino Unido	50.00	%	51,122
London Power Tunnels Phase 2 - Package 5	Londres, Reino Unido	50.00	%	9,934
Ostrava - VŠB-TUO Nová budova EkF - př.H	Ostrava, República Checa	50.00	%	11,761
Pardubice - I/36 Trnová-Fáblovka-Dubina	Pardubice, República Checa	50.00	%	8,403
Stuttgart 21 PFA 1. Los 3 Bad Cannstatt	Stuttgart, Alemania	40.00	%	10,330
Tvrdošín - Nižná - R3	Tvrdošín - Nižná, Eslovaquia	79.99	%	18,296
Valaliky - Hrubé terénne úpravy území	Valaliky, Eslovaquia	50.00	%	19,064
VW Standard Factory Salzgitter	Salzgitter, Alemania	50.00	%	64,515
SERVICES - CLECE				

APPENDIX II

UTE's / EIG's

UTE / EIG	Address	% Effective Ownership	Revenue 100%
			Thousand euros
Cerca Pmr	Avda. Manoteras, 46 bis 28050 - Madrid	100.00 %	13,319
1 Pmr Masa Sagital Mad	Avda. Manoteras, 46 bis 28050 - Madrid	90.00 %	20,139
Ad Ayuntamiento Valladolid Lt1	C/ Ducado, 2 47009 - Valladolid	60.00 %	17,126

APPENDIX III

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.
Hochtief Operations Hellas S.A.
DCX Heiligenhaus Verwaltungs GmbH
EWE Hochtief Ladepartner Verwaltungs-GmbH
EWE Go Hochtief Ladepartner Errichtungs-ARGE GbR
Flatiron/Lane, A Jv
BOW Transit Connectors General Partnership
Barnard Flatiron GP, Ltd.
Barnard Flatiron Limited Partnership
Lathrop Ozanne a Joint Venture
Turner Barton Malow A Joint Venture LLC
TAC JV
Tennessee Builders Alliance
CPB Contractors Pty Limited & DT Infrastructure Pty Ltd Joint Venture
CPB Contractors Pty Limited & Ghella Pty Ltd Joint Venture
Premium Care Holdings Limited
Premium Care (Sheffield) Limited
P.L.M. Facility Mangement Unipessoal, Lda

APPENDIX III

CHANGES IN THE CONSOLIDATION PERIMETER

ACS DC Infra S.L.U.
595 O&M Company LLC
ACS Infra Tech&Mobility, S.L.
Hopeland Solar Farm Pty Ltd
Hopeland Solar Farm Trust
Hopeland Solar Holdings Pty Ltd
Leighton Contractors (Philippines) Corp.
Canberra Metro 2A Holding Trust
Canberra Metro 2A Holdings Pty Ltd
Canberra Metro 2A Pty Ltd
Canberra Metro 2A Trust
Spark North East Link Holding Pty Limited
Spark North East Link Pty Limited
Jupiter Ionics Shares
Vulcan Energy
Acciona Construction Australia Pty Ltd & Cpb Contractors Pty Limited & Ghella Pty Ltd
AECOM Australia Pty Ltd & BG&E Pty Limited & Georgiou Group Pty Ltd & GHD Pty Ltd & CPB Contractors Pty Limited
CPB Contractors Pty Limited & DT Infrastructure Pty Ltd (NEWest Alliance)
First Balfour-Leighton Joint Venture
Leighton-First Balfour Joint Venture
Funkenberg Quartier GmbH & Co. KG
Projektgesellschaft Herne mbH
Hochtief Scl Holdco Ltd.
Staffordshire Campus Living LLP
EWE Go Hochtief Ladepartner Betriebsgesellschaft mbH & Co. KG
Hochtief Offshore Development Solutions S. À R.L.
TSIB Re, Inc.
TSIB Cell 1 IC
Clark/ Scott Builders Inc
Canadian Borealis Holdings Inc.
Clark Builders (British Columbia) Inc.
Clark Builders (Manitoba) Inc.
Frontier Employees Inc.
Turner Promethean Joint Venture
AOP Formed by TPMI, Meinhardt and MGA
TWF Builders JV
Turner EE Cruz A JV
Weitz/Turner, A Joint Venture
Flatiron Greenline Canada Limited
Flatiron Greenline (DB) Canada Limited
Flatiron/Herzog Jv
Cf Constructors Jv
Flatiron/Herzog Md
Skanska/Flatiron LBN JV
BOW Transit Connectors General Partnership
Barnard Flatiron GP, Ltd.
Barnard Flatiron Limited Partnership

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

APPENDIX III

CHANGES IN THE CONSOLIDATION PERIMETER

Perfect Care (Holdings) Limited
Consorcio Dragados Conpax 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
Loftwerk Eschborn GmbH & Co. KG
Turner-SG Contracting
Martin Harris-Turner, a Joint Venture
Devine Queensland No. 10 Pty Ltd
Baulderstone Leighton Joint Venture
PA Conex Sp. z.o.o.
Altomira Eólica S.L.
Diamond Quality Care Services Limited
R & L Healthcare, Ltd.
Aspen Hamilton Limited
Horsham & Crawley Care Limited
Teapot Home Care, Ltd.
Desarrollo de Concesionarias Viarias Dos, S.L.
SH 288 Holding, S.A.
SH 288 Holdings, LLC
SH 288 Investment Inc.
SH 288 Capital, LLC
Elaboración de Cajones Pretensados, S.L.
Vias USA Inc.
Madrid caminos, escuela de ingeniería, S.A.U.
Dycasa Sociedad Anónima
Leighton India Holdings 2 Pte Ltd
Leighton Companies Management Group Llc

APPENDIX III

CHANGES IN THE CONSOLIDATION PERIMETER

Port Wakefield to Port Augusta Regional Projects Alliance
Westgo Finance Pty Ltd
Ventia Services Group Pty. Ltd.
Heron Resources Ltd.
Yield Fund – JFI Yield Fund
CPB & Bombardier JV
Hochtief Offshore Development Solutions S. À R.L.
Constructora Cheves S.A.C.
SIA "Hochtief Solutions Baltics“
Verwaltung Projektgesellschaft Quartier 21 mbH
Hochtief Offshore Development Solutions S. À R.L.
WohnArt-Verwaltungsgesellschaft mbH
LightHorse Innovation Corporation (Formerly: 1887719 Alberta Ltd.)
Kiewit-Turner JV