407 ETR Toll Road, Toronto, Canadá.

Consolidated financial statements

CONTENTS

A. CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR 2022 AND 2021

Assets (million euro)	Note	2022	2021 (*)
Non-current assets		**18,865**	**15,852**
Goodwill on consolidation	3.1	480	431
Intangible assets	3.2	137	126
Fixed assets in infrastructure projects	3.3	13,667	11,185
Intangible asset model		13,504	11,016
Financial asset model		163	169
Property, plant and equipment	3.4	479	354
Rights of use	3.7	183	176
Investments in associates	3.5	1,892	1,838
Non-current financial assets	3.6	1,095	879
Loans granted to associates		246	227
Restricted cash in infrastructure projects and other financial assets	5.2	597	579
Other receivables		252	73
Deferred taxes	2.8	784	570
Long-term financial derivatives at fair value	5.5	148	293
Current assets		**7,419**	**9,030**
Assets held for sale and discontinued operations	1.1.3	2	1,641
Inventories	4.1	475	404
Current income tax assets		19	79
Short-term trade and other receivables	4.2	1,609	1,344
Trade receivables for sales and services		1,300	1,068
Other short-term receivables		309	276
Other short-term financial assets		0	11
Cash and cash equivalents	5.2	5,130	5,536
Infrastructure project companies		168	207
Restricted cash		38	47
Other cash and cash equivalents		130	160
Ex-infrastructure project companies		4,962	5,329
Short-term financial derivatives at fair value	5.5	184	15
TOTAL ASSETS		**26,284**	**24,882**

Liabilities and equity (million euro)	Note	2022	2021
Equity	5.1	**6,354**	**5,829**
Equity attributable to shareholders		4,113	4,039
Equity attributable to non-controlling interests		2,241	1,790
Deferred income	6.1	**1,410**	**1,403**
Non-current liabilities		**13,142**	**11,107**
Pension plan deficit	6.2	2	3
Long-term provisions	6.3	416	422
Long-term lease liabilities	3.7	120	115
Borrowings	5.2	10,776	9,513
Debentures and payables of infrastructure project companies		7,893	7,362
Debentures and payables of ex-infrastructure project companies		2,883	2,151
Other payables	6.4	838	72
Deferred taxes	2.8	924	687
Financial derivatives at fair value	5.5	66	295
Current liabilities		**5,378**	**6,543**
Liabilities held for sale and discontinued operations	1.1.3	0	1,395
Short-term lease liabilities	3.7	64	58
Borrowings	5.2	877	1,096
Debentures and payables of infrastructure project companies		74	47
Bank borrowings of ex-infrastructure project companies		803	1,049
Financial derivatives at fair value	5.5	47	110
Current income tax liabilities		30	69
Short-term trade and other payables	4.3	3,430	2,813
Trade payables		1,663	1,544
Advance payments from customers and work certified in advance		1,364	885
Other short-term payables		403	384
Trade provisions	6.3	930	1,002
TOTAL LIABILITIES AND EQUITY		**26,284**	**24,882**

(*) Restated figures (Note 1.1.5)

B. CONSOLIDATED INCOME STATEMENT FOR 2022 AND 2021

Income statement (million euro)	Note	2022 Before fair value adjustments	2022 Fair value adjustments (*)	Total 2022	2021 (***) Before fair value adjustments	2021 (***) Fair value adjustments (*)	Total 2021
Revenue		7,551	0	7,551	6,910	0	6,910
Other operating income		2	0	2	1	0	1
TOTAL OPERATING INCOME	2.1	**7,553**	**0**	**7,553**	**6,911**	**0**	**6,911**
Materials consumed		1,197	0	1,197	1,085	0	1,085
Other operating expenses	2.2	4,183	-1	4,182	3,922	1	3,923
Staff costs	2.3	1,446	0	1,446	1,293	0	1,293
TOTAL OPERATING EXPENSES		**6,826**	**-1**	**6,825**	**6,300**	**1**	**6,301**
EBITDA	2.4	**727**	**1**	**728**	**611**	**-1**	**610**
Fixed asset depreciation		299	0	299	270	0	270
Operating profit/(loss) before impairment and disposal of fixed assets	2.4	**428**	**1**	**429**	**341**	**-1**	**340**
Impairment and disposal of fixed assets (**)	2.5	-6	0	-6	38	1,101	1,139
Operating profit/(loss)		**422**	**1**	**423**	**379**	**1,100**	**1,479**
Net financial income/(expense) from financing		-243	0	-243	-220	0	-220
Profit/(loss) on derivatives and other net financial income/(expense)		-22	-100	-122	-4	-84	-87
Net financial income/(expense) from infrastructure projects		**-265**	**-100**	**-365**	**-224**	**-84**	**-307**
Net financial income/(expense) from financing		1	0	1	-27	0	-27
Profit/(loss) on derivatives and other net financial income/(expense)		-4	48	44	-1	1	-1
Net financial income/(expense) from ex-infrastructure projects		**-3**	**48**	**45**	**-28**	**1**	**-28**
Net financial income/(expense)	2.6	**-268**	**-52**	**-320**	**-252**	**-83**	**-335**
Share of profits of equity-accounted companies	2.7	158	7	165	-174	-3	-178
Consolidated profit/(loss) before tax		**312**	**-44**	**268**	**-47**	**1,014**	**966**
Corporate income tax	2.8	-35	5	-30	-13	21	9
Consolidated profit/(loss) from continuing operations		**277**	**-39**	**238**	**-60**	**1,035**	**975**
Profit/(loss) from discontinued operations	2.9	64	0	64	361	0	361
Consolidated profit/(loss) for the year		**341**	**-39**	**302**	**301**	**1,035**	**1,336**
Profit/(loss) for the year attributed to non-controlling interests	2.10	-139	23	-116	-153	15	-138
Profit/(loss) for the year attributed to parent company		**202**	**-16**	**186**	**148**	**1,050**	**1,198**
Net earnings per share attributed to parent company (euro)	2.11		Basic	0.25		Basic	1.63
			Diluted	0.25		Diluted	1.63

(*) Relating to gains and losses arising from changes in the fair value of derivatives and other financial assets and liabilities (Note 5.5), asset and liability impairment (Note 2.5) and the impact of the two items on "Share of profits of equity-accounted companies" (Note 2.7).

(**) The line "Impairment and disposal of fixed assets" primarily includes asset impairment and gains or losses on the purchase, sale and disposal of investments in Group companies and associates. When any such acquisitions or disposals of assets results in a takeover or loss of control, the capital gain relating to the updating of the fair value in respect of the stake maintained is recognized in the column showing fair value adjustments.

(***) Restated figures (Note 1.1.5)

Notes 1.1 to 6.12 form part of the consolidated income statement for 2022 and 2021.

C. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2022 AND 2021

	(Million euro)	Note	2022	2021 (**)
a)	**Total consolidated profit/(loss) for the year**		**302**	**1,336**
	Attributed to parent company		186	1,198
	Attributed to non-controlling interests		116	138
b)	**Income and expense recognized directly in equity**	5.1	**456**	**179**
	Fully consolidated companies		333	131
	Impact on hedge reserves	5.5	193	11
	Impact on defined benefit plan reserves (*)	6.2	0	0
	Currency translation differences		160	114
	Tax effect		-20	6
	Companies held for sale		-8	27
	Impact on hedge reserves		0	4
	Impact on defined benefit plan reserves (*)	6.2	0	0
	Currency translation differences		-8	24
	Tax effect		0	-1
	Equity-accounted companies		131	21
	Impact on hedge reserves		236	45
	Impact on defined benefit plan reserves (*)		0	33
	Currency translation differences		-29	-32
	Tax effect		-76	-25
	Transfers to income statement	5.1	**131**	**1**
	Fully-consolidated companies		-47	12
c)	Transfers to income statement		-62	16
	Tax effect		15	-4
	Companies held for sale		178	3
	Transfers to income statement		179	4
	Tax effect		-1	-1
	Equity-accounted companies		0	-14
	Transfers to income statement		0	-14
	Tax effect		0	0
	TOTAL COMPREHENSIVE INCOME		**889**	**1,516**
	Attributed to parent company		**708**	**1,394**
a+b+c	Attributed to non-controlling interests		181	122

(*) The impact on reserves of defined benefit plans is the only item of income and expense recognized directly in equity that cannot subsequently be reclassified to the income statement (Note 5.1).

(**) Restated figures (Note 1.1.5)

Notes 1.1 to 6.12 form part of the consolidated statement of comprehensive income for 2022 and 2021.

D. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2022 AND 2021

(Million euro)	Share capital	Share/ Merger premium	Treasury shares	Other equity instruments	Measurement adjustments	Retained earnings and other reserves	Attributed to shareholders	Attributed to non-controlling interests	Total equity
Balance at 31.12.21 (*)	**147**	**218**	**-124**	**507**	**-1,300**	**4,591**	**4,039**	**1,790**	**5,829**
							0		0
Balance at 01.01.22	**147**	**218**	**-124**	**507**	**-1,300**	**4,591**	**4,039**	**1,790**	**5,829**
Consolidated profit/(loss) for the year	0	0	0	0	0	186	186	116	302
Income and expense recognized directly in equity	0	0	0	0	391	0	391	65	456
Transfers to income statement	0	0	0	0	131	0	131	0	131
Total recognized income and expenses for the year	**0**	**0**	**0**	**0**	**522**	**186**	**708**	**181**	**889**
Scrip dividend agreement	3	0	0	0	0	-135	-132	0	-132
Other dividends	0	0	0	0	0	0	0	-160	-160
Treasury share transactions	-5	-218	98	0	0	-321	-446	0	-446
Shareholder remuneration	**-2**	**-218**	**98**	**0**	**0**	**-456**	**-578**	**-160**	**-738**
Share capital increases/reductions	0	0	0	0	0	0	0	356	356
Share-based remuneration schemes	0	0	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	40	40	7	47
Other transactions	**0**	**0**	**0**	**0**	**0**	**40**	**40**	**363**	**403**
Subordinated perpetual bond issues	**0**	**0**	**0**	**1**	**0**	**-9**	**-8**	**0**	**-8**
Scope changes	**0**	**0**	**0**	**0**	**0**	**-88**	**-88**	**67**	**-21**
Balance at 31.12.2022	**145**	**0**	**-26**	**508**	**-778**	**4,264**	**4,113**	**2,241**	**6,354**

(Million euro)	Share capital	Share/ Merger premium	Treasury shares	Other equity instruments	Measurement adjustments	Retained earnings and other reserves	Attributed to shareholders	Attributed to non-controlling interests	Total equity
Balance at 31.12.20	**147**	**647**	**-13**	**506**	**-1,496**	**3,359**	**3,150**	**640**	**3,790**
	0	0	0	0	0	0	0	0	0
Balance at 01.01.21	**147**	**647**	**-13**	**506**	**-1,496**	**3,359**	**3,150**	**640**	**3,790**
Consolidated profit/(loss) for the year	0	0	0	0	0	1,198	1,198	138	1,336
Income and expense recognized directly in equity	0	0	0	0	195	0	195	-16	179
Transfers to income statement	0	0	0	0	1	0	1	0	1
Total recognized income and expenses for the year	**0**	**0**	**0**	**0**	**196**	**1,198**	**1,394**	**122**	**1,516**
Scrip dividend agreement	3	3	0	0	0	-34	-29	0	-29
Other dividends	0	0	0	0	0	0	0	-270	-270
Treasury share transactions	-3	-432	-111	0	0	111	-434	0	-434
Shareholder remuneration	**0**	**-429**	**-111**	**0**	**0**	**77**	**-463**	**-270**	**-733**
Share capital increases/reductions	0	0	0	0	0	0	0	28	28
Share-based remuneration schemes	0	0	0	0	0	-22	-22	0	-22
Other movements	0	0	0	0	0	-4	-4	0	-4
Other transactions	**0**	**0**	**0**	**0**	**0**	**-26**	**-26**	**28**	**2**
Subordinated perpetual bond issues	**0**	**0**	**0**	**1**	**0**	**-8**	**-7**	**0**	**-7**
Scope changes	**0**	**0**	**0**	**0**	**0**	**-9**	**-9**	**1,270**	**1,261**
Balance at 31.12.2021 (*)	**147**	**218**	**-124**	**507**	**-1,300**	**4,591**	**4,039**	**1,790**	**5,829**

Notes 1.1 to 6.12 form part of the consolidated statement of changes in equity for 2022 and 2021.

(*) Restated figures (Note 1.1.5).

E. CONSOLIDATED CASH FLOW STATEMENT FOR 2022 AND 2021

(Million euro)	Note	2022	2021 (*)
Net profit/(loss) attributable to parent company		**186**	**1,198**
Adjustments to profit/(loss)		697	-256
Non-controlling interests		116	138
Net profit/(loss) from discontinued operations	2.9	-64	-361
Tax	2.8	30	-9
Profit/(loss) from equity-accounted companies	2.7	-165	178
Net financial income/(expense)	2.6	320	335
Impairment and disposal of fixed assets	2.5	6	-1,139
Depreciation/amortization	2.4	299	270
EBITDA discontinued operations	2.9	155	332
EBITDA including discontinued operations		**883**	**942**
Tax payments	2.8	-82	-155
Change in working capital (receivables, payables and other)	5.3	-83	-249
Dividends received from infrastructure project companies	3.5	284	272
Cash flows from operating activities		**1,002**	**810**
Investments in property, plant and equipment/intangible assets	3.4	-95	-124
Investment in infrastructure projects	3.3.3	-784	-239
Loans granted to associates/acquisition of companies		-347	-923
Interest received		47	3
Investment of long-term restricted cash		18	119
Divestment of infrastructure projects		0	0
Divestment/sale of companies	1.1.4	429	1,621
Cash flows from investing activities		**-732**	**457**
Cash flows before financing activities		**270**	**1,267**
Capital cash flows from non-controlling interests		350	57
Scrip dividend		-132	-31
Treasury share purchases		-446	-432
Shareholder remuneration	5.1	-578	-463
Dividends paid to non-controlling interests of investees	5.1	-161	-270
Other movements in shareholder's funds	5.1	-69	0
Cash flows from shareholders and non-controlling interests		**-458**	**-676**
Interest paid	2.6	-329	-295
Lease payments	3.7	-72	-131
Increase in borrowings		1,207	603
Decrease in borrowings		-665	-1,671
Net change in borrowings from discontinued operations		1	-51
Cash flows from financing activities		**-316**	**-2,221**
Effect of exchange rate on cash and cash equivalents		**-283**	**99**
Change in cash and cash equivalents due to consolidation scope changes		**4**	**-109**
Change in cash and cash equivalents from discontinued operations	**5.2**	**-81**	**-26**
Change in cash and cash equivalents	**5.2**	**-406**	**-990**
Cash and cash equivalents at beginning of year		5,536	6,526
Cash and cash equivalents at year end		5,130	5,536

Notes 1.1 to 6.12 form part of the consolidated cash flow statement for 2022 and 2021.

(*) Restated figures (Note 1.1.5)

F. NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR 2022

SECTION 1: BASIS OF PRESENTATION AND CONSOLIDATION SCOPE

The information deemed necessary before reading the Ferrovial Annual Accounts is set out in this section.

BASIS OF PRESENTATION AND NEW ACCOUNTING STANDARDS

Ferrovial's consolidated Annual Accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable in the European Union. The accounting policies applied are described in Note 1.3 of this section.

The Company's activities

The disclosures presented in these Annual Accounts include most notably those relating to the distinction between infrastructure project companies and other companies (as defined in Note 1.1.2). Also noteworthy are those relating to the Group's two main assets, the 25% ownership interest in Heathrow Airports Holdings (HAH), which owns Heathrow Airport, and the 43.23% ownership interest in the company that owns the 407 ETR toll road in Toronto (Canada), and the indirect 49% interest in the share capital of JFK NTO LLC, which will be responsible for the remodeling, construction, financing and operation of the New Terminal One facilities at New York's John F. Kennedy International Airport.

Discontinued operations

As further explained in Note 1.1.3, the Services Division divestment process has been completed in 2022, once the infrastructure upkeep and maintenance business in Spain and the Amey business in the UK had been sold.

In January 2022, the sale agreement between Ferrovial and Portobello Capital for the infrastructure upkeep and maintenance business in Spain was completed once all the conditions precedent had been fulfilled. The total price of the shares received by Ferrovial after the price adjustment was EUR 175 million. The sale agreement states that a Ferrovial subsidiary acquired 24.99% of the buyer's capital for a price of EUR 17.5 million.

In addition, on 30 December 2022 the rest of the Amey business in the UK was sold to a company controlled by funds managed by One Equity Partners, which completed the transaction in association with its shareholder Buckthorn Partners.

The net consideration (equity value) received by Ferrovial amounted to GBP 264.6 million (EUR 301.3 million) and is subject to adjustments under the customary completion account approach. A capital gain of EUR 58.3 million was obtained.

Finally, the Chilean mining industry service businesses that will not be divested were reclassified to continuing operations. This reclassification also entailed restating the 2021 information (Notes 1.1.3 and 1.1.5).

Consolidation scope changes

Note 1.1.4 provides detailed information on the main consolidation scope changes in the current year, the most significant being the agreement reached on 10 June whereby Ferrovial invested in the capital of the company JFK NTO LLC which, as mentioned, will remodel, build, finance, operate and maintain the facilities of the new Terminal One at New York's John F. Kennedy International Airport. Ferrovial holds a 49% indirect ownership interest in the project, which is consolidated using the equity method, in accordance with IFRS 11.

Additionally, on July 19, 2022, Ferrovial acquired 60% of the shares of YDA Havalimanı (Dalaman International Airport, hereinafter) from YDA Group. Dalaman International Airport, which is headquartered in Turkey, holds the concession agreement for the management of the Airport terminal until 2042, as well as the parking lots and other ancillary buildings the terminal. YDA Group holds a 40% stake.

In August, the sale of the remaining 20% of the Vía do Infante (Algarve) toll road to DIF Capital Partners was completed for EUR 23 million, as part of the sale of Ferrovial's 49% ownership interest in this concession arranged in 2020.

Impact of the Ukraine war and the macroeconomic situation

On 24 February 2022, Russia began its invasion of Ukraine. At the date of preparation of these consolidated financial statements the conflict has not come to an end.

Although Ferrovial's direct exposure to the conflict is limited, the macroeconomic scenario triggered by this situation includes broad-based price rises, essentially affecting energy and commodities, supply issues and difficulties in the distribution chain for certain materials, particularly in the construction industry. In response, interest rates are rising, impacting the banking and financing markets.

Judgements and estimates

This section also includes the main estimates made by Ferrovial when measuring its assets, liabilities, revenues, expenses and commitments (Note 1.2.3.2).

Foreign exchange effect

Although Ferrovial's functional currency is the euro, a significant portion of its activities is carried out in countries outside the eurozone. The main currencies in which Ferrovial operates have been appreciated against the euro during 2022, in particular the Canadian Dollar and the US Dollar.

Note 1.3 analyses the impact of the main currencies of those countries on the Annual Accounts.

1.1. BASIS OF PRESENTATION, THE COMPANY'S ACTIVITIES AND CONSOLIDATION SCOPE

1.1.1. Basis of presentation

The consolidated annual accounts are presented in compliance with the financial reporting regulatory framework applicable to the Group so as to present fairly the Group's equity, financial position, results and cash flows. The regulatory framework consists of the International Financial Reporting Standards (IFRS-EU) established by Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002.

1.1.2 The Company's activities

Ferrovial comprises the Spanish parent company, Ferrovial, S.A. and its subsidiaries, details of which are provided in Appendix II. Its registered office is in Madrid at Calle Príncipe de Vergara 135.

Through these companies, Ferrovial engages in the following four lines of business, which are its reporting segments under IFRS 8:

- Construction: Design and build of all manner of public and private works, including most notably the construction of public infrastructures.
- Toll Roads: Development, financing and operation of toll roads.
- Airports: Development, financing and operating of airports.
- Energy Infrastructures and Mobility: This area is reported as a business segment for the first time this year. It basically focuses on developing energy transmission and renewable energy infrastructures, and also includes the Mobility businesses and some of the Services activities that were finally not divested, in particular the waste treatment business in the United Kingdom (Thalia).

For a more detailed description of the various areas of activity in which the consolidated Group conducts business, please consult the Group's website: www.ferrovial.com.

For the purpose of understanding these Annual Accounts, it should be noted that a part of the activity carried out by the Group's business divisions consists of the development of infrastructure projects, primarily in the toll road and airport business lines, but also in the construction and energy fields.

These projects are conducted through long-term arrangements with public authorities under which the concession operator, in which the Group generally has an ownership interest together with other shareholders, finances the construction or upgrade of public infrastructure, mainly with borrowings secured by the project cash flows and capital contributed by shareholders, and subsequently operates and maintains the infrastructure. The investment is recovered by collecting tolls or regulated charges for the use of the infrastructure, or through amounts paid by the authority awarding the contract based on the availability for use of the related asset. In most cases, the construction and subsequent maintenance of the infrastructure are subcontracted by the concession operators to the Group's Construction Division.

From an accounting standpoint, most of these arrangements are within the scope of application of IFRIC 12.

Accordingly, and in order to aid understanding of the Group's financial performance, these Annual Accounts disclose separately the impact of projects of this nature in "fixed assets in infrastructure projects" in long-term financial assets (distinguishing between those to which the intangible asset model is applied from those to which the financial asset model is applied – Note 3.3) and, in particular, in the net cash position and cash flow disclosures, in which the flows from "ex-infrastructure projects" (grouping the cash flows generated by the Construction and Services businesses, dividends from capital invested in infrastructure projects and investments in or divestments of project capital) are presented separately from project flows, which include the cash flows generated by the relevant concession operators. A list of the companies regarded as infrastructure project companies can be consulted in Appendix II.

It should also be noted that two of the Group's main assets, which are equity accounted, are a 25% ownership interest in Heathrow Airport Holdings (HAH), the company that owns Heathrow Airport in London (UK), a 43.23% ownership interest in 407 ETR, the concession operator of the 407 ETR toll road in Toronto (Canada), and finally, the 49% indirect ownership interest in the share capital of the company JFK NTO LLC, the concession company of the New Terminal One at the International John F. Kennedy Airport in New York. In order to provide detailed information on these three companies, the Note 3.5 on investments in equity-accounted companies includes information relating to the changes in these companies' balance sheets and income statements, which is complemented by information considered to be of interest in other notes to the accounts.

1.1.3. Assets and liabilities held for sale and discontinued operations

Discontinued operations

As indicated, the Services Division divestment process has been completed in 2022, once the infrastructure upkeep and maintenance business in Spain and the Amey business in the UK had been sold (Note 1.1.4).

Additionally, as explained in Note 1.1.5, the Chilean mining industry operation and maintenance services were reclassified as continuing operations in 2022. In accordance with accounting legislation, the previous-year comparative information was restated when this business was taken to continuing operations, since it has not been finally divested.

Divestments made during 2022 are described below:

On 31 January 2022, the sale agreement between Ferrovial and Portobello Capital for the acquisition of the infrastructure upkeep and maintenance business in Spain was completed once all the conditions precedent had been fulfilled. The total price of the shares received by Ferrovial was EUR 171 million and following the price adjustment it increased to EUR 175 million. The sale agreement states that a Ferrovial subsidiary has acquired 24.99% of the buyer's capital for a price of EUR 17.5 million.

On 30 December 2022, the Amey business in the United Kingdom was sold to a company controlled by funds managed by One Equity Partners, which completed the transaction in association with its shareholder Buckthorn Partners.

The net consideration (equity value) received by Ferrovial amounted to approximately GBP 264.6 million (EUR 301.3 million) and is subject to adjustments under the customary completion account approach. A part of the price was paid in cash for a net amount of approximately GBP 112.8 million (EUR 128.5 million) and the remainder will be settled by means of a credit of GBP 151.8 million (€172.8 million) to the seller, which was arranged on the completion date, is repayable over the coming five years and accrues 6% annual interest (increasing to 8% after year three). The capital gain generated amounts to EUR 58.3 million including the transfer to the income statement of the amounts accumulated in equity of the currency translation differences (EUR -156 million) and the derivatives for hedging interest (EUR -15 million) (see Note 5.1.1).

Previously, the business activity providing financial management services for PFI (Private Funding Initiative) investment project companies in the United Kingdom through the subsidiary Amey was sold for GBP 5 million in the first half of the year, while Amey's business area engaged in energy and water infrastructure maintenance was also sold (to British fund Rubicon) for a total price of GBP 20 million, including a deferred payment of GBP 18 million arranged through a loan to the buyer (Note 3.6.2).

Assets and liabilities held for sale

The held-for-sale assets balance of EUR 2 million relates to land owned by the company Southern Crushed Concrete (SCC), a Webber subsidiary (Construction Division). The land was sold in the first week of February 2023 to the company BCG Investment Group for a price of USD 2.3 million.

1.1.4. Consolidation scope changes and other divestments of investees

There follows a description of the most significant consolidation scope changes in 2022.

Airports

<u>Investment in the company JFK NTO LLC, holding the concession for the new Terminal One at New York's JFK Airport</u>

On 10 June, the agreement whereby Ferrovial invested in the capital of JFK NTO LLC, which will remodel, build, finance, operate and maintain the facilities of the New Terminal One at New York's John F. Kennedy International (JFK) Airport, came into effect.

Ferrovial holds a 49% indirect ownership interest in the project. The other shareholders are JLC and Ullico, which have direct interests of 30% and 19%, respectively, and Carlyle with an indirect ownership interest of 2%.

Also on 10 June, the concession agreement between JFK NTO and the Port Authority of New York and New Jersey and the financing and construction contracts between the concession operator, the financing banks and the design and build contract supplier came into force.

The forecast investment in the project amounts to USD 10,800 million (Phases A and B) and will be funded by a capital contribution of USD 2,330 million from the project partners, of which Ferrovial will contribute USD 1,142 million (USD 62.3 million contributed in December 2022) and the remainder will be funded by non-recourse borrowings obtained by the shareholders.

In June 2022, JFK NTO LLC arranged a loan of approximately USD 6,330 million with a banking syndicate (USD 1,430 million drawn down at December 2022). The terminal is expected to come into operation in 2026. The concession agreement is for the operation of airport until 2060.

At the financial close, a contingent consideration was agreed with Carlyle, which materialization depends on the future profitability of the project. According to the current forecasts, no payment is considered in the probable scenario; however, if future forecasts shows a different amount, a payment would be recorded. In addition, as part of the JFK NTO investment transaction, Ferrovial and Carlyle agreed to put and call options, on the percentage that Carlyle holds in the project, which would be exercisable at different moments in time by each partner, once the concession is operational. The exercise value would be the existing market value at the exercise time; as the project has just been initiated, at this point in time the difference between the invested amount and the asset current fair value would tend to zero.

Under the concession agreement, JFK NTO LLC is expected to obtain revenues basically comprising airport fees that will be charged to airlines and rent from retail concessions needed to operate the airport's commercial area.

As required by IFRS 10, the shareholder agreements and the other project contracts have been analyzed and the conclusion was drawn that the qualified majorities and minority shareholders' veto rights set out in the aforementioned agreements for the approval of most of the important decisions means that they must be taken, de facto, with the support of the other shareholders, entailing a situation of joint control. The ownership interest in the project is consolidated using the equity method, in accordance with IFRS 11.

The conclusion was drawn, following an analysis, that the concession agreement with the Port Authority comes under the scope of IFRIC 12, so the costs incurred by the company during the construction phase are capitalized and carried as intangible assets to be amortized during the operating phase, which ends in 2060.

<u>Acquisition and takeover of the Dalaman International Airport</u>

a. Description of the transaction

On 19 July 2022, the Group acquired 60% of the voting shares in YDA Havalimanı (Dalaman International Airport) as part of the strategy of diversifying the airport portfolio when growth opportunities are identified. This Turkish company was awarded the concession agreement to refurbish and operate Dalaman International Airport. The total nominal price amounts to EUR 146.1 million, of which EUR 119.2 million has already been paid as of December 2022, another EUR 15.2 million corresponds to a deferred payment to be made in October 2023, and the remaining EUR 11.7 million corresponds to an estimated variable payment (earn-out), which will depend on the volume of euros in nominal terms of the airport's international passengers. The functional currency is euro.

The YDA Group, which currently holds a 40% stake, was awarded the 26-year concession to operate the airport in 2014. The concession agreement also included the construction of a new international terminal that came into operation in 2018.

Fees per passenger are set and collected in euros under the concession agreement. An agreement was reached in November 2021 to extend the concession to 2042 as a result of COVID-19.

The acquisition of the 60% stake means that Ferrovial holds the majority of voting rights on the concession operator's Board and can therefore direct its relevant activities.

Ferrovial has control of the company in accordance with IFRS 10, paragraph 10. Accordingly, the ownership interest in the concession company is fully consolidate.

b. Purchase price allocation

IFRS 3.18 states that the acquiring company must measure the identifiable assets acquired and liabilities assumed at fair value on the acquisition date.

IFRS 3.32 also stipulates that the acquiring company must recognize goodwill on the acquisition date in the amount of the difference between (a) the sum of the consideration paid and (b) the net amount of identifiable assets acquired measured at fair value.

The accounting standard establishes a one-year measurement period as from the acquisition date during which time the acquiring company will recognize additional assets and liabilities if new information is obtained on the facts and circumstances concurring at the acquisition date. The value recognized by the company to date is therefore provisional.

The following table reflects the carrying amount of the Dalaman Airport assets and liabilities before the acquisition, the fair value adjustments made and the resulting assets and liabilities (for simplicity, the June 2022 balance sheet was used, since the effect of 19 days to the transaction date is immaterial, as indicated later on):

Million euro	CARRYING AMOUNT 30 JUNE 2022	FAIR VALUE ADJUSTMENTS	FINANCIAL STATEMENTS AT FAIR VALUE	
Property, plant and equipment	0.5		0.5	
Intangible assets (Note 3.3.1.)	559	79	638	
Concession operating fee pending payment	399	-138	261	
Construction costs	160		160	
Right to operate the airport	0	217	217	
Deferred tax assets	18		18	
TOTAL NON-CURRENT ASSETS	**578**	**79**	**657**	
TOTAL CURRENT ASSETS	**14**		**14**	
TOTAL ASSETS	**592**	**79**	**671**	
Bank borrowings	124	-9	115	
Concession operating fee pending payment	419	-138	281	
Payables to former shareholders	19	-3	17	
Other payables	18		18	
Deferred tax liability (Note 2.8.3)		46	46	
TOTAL LIABILITIES	**580**	**-104**	**476**	
CARRYING AMOUNT / FAIR VALUE 100%	**12**	**183**	**196**	*A*
Fair value 60% (A*60%)			117	*B*
Acquisition cost			145	*C*
GOODWILL ASSOCIATED WITH DEFERRED TAX LIABILITY (Note 3.1.1)			**27**	*C-B*

The main fair value adjustments made are explained below:

i. Bank borrowings:

In October 2016, the concession company arranged a loan of EUR from the European Bank for Reconstruction and Development (EBRD) to fund the new international terminal. The balance of this debt at the acquisition time amounted to EUR 124 million. This loan accrues an interest rate of Euribor plus a spread of +4.2%.

Fair value was calculated by discounting flows at a rate representing current financial conditions. The resulting adjustment reduced the carrying amount of the debt by EUR 9 million.

ii. Intangible asset:

It mainly comprises the concession operating fee payable to the granting entity during the concession term discounted to present value (EUR 261 million), the construction costs incurred to build the new terminal, which was completed in 2018 (EUR 160 million) and the right to operate the airport (EUR 217 million). The adjustment for the intangible asset identified at the acquisition date stands at EUR 79 million.

The concession agreement stipulated a total payment of EUR 705 million to be paid annually to the grantor. This initially entailed recognizing a liability for the net present value of the payments and an intangible asset in the same amount (EUR 419 million as of June 2022).

Its fair value has been calculated by discounting amounts payable at a rate representing current financial conditions. The resulting adjustment reduced the carrying amount of both the asset and the associated liability by EUR 138 million.

The carrying amount of other assets and liabilities is equal to their fair value. No contingent assets or liabilities have been recognized in relation with this business combination. The transaction costs were expensed.

The Group opted to measure non-controlling interests at fair value by extrapolating the fair value paid per share. No control premium was identified or therefore included in the fair value calculation.

c. Tax effects of the transaction

Under paragraphs 19 and 20 of IAS 12, if a balance sheet item is recognized at fair value in a business combination when its tax value has not changed, a deferred tax asset or liability must be recorded. A 20% tax rate was applied, this being the corporate tax rate in Turkey. The net deferred tax effect is a deferred tax liability of EUR 46 million.

The goodwill recognized on the acquisition amounts to EUR 27 million and is essentially a balancing item for the tax effects described above and recognized by the parent company pursuant to IAS 12, paragraph 66. No goodwill was recognized for the non-controlling interests. The goodwill recorded relates to the Group's 60% ownership interest.

d. Impact of the acquisition on the 2022 accounts

Since the acquisition date, Dalaman International Airport has contributed EUR 44 million in revenues and 12,8 after taxes. Had the combination taken place at the start of the year, revenue contributed to continuing operations would have amounted EUR 61 million and the after tax from continuing operations would have amounted to EUR 22,7 million.

Toll Roads

In August 2022, Ferrovial received EUR 23 million following completion of the sale of 20% of the Vía do Infante (Algarve) toll road in Portugal to DIF Capital Partners arranged in 2020.

Ferrovial, through its toll road subsidiary Cintra, also acquired a further 7.135% interest in the I-77 toll road in North Carolina, USA in November 2022. The transaction is valued at USD 109 million (EUR 105 million). Ferrovial's stake in the asset will thus increase from 65.1% to 72.24%.

In accordance with IFRS 3, and since the company was already fully consolidated, the difference between the price paid and the book value of the acquired stake is recorded against the reserves of the parent company (EUR -88 million) and by reducing the amount of minority interests (EUR-15 million as per Note 5.1.1).

Services

As explained in the note on held-for-sale assets and liabilities and discontinued operations (Note 1.1.3), FY 2022 saw the completion of the Services business divestment process thanks to the sale of the infrastructure upkeep and maintenance businesses in Spain and the services business in the UK (Amey).

1.1.5. Restatement of the comparative financial statements

As indicated in Note 1.1.3, in 2022 the decision was made to treat the Chilean mining industry operation and maintenance services business as a continuing operation.

The 2021 information on this business has been restated.

This restatement had the following impact on the consolidated Annual Accounts:

	DEC. 2021		DEC. 2021
(Million euro)	**Audited**	**Adjusted**	**Restated**
Non-current assets	**15,794**	**58**	**15,852**
Goodwill	420	11	431
Intangible assets	126	1	127
Fixed assets in infrastructure projects	11,185	0	11,185
Property, plant and equipment	348	6	354
Right of use	156	20	176
Deferred taxes	549	21	570
Investments in associates	1,838	0	1,838
Other non-current assets	1,172	-1	1,171
Current assets	**9,102**	**-72**	**9,030**
Assets held for sale	1,761	-120	1,641
Short-term trade and other receivables	1,317	27	1,344
Cash and cash equivalents	5,515	21	5,536
Other current assets	509	0	509
TOTAL ASSETS	**24,896**	**-14**	**24,882**

	DEC. 2021		DEC. 2021
(Million euro)	**Audited**	**Adjusted**	**Restated**
Equity	**5,839**	**-10**	**5,829**
Deferred income	**1,402**	**0**	**1,402**
Non-current liabilities	**11,078**	**29**	**11,107**
Borrowings	9,512	1	9,513
Long-term lease liabilities	108	7	115
Other long-term payables	69	4	73
Deferred taxes	670	17	687
Financial derivatives at fair value	295	0	295
Other non-current liabilities	424	0	424
Current liabilities	**6,577**	**-33**	**6,544**
Liabilities held for sale	1,478	-83	1,395
Borrowings	1,074	22	1,096
Short-term lease liabilities	51	7	58
Short-term trade and other payables	2,793	20	2,813
Trade provisions	1,002	0	1,002
Other current liabilities	179	1	180
TOTAL LIABILITIES	**24,896**	**-14**	**24,882**

	DEC. 2021		DEC. 2021
(Million euro)	**Audited**	**Adjusted**	**Restated**
Operating income	6,779	132	6,911
Total operating expenses	-6,183	-118	-6,301
EBITDA	**596**	**14**	**610**
Fixed asset depreciation	259	11	270
Operating profit/(loss) before impairment and disposal of fixed assets	**337**	**3**	**340**
Profit/(loss) from impairment and disposal of fixed assets	1,139	0	1,139
Operating profit/(loss)	**1,476**	**3**	**1,479**
Net financial income/(expense)	**-334**	**-1**	**-335**
Share of profits of associates	-178	0	-178
Consolidated profit/(loss) before tax	**964**	**2**	**966**
Corporate income tax	10	-1	9
Profit/(loss) from continuing operations	**974**	**1**	**975**
Net profit/(loss) from discontinued operations	361	0	361
Consolidated profit/(loss) for the	**1,335**	**1**	**1,336**
Profit/(loss) for the year attributed to non-controlling interests	-138	0	-138
Profit/(loss) for the year attributed to parent company	**1,197**	**1**	**1,198**

1.2. CURRENT ECONOMIC SITUATION AND GOING CONCERN EVALUATION

1.2.1 Going concern assessment

Ferrovial is confronting 2023 in a position of very high liquidity. In December 2022, ex-infrastructure projects, liquidity reached EUR 6,118 million, including liquidity lines available at the ex-infrastructures level in the amount of EUR 964 million. The ex-infrastructures net cash position stood at EUR 1,439 million at end-December 2022. It should also be noted that the Group's short-term assets and liabilities, including cash and debt, show a positive balance at end-December 2022.

As in the prior financial years, in order to conclude as to the Company's capacity to continue as a going concern, the Group has analyzed future cash needs, focusing on the financial years 2023 and 2024, also including a pessimistic scenario with a series of stress assumptions regarding the Company's cash flow, most notably:

- Reduction in additional dividends from infrastructure project companies in 2023 and 2024 (50% in the case of airports and toll roads and all dividends in the case of energy).
- Construction business cash flows for 2023 and 2024 are projected to fall by 50% in terms of 2022 working capital (excluding provisions and lease payments), estimated at around EUR -90 million per annum.
- Contingent capital contributions of around EUR 100 million per annum.

The conclusion drawn from the analysis demonstrates that, although the scenario would entail a deterioration of the Company's cash position, cash resources would continue to be sufficient to meet commitments. Therefore, based on the available information, no material uncertainties have been identified with respect to events or conditions that could raise significant doubts regarding the Group's capacity to continue operating under the going concern principle for twelve months following the date these Annual Accounts are signed.

1.2.2 Impact of COVID-19

More than two years after the World Health Organization declared the Covid-19 global pandemic, 2022 was a turning point to returning to pre-pandemic normality. This has allowed the countries in which Ferrovial operates to lift the restrictions on mobility and on economic activities that were in force since the start of the pandemic, although at an uneven rate depending on the country, and with ups and downs caused by the new variants and successive waves, especially with Omicron at the start of the year. The direct result of this has been the recovery in demand for the activities carried out by Ferrovial and the confirmation of the favorable outlook.

Accordingly, it may be concluded at year-end 2022, and despite the fact that certain assets have not recovered the traffic levels of 2019, that Ferrovial's activities are no longer directly affected by COVID-19 and the associated restrictions. Nevertheless, the pandemic has implied a change in the habits of infrastructure use, highlighting the consolidation of hybrid work models, with the associated impact on peak hours, as well as the increased traffic recorded by heavy vehicles, related to the increase in e-commerce.

1.2.3 Impact of the Russia and Ukraine conflict.

The conflict between Russia and Ukraine began on 24 February 2022. The conflict has not reached an end at the issuance date of these Consolidated Financial Statements. The European Union, together with the United States and most NATO countries, condemned the attack and approved various economic measures in the form of sanctions on the Russian economy so as to dissuade them. The measures taken are affecting the economies of all countries.

The ensuing macroeconomic scenario has caused widespread price rises, essentially relating to energy and commodities.

In some cases, there have also been supply issues and difficulties in the distribution chain for certain materials, particularly in the construction industry. In response, interest rates are rising, impacting the banking and financing markets.

Ferrovial's direct exposure to the conflict is limited, since none of the Group's businesses operates in Russia or Ukraine. The Group businesses closest to the conflict area are the construction business Budimex (in Poland) and the concession for the D4R7 Bratislava ring road (in Slovakia), as both countries have borders with Ukraine. However, none of the businesses have been significantly impacted to date.

The indirect impact on Ferrovial's activities varies depending on the nature of the business. Although Ferrovial does not envisage material effects as a result of the conflict, the Construction business has been the most vulnerable due to the increasing costs of certain raw materials. The Toll Roads business has been positively impacted due to the rate rise in assets directly linked to inflation and is adversely exposed to the possible impact of rising fuel prices on traffic. Finally, no relevant impact is expected in the Airports business due to the scant exposure to passenger traffic from these regions in the airports managed by Ferrovial, although the effect of inflation on ticket prices could have a certain dissuasive effect.

With the aim of presenting the global impact of the Russian-Ukrainian conflict and in line with ESMA's recommendations, this note provides an explanation of the impact on the financial statements, an analysis of the possible impact of the conflict on the impairment of assets and an assessment of the potential impact on the main financial risks.

1.2.3.1 Impact on the financial statements for 2022 and mitigating measures adopted

The effects of the Russian conflict with Ukraine on Ferrovial's business results are described below:

Construction Division

The Construction business was primarily affected by inflation: rising prices of materials, more expensive energy and thus an increase in workers' salaries. The conflict has also caused issues in the supply and distribution chain for certain materials, leading to delays and reducing their supply.

This all put pressure on project margins, which varied depending on the geography, and has resulted in a worsening of the operating income of the Construction division in 2022 of approximately 100 million euros.

In the event that inflation levels remain similar to the current levels in the future, we do not estimate any material negative net impact in our Financial Statements in addition to those already mentioned.

The mechanisms in place to mitigate the effects, are essentially two: direct claims to customers or use of specific indexation formulae to pass this cost on to customers (in contracts that specifically include such mechanisms).

Other types of contracts (mainly in the UK) are free from such risk as they are target cost plus contracts in which the price is calculated based on cost incurred plus an agreed mark-up.

In some countries such as Spain and Poland, price rises are partially offset under the following laws:

- In Spain, RDL 6/2022 of 30 March (on urgent measures under the National Plan to respond to the economic and social consequences of the war in Ukraine) offsets price rises of more than 5% up to a ceiling of 20% of the total contract amount for contracts entered into with the central government (this plan may also be endorsed by regional governments and local corporations). All Spain's regional governments and our main public customers have now adhered to the plan. This mechanism does not apply to energy prices, only to costs of other materials such as steel, bituminous products, aluminum and copper.
- In Poland, the Infrastructure Ministry updated the road price review mechanism, increasing the maximum offset from 5% to 10%, which affects this type of civil works contracts. However, the maximum is still 5% for Railways.

These mechanisms allow us to conclude that approximately 80% of the division's portfolio is protected against the effects of rising inflation.

The impact of these mitigating measures on future results is currently difficult to quantify and will depend partly on the outcome of negotiations with clients in the coming months. Under the Group's accounting policies (Note 1.3.3.4), income from cost compensation claims is only recognized where recovery is deemed highly probable.

In addition, Ferrovial has implemented an action plan to mitigate the adverse effects aforementioned both for projects in progress and for those that are in the bidding stage. Among other actions, the plan includes monitoring the supply situation and reporting monthly on material price rises and estimated trends, developing artificial intelligence and data analysis systems to predict prices and making fixed price commitments to avoid volatility.

Airports Division

The Airports business was not directly affected by the conflict, as described.

The passenger trend was directly related to the evolution of the pandemic and restrictions during the year, as explained in the previous section:

Passenger trends (*)	Q1-22	Q2-22	Q3-22	Q4-22	2022 (**)
Heathrow	**-46%**	**-21%**	**-18%**	**-13%**	**-24%**
Dalaman	**-16%**	**-15%**	**-7%**	**12%**	**-8%**
Aberdeen	-45%	-30%	-30%	-24%	-32%
Glasgow	-45%	-24%	-12%	-18%	-26%
Southampton	-76%	-70%	-61%	-56%	-65%
TOTAL AGS	**-49%**	**-31%**	**-29%**	**-25%**	**-33%**

(*) Compared to the same quarter of 2019

(**) As compared to 2019

At Heathrow, traffic with Russia and Ukraine historically accounted for less than 1% of the total (0.99% in 2019, 0.94% in 2020 and 0.72% in 2021). Therefore, the impact on the financial statements and covenants is immaterial.

The recently included Dalaman Airport (Turkey) reached around 900,000 Russian and Ukrainian passengers in 2019. They accounted for 20% and 7% of its total international traffic, respectively. In 2022, the upturn in British travelers (+16% v. 2019) and the recovery of domestic traffic partially offset the loss of Russian and Ukrainian passengers.

Despite this, there is a risk that the airlines may pass on the increases in the price of flights causing demand for travel to fall, in a negative economic scenario in which fuel prices rise considerably. However, such effects are hard to quantify.

Toll Roads Division

As mentioned previously, the Toll Roads business is not directly affected by the conflict.

In this case, and unlike Construction, inflation has a positive impact since many asset tariffs are linked to the Consumer Price Index. One example is the case of the Dallas toll road assets (NTE, LBJ and NTE35W), where the soft cap is updated each year based on the annual rise in inflation. The soft cap was increased by 7% in 2022 and by 6.5% in 2023.

Conversely, rising fuel prices could adversely impact traffic, particularly in a flexible scenario allowing home working. In an economic recession scenario in which purchasing power declines, demand for assets of this kind could fall.

Finally, it should be noted that rising interest rates could also affect the capacity to finance new projects awarded and could also lead to tendering processes being cancelled and that generally speaking the volume of works tendered could be lower. In the case of the North American toll road portfolio, the interest rate hike to control inflation had no adverse effects, as the borrowings accrue interest at fixed rates. In order to hedge interest rate risk, in the projects whose borrowings bear interest at a variable rate, the concession holders have arranged interest rate hedges on the projects' debt.

Traffic trends on the main toll roads in North America in 2022 (compared to pre-pandemic levels in 2019) are analyzed below:

Traffic trends (*)	Q1-22	Q2-22	Q3-22	Q4-22	2022 (**)
407 ETR	-34%	-19%	-12%	-15%	-19%
NTE	-1%	9%	9%	11%	7%
LBJ	-20%	-12%	-19%	-19%	-18%
NTE 35W	9%	11%	2%	4%	6%

(*) Compared to the same quarter of 2019

(**) As compared to 2019

The trend compared to the previous year is shown below:

Traffic trends (*)	Q1-22	Q2-22	Q3-22	Q4-22	2022 (**)
407 ETR	46%	66%	18%	14%	30%
NTE	21%	10%	5%	5%	9%
LBJ	21%	8%	2%	2%	7%
NTE 35W	10%	-5%	-8%	-3%	-2%

(*) Compared to the same quarter of 2021

(**) As compared to 2021

A positive trend may be observed in the table above in relation to the evolution of the pandemic and no material adverse impacts may be observed as a result of the conflict.

Compared to 2019, 407 ETR traffic was impacted at the beginning of 2022 by the resumption of mobility restrictions in Ontario province to halt Omicron, measures that were lifted in March.

LBJ remained below 2019 levels primarily due to the positive effect of the construction work carried out in the area in 2019. Compared to 2021, NTE 35W's traffic was affected by the acceleration of the NTE3C works as from second quarter of 2022.

Cash flow effect

The impact of the conflict on Construction business cash flows relates to the adverse trend in short-term working capital (to make large payments), which will progressively recover in the medium term thanks to various recovery mechanisms, particularly claims to be made to clients and specific indexation approaches.

Dividend receipts are not expected to be affected.

1.2.3.2 Impact on asset impairment

As mentioned previously, the businesses have not been significantly affected by the conflict between Russia and Ukraine. However, the current macroeconomic context of rising rates pushed up the discount rates employed in the impairment tests performed, though to a lesser extent in the Toll Roads and Airports Divisions due to the impact of inflation on rates. Despite the situation described no indications of impairment of the Group's assets have been identified.

1.2.3.3 Impact on financial risks

The interest rate hike did not have a material effect on the Company's financial statements because 92% of the Group's borrowings are at fixed rates or are hedged by derivatives, as explained in Note 5.4

Indeed, as indicated below in Note 5.5.b to these consolidated annual accounts on derivatives, prospects of increasing interest rates have had a positive impact on equity due to the increase in value of these interest rate derivatives of EUR 302 million.

As regards rising inflation, besides the business impact, from a financial instruments point of view, the negative impact on equity of EUR -119 million in Autema (Note 5.5.a) is notable, due primarily to the expected increase in inflation.

1.3. ACCOUNTING POLICIES

1.3.1. New accounting standards

1.3.1.a) New standards, amendments and interpretations adopted by the European Union that must be first-time adopted in 2022

The same accounting policies have been applied when preparing these consolidated annual accounts as were applied to the consolidated annual accounts for the financial year ended 31 December 2021, as none of the standards, interpretations or amendments that are applicable for the first time in the current year has had a significant impact on the Group's accounting policies.

1.3.1.b) New standards, amendments and interpretations mandatorily applicable in financial years after 31 December 2022

The new standards, amendments and interpretations approved by the IASB but not yet mandatorily applicable at 31 December 2022 that might have an effect on the Group are as follows:

Standard, interpretation or amendment	Date published in the EU Official	Date applicable in the EU	IASB applicable date
IFRS 17 – Insurance contracts	19 November 2021	1 January 2023	1 January 2023
IFRS 17 – Insurance contracts: first-time adoption of IFRS 17 and IFRS 9 – comparative information	8 September 2022	1 January 2023	1 January 2023
Amendment to IAS 1 Presentation of financial statements: Classification of financial liabilities as current or non-current	Pending	Pending	1 January 2024
Amendments to IAS 1 Presentation of financial statements and IFRS 2 Practice Statement: Disclosure of accounting policies	2 March 2022	1 January 2023	1 January 2023
Amendments to IAS 8 Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates	2 March 2022	1 January 2023	1 January 2023
Amendments to IAS 12 Income taxes: Deferred tax related to assets and liabilities arising from a single transaction	11 August 2022	1 January 2023	1 January 2023

Although the Group is currently analyzing the impact, the preliminary analyses carried out to date do not indicate that first-time adoption will have a material impact on the consolidated annual accounts.

1.3.2. Basis of consolidation

In 2022 and 2021, the reporting dates of the individual annual accounts of all the companies included in the consolidation scope were either the same as, or were temporarily brought into line with, that of the parent company. In this regard, in order to calculate the degree of control, joint control or significant influence in each Group company, the consistency of the ownership interest held with the number of votes controlled in each company under their bylaws and shareholder agreements is reviewed.

In the case of business activities with companies in which joint control is identified, the general basis of consolidation is the equity method. In relation to these businesses, besides situations in which there are two venturers, each with a 50% ownership interest, cases requiring a more in-depth analysis are those relating to infrastructure projects in which Ferrovial is the shareholder with the largest ownership interest (less than or equal to 50%) and has the right to propose the Chief Executive Officer or other executives of the investee, while the other shareholders, mainly infrastructure funds, sit directly on the Board of Directors.

In all these cases, it has been concluded that the projects in question should be equity-accounted, because Ferrovial does not have the right to appoint the majority of the Board Directors and the Board resolutions (including the appointment of the main executive positions) always require a simple or qualified majority, where Ferrovial does not itself have a casting vote in the event of a tie.

Notable cases in this regard are the ownership interests held in the companies that own the following Toll Road projects (the percentage interest held in each is shown in brackets): 407 ETR (43.23%), Slovakia (35%), Toowoomba (40%) and OSARs (50%), as well as the interest in JFK NTO (49%), which was incorporated into the Airports Division in 2022, as described in point 1.1.4.

Contracts that are undertaken through temporary consortia (UTEs) or similar entities that meet IFRS 11 requirements to be classified as "joint operations" are proportionately consolidated.

It is considered that, in such joint operations, the shareholders have direct control over the assets, liabilities, income and expenses of these entities, together with joint and several liability. Operations of this nature contributed to the consolidated Group assets, profit/(loss) and revenue totaling EUR 428 million, EUR 40 million and EUR 1,242 million, respectively (EUR 65 million, EUR -27 million and EUR 1,127 million in 2021). The following companies stand out as being involved in construction projects are:

PROJECT	ACTIVITY	% SHAREL	REVENUE (€M)
HS2 Main works	Works on 80 km of the HS2 between Chilterns and Warwickshire, including 15 viaducts, 5 km of green tunnels, 22 km of road diversions, 67	15.00 %	235
Sydney Metro West	Metro design and construction on an 11-kilometre stretch of twin railway tunnels between Sydney Olympic Park and The Bays, Australia	50.00 %	159
Northern Line / Thames Tideway Tunnel	Design and construction of the Thames Tideway tunnel and extension of the London Underground Northern Line	50.00 %	123
Riverlinx	Design, construction, financing, operation and maintenance of the Silvertown Tunnel in East London.	40.00 %	91
HS2 Enabling Works	Preliminary ground and enabling works for the HS2 high-speed line in the UK	37.34 %	35
Ontario Transit Group Constructor GP	Design, build and finance Ontario Line Subway: Construction of a 6.7 km, seven-station rapid transit system.	50%	8
Metro Paris Ligne 3ª JV	Construction o 3A Line 18 of the Grand Paris Metro	50%	1
TOTAL			652

Finally, the companies over which Ferrovial, S.A. exercises significant influence and which do not meet the requirements of IFRS 11 to be classified as "joint operations" are also equity accounted.

A breakdown of the equity-accounted companies can be found in Note 3.5 and in Appendix II.

Intragroup balances and transactions are eliminated on consolidation. However, the transactions recognized in the income statement in relation to construction works undertaken by the Construction Division for infrastructure project concession operators are not eliminated on consolidation, since it is considered that the Group performs work for the concession awarding entity or regulator in exchange for the right to operate the infrastructure under the terms pre-established by the granting entity or regulator.

The awarding entity or regulator thus controls the asset from inception and grants the above-mentioned right in exchange for the work performed and, therefore, the conclusion may be reached that, at the Group level, the work is performed for third parties. This approach is in line with IFRIC 12.

The non-elimination of these transactions had an impact of EUR -61 million on the income statement, after taxes and non-controlling interests (EUR 6 million in 2021).

Appendix II contains a list of subsidiaries and associates.

Finally, as regards transactions for the purchase or sale of an ownership interest that does not entail a change of control in the company in question, the non-controlling interest is measured at the proportional value of the net identifiable assets of the company acquired or sold. Changes in the parent's ownership interest in a subsidiary that do not give rise to a loss of control are equity transactions.

1.3.3. Accounting policies applied to each item in the consolidated statement of financial position and consolidated income statement

Set forth below is a breakdown reflecting only the accounting policies applied by the consolidated Group when preparing these consolidated annual accounts that include an option permitted by IFRS or, as the case may be, on the basis of the specific nature of the industry in which it operates or of materiality.

1.3.3.1. Property, plant and equipment, investment property and intangible assets

- Following initial recognition, "Intangible assets", "Investment property" and "Property, plant and equipment" are measured at cost less accumulated depreciation and any impairment losses.
- The straight-line method is used to calculate the depreciation/amortization charge for "Intangible assets", "Investment property" and "Property, plant and equipment", except for certain machinery in the construction business that is depreciated using the declining-balance method.

The consolidated companies depreciate "Property, plant and equipment" over the following useful lives:

	YEARS OF USEFUL LIFE
Buildings and other structures	10-50
Machinery, installations and tooling	2-25
Furniture and fittings	2-15
Vehicles	3-20
Other fixed assets	2-20

1.3.3.2. Investments in infrastructure projects

This heading includes infrastructure investments made by the project companies within the scope of IFRIC 12, where remuneration consists of an unconditional right to receive cash or other assets, or a right to charge fees for the use of the public service.

The assets acquired by the concession operator to provide the concession services, but which do not form part of the infrastructure (such as vehicles, furniture or computer hardware) are not included under this heading because they do not revert to the concession awarding entity.

Assets of this nature are carried under "Property, plant and equipment" and are depreciated over their useful life using a method that reflects economic use.

IFRIC 12 Intangible asset model assets

All initial investments relating to the infrastructure that subsequently reverts to the awarding entity, including compulsory purchase costs and borrowing costs capitalized during construction, are amortized on the basis of the applicable pattern of consumption in each case (generally traffic forecasts in the case of toll roads) over the term of the concession.

The investments contractually agreed at concession inception on a final and irrevocable basis that will be made at a later date during the concession term, including non-contingent payments to be made to the granting authority without consideration, provided they are not investments made to upgrade the infrastructure, are treated as initial investments. For investments of this kind, an asset and an initial provision are recognized for the present value of the future investment, applying a discount rate equal to the borrowing costs associated with the project to calculate present value. The asset is amortized based on the pattern of consumption over the entire term of the concession and the provision is updated to reflect interest expense until the investment is made.

Where a payment is made to the awarding entity to obtain the right to operate the concession, this amount is also amortized based on the pattern of consumption over the concession term.

A provision is recognized systematically for replacement investments over the period in which the related obligations accrue and must be fully funded by the time the replacement becomes operational. The provision is recognized based on the pattern of consumption over the period in which the obligation accrues using a financial method.

Infrastructure upgrade investments are those that increase the infrastructure's capacity to generate revenue or reduce its costs. In the case of investments that will be recovered over the concession term, since the upgrade investments increase the capacity of the infrastructure, they are treated as an extension of the right granted and, therefore, they are recognized in the balance sheet when they come into service. They are amortized as from the date on which they come into service based on the difference in the pattern of consumption arising from the increase in capacity.

However, if, on the basis of the concession terms and conditions, these investments will not be offset by a potential increase in revenue as from the date on which they are made, a provision is recognized for the best estimate of the present value of the outflow required to settle the associated obligations that will not be offset by a potential increase in revenue as from the date on which the investments are made. The balancing entry is an increase in the asset's acquisition cost.

In the case of the proportional part of the upgrade or increase in capacity that is expected to be recovered through an increase in future revenue, the general accounting treatment used for investments that will be recovered over the concession term will be applied. The main assumptions employed in relation to these arrangements relate to traffic and replacement investment estimates, which are updated each year by the technical departments.

Set out below is a breakdown of the main concession agreements in force to which the intangible asset model is applied for both toll roads and airports, highlighting the new acquisitions aforementioned of Dalaman International Airport and the New Terminal One of JFK NTO (see note 1.1.4) showing the term, status and consolidation method:

Intangible asset model concessions

CONCESSION OPERATOR	COUNTRY	STATUS	START YEAR (*)	END YEAR	CONSOLIDATION METHOD
NTE Mobility Partners, LLC	USA	Operation	2014	2061	Full consolidation
NTE Mobility Partners Seg 3 LLC	USA	Operation	2018	2061	Full consolidation
LBJ Infr. Group LLC	USA	Operation	2014	2061	Full consolidation
I-66 Mobility Partners LLC	USA	Operation	2016	2066	Full consolidation
I-77 Mobility Partners LLC	USA	Operation	2019	2069	Full consolidation
Euroscut Azores	Portugal	Operation	2011	2036	Full consolidation
Eurolink Motorway Operations (M4-M6)	Ireland	Operation	2005	2033	Equity consolidation
Autopista Terrassa Manresa, S.A.	Spain	Operation	1989	2036	Full consolidation
Autovía de Aragón, S.A. (**)	Spain	Operation	2007	2026	Full consolidation
Dalaman International Airport	Turkey	Operation	2022	2042	Fully consolidation
JFK NTO LLC	USA	Construction	2022	2060	Equity method

(*) First year of the concession (if in service) or year construction began (if it is in the construction phase).

(**) In 2021, the maintenance and operation contract for the A2 Highway section was classified as a continuing operation.

IFRIC 12i Financial asset model assets

This heading reflects service concession arrangements related to infrastructures in which the consideration consists of an unconditional contractual right to receive cash or another financial asset, either because the awarding entity guarantees payment of specific amounts or because it guarantees recovery of the shortfall between amounts received from public service users and the specified amounts. Therefore, these are concession agreements in which demand risk is borne in full by the awarding entity. In such cases, the amount due from the awarding entity is accounted for as a loan or receivable on the assets side of the balance sheet.

To calculate the amount owed by the awarding entity, the value of the construction, operation and/or maintenance services provided and the financial return implicit in arrangements of this nature are taken into consideration.

Revenue from the services (basically construction and maintenance) provided in each period increases the amount of the receivable with a balancing entry in revenue. The financial return on the services provided also increases the amount of the receivables with a balancing entry in revenue. Amounts received from the awarding entity reduce the total receivable with a balancing entry in cash.

This financial return from such concessions is recognized as revenue, since it forms part of the concession activity and accrues on a regular, periodic basis.

At 31 December 2022 and 2021, financial returns recognized as revenue amounted to EUR 10 million and EUR 15 million, respectively.

Also, the borrowing costs associated with the financing of concessions to which the financial asset model is applied amounted to EUR 9 million in 2022 and EUR 12 million in 2021.

The main concession contracts that apply the account receivable model correspond to the Construction and Waste Treatment businesses (Thalia):

CONCESSION OPERATOR	COUNTRY	STATUS	START YEAR (*)	END YEAR	CONSOLIDATION METHOD
Concesionaria de Prisiones Lledoners	Spain	Operation	2008	2038	Full consolidation
Depusa Aragón, S.A.	Spain	Operation	2017	2037	Full consolidation
Wroclaw Budimex Car Park	Poland	Operation	2012	2042	Full consolidation
UK Waste Treatment (Thalia)	UK	Operation	2008	2036	Full consolidation

(*) First year of the concession (if in service) or year construction began (if it is in the construction phase).

In addition, within the companies accounted for by the equity method, the following toll road concession contracts also apply the account receivable model:

CONCESSION OPERATOR	COUNTRY	STATUS	START YEAR (*)	END YEAR	CONSOLIDATION METHOD
Eurolink M3	Ireland	Operation	2010	2052	Equity consolidation
A66 Benavente - Zamora	Spain	Operation	2015	2042	Equity consolidation
407 East Extension	Canada	Operation	2016	2045	Equity consolidation
Scot Roads Partnership Project Limited	UK	Operation	2017	2047	Equity consolidation
Nexus Infr. Unit Trust (Toowoomba)	Australia	Operation	2019	2043	Equity consolidation
Blackbird Infr. Group (407 East Phase 2)	Canada	Operation	2019	2047	Equity consolidation
Ruta del Cacao S.A.S	Colombia	Construction	2015	2040	Equity consolidation
Zero Bypass Ltd.	Slovakia	Operation	2016	2050	Equity consolidation
Netflow OSARs Western	Australia	Construction	2017	2040	Equity consolidation
Riverlinx, Ltd.	UK	Construction	2019	2050	Equity consolidation

(*) First year of the concession (if in service) or year construction began (if it is in the construction phase).

1.3.3.3. Other balance sheet and income statement items

Cash and cash equivalents of infrastructure project companies: Restricted cash (Note 5.2.1).

This heading includes investments of the same type and maturity that are assigned to the financing of infrastructure projects, the availability of which is restricted under the financing facilities to secure certain obligations relating to the payment of interest or principal on the borrowings and to infrastructure maintenance and operation.

Fair value measurement

When measuring derivatives, the credit risk of the parties to the agreement is taken into account. The impact of credit risk will be taken to the income statement unless the derivatives qualify as effective cash flow hedges, in which case the effect will be recognized in reserves.

The Group uses appropriate measurement methods based on the circumstances and on the volume of inputs available for each item, attempting to maximize the use of relevant observable inputs and avoiding the use of unobservable inputs. When measuring fair value, the Group applies a hierarchy that places measurement inputs on the following three levels:

- Level 1: Quoted prices for identical assets or liabilities.

- Level 2: Inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.
- Level 3: Unobservable market inputs for the asset or liability.

As explained in Note 5.5 Financial derivatives, all the Group's financial derivatives are on Level 2.

Financial instruments

Impairment of financial assets

IFRS 9 is based on an expected loss model whereby the loss provision is calculated based on the coming 12-month or lifetime expected losses for the financial instruments, depending on the significance of the related increase in risk.

This model applies to all financial assets, including trade receivables and contract assets under IFRS 15, and non-trade assets and receivables under IFRIC 12. The Group has developed a calculation method whereby certain percentages are applied to financial asset balances that reflect expected credit losses based on the credit profile of the counterparty (the customer, in the case of trade and other receivables and the awarding entity for financial assets under IFRIC 12).

These percentages reflect the probability of default on payment obligations and the percentage loss which, in the event of non-payment, would ultimately not be recoverable.

The assignment of rating and trends in those percentages are overseen by the Financial Risk Department, which updates the percentages at each year-end based on credit risks. If a significant increase in risk above the level initially recognized is identified during the analysis, the expected loss is calculated taking into account the asset's lifetime probability of default.

The Group applies the simplified approach to trade and other receivables. In order to calculate expected loss, an average rating is obtained for customers by business and by geographic area and is used to generate the percentages to be applied to the balances, depending on whether the customer is a public or private entity and on its business sector (only in the case of private sector customers).

If the customer is declared insolvent, a claim is filed against it or it defaults on payment, a breach is deemed to have occurred and the entire trade receivable is provisioned. The Group has defined payment periods per customer type that trigger a breach and thus the posting of a provision.

In the case of receivables under the IFRIC 12 approach (Note 3.3.2), the expected loss provision is calculated individually for each asset based on the awarding entity's credit quality. If the credit risk has not increased significantly, the calculation is made based on the credit losses expected over the next 12 months. The risk is deemed not to have increased significantly if the awarding entity has an above-investment-grade rating and has maintained this level since initial recognition.

Classification and measurement of financial assets.

Under IFRS 9, the classification and measurement method are based on two aspects: the characteristics of the contractual cash flows from the financial asset and the entity's business approach to managing financial assets.

This entails three potential measurement methods: amortized cost, fair value through other comprehensive income (equity) and fair value through profit or loss. The Group's financial assets are mainly assets held to maturity, the cash flows of which only comprise payments of principal and interest, so financial assets are carried at amortized cost. It should be noted that there is an option to report fair value changes in other comprehensive income from the outset in the case of equity instruments measured by default at fair value through profit or loss. This decision is irrevocable and must be made for each individual asset.

Hedge accounting. IFRS 9 attempts to align hedge accounting more closely with risk management, and the new requirements establish a principle-based approach.

Other equity instruments

These are perpetual bonds with payment at the discretion of the party that issues the coupon in question. They do not meet the conditions to be considered as a financial liability for accounting purposes, because they do not include any contractual obligation to make payment in the form of cash or any other financial asset, nor do they include any obligation to exchange financial assets or liabilities. They are therefore entered as part of the company's equity, in other equity instruments.

Non-refundable grants related to assets

Non-repayable capital grants are measured at the amount granted under "Deferred income" (Note 6.1) in the consolidated statement of financial position and are progressively released to the income statement in proportion to the depreciation charged during the year on the assets financed by the grants, on the line as the depreciation charges. From a cash flow standpoint, the investments made are presented net of grants received during the year.

Trade payables

The heading "Trade payables" includes balances payable to suppliers under reverse factoring arrangements with banks.

These balances are classified as trade payables and the related payments as cash flows from operating activities, since the payments are made to the banks on the same terms agreed with the suppliers. The company required to make payment to the supplier does not arrange an extension with the banks beyond the due dates agreed with the suppliers and there are no special guarantees securing the payments to be made.

1.3.3.4 Revenue recognition

Ferrovial has a common revenue recognition policy adapted to IFRS 15 "Revenue from contracts with customers" so as to ensure a consistent approach across all lines of business.

i) General revenue recognition approach

The first step in the revenue recognition process involves identifying the relevant contracts and the performance obligations that they contain.

In general, performance obligations in Construction activities carried out by Ferrovial are satisfied over time rather than at a point in time, since the customer simultaneously receives and consumes the benefits of the company's work as the service is provided.

As regards the approach to recognizing revenue over time (a way of measuring the progress of a performance obligation), Ferrovial has established certain criteria that are applied consistently to similar performance obligations.

In this regard, the Group has chosen the output method as its preferred approach when measuring goods and services the control of which is transferred to the customer over time. This approach is applied whenever percentage of completion can be measured during the performance of the contract.

In contracts for goods and services that are different but closely interrelated when making a combined product, which often occurs under construction contracts, the applicable output method consists of measuring the work carried out or surveying performance completed to date, in which the revenue recognized reflects the work units executed and the unit price. Under this method, the units completed under each contract are measured and the relevant output is recognized as revenue.

Costs of works or services are recognized on an accrual basis, expensing amounts actually incurred to execute units and forecast future costs that must be allocated to the units completed to date (Note 1.3.3.4.IV on provisions for deferred expenses).

For recurring and routine services (involving substantially the same services) such as maintenance, showing the same pattern over time and remuneration consisting of a recurring fixed amount over the contract term (e.g., monthly or annual payments), such that the customer benefits from the services as they are provided, the Group opted for the time elapsed output method to recognize revenue. Under this method, revenue is recognized on a straight-line basis over the term of the contract and costs are recognized on an accrual basis.

The costs-incurred input method may only be applied to contracts that are not for recurring and routine services and for which the unit price of the units to be executed cannot be determined. Under this method, the company recognizes revenue based on costs incurred as a percentage of the total costs forecast to complete the work, taking account of the expected profit margins for the whole project, based on the most recently updated budget.

This method entails measuring the costs incurred as a result of the work completed to date as a proportion of the total costs forecast and recognizing them as revenue in proportion to the total revenues expected.

As indicated above, this method only applies to complex, lump-sum construction or service contracts in which it is not possible to break down the price and the measurement of units to be completed.

Finally, as regards determining whether the company acts as a principal or agent in relation to its contractual performance obligations, Ferrovial is the principal in both construction and service contracts if it provides goods and services directly to the customer and transfers control of them without involving intermediaries.

In the case of concession agreements in which Ferrovial both builds and operates the infrastructure, the construction company is the principal if it is ultimately responsible for fulfilling the contractual obligation to execute the work in accordance with the concession agreement specifications and therefore assumes the consequences in the event of a claim or delay. Revenues and results of those construction services are therefore recognized by the Construction Division. Conversely, the concession company acts as an agent in connection with the construction performance obligation and does not therefore recognize revenues or results in this regard.

ii) Recognition of revenue from contract modifications, claims and disputes

Modifications are understood to mean changes to the scope of the work provided for in the original contract and that could result in a change to the revenues under the contract in question. Changes to the initial contract require the customer's technical and financial approval prior to progress billing and collection of amounts for the additional work.

The Group generally does not recognize any revenue from such additional work until it has been approved by the customer. When the work has been approved but has yet to be valued, the "variable consideration" requirement (as explained below) will apply. This entails recognizing revenue in an amount that is highly unlikely to be reversed.

Any costs associated with the units completed or services rendered will be recognized when they are incurred, regardless of whether or not the modification has been approved.

A claim is a request for payment or compensation to the customer (e.g., compensation events, reimbursement of costs, legally mandated inflation adjustment) subject to an application procedure directly to the customer. The general criterion followed by the Group is not to recognize revenue until the request has been approved by the customer. In the event that the work is approved but the valuation is pending, the requirement mentioned below for the case of "variable consideration" in accordance with IFRS 15 is applied, recording the amount for which it is highly probable that there will not be a significant reversal. This treatment is also applied in exceptional cases where no approval has been received from the customer, recording revenue provided there is a legal report justifying that the disputed rights are clearly enforceable, as well as a technical report supporting the technical basis of the request or claim in question and approval from the Division's CFO.

A dispute is the result of non-compliance, or the rejection of a claim submitted to the customer under the contract, the resolution of which is pending a direct procedure with the customer or a court or arbitration proceeding.

In line with the Group's approach, revenue related to a dispute in which the enforceability of the amount claimed is questioned is not recognized and any amount previously recognized is written off, since a dispute means that the customer has not approved the completed work.

In the event that the customer questions the value of the work completed, revenue will be recognized following the "variable consideration" approach explained below.

Only in cases in which a legal report confirms that the rights in dispute are clearly enforceable and, therefore, at least the costs directly associated with the disputed service will be recovered, may revenue be recognized up to the limit of the costs incurred.

iii) Determination of the transaction price

The transaction price must allocate a price to each performance obligation (or distinct good or service) in an amount that represents the consideration to which the entity expects to be entitled in exchange for the transfer of committed goods or services to the customer. To this end, the transaction price of each performance obligation identified in the contract is allocated as a separate selling price in relative terms.

The best evidence of a separate selling price is the observable price of a good or service when the company sells that good or service separately in similar circumstances and to similar customers.

Variable consideration

If the consideration committed in a contract includes a variable amount, it is recognized only to the extent that it is highly probable that there will be no significant reversal when the uncertainty associated with the variable consideration is resolved. For example, it is stipulated that a bonus may only be recognized once a high percentage-of-completion of the contract has been reached.

Financing component

In general, when more than one-year elapses between the date on which the good or service is delivered and the date on which the customer is expected to make payment, an implicit financing component is included when calculating the price of a performance obligation. This component is treated as financial income.

Where a performance obligation relates to a period of less than one year between the date on which the company transfers a good and the date on which the customer makes payment, the practical expedient permitted by the accounting standard is applied to avoid adjusting the amount of the consideration.

In cases in which there is a contractual or legal right to charge late-payment interest based on the contractually agreed terms, the late-payment interest is only recognized when it is highly probable that it will be effectively received.

iv) Balance sheet items related to revenue recognition

Completed work pending certification/work certified in advance

Unlike revenue recognition, amounts billed to the customer are based on the various milestones reached under the contract and on acknowledgement thereof by the customer by means of a contractual document referred to as a progress billing certificate. Therefore, the amounts recognized as revenue for a given year do not necessarily match those billed to or certified by the customer.

For contracts in which the revenue recognized exceeds the amount billed or certified, the difference is recognized in an asset account named "Completed work pending certification" (as a contract asset) under "Trade receivables for sales and services", while for contracts in which the revenue recognized is lower than the amount billed or certified, the difference is recognized in a liability account named "Work certified in advance" (as a contract liability) under "Short-term trade and other payables".

Bidding and mobilization costs

In addition to the balance sheet items described above, the Group also recognizes assets reflecting costs of obtaining contracts (bidding costs), costs incurred fulfil contracts or start-up costs (mobilization costs) directly related to the main contract, provided they are recoverable during the performance of the contract. These balances are included in a separate asset account in the balance sheet under "Inventories" (Note 4.1).

<u>Bidding costs</u> are only capitalized when they are directly related to a contract, it is probable that they will be recovered in the future and the contract has been awarded or the company has been selected as preferred bidder.

The costs incurred, regardless of whether or not the contract is won, are recognized as an expense, unless they are explicitly recoverable from the customer in any event (whether or not the contract is obtained). They are amortized systematically as the goods and services related to the asset are transferred to the customer.

Any costs that are necessary to start up a contract or <u>mobilization costs</u> are capitalized whenever it is probable that they will be recoverable in the future, excluding any expenses that would have been incurred if the contract had not been obtained. They expensed based on the proportion of actual output to estimated output under each contract. Otherwise, they are taken directly to the income statement.

v) Provisions for contracts with customers

The main provisions for customer contracts cover deferred expenses and budgeted losses.

- Provisions for deferred expenses. They cover expenses that are expected to be incurred at contract close-out, such as for the removal of construction machinery or decommissioning, as well as estimated repairs to be carried out during the warranty period. These provisions reflect an existing obligation stipulated in the contract on the basis of which the company is likely to allocate resources to satisfy the obligation, the amount of which can be reliably estimated. The provisions are based on the best possible estimates. They may be calculated as a percentage of the total revenues expected from the contract, if there is historical information for similar contracts.

Warranty obligations included in this type of provision are not treated as a separate performance obligation, unless the customer has the option of contracting the warranty separately, in which case it is recognized in accordance with IAS 37 on provisions.

- Provisions for budgeted losses. These provisions are recognized when it becomes apparent that the total costs expected to fulfil a contract exceed expected contract revenues. For the purpose of determining, where appropriate, the amount of the provision, budgeted contract revenue will include the forecast revenues that is considered probable, in line with IAS 37 (paragraph 14 (b)). As well as incremental costs and those directly related to the contract. General costs are not directly attributable to a contract and are therefore excluded from the calculation unless they are explicitly passed on to the counterparty in accordance with the contract, in line with paragraph 68 (a) of IAS 37.

  This differs from the IFRS 15 approach described above in Note 1.3.3.4 "Revenue recognition", according to which revenue is only recognized when considered highly probable.

  Should total profit expected from a contract be lower than the amount recognized applying the above-mentioned revenue recognition approach, the difference is reflected as a loss provision.

vi) Segment-specific revenue recognition approach

Construction business

A single performance obligation is generally identified in construction contracts due to the high degree of integration and customization of the various goods and services forming a combined output that is transferred to the customer over time.

As mentioned previously, the Group has chosen the survey of performance output method as its preferred approach, which is applied provided that progress can be measured, and a price has been allocated to each work unit.

The input method may only be applied to contracts for which the unit price for the units to be completed cannot be determined.

Toll Roads business

The contracts included in this business area are accounted for in accordance with IFRIC 12, whereby contract assets are classified into two types: intangible assets and receivables (a mixed approach might also be applied) (Note 1.3.3.2).

In the case of contracts classified as intangible assets, the customer is the infrastructure user and therefore each use of the infrastructure by users is deemed a performance obligation and the revenue is recognized at a point in time. In the case of contracts accounted for using the financial asset model, in which the public administration is the customer, revenue recognition depends on the various services provided (e.g. operation or maintenance), which are recognized as separate performance obligations to which market prices must be allocated.

Where a separate selling price is not directly observable, the best possible estimate is employed, applying the forecast business margin.

Finally, regardless of whether the concession follows the intangible asset, financial asset or mixed asset model, as indicated above, in cases where the construction of the infrastructure is subcontracted to an external company, the concessionaire recognizes the infrastructure acquired for the price paid to the construction company, without recording in the Income Statement revenue for such construction services.

Airport's business

Generally speaking, these are short-term services rendered to the customer (airlines or airport users), in which revenues will be recognized at a specific moment.

Energy transmission business

These contracts cover a number of services that are substantially the same and are transferred based on the same pattern. The monthly rate reflects the value of the services rendered. This type of contract includes a single performance obligation that is transferred over time for which revenues are recognized using the output method.

1.3.3.5 Non-current assets held for sale

Non-current assets are carried as held for sale if it is considered that their carrying amount will be recovered when sold, rather than via continued use.

This condition is only met when the sale is actively being worked on and is highly probable, and the asset is available for immediate sale in its current condition, and that the sale is likely to be completed in the space of one year from the classification date. The period may be extended if the delay is caused by circumstances beyond the company's control and there is sufficient evidence of the commitment to the sales plan.

The total for these assets is carried on one line at the lower of carrying amount and fair value less costs to sell. They are not depreciated as from the date of classification as held for sale. The profit/(loss) contributed by these assets to the Group's consolidated profit/(loss) is recognized by nature in the income statement.

An entity that is committed to a sale plan entailing the loss of control of a subsidiary will classify all that subsidiary's assets and liabilities as held for sale when the requirements indicated in the previous paragraph are met, irrespective of whether or not the entity retains a non-controlling interest in its former subsidiary following the sale.

1.3.3.6 Discontinued operations

Discontinued operations are those that have been sold or otherwise disposed, or have been classified as held for sale and represent a full segment for the consolidated Group, or form part of a single plan or relate to a subsidiary acquired solely for resale.

The profit/(loss) generated from discontinued operations, for both the current financial year and the comparative periods, is presented on a specific line in the income statement net of taxes, as the total of the follow amounts:

- Profit/(loss) from the discontinued operations after tax.
- Profit/(loss) after tax recognized at fair value less costs to sell, or at divestment value.

1.3.4. Accounting estimates and judgements

Estimates were made when preparing the 2022 consolidated annual accounts to measure certain assets, liabilities, income, expenses and commitments. These estimates basically relate to the following:

i. Judgement on the approach to consolidating the ownership interests acquired in the companies JFK NTO LLC and Dalaman International Airport (Note 1.1.4).
ii. Estimate made to calculate the fair value of the Dalaman Airport net assets.
iii. Revenue from contracts with customers (Note 1.3.3.4), particularly as regards:
- determining whether there are enforceable rights to recognize revenue.
- establishing whether the requirements are met to recognize revenue as variable consideration;
- recognizing revenue in relation to a modification, claim or dispute;
- establishing whether there are one or more performance obligations and the price to be allocated in each case;
- defining the method applicable to each performance obligation so as to recognize revenues on the basis of time, bearing in mind that, according to the accounting policy established by the company, the preferred method is the survey of performance completed output method or the time-elapsed output method, while the costs-incurred input method is applied in cases in which the services rendered do not represent recurring and routine services and it is not possible to determine the unit price of the units to be completed;
- in the case of contracts recognized based on a survey of performance completed to date, measuring the units completed and the price attributable in each case;
- in the case of contracts recognized using the costs-incurred input method, defining percentage-of-completion in cost terms and the contract's forecast profit margin;
- capitalization of bidding and mobilization costs;
- assessment of whether the entity is acting as a principal or an agent in relation with specific performance obligations;
- amounts related to the calculation of provisions for expected losses and deferred expenses.

iv. Going concern assessment (Note 1.2)
v. Possible legal and tax contingencies (Note 6.5 on contingent liabilities and Note 6.3 on provisions).
vi. Recognition of the guaranteed subordinated hybrid bond (Note 5.1.2. on equity instruments)
vii. Derivative measurements and associated forecast flows to determine the existence of accounting hedges (Note 5.5 on financial derivatives at fair value).
viii. Assessment of possible impairment losses on certain assets. (Note 3.1 on goodwill, note 3.6 on non-current financial assets and Note 3.5 on investments in associates).
ix. Business trend projections affecting decisions to recognize tax credits and related recoverability prospects (Note 2.8 on income tax expense and deferred taxes).
x. Estimates based on future toll road traffic when preparing toll road financial information under IFRIC-12 (Note 3.3 on investments in infrastructure projects and Note 6.3 on provisions).
xi. Measurement of share-based plans (Note 6.7 on share-based remuneration schemes).
xii. Term of lease agreements containing termination or extension options or whether the exercise of such options affecting the value of the right-of-use asset and the lease liability is reasonably certain (Note 1.2.1.a).

These estimates have been made using the best information available on 31 December 2022 on the matters analyzed. However, future events might lead to changes in the estimates, which would be made prospectively in accordance with IAS 8.

1.3.5. Disclosures

It should also be noted that information or disclosures that need not be included on the basis of qualitative significance have been omitted from these consolidated annual accounts due to being immaterial under the IFRS Conceptual Framework.

1.4. EXCHANGE RATE

As indicated previously, Ferrovial has business outside the eurozone through various subsidiaries. The exchange rates used to translate their financial statements for Group consolidation purposes are as follows:

For balance sheet items (exchange rates in December 2022 and at December 2021 for the comparative period):

Closing exchange rate	2022	2021	Change 22/21 (*)
Pound sterling	0.88534	0.84133	5.23 %
US dollar	1.07050	1.1370	-5.85 %
Canadian dollar	1.45055	1.4373	0.92 %
Australian dollar	1.57172	1.5647	0.45 %
Polish zloty	4.6852	4.5869	2.14 %
Chilean peso	908.1600	968.9800	-6.28 %
Indian rupee	88.1544	84.2136	4.68 %

(*) A negative change represents an appreciation of the reference currency against the euro and vice versa.

For items in the income statement and cash flow statement (cumulative average rates in December 2022 and at December 2021 for the comparative period):

Average exchange rate	2022	2021	Change 22/21 (*)
Pound sterling	0.85269	0.8590	-0.69 %
US dollar	1.05330	1.1796	-10.70 %
Canadian dollar	1.36984	1.4790	-7.38 %
Australian dollar	1.51685	1.5785	-3.91 %
Polish zloty	4.68474	4.5656	2.61 %
Chilean peso	917.53335	901.4610	1.78 %
Indian rupee	82.7262	87.2774	-5.21 %

(*) A negative change represents an appreciation of the reference currency against the euro and vice versa.

As may be observed in the above tables, during 2022 the main currencies in which Ferrovial operates have performed differently, as the Canadian dollar and the US dollar have appreciated against the Euro and the Pound Sterling and the Indian rupee have depreciated against the euro.

The impact recorded in equity attributable to the parent company for this reason is 43 million euros (see Note 5.1.1 Changes in Equity).

The exchange rate effect is also analyzed in the notes to the accounts, where relevant.

1.5. SEGMENT REPORTING

Appendix III contains the statements of financial position and the income statement per business segment for both 2022 and the comparative period.

It also includes a segment breakdown of the sections in which this information is relevant or required under accounting legislation.

SECTION 2: PROFIT/(LOSS) FOR THE YEAR

This section comprises the notes relating to the profit/(loss) for the year.

The net profit for the year totaled EUR 186 million thanks to operational improvements in the Toll Roads business following traffic growth, which is explained mainly by the lifting of the COVID-19 restrictions and the rate rise in the US, as well as by the Construction Division's results, particularly the contributions from the businesses in Spain and in Poland through the subsidiary Budimex, as described in more detail in the Management Report.

In addition, net profit/(loss) for the year was impacted by a profit of EUR 64 million from discontinued operations relating to the aforementioned divestments of the business operated in the UK through the subsidiary Amey (Note 1.1.3).

The impairment and disposals line reflects other non-recurring items amounting to EUR -6 million, relating essentially to the impairment of Ferrovial's ownership interest in the mobility services company MaaS Global and to the sale of the remaining 20% of the Vía do Infante (Algarve) toll road to DIF Capital Partners.

Profit/(loss) for the year was also influenced by two opposing effects of the Group's hedges: the negative impact of the inflation derivatives contracted by Autema (EUR -77 million), relating to the portion of the hedge that was discontinued in 2019 following the change of concession scheme, which was partially offset by the breakage of the pre-hedge arranged for the issuance of a new corporate bond that finally did not go ahead, entailing a positive effect of EUR 68 million on results.

In addition, the negative impact of investments held at fair value, mainly due to investments held by the group at fair value, mainly as a result of the negative the negative evolution of Lilium's share price (USD1 USD $1.14 vs. USD $6.93 in 2021), and of the investment in 6.93 in 2021), and the investment in innovation funds. innovation funds.

Finally, of particular note is the recognition of EUR 26 million in deferred tax liabilities, in addition to the EUR 41 million recognized in December 2021, in relation to withholding tax on the repatriation of future dividends from Canada (Note 2.8.3).

Setting aside all these impacts, together with others relating to the measurement of ineffective derivatives and the regularization of prior-year taxes, the group's result would be EUR 151 million, as broken down in the accompanying table.

(Million euro) Non-recurring impacts	Balances at 31/12/2022 Net profit/(loss)
Profit/(loss) for the year	**186**
Discontinued operations	-64
Derivatives and investments at fair value	20
Repatriation of funds from Canada	26
Other effects	-17
Profit/(loss) for the year after non-recurring effects	**151**

NOTES ON PROFIT/(LOSS) FROM CONTINUING OPERATIONS

2.1. OPERATING INCOME

Set out below is a breakdown of the Group's operating income at 31 December 2022:

(Million euro)	2022	2021 (*)
Revenue	7,551	6,910
Other operating income	2	1
Total operating income	**7,553**	**6,911**

(*) Restated figures (Note 1.1.5)

The Group's revenue at 31 December 2022 relating to contracts with customers, as interpreted by IFRS 15, amounted to EUR 7,385 million (Note 4.4).

Revenue includes financial income from the services provided by the concession operators that apply the financial asset model, amounting to EUR 10 million in 2022 (EUR 15 million in 2021).

Set out below is a breakdown of revenue by segment and prior-year comparative figures:

	2022			
(Million euro)	External sales	Inter-segment sales	Total	Var. %
Construction	5,432	1,031	6,463	6 %
Toll Roads	779	1	780	33 %
Airports	54	0	54	n.a.
Energy and mobility infrastructures	296	0	296	17 %
Other activities (*)	39	139	178	13 %
Adjustments	0	-220	-220	33 %
Total	**6,600**	**951**	**7,551**	**9 %**

(*) Corresponds to support services provided by the Corporation to the rest of the group's businesses, which are eliminated in the consolidation process.

	2021 (*)		
(Million euro)	External sales	Inter-segment sales	Total
Construction	5,044	1,033	6,077
Toll Roads	587	1	588
Airports	1	1	2
Energy and mobility infrastructures	252	0	252
Other activities (*)	3	154	157
Adjustments	0	-166	-166
Total	**5,887**	**1,023**	**6,910**

(*) Corresponds to support services provided by the Corporation to the rest of the group's businesses, which are eliminated in the consolidation process.

The inter-segment sales that are not eliminated in the Group's consolidated financial statements are the sales made by the Construction Division to the infrastructure concession operators (Notes 1.3.2 and 6.8).

The breakdown of sales by geographic segment is as follows:

(Million euro)	2022	2021 (*)	Var. 22/21
USA	2,906	2,639	267
Poland	1,842	1,735	107
Spain	1,154	1,092	62
UK	708	644	64
Canada	100	80	20
Other	841	721	120
TOTAL	**7,551**	**6,910**	**641**

(*) Restated figures (Note 1.1.5)

The Group's sales in its five main markets account for 89% of total sales.

2.2. OTHER OPERATING EXPENSES

The heading Other operating expenses mainly includes subcontracted work for the year:

(Million euro)	2022	2021 (*)	Var.
Subcontracted work	2,975	2,824	151
Leases	256	236	20
Repairs and maintenance	89	70	19
Independent professional services	449	331	118
Changes in provisions for liabilities (Note 6.3)	-68	51	-119
Other operating expenses	481	411	70
Total other operating expenses	**4,182**	**3,923**	**259**

(*) Restated figures (Note 1.1.5)

2.3. STAFF COSTS

Set out below is a breakdown of staff costs:

(Million euro)	2022	2021(*)	Var.
Wages and salaries	1,111	1,106	5
Social security contributions	158	142	16
Pension plan contributions	13	10	3
Share-based payments	8	-9	17
Other welfare expenses	156	44	112
TOTAL	**1,446**	**1,293**	**153**

(*) Restated figures (Note 1.1.5)

Compared to the previous year, the impact on the income statement in relation to the remuneration systems based on delivery of shares, which generated an expense of EUR -8 million (income of EUR 9 million in 2021) with a balancing entry in equity.

Compared to the previous year is due to the fact that the reversal of the provision made in the year to adjust the expense to the degree of compliance with these plans has been lower than previous year (higher degree of compliance).

The trend in the number of employees at 31 December 2022 compared to 2021 by professional category and gender is as follows:

CATEGORY	31/12/2022			
	MEN	WOMEN	TOTAL	VAR. 22/21
Executive directors	2	0	2	– %
Senior managers	12	1	13	– %
Executives	2,580	635	3,215	8 %
Managers/Professionals/Supervisors	4,117	2,044	6,161	4 %
Administrative/Support personnel	565	668	1,233	11 %
Manual workers	12,864	703	13,567	(2) %
Total	**20,140**	**4,051**	**24,191**	**1 %**

Discontinued operations included no workforce in 2022. Set out below are the data for 2021, distinguishing between continuing and discontinued operations:

CATEGORY	31/12/2021(*) MEN	WOMEN	TOTAL
Executive directors	2	0	2
Senior managers	12	1	13
Executives	2,442	540	2,982
Managers/Professionals/Supervisors	3,995	1,930	5,925
Administrative/Support personnel	519	589	1,108
Manual workers	13,141	762	13,903
Total	**20,111**	**3,822**	**23,933**

(*) Restated figures (Note 1.1.5)

DISCONTINUED OPERATIONS CATEGORY	31/12/2021 (*) MEN	WOMEN	TOTAL
Executive directors	0	0	0
Senior managers	0	0	0
Executives	1,450	437	1,887
Managers/Professionals/Supervisors	4,995	1,444	6,439
Administrative/Support personnel	110	497	607
Manual workers	13,717	16,488	30,205
Total	**20,272**	**18,866**	**39,138**

(*) Restated figures (Note 1.1.5)

At 31 December 2022, there were 107 employees with a disability rating of 33% or more, accounting for 0.4% of the total workforce.

The average workforce by business division for the two periods compared is as follows:

BUSINESS	31/12/2022 MEN	WOMEN	TOTAL	VAR. 22/21
Construction	15,316	3,135	18,451	(3) %
Toll Roads	373	169	542	— %
Airports	192	43	235	628 %
Energy and mobility infrastructures	3,541	415	3,956	1 %
Other	7,607	3,560	11,167	(55) %
Total discontinued operations	—	—	—	(100) %
Total	**27,029**	**7,322**	**34,351**	**43 %**

BUSINESS	31/12/2021 (*) MEN	WOMEN	TOTAL
Construction	16,059	3,042	19,101
Toll Roads	385	159	544
Airports	22	10	32
Energy and mobility infrastructures	3,564	374	3,938
Other	229	186	415
Total continuing operations	20,259	3,771	24,030
Total discontinued operations	32,652	21,851	54,503
Total	**52,911**	**25,622**	**78,533**

(*) Restated figures (Note 1.1.5)

2.4. EBITDA AND EBIT BEFORE IMPAIRMENT AND DISPOSALS

EBITDA amounted to EUR 728 million at 31 December 2022 (EUR 610 million at 31 December 2021), representing an increase of 19% compared to the previous year, primarily due to the improvement in the Toll Roads Division.

Fixed asset depreciation charges for 2022 totaled EUR 299 million as compared with EUR 270 million in the previous year, an 10% change.

The Management Report provides a detailed analysis of these headings for each business.

2.5. IMPAIRMENT AND DISPOSALS

There follows a breakdown of the main gains and losses due to impairment and disposals:

Profit/(loss) recognized in 2022:

Impairment losses and disposals amounted to EUR -6 million in 2022, relating essentially to the following transactions:

- Capital loss of EUR -3 million on the divestment of Algarve (Note 1.1.4). In August 2022, Ferrovial received EUR 23 million due to the sale of 20% of the Vía do Infante (Algarve) toll road in Portugal to DIF Capital Partners arranged in 2020.
- Impairment loss of EUR -3 million on the financial investment in MaaS Global (15%) in 2022.

(Million euro)	Impact on profit/(loss) before tax: Before fair value adjustments	Fair value adjustments	Total 2022	Impact on net profit/(loss)
Algarve sale	-3	0	-3	-3
Capital gains and disposals	**-3**	**0**	**-3**	**-3**
Impairment of the ownership interest in MaaS Global	-3	0	-3	-3
Impairment gains/(losses)	**-3**	**0**	**-3**	**-3**
TOTAL IMPAIRMENT AND DISPOSALS	**-6**	**0**	**-6**	**-6**

The main gains and losses due to impairment and disposals in 2021 essentially related to the following items:

(Million euro)	Impact on profit/(loss) before tax: Before fair value adjustments	Fair value adjustments	Total 2021 (*)	Impact on net profit/(loss)
Acquisition of 5.704% of I-66	16	1,101	1,117	1,117
Nalanda sale	17	0	17	17
Urbicsa sale	17	0	17	17
Nevasa sale	1	0	1	1
Figueras sale	-9	0	-9	-9
Capital gains and disposals	**41**	**1,101**	**1,141**	**1,141**
Fixed asset impairment losses FB Serwis	-3	0	-3	-3
Impairment gains/(losses)	**-3**	**0**	**-3**	**-3**
TOTAL IMPAIRMENT AND DISPOSALS	**38**	**1,101**	**1,139**	**1,139**

(*) Restated figures (Note 1.1.5)

2.6. NET FINANCIAL INCOME/(EXPENSE)

The following table provides an itemized breakdown of changes in net financial income/(expense) in 2022 and 2021. Net financial income/(expense) from the infrastructure project companies is presented separately from that of ex-infrastructure project companies (see the definition in Note 1.1.2) and in each case a distinction is made between net financial income/(expense) from financing (which includes borrowing costs on bank borrowings and bonds, and returns on financial investments and loans granted) and net financial income/(expense) from derivatives and other items (including the effect of the fair value measurement of ineffective hedges and other income and expenses not directly related to financing).

Million euro	2022	2021 (*)	Change (%)
Financial income from infrastructure project financing	8	0	N/A
Financial expense from infrastructure project financing	-251	-220	14%
Net financial income/(expense) from financing, infrastructure project companies	**-243**	**-220**	**10 %**
Net financial income/(expense) from derivatives and other fair value adjustments, infrastructure project companies (*)	-105	-84	25 %
Other net financial income/(expense), infrastructure project companies	-17	-3	467 %
Other net financial income/(expense), infrastructure project companies	**-122**	**-87**	**40 %**
Net financial income/(expense) from infrastructure projects	**-365**	**-307**	**19 %**
Financial income, other companies	104	24	333 %
Financial expense, other companies	-103	-51	102 %
Net financial income/(expense) from financing, other companies	**1**	**-27**	**-104 %**
Net financial income/(expense) from derivatives and other fair value adjustments, other companies (*)	47	1	4,600 %
Other net financial income/(expense), other companies	-3	-2	50 %
Other net financial income/(expense), other companies	**44**	**-1**	**-4,500 %**
Net financial income/(expense), other companies	**45**	**-28**	**-261 %**
Total Net financial income/(expense)	**-320**	**-335**	**-4 %**

(*) Included in the fair value column for net financial income/(expense) in the consolidated income statement for a total amount of EUR -52 million in 2022 and EUR -83 million in 2021.

(*) Restated figures (Note 1.1.5)

The following table provides a breakdown of financial expense from infrastructure project companies showing capitalized expenses relating to toll roads under construction:

Infrastructure project company expenses (million euro)	2022	2021
Accrued financial expenses	-347	-257
Expenses capitalized during the construction period	96	37
Financial expenses in P&L	**-251**	**-220**

(*) Restated figures (Note 1.1.5)

Net financial income/(expense) from infrastructure project financing amounted to EUR -243 million (EUR -220 million in 2021), relating primarily to the full consolidation of the I-66 concession, financial expense having increased once capitalization ceased on entering the operating phase in 2022, following the acquisition of control in December 2021 through the acquisition of a further 5.704%, as well as to the increase in the LBJ toll road borrowings due to the refinancing deal closed at the end of the previous year and the foreign exchange effect of the US dollar's appreciation.

The main effect recognized under net financial income/(expense) from derivatives and other fair value adjustments to infrastructure projects relates to the speculative portion of the index-linked swap (ILS) associated with the Autema project carried at a fair value of EUR -101 million (EUR -77 million in net financial income/(expense), due to the negative inflation trend.

Net financial income/(expense) from ex-infrastructure project company financing totaled EUR 1 million this year (EUR -27 million in 2021) thanks to the increase in returns on cash resources in Poland and Chile and the reduction in financial expense associated with the decrease in corporate bonds issued. These positive effects are partly offset by the increased expenditure associated with the new credit lines and the larger volume of Euro Commercial Papers (ECP) issued (Note 5.2), as well as by the redefinition of the cash hedging strategy in Canada where cash flows are hedged in euros, as there are no expected liabilities in Canadian dollars. In previous years, the interest rate differential on CAD/EUR hedges (forward points) was accounted as a change in reserves, whereas in 2022 they have been reflected through financial income/expense in the income statement. If the previous accounting had been maintained, the company would have booked EUR 50.4 million of lower financial expenses, so that the financial result from financing in 2022 would have been EUR 51 million (-EUR 27 million from the previous year).

Financial income/(expense) from derivatives and fair value adjustments in other companies amounted to EUR 47 million (EUR 1 million in 2021). The change in relation to the previous year is primarily due to the breakage of the pre-hedge contracted for the issue of a new corporate bond that was not finally issued, and which had a positive impact of EUR 68 million on the income statement, partly offset by the fall in Lilium's share price (USD 1.14 v. USD 6.93 in 2021) and the decline in value of innovation funds investment which are measured at fair value. Also of note is the effect of derivatives not designated as hedges, particularly the equity swaps arranged by the Group to hedge the negative impact on equity of share-based variable remuneration schemes (Note 6.7), which amounted to EUR 9 million due to the share price decrease in 2022.

Net financial income/(expense) from ex-infrastructure project companies is shown below, excluding the effect of derivatives:

Other net financial income/(expense) from ex-infrastructure project companies (Million euro)	2022	2021 (*)	Var. 22/21
Cost of bank guarantees	-31	-29	-2
Financial provision for IFRS 9	-3	-1	-2
Late-payment interest	10	6	4
Foreign exchange differences	-7	12	-19
Interest on loans to equity-accounted companies	23	16	7
Finance costs on pension plans	0	0	0
Interest on tax assessments	-4	-6	2
Security deposit income, associates	2	12	-10
Other	7	-12	19
TOTAL	**-3**	**-2**	**-1**

(*) Restated figures (Note 1.1.5)

The main change on the previous year is due to foreign exchange differences (EUR -19 million) and to increased costs of bank guarantees and security deposits. The profit from bank and contingent capital guarantees securing the JFK NTO project is also worthy of note.

Cash flow effect: As may be observed in the following table, the difference between net financial income/(expense) from financing and the interest flows reported in the cash flow statement is EUR -57 million.

	NET FINANCIAL INCOME/(EXPENSE) FROM FINANCING NOT CAPITALISED	INTEREST CASH FLOWS	DIFFERENCE
Infrastructure project companies	-339	-285	-56
Ex-infrastructure project	1	2	-1
TOTAL	**-338**	**-282**	**-57**

This difference at the project company level arose mainly from the US toll roads, both from I-66, whose interest payments are capitalized until the toll road is operational, and NTE Segment 3, NTE 35W, I-66 and I-77, which have financing facilities allowing the capitalization of interest in the first years of the concession, so that the interest is added to the principal and does not entail a cash outflow during the year, as well as accrued unmatured interest.

The ex-project interest cash flow (EUR 3 million) corresponds to net interest payments of EUR 44 million and interest collection of EUR 47 million.

2.7. SHARE OF PROFITS OF EQUITY-ACCOUNTED COMPANIES

The share of profits of equity-accounted companies in 2022 amounted to EUR 164,9 million (EUR -178 million in 2021). Set out below is a breakdown of the most significant companies:

Profit/(loss) of equity-accounted companies

(Million euro)	2022	2021
HAH	0	-238
407 ETR	124	52
AGS	0	-20
JFK	1	0
IRB	22	0
Other	18	28
TOTAL	**165**	**-178**

The result of EUR 0 million contributed by HAH to Ferrovial does not reflect 25% of the loss reported by HAH due to the application of IAS 28, which states that if the share of an associate's losses equals or exceeds the ownership interest in the associate, the investor will not recognize its share of further losses, unless there are legal or constructive obligations justifying the recognition of a liability for additional losses once the investment value is reduced to zero. The same applies to the result contributed by AGS (EUR 0 million).

The 407 ETR toll road improved in relation to December 2021 (EUR +71 million) due to the positive effect on traffic of the gradual lifting of COVID-19 mobility restrictions during the year, which was partially mitigated by the spread of the Omicron variant at the start of the year and the delay in the return to office work in the concession's areas of influence.

The Indian company IRB Infrastructure Developers Limited, which is 24.86%-owned by Ferrovial, contributed a profit of EUR 22 million for the twelve months of the fiscal year.

JFK NTO contributed virtually no results during the year since, as indicated in Note 1.1.4, the costs incurred by the company during the new terminal construction phase are capitalized and carried as intangible assets to be subsequently amortized during the operating phase.

EUR 18 million on the "Other" line relates mainly to the results of infrastructure conservation and maintenance business in Spain, which has been sold during the fiscal year 2022 (EUR 6 million) and it is operating under the commercial brand of Serveo, of which Ferrovial has retained the 24,99% (Note 1.1.3), the results of the Madrid Calle 30 maintenance contract (EUR 6 million) and the cleaning and maintenance services at Doha Airport in Qatar (EUR 6 million).

Note 3.5 provides further details of these companies' profits/(losses).

2.8. CORPORATE INCOME TAX EXPENSE AND DEFERRED TAXES

2.8.1. Explanation of corporate income tax expense for the year and the applicable tax rate

In 2022, corporate income tax income was recognized in the amount of EUR -30 million (income of EUR 9 million in 2021) as shown in the following table:

DECEMBER 2022 (Million euro)	SPAIN	UK	USA	POLAND	CANADA	OTHER COUNTRIES	TOTAL
Profit/(loss) before tax	**-96**	**-37**	**82**	**138**	**171**	**10**	**268**
Profit/(loss) from equity-accounted companies	-15	7	-1	0	-127	-29	-165
Other adjustments	117	1	-74	24	1	-18	51
Taxable income/(expense)	**6**	**-29**	**7**	**162**	**45**	**-37**	**154**
Tax expense for the year	**-5**	**6**	**-2**	**-21**	**-11**	**3**	**-30**
Change to the prior-year tax evaluation and other adjustments	5	-1	2	-8	-1	8	5
Adjusted tax expense	**0**	**5**	**0**	**-29**	**-12**	**11**	**-25**
Effective rate applicable to taxable income/(expense)	0 %	19%	0%	18 %	27%	31 %	16 %
Effective national tax rate (*)	25%	19%	23%	19%	26.5 %		

(*) The effective national tax rate is the result of combining the various tax rates and taxes (federal, state and municipal) applicable in each country.

Two effects must be considered to explain the reasonableness of this tax income:

- Results that have no tax impact. Setting aside these effects, the tax base for the year would amount to EUR 154 million. (EUR -84 million in 2021)
- Corporate income tax expense or income unrelated to profit/(loss) for the year. Setting aside these impacts, the adjusted tax expense for the year would amount to EUR -25 million. (EUR 26 million in 2021)

Taxable income/(expense)

After deducting, from the pre-tax profit (EUR 268 million), results of equity-accounting companies (net gain of EUR 164 million), and the remainder of permanent differences (EUR 51 million), taxable income would amount to EUR 154 million.

The aforementioned permanent differences are primarily expense or income for the year that is not deductible (expense) or taxable (income) under tax legislation applicable in each country and is not expected to be deductible or taxable in future years. The cumulative balance in this connection is EUR 51 million, with the main adjustments detailed below:

- Losses primarily generated in international construction projects for which no tax credit has been recognized in accordance with the prudence principle of accounting (EUR 75 million).
- Losses primarily generated on tax consolidation in Spain for which no tax credit has been recognized in accordance with the prudence principle of accounting (EUR 99 million).
- Non-taxable income due to the use of tax-loss carryforwards amounting to EUR -42 million mainly in Oman and Poland.
- 95%-exempt dividends, mainly comprising the dividend received by Ferrovial, S.A. from its subsidiary Ferrovial International. (EUR 50 million). The Group total amounts to EUR 61 million.
- Derivatives associated with taxable dividends received from Canada in the Netherlands, but which are eliminated on consolidation and entail a permanent difference of EUR -43 million.
- Profit/(loss) on consolidation with no tax impact. It relates to profit/(loss) arising from the application of consolidation rules, with no tax effects. The accumulated balance for this concept is EUR -71 million that primarily relates to losses in concession project companies in the US and Canada, and which are fully consolidated. However, the associated tax credit is recognized based solely on Ferrovial's ownership interest, as these companies are taxed under pass-through tax rules, whereby the shareholders are the taxpayers.

This tax base of EUR 154 million would be comparable to adjusted income tax income for the year of EUR -25 million, resulting in an effective income tax rate of 16%, which is in line with the rate applicable in the main countries in which Ferrovial has operations, as seen in the table below.

Adjusted tax expense

- An expense of EUR 5 million is excluded (expense of EUR 17 million in 2021) in respect of items that bear no relation to profit/(loss) for the year, including regularizations of prior-year taxes (deferred tax assets and liabilities), tax litigation provisions and foreign withholding tax.

  Included in this EUR 5 million is the recognition of EUR 26 million as a deferred tax liability, relating to the withholding tax on the repatriation of future dividends from Canada which are partially offset by the effect of tax adjustments from previous years.

Setting aside these effects, corporate income tax expense adjusted for results for the year would amount to EUR -25 million.

The following table includes the detail of the calculation of the effective tax rate for 2021:

DECEMBER 2021 (Million euro)	SPAIN	UK	USA	POLAND	CANADA	OTHER COUNTRIES	TOTAL
Profit/(loss) before tax	**-86**	**-263**	**1,144**	**123**	**62**	**-17**	**964**
Profit/(loss) from equity-accounted companies	-8	253	0	0	-54	-14	178
Purchase of 5.704% of I-66 Express Mobility Partners LLC			-1,117				-1,117
Other adjustments	-39	-17	-42	-20	1	6	-109
Taxable income/(expense)	**-132**	**-26**	**-15**	**104**	**10**	**-25**	**-84**
Tax expense for the year	**57**	**6**	**10**	**-19**	**-3**	**-41**	**9**
Change to the prior-year tax evaluation and	-23	-1	-6	0	0	47	17
Adjusted tax expense	**34**	**5**	**4**	**-20**	**-3**	**6**	**26**
Effective rate applicable to taxable income/(expense)	25%	20 %	25%	19%	26 %	24%	31%
Effective national tax rate (*)	25%	19 %	23%	19%	27 %		

(*) The national effective tax rate is the result of combining the tax rates and taxes (federal, state and municipal) applicable in each country.

2.8.2 Breakdown of current and deferred tax expense and tax paid for the year

The breakdown of the income tax expense for 2022 and 2021, differentiating between current tax, deferred tax, withholdings in a foreign operation and changes in prior years' tax estimates, is as follows.

(Million euro)	2022	2021
Tax expense for the year	**-30**	**9**
Current tax expense	-64	-31
Deferred tax expense	42	50
Withholdings in a foreign operation	-21	-3
Change to the prior-year tax evaluation and other	13	-7

Corporate income tax paid for the year amounted to EUR 82 million (EUR 155 million in 2021), as shown in the note on cash flows (Note 5.3).

2.8.3. Movements in deferred tax assets and liabilities

Set out below is a breakdown of movements in deferred tax assets and liabilities in 2022:

ASSETS

(Million euro)	2021(*)	Prior years, transfers and other	Charged/credited to income statement	Charged/credited to equity	Foreign exchange effect	2022
Tax credits	192	21	145	2	10	370
Differences between tax and accounting	304	-2	-26	0	-3	274
Equity measurement adjustments	90	12	18	-34	0	86
Other items	-16	34	8	27	2	55
TOTAL	**570**	**66**	**145**	**-5**	**9**	**784**

LIABILITIES

(Million euro)	2021 (*)	Prior years, transfers and other	Charged/credited to income statement	Charged/credited to equity	Foreign exchange effect	2022
Deferred taxes on goodwill	20	0	1	0	0	21
Deferred fair value adjustment to	255	44	0	0	16	315
Differences between tax and	277	-10	99	2	10	378
Equity measurement adjustments	45	0	2	18	-1	64
Other items	90	55	1	0	-1	145
TOTAL	**687**	**89**	**103**	**20**	**25**	**924**

(*) Data restated (see Note 1.1.5)

Deferred taxes recognized on 31 December 2022 arose essentially from:

Deferred tax assets

a) Tax credits

This item relates to tax credits that have not yet been used by the Group companies.

It does not include all the tax credits available, only those that the Group expects to be able to use in the short or medium term, based on the projections made. The total balance recognized amounts to EUR 370 million, of which EUR 368 million relates to tax credits for tax-loss carryforwards and EUR 2 million to other tax credits.

Set out below is a breakdown of tax-loss carryforwards pending offset, distinguishing between continuing and discontinued operations, and showing the maximum tax credit and the tax credit recognized:

Continuing operations

(Million euro) Country	Tax-loss carryforwards	Limitation period	Maximum tax credit	Tax credit recognized
Spanish tax consolidated group	642	No expiry date	160	0
US tax consolidated group	1,564	No expiry date	328	274
Turkey	105	2023-2028	21	0
Canada	137	2023-2042	36	11
UK	193	No expiry date	48	17
Other	461	2023-No expiry date	119	66
Total	**3,102**		**712**	**368**

Spanish and US taxes consolidated groups:

For the purpose of assessing the recoverability of tax-loss carryforwards, a model was designed based on the Group companies' latest available earnings projections, the decision having been taken, from a prudent viewpoint, not to recognize all the tax credits in the accounts, given the reasonable doubts regarding recovery in the short and medium term.

In USA it has been decided to recognize and provision the difference between deferred assets and liabilities. However, in 2022, in accordance with IAS 12, an amount of tax credits was recognized equal to the excess liability temporary differences over asset temporary differences, amounting to EUR 17 million (EUR 17 million in 2021).

UK:

Considering that tax-loss carryforwards generated after 1 April 2017 may be used by any UK Group company, tax credits were recognized for tax losses in the amount of EUR 17 million in respect of continuing operations. (EUR 16 million in 2021).

b) Assets arising from temporary differences between accounting and tax criteria

This item reflects the tax effects arising from the different timing of the recognition of certain expenses and income for accounting and tax purposes.

The recognition of an asset means that certain expenses have been recognized for accounting purposes before they may be recognized for tax purposes and therefore the company will recover the income or expense for tax purposes in future years.

The main deferred tax assets are set out below:

- Provisions recognized in the accounts that do not have tax effects until they are applied (EUR 145 million) (EUR 182 million in 2021).
- Deferred tax assets of EUR 125 million due to differences between the tax and accounting approach to revenue recognition, mainly in the Construction Division. (EUR 134 million in 2021).
- Accelerated book depreciation/amortization (EUR 4 million). (EUR 4 million in 2021).

c) Deferred taxes arising from equity measurement adjustments.

This reflects the cumulative tax effect of measurement adjustments to various items recognized in reserves. The effect is reflected as an asset or liability since there is generally no direct tax effect until the amount in reserves is taken to the income statement.

The deferred asset balance relates to losses accumulated in reserves that will have a tax effect when they are taken to the income statement. They relate mostly to deferred tax assets arising from financial derivatives, which amount to EUR 86 million. (EUR 90 million in 2021).

Deferred tax liabilities

a) Deferred taxes relating to goodwill

These relate to deferred tax liabilities relating to the tax credit for goodwill amounting to EUR 21 million, which mainly include those related to the amortization of Webber, LLC goodwill. (EUR 21 million in 2021).

b) Deferred taxes due to the fair value adjustment to acquisitions

I-66 Mobility Partners

This reflects deferred tax liabilities due to differences between tax and accounting values:

- EUR 231 million recognized due to the difference between tax and accounting values following the restatement of the I-66 toll road assets on 31 December 2022. (EUR 218 million at 31 December 2021).
- EUR 38 million recognized as a result of measuring the concession debt at fair value on 31 December 2022. (EUR 37 million at 31 December 2021).

These amounts are recognized with a balancing item in goodwill in the same amount, in accordance with IAS 12, paragraph 66.

Dalaman

EUR 46 million recognized as a result of the acquisition of the 60% interest held by the Group in the company, as deferred goodwill (see note 1.1.4).

According to paragraphs 19 and 20 of IAS 12, if in a business combination a balance sheet item is measured at fair value but its tax value does not change, a deferred tax asset or liability must be recognized.

c) Liabilities arising from temporary differences between accounting and tax criteria

A liability represents an expense that is recognized for tax purposes before it may be recognized for accounting purposes, or income recognized in the accounts before it is declared in the tax return.

Deferred tax liabilities relate essentially to:

- Deferred tax liabilities for differences between tax and accounting amortization (EUR 285 million). (EUR 176 million in 2021).
- Deferred tax liabilities of EUR 59 million arising as a result of differences between the tax and accounting methods used to recognize revenue under IFRIC 12, mainly in the Toll Roads Division. (EUR 54 million in 2021).

d) Deferred taxes arising from equity measurement adjustments.

This reflects the cumulative tax effect of measurement adjustments to various items recognized in reserves. The effect is reflected as an asset or liability since there is generally no direct tax effect until the amount in reserves is taken to the income statement.

The deferred liability balance reflects profits not yet recognized for tax purposes. They relate mostly to deferred tax liabilities arising from financial derivatives, which amount to EUR 64 million. (EUR 45 million in 2021).

Other deferred taxes

e) Deferred tax liabilities relating to dividends pending payment by investees

The Group recognizes EUR 50 million in deferred tax liabilities in relation to withholding tax on the repatriation of future dividends from Canada, as shown on the "Other items" line in the above table.

The movements in deferred assets and liabilities during the year 2021 are detailed below:

ASSETS

(Million euro)	2020	Prior years, transfers and other	Charged/credited to income statement	Charged/credited to equity	Foreign exchange effect	2021(*)
Tax credits	129	7	47	0	9	192
Differences between tax and accounting	348	-17	-21	-8	2	304
Equity measurement adjustments	110	5	4	-29	0	90
Other items	16	28	-61	0	1	-16
TOTAL	**603**	**23**	**-31**	**-37**	**12**	**570**

LIABILITIES

(Million euro)	2020	Prior years, transfers and other	Charged/credited to income statement	Charged/credited to equity	Foreign exchange effect	2021(*)
Deferred taxes on goodwill	35	7	-12	-11	1	20
Deferred fair value adjustment to	0	258	0	0	-3	255
Differences between tax and	317	4	-59	1	14	277
Equity measurement adjustments	66	5	0	-26	0	45
Other items	33	60	-4	0	1	90
TOTAL	**451**	**334**	**-75**	**-36**	**13**	**687**

2.8.4. Years open to tax inspection

In accordance with prevailing legislation, taxes may not be deemed to be finally settled until the returns filed have been inspected by the tax authorities or the legally stipulated limitation period has elapsed.

The following proceedings are in progress with the Spanish tax authorities at the reporting date:

The consolidated Ferrovial Group is undergoing a State Aid Recovery Procedure involving the regularization of tax obligations affected by the Third Decision, in connection with state aid consisting of the tax amortization of financial goodwill arising from the acquisition of foreign shareholdings during 2019 and 2020. A settlement proposal of EUR 4.9 million has been received.

The following inspections are in progress internationally, in the jurisdictions indicated:

Canada: The Canadian tax authorities initiated an inspection of corporate income tax for 2013 to 2019 in relation to the company Cintra 4352238 Investments Inc and 2019 in relation to Cintra 11200232 Investments Inc., questioning the tax deductibility of intragroup charges made by Cintra Servicios (Spain) for financial services and reclassifying the transaction as a dividend for financial years 2013 to 2016.

No settlement proposal has yet been issued for 2017 to 2019. As this involves intragroup charges of a different kind to those made in the years assessed, the inspectorate's stance in this regard is unknown. The regularization pending payment for financial services is estimated at EUR 4 million (CAD 5.8 million), including the non-deductible expense, withholding tax under the treaty, interest and penalties.

The claim in the Canadian courts is currently suspended pending the outcome of the Mutual Agreement Procedure initiated.

The Netherlands: The Dutch tax authorities have questioned the existence of Ferrovial International, S.E's horizontal tax consolidated group in the Netherlands in 2019 and the first two months of 2020. The potential impact of regularization was the view to be taken that all the Group's Dutch companies should be taxed under the individual scheme has been estimated at EUR 2.7 million (for 2019 and 2020).

Chile - Transmission lines: The Chilean tax authorities have initiated an inspection of Transchile Charrua for 2018 and 2019, in which they have questioned the deductibility of financial expenses on third-party financing. The potential impact is expected to be EUR 1.2 million. In January 2023, notification was received of the start of an inspection of the company Ferrovial Power Infrastructures for 2019 and 2020.

Morocco: The Moroccan tax authorities have sent a settlement proposal to the Cadagua branch following the inspection of the period 2016 to 2021 carried out as part of the branch closure process. A settlement of EUR 5 million is proposed for corporate income tax, VAT and withholdings on payments to non-residents. An administrative appeal has been lodged against the proposal.

At 31 December 2022, the years that are not statute barred are open to inspection by the tax authorities in respect of corporate income tax and the other main taxes to which the companies of the tax consolidated group are subject.

Spain: the last four financial years are generally open to inspection for the main applicable taxes. The foreign companies are subject to a statute of limitations of between three and five years in most of the countries in which the Group has operations.

In view of the different interpretations to which tax regulations lend themselves, any inspections that may be undertaken in the future by the tax authorities for the years open to inspection could give rise to tax liabilities the amount of which cannot currently be objectively quantified. Nonetheless, the likelihood that significant liabilities in addition to those recognized could have a material impact on the Ferrovial Group's equity is regarded as remote.

NOTES ON PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

2.9. PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

Profit from discontinued operations for the year amounted to EUR 64 million (EUR 361 million in 2021), relating to the Services Division (EUR 246 million) and the Construction Division (EUR 115 million).

Services Division

As explained in Note 1.1.3, in 2022 has been completed the Services Division divestment process.

The main impact recognized in discontinued operations in 2022 relates to the divestment of the Amey business in the UK, completed in December 2022, that generated a capital gain of EUR 58 million including the transfer to the income statement of the amounts accumulated in equity of the currency translation differences (EUR -156 million) and the derivatives for hedging interest (EUR -15 million) (see Note 5.1.1)

The main impact recognized in 2021 profit/(loss) from discontinued operations related to the divestments of the Environment Services business in Spain and Portugal completed at the end of 2021 at a net capital gain of EUR 335 million and the capital gain of EUR 115 million on the sale of the Budimex Group's real estate business.

NOTES ON PROFIT/(LOSS) FROM NON-CONTROLLING INTERESTS, NET PROFIT/(LOSS) AND EARNINGS PER SHARE

2.10. PROFIT/(LOSS) FROM NON-CONTROLLING INTERESTS

In 2022, profit/(loss) attributed to non-controlling interests amounted to EUR -116 million (EUR -138 million at December 2021).

This figure relates to the profits obtained by Group companies are attributable to the company's other shareholders. The positive figures relate to loss-making companies and the negative figures relate to profit-making companies.

(Million euro)	2022	2021	VAR. 22/21	NON-GROUP %
Budimex Group	-60	-109	50	50 %
Autop. Terrasa Manresa, S.A.	19	14	5	24 %
LBJ Infrastructure Group	-9	2	-10	45 %
NTE Mobility Partners	-47	-25	-22	37 %
NTE Mobility Partners Segments 3 LLC	-33	-20	-13	46 %
FAM Construction LLC	26	7	19	30 %
Sugar Creek Construction LLC	-2	-1	-1	30 %
I-77 Mobility Partners	-6	-1	-5	28 %
I-66 Mobility Partners	10	0	10	44 %
YDA Havalimani Yatrim Ve (Dalaman)	-8	0	-9	40 %
Other companies	-6	-1	-5	
TOTAL continuing operations	**-116**	**-134**	**18**	
TOTAL discontinued operations	**0**	**-3**	**3**	
TOTAL	**-116**	**-138**	**21**	

The main change with respect to the previous year relates to the Budimex Group, which posted a loss of EUR -60 million in 2022, as compared with the 2021 loss of EUR -109 million in 2021, which was due mainly to the divestment of the real estate business carried on through its subsidiary Budimex Nieruchomości. Also of note is the decline in the results of FAM Construction LLC (negative effect of EUR 26 million) and Autema (EUR 19 million). However, the US toll roads performed well and Dalaman International Airport in Turkey was purchased from the YDA Group, which retained a 40% ownership interest (Note 1.1.4.) and posted a profit of EUR 21.3 million.

2.11. NET PROFIT/(LOSS) AND EARNINGS PER SHARE

The calculation of earnings per share attributed to the parent company is as follows:

(Million euro)	2022	2021 (*)
Net profit/(loss) attributable to parent company (million euro)	**186**	**1,198**
Net cost of subordinated perpetual bond	-8	-8
Adjusted net profit/(loss) attributable to parent company (million euro)	**178**	**1,190**
Weighted average number of shares outstanding (thousand shares)	736,414	736,882
Less average number of treasury shares (thousand shares)	-12,937	-5,110
Average number of shares to calculate basic earnings per share	**723,477**	**731,772**
Basic earnings per share (euro)	**0.25**	**1.63**
Adjusted net profit/(loss) from continuing operations	230	967
Basic earnings per share, continuing operations (euro)	0.32	1.32
Net profit/(loss) from discontinued operations	64	361
Basic earnings per share, discontinued operations (euro)	0.09	0.49

(*) Restated figures (Note 1.1.5).

Basic earnings per share have been calculated by dividing profit for the year attributed to the parent company's shareholders, adjusted for the net coupon for the year on the subordinated perpetual bonds issued by the Group and taken directly to equity (Note 5.1.2.d), by the weighted average number of ordinary shares outstanding, excluding the average number of treasury shares held during the year.

As regards diluted earnings per share, it should be noted that the Group did not have any dilutive potential ordinary shares, since no convertible debt instruments were issued and the share-based remuneration schemes described in Note 6.7 will not give rise to any share capital increases in the Group. Consequently, no dilutive impact is envisaged when employee rights under the plans are exercised. Hence there is no difference between the basic and diluted earnings per share.

Profit/(loss) per business segment is disclosed in Appendix III.

SECTION 3: NON-CURRENT ASSETS

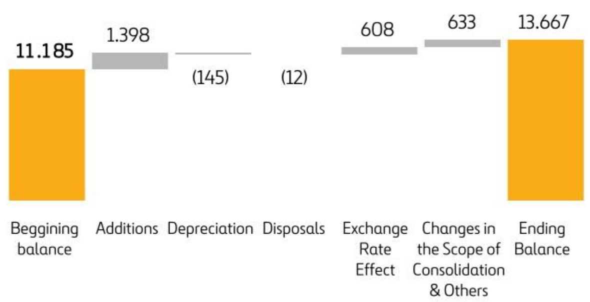
This section includes the notes on non-current assets in the balance sheet, excluding deferred tax assets (Section 2) and financial derivatives (Section 5).

The main components of Ferrovial's non-current assets at December 2022 are "Fixed assets in infrastructure projects" amounting to EUR 13,667 million, accounting for 72% of total non-current assets (Note 3.3) and "Investments in associates" amounting to EUR 1,892 million (relating mainly to the investments in 407 ETR, IRB and JFK NTO), accounting for 10% of total non-current assets (Note 3.5). "Goodwill on consolidation" (EUR 480 million) accounts for 3% of total non-current assets.

The variation in the line of Investment in Infrastructure Projects in "Non-current assets" during the year was 1,398 million euros, mainly due to the increase in investment in the I-66 and NTE 3. These two projects have led to an increased Infrastructure Project fixed assets without foreign exchange effect by EUR 1,388 million. The foreign exchange effect during the year (EUR 608 million) was also significant, due primarily the impact of the euro/US dollar exchange rate on the US toll roads, particularly the North Tarrant Express Extension, the I-77 Mobility Partners LLC toll road and the I-66 Express Mobility Partners LLC toll road.

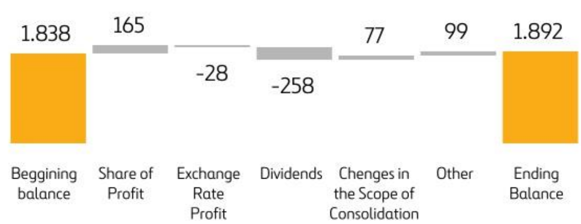
Lastly, changes in the scope of consolidation are mainly due to the acquisition of Dalaman International Airport in Turkey for 633 million euros in July 2022.

Investment in Infrastructure Projects



Investments in associates increased by EUR 54 million due to the acquisition of 48.96% of JFK NTO Airport (EUR 59 million), the share of these companies' profits (EUR 165 million), relating primarily to 407 ETR (EUR 124 million), the accounting hedge gains recognized under "Other movements" (EUR 213 million), mainly resulting from the JFK NTO acquisition, dividend payments of EUR -258 million (mainly 407 ETR) and the foreign exchange effect (EUR -28 million) due to the euro's depreciation against sterling and against the Indian rupee.

Investment in Associates



As regards changes in goodwill, there was an increase of EUR 48 million, primarily from the acquisition of the 60% ownership interest in Dalaman International Airport (EUR 27 million) in July 2022.

3.1. GOODWILL AND ACQUISITIONS

Movements in goodwill during 2022 are set out below:

(Million euro)	BALANCES AT DEC. 2021 (*)	Changes in the consolidation scope and other	Exchange rate	BALANCES AT DEC. 2022
Construction	127	2	3	132
Budimex	64	2	-1	65
Webber	50	13	4	67
Ferrovial Services Infrastructure	13	-13	0	0
Toll Roads	**251**	**0**	**14**	**265**
I-66 Express Mobility Partners Hold. LLC	251	0	14	265
Airports	**0**	**27**	**0**	**27**
Dalaman	0	27	0	27
Energy infrastructures	**52**	**0**	**3**	**56**
Power Transmission Serv., Chile	42	0	3	45
Mining Services Chile	10	0	1	11
TOTAL	**431**	**29**	**19**	**479**

(*) Restated figures (Note 1.1.5)

3.1.1. Movements during the year

The main change during the year relates to the Airports Division following the Dalaman International Airport acquisition, which gave rise to goodwill of EUR 27 million (Note 1.1.4).

The foreign exchange effect amounted to EUR 19 million, relating mainly to the Toll Roads business, due to the appreciation of the US dollar against the euro (Note 1.4).

3.1.2. Goodwill impairment test

A. Construction Division goodwill (Webber and Budimex):

The goodwill of Webber (US) and Budimex (Poland) amounted to EUR 67 million and EUR 65 million, respectively, at 31 December 2022 (EUR 50 million and EUR 64 million respectively at 31 December 2021).

In accordance with accounting legislation, the pertinent analyses were conducted and the conclusion was drawn that there are no indications of impairment.

Methodology

In the case of Webber, the goodwill impairment test reflects a buffer of 127% with respect to the carrying amount of EUR 356 million. The flows were discounted at a rate of 7.6% (7.8% before taxes) calculated using the CAPM based on current market input and in line with the method used in prior years.

As Budimex is listed on the Warsaw Stock Exchange, the goodwill was tested for impairment by ascertaining whether the closing market price at 31 December 2022 of the Budimex share was higher than its carrying amount plus the allocated goodwill. The test did not show any impairment.

Impairment test findings:

Budimex's share price at 31 December 2022 was 573% higher than its carrying amount of EUR 115 million (compared to 445% in the previous year).

B. Toll Roads Division goodwill (I-66):

The I-66 toll road goodwill arose from the acquisition of an additional 5.704% of the concession operator I-66 Express Mobility Partners Hold. LLC in December 2021.

As the toll road became operational in the last quarter of 2022 and there were no events having a material effect on the business plan, there are no indications that the recoverable amount of that goodwill is below the value allocated following the acquisition of control. The impairment test reflects a buffer of 16% with respect to the carrying amount of EUR 2,017 million. The flows have been discounted at a rate of 8.7% (9.6% before taxes). The test was not carried out in 2021 because the ownership interest was measured at fair value in December.

C. Energy and Mobility Goodwill (Transchile and Ferrovial Services Chile):

The goodwill of Transchile, the company owning the power transmission lines in Chile amounted to EUR 45 million in December 2022 (EUR 42 million in December 2021).

Based on the goodwill impairment test findings, the buffer is 68% with respect to the carrying amount of EUR 37 million at 31 December 2022 (99% in 2021). The flows were discounted at a 7.8% cost of equity (9.5% before taxes), which is in line with the rates used to calculate goodwill impairment in 2021.

Goodwill is also recognized in Ferrovial Servicios Chile, which is engaged mainly in providing mining industry operation and maintenance services. This business was reclassified as a continuing operation in 2022 after the conclusion was reached that it fits strategically into the Group's Energy and Mobility Division.

The impairment test performed identified a buffer of 37% in relation to the carrying amount, which was EUR 9 million at 31 December 2022. The flows were discounted at a rate (WACC) of 13.5% (14.3% before taxes), calculated using the CAPM based on current market input.

3.2. INTANGIBLE ASSETS

At year-end 2022, the balance of intangible assets, excluding infrastructure project companies, amounted to EUR 137 million (EUR 126 million in 2021).

This heading includes mainly:

- "Concession rights", reflecting rights to operate the concessions that are not classified as Projects (see definition in Note 1.1.2). At 31 December 2022, the carrying amount of EUR 20 million (EUR 24 million at 31 December 2021) relates primarily to the UK Waste Treatment activity and a customer portfolio in the amount of EUR 9 million relating to the Construction business.
- "Computer software" with a net value of EUR 24 million (EUR 16 million at 31 December 2021), which primarily relates to the Corporation division.

- “Other intangible assets”, amounting to EUR 90 million (EUR 85 million on 31 December 2021), relating essentially to the Budimex Services business included in the Construction Division (EUR 23 million), licenses for the Parque Solar Casilla photovoltaic plant amounting to EUR 9.1 million, as well as the easements of the Chilean power transmission lines amounting to EUR 40 million (EUR 33 million at 31 December 2021).
- No significant fully-depreciated assets were written off during the financial year.

The effect on cash flows (Note 5.3) of intangible asset additions amounted to EUR -15 million.

3.3. INVESTMENTS IN INFRASTRUCTURE PROJECTS

3.3.1. Intangible asset model

(Million euro)	BALANCE AT 01/01	TOTAL ADDITIONS	TOTAL DISPOSALS	FOREIGN EXCHANGE EFFECT	CONSOLIDATION SCOPE CHANGES AND TRANSFERS	BALANCE AT 31/12
Spanish toll roads	713	0	0	0	1	714
US toll roads	10,527	1,388	0	632	0	12,547
Other toll roads	391	0	0	0	0	391
Toll road investment	**11,632**	**1,388**	**0**	**632**	**1**	**13,653**
Accumulated depreciation/amortization	-617	-145	0	-19	0	-781
Net investment in toll roads	**11,014**	**1,244**	**0**	**613**	**1**	**12,872**
Investment in other infrastructure projects	0	0	0	0	632	632
Depreciation/amortization of other infrastructure projects	0	0	0	0	0	0
Total net investment in other infrastructure projects	**0**	**0**	**0**	**0**	**632**	**632**
TOTAL INVESTMENT	**11,632**	**1,388**	**0**	**632**	**633**	**14,285**
TOTAL DEPRECIATION/AMORTISATION AND PROVISION	**-617**	**-145**	**0**	**-19**	**0**	**-781**
TOTAL NET INVESTMENT	**11,014**	**1,243**	**0**	**613**	**633**	**13,504**

The most significant changes in 2022 were as follows:

- Exchange rate fluctuations resulted in a change of EUR 613 million (EUR 348 million in 2021) in these asset balances, the full amount of which was attributed to the effect of the euro/US dollar exchange rate on the US toll roads (Note 1.4).
- Toll road additions amounted to a gross EUR 1,388 million, relating to the US toll roads. Of these, the most significant involve the I-66 Express Mobility Partners LLC toll road for EUR 1,126 million (EUR 48 million in 2021) and the North Tarrant Express Extension for EUR 261 million (EUR 244 million in 2021).
- The scope changes column (EUR 633 million) refers essentially to the consolidation of the Dalaman International Airport assets acquired in July 2022.

All the concession assets of the infrastructure project companies are pledged to secure borrowings (Note 5.2). Related borrowing costs capitalized in 2022 are described in Note 2.6.

Movements in these assets in 2021 are set out below:

(Million euro)	BALANCE AT 01/01	TOTAL ADDITIONS	TOTAL DISPOSALS	FOREIGN EXCHANGE EFFECT	CONSOLIDATION SCOPE CHANGES AND TRANSFERS	BALANCE AT 31/12 (*)
Spanish toll roads	715	0	-5	0	3	713
US toll roads	5,553	292	-118	369	4,432	10,527
Other toll roads	391	0	0	0	0	391
Toll road investment	**6,658**	**292**	**-123**	**369**	**4,435**	**11,632**
Accumulated depreciation/amortization	-484	-111	0	-21	-2	-617
Net investment in toll roads	**6,174**	**181**	**-123**	**348**	**4,433**	**11,014**
Investment in other infrastructure projects	15	0	0	0	-15	0
Depreciation/amortization of other infrastructure projects	0	0	0	0	0	0
Total net investment in other infrastructure projects	**15**	**0**	**0**	**0**	**-15**	**0**
TOTAL INVESTMENT	**6,674**	**292**	**-123**	**369**	**4,418**	**11,632**
TOTAL DEPRECIATION/AMORTISATION AND PROVISION	**-484**	**-111**	**0**	**-21**	**-2**	**-617**
TOTAL NET INVESTMENT	**6,190**	**181**	**-123**	**348**	**4,416**	**11,014**

(*) Restated figures (Note 1.1.5).

3.3.2. Financial asset model

They mainly relate to long-term receivables (more than twelve months) from public administrations in return for services rendered or investments made under concession arrangements, as a result of applying IFRIC 12. Movements are set out below at 31 December 2022 and 2021:

(Million euro)	INFRASTRUCTURE PROJECT RECEIVABLES 2022	INFRASTRUCTURE PROJECT RECEIVABLES 2021 (*)
OPENING BALANCE	**169**	**166**
Additions	9	0
Disposals	-12	-4
Transfers and other	0	0
Foreign exchange effect	-4	5
Other	0	1
Reclass. to held for sale	0	1
YEAR-END BALANCE	**162**	**169**

Note: Balances net of provisions

(*) Restated figures (Note 1.1.5).

CONCESSION OPERATOR	BALANCES AT 31/12/2022		
	LONG-TERM RECEIVABLES	SHORT-TERM RECEIVABLES	TOTAL
(Million euro)		(Note 4.2)	2022
Concesionaria de Prisiones Lledoners	53	3	56
Depusa Aragón	23	1	24
Budimex Parking Wrocław	10	0	10
CONSTRUCTION	**86**	**3**	**89**
UK Waste Treatment (Thalia)	76	0	76
UK WASTE TREATMENT	**76**	**0**	**76**
GROUP TOTAL	**162**	**3**	**165**

CONCESSION OPERATOR	BALANCES AT 31/12/2021 (*) LONG-TERM RECEIVABLES	SHORT-TERM RECEIVABLES	TOTAL
(Million euro)		(Note 4.2)	2021
Concesionaria de Prisiones Lledoners	56	1	57
Depusa Aragón	24	1	24
Budimex Parking Wrocław	10	0	10
CONSTRUCTION	**90**	**2**	**92**
UK Waste Treatment (Thalia)	80	0	80
UK WASTE TREATMENT	**80**	**0**	**80**
GROUP TOTAL	**170**	**2**	**172**

(*) Restated figures (Note 1.1.5)

3.3.3 Cash flow effect

The cash flow impact of project additions primarily accounted for using the intangible asset model amounted to EUR -784 million (Note 5.3), which differs from the additions recognized in the balance sheet for the following main reasons:

- For projects in which the intangible asset model is applied, due to differences between the accrual basis and cash basis of accounting, as well as the capitalization of borrowing costs attributable to projects under construction, which do not give rise to cash outflows.
- For projects in which the financial asset model is applied, due to increases in receivables as a balancing entry for revenue from services rendered, which also do not give rise to cash inflows.
- The impact on cash flows reflects movements associated with the discontinued operation, which are not recognized in the balance sheet due to being specifically reclassified to held for sale.

3.4. PROPERTY, PLANT AND EQUIPMENT

Movements in Property, plant and equipment in the consolidated statement of financial position are set out below:

Movements during 2022 (million euro)	Land and buildings	Plant and machinery	Fixtures, fittings, tooling and furniture	Total
Investment: Balance at 01.01.2022(*)	**100**	**445**	**287**	**832**
Additions	17	75	115	207
Disposals	0	-43	-13	-56
Scope changes and transfers	-24	-3	5	-22
Foreign exchange effect	1	6	1	8
Balances at 31.12.2022	**94**	**480**	**395**	**969**
Accumulated depreciation and impairment losses at 01.01.2022(*)	**-31**	**-297**	**-150**	**-478**
Depreciation charge	-4	-26	-17	-47
Disposals	0	27	8	35
Scope changes and transfers	6	1	1	8
Foreign exchange effect	0	-2	0	-2
Impairment of property, plant and equipment	0	0	-6	-6
Balances at 31.12.2022	**-29**	**-297**	**-164**	**-490**
Carrying amount at 31.12.2022	**65**	**183**	**231**	**479**

(*) Restated figures (Note 1.1.5)

The most significant changes in 2022 were as follows:

<u>Additions:</u>

Additions totalled EUR 207 million, the most significant relating to the Construction Division (EUR 98 million) due to the acquisition of machinery and fixtures, fittings, tooling, furniture and vehicles, and to the Energy and Mobility Division (EUR 86 million), arising primarily from the construction of the Los Berrocales (Seville) renewable energy generation plant.

Additions to property, plant and equipment are analyzed below by business segment:

(Million euro)	2022	2021
Construction	98	73
Toll Roads	17	2
Energy and mobility infrastructures	86	0
Other	6	33
TOTAL	**207**	**108**

<u>Cash flow effect</u>: The effect on cash flows of additions to property, plant and equipment amounted to EUR -80 million, of which EUR -74 million relates to the Construction Division and EUR -6 million to the Energy and Mobility Division. As indicated in Note 5.3, reported cash flows comprise flows from operating, investing and financing activities relating to discontinued operations and held-for-sale assets.

<u>Disposals due to sales or retirement:</u>

Disposals due to sales or retirement amounted to EUR 56 million. Approximately EUR 7 million of this amount relates to sales of Grand Parkway Infrastructure property, plant and equipment, specifically to two four-track pavers (EUR 4 million) and two dump trucks (EUR 2.4 million), among other items. Also of note is the sale of a floating dock for EUR 8.5 million, among other items, to Ferrovial Construcción, S.A. which, combined with the other assets, makes a total of EUR 17 million. In addition, a carousel and a conveyor belt from the Sydney metro project were sold for EUR 4.5 million and EUR 1.8 million, respectively, due to the transfer of ownership to the customer (Sydney Metro). The remaining amount essentially relates to the disposal or retirement of fully-depreciated or obsolete items, which did not have a material effect on the consolidated income statement.

<u>Other disclosures relating to property, plant and equipment</u>:

Property, plant and equipment not used in operations are immaterial in the final consolidated balances. An impairment provision for property, plant and equipment is recognized in the amount of EUR 6 million (EUR 6 million in 2021) in relation to the Construction Division.

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject and any claims that may be brought in the course of business. These policies are considered to provide sufficient coverage for the related risks.

Property, plant and equipment in course of construction amount to EUR 150 million (EUR 55 million in 2021).

At 31 December 2022, no significant property, plant or equipment were subject to ownership restrictions or pledged as collateral for liabilities.

Movements in 2021 are set out below:

Movements during 2021 (*) (million euro)	Land and buildings	Plant and machinery	Fixtures, fittings, tooling and furniture	Total
Investment: Balance at 01.01.2021	**104**	**479**	**255**	**838**
Additions	4	43	61	108
Disposals	-12	-114	-42	-168
Scope changes and transfers	-2	-7	-7	-16
Foreign exchange effect	4	10	12	26
Reclassified to held for sale	2	34	8	44
Balances at 31.12.2021	**100**	**445**	**287**	**832**
Accumulated depreciation and	**-22**	**-313**	**-162**	**-497**
Depreciation charge	-6	-28	-25	-59
Disposals	0	70	49	119
Scope changes and transfers	0	6	4	10
Foreign exchange effect	-1	-4	2	-3
Impairment of property, plant and equipment	0	0	-10	-10
Reclassified to held for sale	-2	-28	-8	-38
Balances at 31.12.2021	**-31**	**-297**	**-150**	**-478**
Carrying amount at 31.12.2021 (*)	**69**	**148**	**137**	**354**

3.5. INVESTMENTS IN ASSOCIATES

Set out below is a breakdown of investments in equity-accounted companies at 31 December 2022 showing movements during the year. Due to their significance, the investments in HAH (25%), 407 ETR (43.23%), JFK NTO (49%), AGS (50%) and IRB Infrastructure Developers Limited (24.86%) are presented separately. As mentioned in the 2021 annual accounts, the considerable losses posted in 2020 and 2021 in the Airports business reduced the investments in HAH and AGS to zero, as prior-year losses exceeded the amount of the shareholdings, there being no commitments to inject additional funds (pursuant to IAS 28).

2022 (million euro)	HAH (25%)	407 ETR (43.23%)	AGS (50%)	IRB (24.86%)	JFK (49.004 %)	OTHER	TOTAL
Balance at 31.12.21	**0**	**1,181**	**0**	**378**	**0**	**280**	**1,838**
Share capital contribution	0	0	0		59	17	77
Share of profit/(loss)	0	124	0	22	1	17	164
Dividends	0	-237	0	-2	0	-19	-258
oreign exchange differences	0	-4	0	-18	-3	-3	-28
Derivatives	0	0	0	0	117	100	213
Scope changes	0	0	0	0	0	-111	-111
Other	0	0	0	-2	0	-5	-3
Balance at 31.12.22	**0**	**1,063**	**0**	**377**	**175**	**276**	**1,892**

Movements under this heading are primarily explained by the profit for the year (EUR 164 million) posted by the ETR407 toll road company and the ownership interest in IRB, together with the capital contributions made, mainly to JFK NTO (EUR 59 million) and in Serveo (EUR 17 million), the commercial brand through which the infrastructure conservation and maintenance business operates in Spain, in which Ferrovial holds a 24,99% stake after its sale to Portobello Capital (Note 1.1.3).

Conversely, dividends were paid out (EUR -258 million), mainly by ETR407, and a foreign exchange loss was recognized (EUR -28 million) due primarily to the euro's appreciation against the Indian rupee.

Finally the positive effect of the change in market value of the interest rate swaps (IRS) arranged by JFK NTO to hedge project debt for a notional amount of USD 5,9 billion, as well as Silvertown Projects (UK) and Zero Bypass (Slovakia). This effect is partly offset by the proceeds from the sale of the 15% stake held by the group in Ausol concessionaire (EUR -111 million).

The balance at December 2022 of Others heading (EUR 276 euros), corresponds mainly to the participations that Ferrovial maintains in infrastructure projects, mainly Silvertown, Concesionaria Madrid Calle 30, Netflow OSARS (Western) and Zero Bypass Ltd.

<u>Cash flow effect</u>: The difference between the dividends of EUR 258 million in the above table and the figure of EUR 284 million disclosed in the cash flow statement (Note 5.3) relates mainly to interest received on loans granted to equity-accounted companies and carried under non-current financial assets in the balance sheet (Note 3.6), to the effect of certain exchange rate hedges related to dividends received and dividends received from Services projects.

Movements under this balance sheet heading in 2021 are set out below:

2021 (million euro)	HAH (25%)	407 ETR (43.23%)	AGS (50%)	IRB (24.86%)	OTHER	TOTAL
Balance at 31.12.20	**205**	**1,205**	**0**	**0**	**317**	**1.727**
Share of profit/(loss)	-238	52	-20	0	28	-178
Dividends	0	-175	0	0	-15	-190
Foreign exchange differences	5	100	0	4	-2	107
Pensions	23	0	0	0	0	23
Scope changes	0	0	0	369	-45	324
Other	5	0	20	5	-4	26
Balance at 31.12.21 (*)	**0**	**1,181**	**0**	**378**	**280**	**1.838**

3.5.1. Disclosures relating to HAH

a. Balance sheet and income statement movements 2022-2021

In view of the importance of this investment, set out below are the balance sheet and income statement highlights for this Group of companies, adjusted to Ferrovial's accounting policies, together with comments on movements during 2022.

The balance sheet figures shown reflect the full balances of HAH and are presented in pounds sterling. The exchange rates used in 2022 are EUR 1=GBP 0.88534 (GBP 0.841330 in 2021) for the balance sheet figures and EUR 1=GBP 0.85269 (GBP 0.8590 in 2021) for the income statement figures.

Balance sheet 2022/2021

HAH (100%) Million GBP	2022	2021	Var.
Non-current assets	**16,506**	**16,373**	**133**
Goodwill	2,753	2,753	0
Fixed assets in infrastructure projects	12,369	12,542	-173
Right-of-use assets	194	270	-76
Non-current financial assets	20	44	-24
Pension plan surplus	0	343	-343
Deferred taxes	0	0	0
Financial derivatives	1,145	421	724
Other non-current assets	26	0	26
Current assets	**3,317**	**3,144**	**173**
Trade and other receivables	2,779	186	2593
Financial derivatives	1	24	-23
Cash and cash equivalents	521	2,920	-2,399
Other current assets	16	13	2
TOTAL ASSETS	**19,823**	**19,517**	**306**

HAH (100%) Million GBP	2022	Dec. 2021	Var.
Equity	**-3,018**	**-2,914**	**-104**
Non-current liabilities	**21,334**	**21,057**	**277**
Pension provisions	1	30	-29
Borrowings	18,025	18,031	-6
Deferred taxes	399	434	-35
Financial derivatives	2,436	2,226	210
Other non-current liabilities	473	337	136
Current liabilities	**1,507**	**1,374**	**133**
Borrowings	1,008	1,000	8
Trade payables	457	352	105
Financial derivatives	40	19	21
Other current liabilities	2	4	-2
TOTAL LIABILITIES	**19,823**	**19,517**	**306**

Equity

As explained previously, the ownership interest in this company has zero value since the prior-year losses caused by COVID-19 brought equity attributable to Ferrovial below zero (as stipulated in IAS 28).

The following table shows movements in the 25% equity interest in the company, including both results for the year and results not consolidated because losses for the year exceeded the investment's value, relating mainly to pensions and derivatives.

2022 (million euro)	HAH (25%)
Balance at 31.12.21	**-176**
Share of profit/(loss)	76
Derivatives	1
Pension plans	-94
Currency translation differences	13
Balance at 31.12.22 without IAS 28	**-180**
Profit/(loss) not consolidated under IAS 28	145
Other equity effects not consolidated under IAS 28	36
Balance at 31.12.22 under IAS 28	**0**

Borrowings

HAH's borrowings (short- and long-term) amounted to GBP 19,003 million on 31 December 2022, which is GBP 2 million below the previous year's figure (GBP 19,031 million at 31 December 2021). This change is mainly due to fair value adjustments to and the exchange rate of foreign currency bonds issued.

Financial derivatives at fair value

The notional principal amount of HAH's derivatives portfolio at 31 December 2022 totalled GBP 18,618 million, including interest rate derivatives (IRSs) with a notional amount of GBP 7,378 million (hedging floating-rate borrowings), cross-currency swaps (hedging bonds issued in foreign currencies) with a notional amount of GBP 5,533 million and index-linked swaps (ILSs) with a notional amount of GBP 5,707 million. The purpose of inflation derivatives is to convert fixed-rate debt into debt that has a variable inflation-linked rate for the purpose of hedging fluctuations in the regulatory asset base (RAB) caused by inflation.

Income statement 2022-2021

The following table shows HAH's income statement movements in 2022 and 2021:

HAH (100%) Million GBP	2022	2021	Var.
Operating income	2,913	1,214	39
Operating expenses	-1,210	-858	229
EBITDA	**1,703**	**357**	**268**
Fixed asset depreciation	-795	-828	20
Operating profit/(loss) before impairment and disposals	**909**	**-472**	**288**
Impairment and disposal of fixed assets	0	0	0
Operating profit/(loss)	**909**	**-472**	**288**
Net financial income/(expense)	-687	-1,509	-654
Profit/(loss) before tax	**222**	**-1,981**	**-367**
Corporate income tax	-54	319	113
Net profit/(loss)	**168**	**-1,662**	**-254**
25% Profit/(loss) attributed to Ferrovial (million euro)	**49**	**-484**	**-88**
Profit/(loss) attributed to Ferrovial under IAS 28 (EUR million)	**0**	**-238**	**158**

Over the course of 2022, Heathrow Airport benefited from the progressive lifting of traffic restrictions applicable at the end of 2021, despite the travel restrictions in the United Kingdom and the impact of the Omicron variant at the start of the year. As a result, Heathrow's passenger numbers have grown considerably in the past few months, with nearly six million in December 2022, as compared with 2.6 million in January 2022 and well above the 3.1 million in December 2021.

Note 2.7 and the Management Report describe in detail the various items explaining HAH's results. The profit amounting to EUR 49 million corresponds to Ferrovial before applying IAS 28.

3.5.2. Disclosures relating to 407 ETR

Given that Ferrovial's ownership interest in 407 ETR was restated when control was lost, analyzing the implicit existence of goodwill, as stipulated on paragraph 40 and following paragraphs of IAS 28, the possible existence of indications of impairment is assessed on an annual basis.

a. Impairment analysis

This asset performed well in 2022, revenue having grown by 30% and EBITDA by 33%. The traffic volumes increased thanks to the lifting of all COVID-19-related governmental restrictions in Ontario province in March 2022.

Ferrovial's measurement of this concession, which includes estimated pandemic effects, shows a very large buffer over its book value. The sensitivity of revenue growth and the discount rate were measured, a broad buffer having been identified.

The recoverable amount of a concession operator with an independent financial structure and a limited duration is calculated by discounting forecast shareholder cash flows to the concession expiration date (2098 in the case of 407 ETR). The Group considers that value in use must be calculated based on an approach spanning the entire concession term, as the asset has very different phases of investment and growth and there is sufficient visibility to use a specific economic and financial plan during the concession term.

Cost of equity was estimated using the capital asset pricing model (CAPM). The discount rate was determined based on a risk-free rate referenced to the Canadian 30-year bond, a beta coefficient reflecting the asset's leverage and risk, and a market premium of 5.5% (6% premium in the previous year) are used. This resulted in a discount rate after tax (cost of equity or Ke) of 6.7% (8.0% before tax).

No signs of impairment were identified on the basis of the evaluation and the sensitivity analyses performed (primarily revenue and discount rate growth).

b. Balance sheet and income statement movements 2022-2021.

These figures reflect the company's full balances and are presented in millions of Canadian dollars. The exchange rates used in 2022 are EUR 1=CAD 1.45055 (CAD 1.43726 in 2021) for the balance sheet figures and EUR 1=CAD 1.36984 (CAD 1.47898 in 2021) for the income statement figures.

Balance sheet 2022-2021

407 ETR (100%) (million CAD)	Dec. 2022	Dec. 2021	Var. 22/21
Non-current assets	**4,565**	**4,574**	**-9**
Fixed assets in infrastructure projects	3,972	3,995	-23
Non-current financial assets	533	522	11
Deferred taxes	60	57	3
Current assets	**883**	**767**	**116**
Short-term trade and other receivables	265	230	36
Cash and cash equivalents	618	537	81
Total assets	**5,448**	**5,341**	**107**
Equity	**-5,407**	**-5,092**	**-315**
Non-current liabilities	**10,640**	**9,918**	**721**
Borrowings	10,060	9,354	706
Deferred taxes	580	564	16
Current liabilities	**216**	**514**	**-298**
Borrowings	139	427	-288
Short-term trade and other payables	77	87	-10
Total liabilities	**5,448**	**5,341**	**107**

There follows a description of the main movements in 407 ETR's balance sheet at 31 December 2022 compared to the previous year:

Equity

Equity fell by CAD 315 million with respect to the previous year, primarily due to the payment of CAD 750 million in dividends to shareholders, which was partly offset by the profit for the year of CAD 436 million.

The 43.23% of the subsidiary's shareholders' funds does not reflect the consolidated carrying amount of the ownership interest, since the latter also includes the amount of the gain arising from the fair value measurement of the investment retained following the divestment of a 10% ownership interest in this company in 2010, recognized as an increase in the investment's value, and the goodwill that arose in 2009 as a result of the merger of Grupo Ferrovial, S.A. and Cintra Concesiones de Infraestructuras de Transportes, S.A.

Therefore, the consolidated carrying amount in Ferrovial's accounts is calculated by increasing the figure for 43.23% of shareholders' funds presented above (CAD -2,337 million) by the amounts of the above-mentioned gain and the goodwill (CAD 2,560 million and CAD 1,319 million, respectively), giving a total of CAD 1,542 million which, translated at the year-end exchange rate (EUR 1 = CAD 1.45055), is equivalent to the ownership interest of EUR 1,063 million.

Borrowings

Overall financial debt (short and long term) increased in relation to December 2021 by USD 418 million due to issuance of new borrowings.

Income statement 2022-2021

The following table shows movements in 407 ETR's income statement during the financial years ended December 2022 and December 2021:

407 ETR (100%) (million CAD)	Dec-22	Dec-21	Var. 22/21
Operating income	1,327	1,023	304
Operating expenses	-188	-164	-24
EBITDA	**1,139**	**859**	**280**
Fixed asset depreciation	-100	-102	2
Operating profit/(loss)	**1,039**	**757**	**282**
Net financial income/(expense)	-447	-465	18
Profit/(loss) before tax	**592**	**292**	**300**
Corporate income tax	-156	-79	-78
Net profit/(loss)	**436**	**213**	**223**
Profit/(loss) attributable to Ferrovial (million CAD)	188	92	96
Adjustment to amortization of intangible assets (CAD million)	-19	-15	-4
Adjusted net profit/(loss) attributable to Ferrovial (43.23%) (million CAD)	**169**	**77**	**92**
Adjusted net profit/(loss) attributable to Ferrovial (43.23%) (million euro)	**124**	**52**	**71**

The main change in the income statement relates to operating income (CAD 304 million) as a result of the growth in traffic during the year due to the flexibility and subsequent lifting of all restrictions in relation to the Covid-19 pandemic, which were in place in 2021.

It should be noted that the profit/(loss) attributable to Ferrovial also includes the depreciation charged over the concession term on the remeasurement recognized following the loss of control of the company as a result of the sale in 2010 mentioned above.

Therefore, CAD -19 million of amortization would have to be deducted from the 43.23% of the local profit (CAD 188 million). Translating the resulting CAD 169 million at the average exchange rate (EUR 1 = CAD 1.36984) would give the EUR 124 million allocable to Ferrovial in 2022 (Note 2.7). For 2021 (EUR 1 = CAD 1.47898), this amounts to EUR 52 million attributable to Ferrovial (Note 2.7).

3.5.3. Disclosures relating to JFK NTO LLC

As indicated in Note 1.1.4 on scope changes, the agreement whereby Ferrovial invested in the capital of JFK NTO LLC, which will remodel, build, finance, operate and maintain the facilities of the new terminal one at New York's John F. Kennedy International (JFK) Airport, came into effect on 10 June. Ferrovial holds a 49% indirect ownership interest in the project.

The shareholders made a commitmÑent to inject share capital of USD 2,330 million, of which Ferrovial will contribute USD 1,142 million. At 31 December, USD 127 million had been disbursed (USD 62.3 million relates to Ferrovial).

Dividend payments by the company are restricted during the construction phase, which is estimated to end in mid-2026. Dividend payments are also subordinated to the payment of concession rent to the Airport Authority of New York and New Jersey.

The Company has no contingent liabilities at 31 December 2022.

The analysis of the concession agreement between NTO and the Airport Authority revealed that it comes under the scope of IFRIC 12 (concession arrangements) and the intangible asset model, since there are no secured payments (see point 1.3.3.2. which details the treatment of this type of concessions). The balance sheet resulting from the application of this model is shown below:

Balance sheet, December 2022

JFK (100%) Million USD	Dec. 2022
Non-current assets	5,265
Fixed assets in infrastructure projects	1,062
Port Authority	3,805
Non-current financial assets	270
Trade receivables	128
Current assets	1167
Short-term trade and other receivables	13
Cash and cash equivalents	103
Total assets	**5,381**
Equity	382
Share capital	127
Share of profit/(loss)	3
Hedging instrument impact	252
Non-current liabilities	4,954
Borrowings	1,137
Port Authority Debs	3,8
Current liabilities	59
Borrowings	54
Short-term trade and other payables	5
Total liabilities	**5,381**

The main assets and liabilities of JFK NTO are described below:

- Concessions - Payments Port Authority (USD $3,805 million), corresponds to the present value of future payments to the Port Authority, throughout the concession period, for the acquisition of the concession. Also, a liability of the same amount has been recorded corresponding to the value of future payment obligations, recorded under the financial debt caption in non-current liabilities (Debt with the Port Authority).
- Intangible Fixed Assets Infrastructure Projects (USD 1,062 millio) includes all the expenses necessary to obtain the concession contract, as well as the construction and development costs of the project. This item is financed through the credit line recorded under non-current liabilities in financial debt in the amount of USD 1,137 million, valued at amortized cost (USD 1,430 million nominal amount drawn down).
- In addition, the Company has contracted interest rate swaps (IRS) associated with the project's bank debt and future debt issuances, for a notional amount of USD 5.98 billion, considered to be efficient accounting cash flows hedges. The change in their fair value in the year has had a positive impact on the company's reserves in the amount of USD 252 million (EUR 117 million at Ferrovial's ownership interest). Non-current financial assets amounting to USD 270 million reflect the fair value of the previously mentioned hedges (IRS).

Movements in equity are primarily explained by the capital contributions under this same heading in the amount of USD 127 million and USD 252 million reflecting the impact on reserves of the change in market value of the derivative associated with the current debt since the acquisition date.

Cash flow statement for 2022

2022 (million euro)	JFK
Net cash flows from operating activities	2
Net cash flows from investing activities	-1,073
Net cash flows from financing activities	1,174
Net change in cash	103
Cash at beginning of the year	0
Cash at end of the year	103

Net cash flows from investing activities of USD -1,073 million relate mainly to the costs of initiating and executing the project, as well as to payments made to build the new terminal.

Cash flows from financing activities relate to collection of USD 1,136 million in borrowings, collection of USD 127 million in capital contributions from shareholders and USD 89 million in interest and fee payments capitalized as intangible assets.

3.5.4. Disclosures relating to AGS

Other equity-accounted assets include the 50% ownership interest in the company AGS, which owns Aberdeen, Glasgow and Southampton airports in the UK.

The three airports have been severely affected by Covid-19, although in 2022 passenger numbers reached 9.2 million (3.5 million in 2021), driven by the relaxation of restrictions in January and February 2022, and the lifting of all restrictions in the United Kingdom as from 18 March. Passenger numbers in 2022 represented 67.5% of the 2019 figure of 13.6 million passengers.

The consolidation of the resulting losses reduced the value of the ownership interest to zero at both December 2022 and December 2021.

The following table shows movements in the 50% equity interest in the company, along with results not consolidated because losses for the year exceeded the investment's value, relating mainly to pensions and derivatives.

2022 (million euro)	AGS (50%)
Balance at 31.12.2021 without IAS 28	**-60**
Share of profit/(loss)	-17
Derivatives	16
Pensions	-6
Other equity movements	-1
Currency translation differences	11
Balance at 31.12.2022 without IAS 28	**-57**
Profit/(loss) not consolidated under IAS 28	68
Other equity effects not consolidated under IAS 28	-50
Balance at 31.12.2022	**0**

In addition, as indicated in Note 3.6, subordinated loans for identical amounts and with the same maturity dates were granted by its shareholders (the loan from Ferrovial totals GBP 120 million (nominal amount of GBP 132 million), falls due in 2024 and does not include the provision for expected losses set aside in accordance with IFRS 9 for a cumulative amount of GBP 12 million).

Agreement to amend and extend the AGS syndicated loan

As detailed in the notes to the 2021 consolidated annual accounts, AGS closed the agreement with a syndicate of banks to amend and extend the facility agreement concluded in February 2017 in the amount of GBP 793 million (the amount of GBP 757 million having been drawn). The negotiation of a refinancing operation with the financial institutions is expected to begin in 2023 for implementation in 2024.

The Company has reassessed the recoverability of the shareholder loan, concluding that it is recoverable on the basis of projections updated to account for the refinancing agreement.

3.5.5 Consolidation of IRB

As indicated in Ferrovial's 2021 Consolidated Annual Accounts, the Group (through Cintra) acquired a 24.86% stake in the Indian listed company IRB Infrastructure Developers Ltd on 29 December 2021. The deal was completed after a preferential share issue by IRB Infrastructure Developers. The amount paid totalled EUR 369 million. The transaction price was set in accordance with applicable legislation, taking into account the average price weighted by the trading volume during the two-week period prior to the year-end.

The price of IRB's stock at 31 December (INR 227.4 per share) was above the purchase price (INR 211.8 per share).

The company's fiscal year runs from April through March. IRB's latest audited available financial statements relate to its first six months, are those of September 2022. Additionally, it has been included an estimated result for the period October-December based on the latest information published by the company. IRB contributed a profit of EUR 22 million to Ferrovial for the 12-month period.

3.5.6. Other disclosures relating to associates

a) Movements relating to the remaining associates

The associates breakdown, showing their consolidated percentage and the main data, is disclosed in Appendix II.

Movements in the ownership interests in these companies during the year are set out below:

	OTHER
Balance at December 2021	**280**
Share capital contributions	17
Share of profit/(loss)	17
Dividends	-19
Exchange differences	-3
Derivatives	100
Variations in perimeter	-111
Other	-5
BALANCE at December 2022	**276**

The balance as of December 2022 for this heading (276 million euros) corresponds mainly to the stakes that Ferrovial holds in Riverlinx Limited – Silvertown Tunnel (55 million euros), Concesionaria Madrid Calle 30 (51 million euros), Netflow OSARS (Western) (50 million euros), Zero Bypass Ltd. (20 million euros), FMM Company LLC (19 million euros), Cartera Ceres (18 million euros – see below), 407 East Development Group (15 million euros), and in A66 Benavente Zamora (17 million euros).

Regarding the movement during the year, the main impacts have been the collection of -111 million euros from the sale of the stake in Ausol, which has been offset by the favorable evolution of derivatives of Riverlinx and Zero ByPass, as well as by the incorporation of Cartera Ceres in the perimeter (see below).

Additionally, noteworthy is the contribution to the business result of maintenance and conservation of infrastructure in Spain, which has been sold during the exercise and now operates through the commercial brand Serveo (6 million euros), and of which Ferrovial has retained a 24.99% stake (see note 1.1.3), through the entity Cartera Ceres; also, relevant are Concesionaria Madrid Calle 30 (6 million euros), as well as the result in Qatar mainly from the maintenance and cleaning contract of Doha airport (FMM Company, for 6 million euros).

Dividends collected, on the other hand, correspond to the highway business for 11 million euros, and to the airports business for 8 million euros, corresponding to FMM Company.

b) Other information

There are no significant restrictions on the capacity of associates to transfer funds to the parent company in the form of dividends, debt repayments or advances, other than such restrictions as might arise from the financing agreements of those associates or from their own financial position, and there are no contingent liabilities relating to associates that might ultimately be assumed by the Group.

There are no significant companies in which the ownership interest exceeds 20% that are not equity-accounted.

The guarantees provided by Group companies to equity-accounted companies are detailed in Note 6.5.

3.6. NON-CURRENT FINANCIAL ASSETS

Set out below is a breakdown of movements at 31 December 2022:

MOVEMENTS IN 2022 (Million euro)	LONG-TERM LOANS TO ASSOCIATES	RESTRICTED CASH FROM INFRASTRUCTURE PROJECT COMPANIES AND OTHER FINANCIAL ASSETS	FINANCIAL INVESTMENTS CARRIED AT FAIR VALUE	LOANS ASSOCIATED WITH THE DIVESTMENT TRANSACTIONS	OTHER LONG-TERM RECEIVABLES	TOTAL
BALANCE AT 01/01/20	**228**	**580**	**41**	**0**	**33**	**882**
Additions	36	153	12	192	1	394
Disposals	-4	-172			-35	-211
Transfers and other			-19	-3	21	-1
Foreign exchange effect	-13	36	1	0	7	31
BALANCE AT 31/12/202	**247**	**597**	**35**	**189**	**27**	**1,095**

Note: Balances net of provisions

(*) Restated figures (Note 1.1.5).

- The item "Long-term loans to associates" relates essentially to the loans granted to AGS in the amount of GBP 120 million (EUR 136 million) (Note 3.6.1.), excluding the provision for expected losses of GBP 12 million and to other ordinary loans to associates totalling EUR 112 million (EUR 93 million in 2021).
- The item "Restricted cash from infrastructure project companies and other financial assets" relates primarily to deposits made at toll road concession operators, the use of which is limited to certain purposes established in the concession arrangement, such as payments of future investments or operating expenses and debt servicing. Specifically, the net increase of EUR 153 million relates primarily to the I-66 toll road (EUR 97.5 million) and the I-77 toll road (EUR 14 million).

  In addition, Mars NTO LLC, parent company of JFK NTO LLC, has restricted cash in the amount of 41 million euros to meet future capital increases of the project. This item is reflected in the debt recorded with the partners for the same amount, with no impact on the net cash position (Note 5.2.2).
- Decreases related mainly to NTE Mobility Partners Segments 3 LLC (EUR -143 million, mainly due to the repayment of an unused credit facility to management and payments on investments in segment 3C investments, and LBJ Infrastructure Group (EUR -25 million), mainly due to the payment of a dividend. The note on the net cash position provides details of the main balances and changes recognized in relation to this line item.
- The change in the item "Financial investments carried at fair value" is explained primarily by fair value adjustments totalling EUR -19 million, mainly Lilium amounting to EUR -8 million and EUR -7 million in the innovation assets fund called Atómico. The main cash outlay related to the acquisition of participation in the innovation assets fund called Fundamental and Energy Impact Partners for EUR 3.7 million each.
- The item "Loans associated with divestiture transactions" relates to the debt generated by the sales with deferred payment related to the sale of Amey, as discussed in note 1.1.3 and as described in section 3.6.2 of these notes to the accounts.
- Lastly, "Other receivables" includes:
  - Other trade receivables, mainly from various public authorities under long-term contracts.
  - Interests in investment funds amounting to EUR 20 million, corresponding to the investment in the Credit Suisse (Lux) Supply Chain Finance Fund, which invested in supplier invoices insured by companies with an investment grade rating (average of AA-). This fund is currently in the process of liquidation. The amount invested is regarded as recoverable, having been reclassified to the long term, expected to be recovered within more than one year.

3.6.1. Loan granted to AGS

As indicated in Note 3.5.4, Ferrovial has granted subordinated loans of GBP 132 million (EUR 149 million) to the company AGS, not including the provision for expected losses recognized under IFRS 9 which amounts to GBP 12 million (EUR 13 million). The company's other shareholder has granted loans on the same terms.

Given the impact of the COVID-19 crisis on the Company, a recoverability analysis of the loan was carried out, including expectations of the asset's future performance, the company's liquidity forecasts for the next twelve months, and the status of the bank borrowings following the agreement on the above-mentioned loan:

Future asset trends: The company owns the assets, so operations are not subject to a concession period. Accordingly, a model was prepared in which traffic is assumed to progressively recover after the lifting of all restrictions in the United Kingdom as from 18 March 2022. The assumptions in this model are consistent with forecasts of air traffic trends obtained from different sources. The model shows a total value for AGS that is above the carrying amount of the current investment.

Liquidity: The contingency plans adopted during 2021 and 2022 allowed the Company to end the year in a positive liquidity position. Projections show that the available liquidity would be sufficient to keep the business running based on estimated traffic levels.

Bank borrowings: Following the agreement in 2021 to amend and extend the loan granted by a syndicate of banks, AGS will have until June 2024 to repay it.

On the basis of the three factors analyzed, the amounts borrowed by the company are likely to be recovered, in view of the information currently available.

The above notwithstanding, an expected loss provision of GBP 1.3 million (EUR 1.4 million) was set up in accordance with IFRS 9.

3.6.2. Loans associated with the divestment transactions

As explained in Note 1.1.3 on discontinued operations, the business carried on in the United Kingdom through the subsidiary Amey was sold in 2022. The purchase consideration was received partly in cash and partly in the form of loans granted to the buyers for an overall amount of GBP 169.8 million (EUR 193.1 million), of which GBP 18 million (EUR 20.3 million) relates to the sale of the energy and water infrastructure maintenance services business to the British fund Rubicon and GBP 151.8 million (EUR 172.8 million) relates to the sale of the rest of Amey's business in the UK to a company controlled by funds managed by One Equity Partners, in association with its shareholder Buckthorn Partners.

In the final quarter of the year, Rubicon repaid GBP 2 million based on the agreed repayment schedule, so the balance stands at GBP 168 million (EUR 190.8 million) at 31 December 2022.

Following the divestment operation, the Company has assessed the recoverability of the loans, concluding that they are recoverable on the basis of the latest projections.

Movements in these line items in 2021 are set out below:

MOVEMENTS IN 2020 (Million euro)	LONG-TERM LOANS TO ASSOCIATES	RESTRICTED CASH FROM INFRASTRUCTURE PROJECT COMPANIES AND OTHER FINANCIAL ASSETS	FINANCIAL INVESTMENTS CARRIED AT FAIR VALUE	OTHER LONG-TERM RECEIVABLES	TOTAL
BALANCE AT 01/01/2021	**164**	**654**	**15**	**25**	**858**
Additions	63	17	24	14	118
Disposals	-3	-136	0	-12	-151
Transfers and other	0	0	0	0	0
Foreign exchange effect	4	45	2	6	57
Reclassification to discontinued	0	0	0	0	0
BALANCE AT 31/12/2021	**228**	**580**	**41**	**33**	**880**

3.7. RIGHT-OF-USE ASSETS AND ASSOCIATED LIABILITIES

This note describes the right-of-use assets recognized under IFRS 16 Leases and the associated liabilities.

Note 1.3.1. b) details the accounting policy affecting lease agreements. IFRS 16 affects the Group's leases in which it is the lessee.

Set out below are movements in right-of-use assets in the balance sheet:

MOVEMENTS IN 2022 (Million euro)	LAND	BUILDINGS	VEHICLES	PLANT AND MACHINERY	OFFICE EQUIPMENT AND OTHER	TOTAL
BALANCE AT 31/12/2021	**12**	**67**	**70**	**23**	**4**	**176**
Additions	6	25	21	15	3	70
Disposals	-2	-6	-8	-2	-3	-20
Transfers and other	-2	3	-8	2	1	-3
Depreciation /amortization	-1	-13	-15	-10	-2	-41
Scope changes	0	0	0	0	0	0
Foreign exchange effect	0	1	1	1	-0	3
BALANCE AT 31/12/2022	**13**	**77**	**61**	**28**	**4**	**183**

The Group primarily has lease agreements for buildings, vehicles, plant and machinery. Buildings are the most valuable right-of-use assets, relating mainly to long-term office leases.

The most significant variations in the heading relates to additions totalling EUR 70 million, of which EUR 64 million is associated with Construction Division leases (essentially in the United States, the United Kingdom and Spain).

As balancing items for rights of use in the amount of EUR 183 million, lease liabilities amount to EUR 184 million, of which EUR 64 million is carried as a long-term balance and EUR 120 million as a short-term balance.

Movements in lease liabilities under agreements in force during 2022 are set out below:

	LEASE LIABILITIES
BALANCE AT 31/12/2021	**173**
Additions under new leases	86
Associated financial expenses	12
Disposals due to payments	-72
Foreign exchange effect	1
Consolidation scope changes and other	-15
BALANCE AT 31/12/2022	**184**
Long-term lease liabilities	**64**
Short-term lease liabilities	**120**

Financial expenses associated with lease agreements amounted to EUR 12 million at 31 December 2022. Lease payments in 2022 amounted to EUR -72 million (Note 5.3).

Set out below are future maturities of lease liabilities in each business area at 31 December 2022:

	2023	2024	2025	2026	2027	2028 AND BEYOND	TOTAL
Corporation	2	2	2	3	2	11	22
Construction	52	36	20	11	6	12	137
Toll Roads	1	1	1	0	0	1	4
Airports	0	0	0	0	0	0	0
Energy and mobility infrastructures	9	5	2	1	0	3	20
TOTAL LEASE LIABILITIES	**64**	**44**	**25**	**15**	**8**	**27**	**183**

At 31 December 2022, lease expenses in the income statement amounted to EUR -256 million (EUR 236 million in 2021) and relate to the following items:

a. Expenses under agreements that meet the definition of a lease under IFRS 16 but come under one of the exceptions to applying the standard. Given the nature of the Group's business, assets are normally leased to carry out various phases of a project for periods of less than one year or are considered to have a low value (below EUR 5,000).

b. Lease expenditure that does not come under IFRS 16, basically because the leased assets are not individually identified and are easily substitutable by the supplier.

This amount covers variable payments amounting to EUR 1 million that are not included in the value of the liability.

SECTION 4: WORKING CAPITAL

This section contains the notes on Inventories (Note 4.1), Short-term trade and other receivables (Note 4.2) and Short-term trade and other payables (Note 4.3). The net balance of these items is referred to as working capital.

Million euro	2021 (*)	Exchange rate	Consolidation scope changes	Other	2022
Inventories	404	9	0	63	476
Short-term trade and other receivables	1,344	-10	15	260	1,609
Short-term trade and other payables	-2,813	-4	-6	-608	-3,430
TOTAL	**-1,065**	**-4**	**9**	**-285**	**-1,346**

(*) Restated figures (Note 1.1.5)

Section 4.4 contains a more detailed analysis of the balance sheet items relating to the recognition of revenue from contracts with customers in the Construction business, including the disclosures required by IFRS 15 in relation to those contracts.

4.1. INVENTORIES

Inventories break down as follows at 31 December 2022 and 2021:

Million euro	2021 (*)	Exchange rate	Consolidation scope changes	Other	2022
Goods purchased for resale	42	0	0	-17	24
Raw materials and other supplies	275	8	0	39	322
Bidding and mobilization costs	87	2	0	41	129
Inventories	**404**	**9**	**0**	**63**	**476**

(*) Restated figures (Note 1.1.5)

EUR 24 million is recognized in the balance sheet for goods purchased for resale at 31 December 2022, relating primarily to the Construction business (EUR 24 million).

EUR 322 million in raw materials and other supplies relates mainly to the Construction Division, primarily Poland activity in the amount of EUR 159 million (EUR 93 million in 2021), and its US activity in the amount of EUR 96 million (EUR 139 million in 2021).

Bidding and mobilization costs are written off systematically as the goods and services relating to the asset are transferred to customers. In 2022, EUR 11 million of bidding costs and EUR 0.4 million of mobilization costs were amortized. The increase in the year (EUR 41 million) is mainly due to the start of new construction work, most notably in Ontario.

4.2. SHORT-TERM TRADE AND OTHER RECEIVABLES

Set out below is a breakdown of this heading at 31 December 2022 and 2021:

Million euro	2021 (*)	Exchange rate	Consolidation scope changes	Other	2022
Trade receivables for sales and services	1,068	-10	9	233	1,300
Other receivables	276	0	6	27	309
TOTAL RECEIVABLES	**1,344**	**-10**	**15**	**260**	**1,609**

(*) Restated figures (Note 1.1.5)

a) Trade receivables for sales and services

Trade receivables break down as follows at 31 December 2022 and 2021:

Million euro	2021 (*)	Exchange rate	Consolidation scope changes	Other	2022
Trade receivables	809	-6	10	148	962
Bad debt provisions	-209	0	0	0	-209
Net trade receivables	**600**	**-6**	**10**	**149**	**753**
Net completed work pending certification	347	-4	-2	64	406
Retentions	122	-1	0	20	141
TRADE RECEIVABLES FOR SALES AND SERVICES	**1,068**	**-10**	**9**	**233**	**1,300**

(*) Restated figures (Note 1.1.5)

The change under the heading "Other" (EUR 233 million) is explained primarily by the increase in Construction (EUR 256 million), primarily in the US and Canada (EUR 209 million), as a result of business performance.

In addition, the scope changes during the year relate primarily to the acquisition of Dalaman Airport.

Finally, there are no balance sheet items relating to factoring agreements at 31 December 2022 or 2021.

Set out below is a breakdown of the main trade receivables by debtor type:

	CONSTRUCTION		OTHER AND ADJUSTMENTS		TOTAL	
Public sector	813	66%	90	n.a.	904	70%
Private sector	324	26%	22	n.a.	346	27%
Group companies and associates	97	8%	-47	n.a.	50	4%
TOTAL	**1,235**	**100%**	**65**	**N.A.**	**1,300**	**100%**

The Group has pre- and post-contracting measures in place to manage customer credit risk, such as consulting debtor registers, ratings or solvency studies, etc. and monitoring incidents and default, etc. while the work is in progress.

Changes to trade provisions are set out below:

(Million euro)	2022	2021 (*)
Opening balance	**209**	**211**
Amounts charged to the income statement:	-1	-3
Charges	-5	6
Reversals	4	-9
Applications	2	-1
Foreign exchange effect	0	1
Transfers and other	-1	1
Closing balance	**209**	**209**

(*) Restated figures (Note 1.1.5) from December 2021.

Group management considers that the carrying amount of trade receivables approximates fair value.

b) Other receivables

Other receivables break down as follows at 31 December 2022 and 2021:

Million euro	2021 (*)	Exchange rate	Consolidation scope changes	Other	2022
Advance payments to suppliers	50	1	0	11	61
Sundry receivables	84	-1	7	6	96
Infrastructure project receivables	2	0	0	1	3
Amounts receivable from Public Administrations	140	0	-1	9	148
OTHER RECEIVABLES	**276**	**0**	**6**	**27**	**309**

(*) Restated figures (Note 1.1.5)

The main movement under "Other receivables" relates to the item "Advance payments to suppliers", mainly in the Construction Division (EUR 9 million).

Lastly, "Amounts receivable from Public Administrations" include taxes refundable other than corporate income tax.

4.3. SHORT-TERM TRADE AND OTHER PAYABLES

Set out below is a breakdown of this heading at 31 December 2022 and 2021:

Million euro	2021 (*)	Exchange rate	Consolidation scope changes	Other	2022
Trade payables	1,544	11	-3	112	1,663
Work certified in advance	692	-4	-1	275	962
Advance payments	193	-2	10	201	402
Other non-trade payables	384	-2	1	20	403
TRADE AND OTHER PAYABLES	**2,813**	**4**	**6**	**608**	**3,430**

(*) Restated figures (Note 1.1.5)

a) Trade payables

Set out below is a breakdown of trade payables at 31 December 2022 and 2021:

Million euro	2021 (*)	Exchange rate	Consolidation scope changes	Other	2022
Trade payables	1,063	10	-3	117	1,187
Trade payables sent for reverse factoring	226	0	-1	8	234
Withholdings made from suppliers	255	2	0	-14	242
TRADE PAYABLES	**1,544**	**11**	**-3**	**112**	**1,663**

(*) Restated figures (Note 1.1.5)

Trade payables increased by EUR 120 million compared to the balance recognized at 31 December 2021. Excluding the foreign exchange effect and scope changes, trade payables grew by EUR 112 million, primarily in the Construction Division (EUR 78 million), including most notably activity in the US and Canada.

Trade payables pending payment to suppliers under reverse factoring arrangements (Note 1.3.3.3 on accounting policies) increased by EUR 8 million compared to the balance at 31 December 2021.

Group management considers that the carrying amount of trade receivables approximates fair value.

b) Obligation to disclose payments to suppliers under Additional Provision Three of Law 15/2010

In compliance with the obligation to disclose the average supplier payment period laid down by Article 539 and Additional Provision Eight of the Spanish Companies Act (in accordance with the wording of Final Provision Two of Law 31/2014 reforming the Act), the Company hereby states that the average supplier payment period for all of the Group companies registered in Spain (including discontinued operations) was 42 days.

Set out below is the breakdown required by Article 6 of the Resolution of 29 January 2016 from the Spanish Institute of Accounting and Auditing in relation to the disclosures to be provided on the average supplier payment period in 2022 and 2021:

(Days)	2022	2021
AVERAGE SUPPLIER PAYMENT PERIOD	**42**	**41**
Ratio of transactions settled	42	42
Ratio of transactions pending payment	46	36
AMOUNT (euro)		
TOTAL PAYMENTS MADE	**880,123,350**	**751,447,311**
TOTAL PAYMENTS PENDING	**42,000,761**	**20,385,897**

Ferrovial's intragroup commercial transactions are eliminated during the consolidation process, so the consolidated balance sheet shows no balances pending payment to Group companies. The information set out in the above table therefore refers solely to the Group's external suppliers. The intragroup average payment period is generally 30 days.

The average supplier payment period for discontinued operations is shown below:

(Days)	2022	2021
AVERAGE SUPPLIER PAYMENT PERIOD, DISCONTINUED OPERATIONS	-	**55**
Ratio of transactions settled	-	54
Ratio of transactions pending payment	-	74
AMOUNT (euro)		
TOTAL PAYMENTS MADE	-	**327,929,700**
TOTAL PAYMENTS PENDING	-	**15,764,616**

c) Law 18/2022, of September 28, on the creation and growth of companies (Third additional provision).

In accordance with the Law 18/2022, which amends Law 15/2010 regarding the breakdown of payment terms to suppliers, the monetary volume and number of invoices paid in a period of less than 60 days, and the percentage they represent of the total number of invoices and of the total monetary payments to its suppliers are reported:

Million euro

2022					
TOTAL AMOUNT OF PAID INVOICES	**INVOICES ON TIME**	**% INVOICES TERM**	**TOTAL NO. INVOICES**	**TOTAL NO. INVOICES ON TIME**	**% NUM. INVOICES ON TIME**
880	726	82%	0,20	0,20	80%

d) Work certified in advance and advance payments from customers

This heading includes:

- Work certified in advance (see definition in Notes 4.4 and 1.2.3.4) increased by EUR 275 million against December 2021 (excluding the foreign exchange effect and scope changes), primarily in the US and Canada, relating particularly to the Ontario Metro project (EUR 142 million).
- The balance of advance payments from customers (see definition in point 4.4) rose by EUR 201 million in relation to December 2021, mainly in the US and Canada as a result of advance payments for the Ontario Metro project (EUR 105 million).

e) Other non-trade payables

"Other non-trade payables" break down as follows:

Million euro	2021 (*)	Exchange rate	Consolidation scope changes	Other	2022
Accrued wages and salaries	168	0	0	22	190
Taxes payable	147	-2	-2	29	173
Other payables	69	0	2	-30	41
OTHER NON-TRADE PAYABLES	**384**	**-2**	**1**	**20**	**403**

(*) Restated figures (Note 1.1.5)

4.4. BALANCES FROM CONTRACTS WITH CUSTOMERS AND OTHER DISCLOSURES RELATING TO IFRS 15

Information on the balance sheet relating to IFRS 15

As indicated in Note 1.3.3.4 in relation to the policy for recognizing contract revenue (IFRS 15), for contracts in which the performance obligations are measured over time, the difference between the revenues recognized for services rendered and the amounts actually billed to the customer are systematically analyzed on a contract-by-contract basis.

If the amount billed is lower than the revenue recognized, the difference is recognized as an asset under "Trade receivables for sales and services - Completed work pending certification" (Note 4.2.a), whereas if the revenue recognized is lower than the amount billed, a liability is recognized under "Short-term trade and other payables - Work certified in advance" (Note 4.3).

For certain construction contracts, advances are agreed, paid by the customer at contract inception and offset against progress billings as the works are executed.

These balances are carried on the liabilities side of the balance sheet under the heading "Trade payables" (Note 4.3.a).

In contrast to the advance payments, under some contracts the customer retains a portion of the payment of each progress billing to guarantee certain contractual obligations are met, which is not reimbursed until the contract is definitively settled. These balances are carried on the assets side of the balance sheet under "Trade receivables for sales and services" (Note 4.2.a).

Unlike completed work pending certification and work certified in advance, advances and retentions are balances that will have an impact on future cash flows, since in the case of the advances a lower amount will be collected in the future as the advances are discounted from the progress billings, whereas the retentions will give rise to higher collections in the future, since the customer will reimburse the related amounts as and when the contract work is settled.

Set out below is a breakdown of the amounts recognized in this connection at 31 December 2022 and 2021:

Million euro	2021 (*)	Exchange rate	Consolidation scope changes	Other	2022
Completed work pending certification	347	-4	-2	64	406
Retentions	119	-1	2	20	141
Total customer contract assets	**466**	**-5**	**0**	**84**	**547**
Work certified in advance	692	-4	0	275	962
Advance payments	193	-2	10	201	402
Total customer contract liabilities	**885**	**-6**	**9**	**476**	**1,364**

(*) Restated figures (Note 1.1.5)

The balance of work completed pending certification at 31 December 2022 relates almost entirely to revenue under the main contract with the customer since, according to the Group's general policy, only work that is due and payable, i.e. has been approved by the customer, may be recognized in the accounts. Claims only include cases in which it is deemed highly likely that there will be no reversal of revenue in the future. In general, performance obligations in the construction business are fulfilled over time. Therefore, as the amounts relating to changes and claims are immaterial under the completed work pending certification heading, the balance relates basically to differences between work completed and work certified due to timing differences in the customer certification and review process, billing milestones or certification schedule.

Other disclosures relating to IFRS 15:

Revenue from contracts with customers:

EUR 7,385 million of the total revenue recognized in 2022 (Note 2.1 Operating income) relates to revenue from contracts with customers, which accounts for 97.8% of revenue recognized.

(Million euro)	2022
Construction	6,287
Toll Roads	765
Airports	5
Other segments	328
Revenue from contracts with customers	**7,385**

Revenue pending recognition in relation to performance obligations not satisfied at the year-end is equivalent to the order book (see definition in the Alternative Performance Measures section of the Management report).

The table below contains a breakdown of this figure by business area and includes an estimate of the years in which it is expected to be recognized as revenue.

REVENUE	2023	2024	2025	2026	2027 and beyond	TOTAL
Construction	5,366	3,934	2,778	1,324	1,341	14,743
UK Waste Treatment (Thalia)	170	146	111	88	615	1,130
Total	**5,536**	**4,080**	**2,889**	**1,412**	**1,956**	**15,873**

There are a total of 1,159 contracts in force in the Construction businesses, as well as 29 Energy and mobility infrastructures contracts.

SECTION 5: CAPITAL AND FINANCING STRUCTURE

The notes in this section describe trends in Ferrovial's financial structure, addressing both changes in equity (Note 5.1) and consolidated net debt (Note 5.2) (cash and cash equivalents net of financial debt, bank borrowings and debt securities), broken down by project company and ex-project company. They also describe the Group's exposure to the main financial risks and risk management policies (Note 5.4), as well as derivatives contracted for such purposes (Note 5.5).

Equity (Note 5.1) attributed to shareholders increased in relation to the previous year, due essentially to the change in the value of the interest rate hedge recognized in equity and the profit/(loss) for the year partially offset by the shareholder remuneration.

EQUITY ATTRIBUTED TO SHAREHOLDERS

(Million euro)

CLOSING BALANCE AT 31/12/2021 (*)	**4,039**
Net profit/(loss)	186
Income and expense recognized directly in equity	391
Amounts transferred to the income statement	131
Shareholder remuneration	-578
Scope changes	-88
Other	32
Closing balance at 31/12/2022	**4,113**

(*) Restated figures (Note 1.1.5)

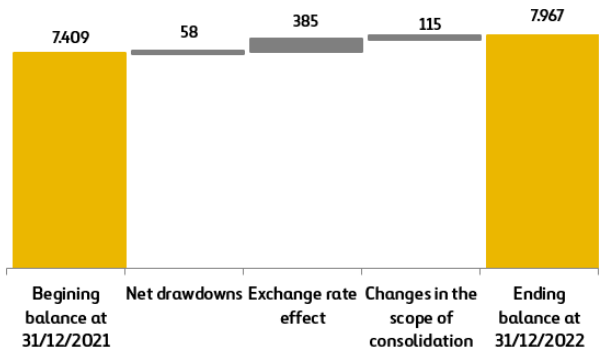
Ferrovial's ex-infrastructure projects net consolidated cash (Note 5.2), including discontinued operations, amounted to EUR 1,439 million (EUR 2,182 million in 2021).

The decline during the year is explained by cash flows (Note 5.3), which do include movements in discontinued operations and the cash outflow caused by divestment. The main movements relate to investments made during the year totalling EUR 856 million (mainly the Dalaman Airport acquisition and investments in the I-66 and I-77 toll roads) and to shareholder remuneration (EUR 578 million), which were offset by divestments totalling EUR 429 million and a dividend received from the infrastructure project companies (EUR 475 million).

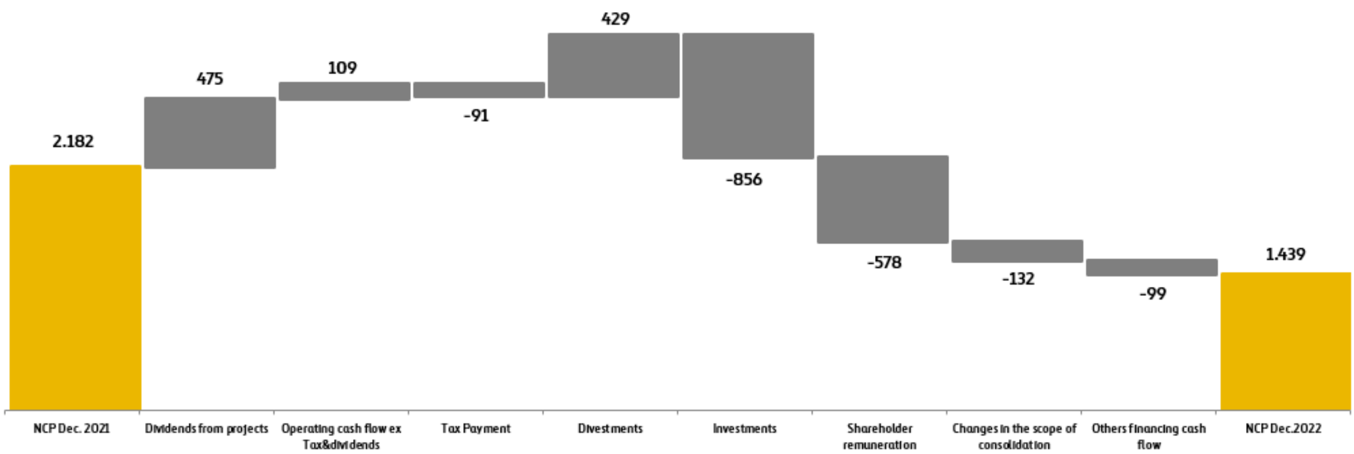
This positive net cash position still provides a considerable cushion allowing the Company to continue to fulfil its investment grade rating objective, for which a ratio of ex-infrastructure project net debt (gross debt less cash) over project EBITDA plus dividends of no more than 2x is considered to be a relevant metric. Ferrovial's current rating stands at BBB.

As regards gross project debt, the variation on the previous year (EUR 7,967 million in December 2022 v. EUR 7,409 million in December 2021) is due primarily to the foreign exchange effect (EUR 385 million) and the effect of scope changes relating to the debt consolidated following the Dalaman Airport acquisition (EUR 115 million).

BORROWINGS OF INFRAESTRUCTURE PROJECTS



NET CASH POSITION EX INFRAESTRUCTURES PROJECT



5.1. EQUITY

5.1.1 Changes in equity

There follows a breakdown of the main equity impacts in 2022, net of taxes, which explain the changes in equity from December 2022 to December 2021:

	Attributed to shareholders	Attributed to non-controlling interests	Total equity
Equity at 31.12.2021 (*)	**4,039**	**1,790**	**5,829**
Equity at 01.01.2022	**4,039**	**1,790**	**5,829**
Consolidated profit/(loss) for the year	186	116	302
Impact on hedge reserves	348	-15	333
Impact on defined benefit plan reserves (**)	0	0	0
Currency translation differences	43	80	123
Income and expense recognized directly in equity	391	65	456
Amounts transferred to the income statement	131	0	131
TOTAL RECOGNIZED INCOME AND EXPENSES	**708**	**181**	**889**
Scrip dividend/other dividends	-132	-160	-292
Treasury share transactions	-446	0	-446
SHAREHOLDER REMUNERATION	**-578**	**-160**	**-738**
Share capital increases/reductions	0	356	356
Share-based remuneration scheme	0	0	0
Hybrid bond	-8	0	-8
Scope changes	-88	67	-21
Other movements	40	7	47
OTHER TRANSACTIONS	**-56**	**430**	**374**
Equity at 31.12.2022	**4,113**	**2,241**	**6,354**

(*) Restated figures (Note 1.1.5)

(**) Pursuant to the amendment to IAS 1 Presentation of financial statements, the effect of defined benefit plans on reserves is the only item of income and expense recognized directly in equity that cannot subsequently be reclassified to profit or loss.

There follows a description of the main movements in shareholders' funds in 2022, which gave rise to an increase of EUR 74 million in equity attributable to shareholders.

Consolidated profit/(loss) for the year attributed to the parent company totalled EUR 186 million.

Income and expense recognized directly in equity relate to:

- Hedging instruments: Recognition of the changes in value of the effective portion of derivatives designated as hedges, as analyzed in Note 5.5, the positive impact of which was EUR 348 million, of which EUR 187 million relates to fully consolidated companies and EUR 161 million to equity-accounted companies.
- Currency translation differences: the currencies to which Ferrovial is most exposed in terms of equity (mainly the Canadian dollar, US dollar, pound sterling and Indian rupee), as detailed in Note 5.4, gave rise to currency translation differences of EUR 43 million attributed to the parent company, so that the appreciation of the Canadian dollar (EUR 29 million) and US dollar (EUR 59 million) against the euro has been partially offset by the depreciation of the pound sterling (EUR -23 million) and the Indian rupee (EUR -18 million) against the euro. These translation differences are presented net of the effect of foreign currency hedging instruments arranged by the Group (Note 5.5).

Amounts transferred to the income statement:

This reflects the impact of the reclassification from shareholders' funds to results (under IAS 21) of the amounts accumulated in equity in respect of currency translation differences and the derivatives for hedging divestment transactions and acquisitions, as mentioned in Note 1.1.4, with a special focus on derivatives hedging the borrowings of the Infrastructure Services business in Spain (EUR 7 million net of taxes), as well as the currency translation differences and debt hedging derivatives relating to the Amey business in the UK in the amounts of EUR 156 million and EUR 15 million respectively.

The aforementioned amounts are partially offset by the reclassification to the income statement of the impact accumulated in reserves of the pre-hedge arranged for Ferrovial S.A.'s bond issue planned for 2022, which did not go ahead, in the amount of EUR -46 million after tax (positive impact on the income statements), as indicated in Note 5.5.

Shareholder remuneration:

- Scrip Dividend: For the ninth successive year, Ferrovial, S.A.'s Annual General Meeting held on 7 April 2022 approved a flexible shareholder remuneration scheme whereby the shareholders may freely choose to receive new bonus shares in a capital increase charged to reserves or an amount in cash by transferring to the Company (if they have not already done so in the market) the free allotment rights to the shares held. As a result, two share capital increases were completed in 2022 as follows:
  - In May 2022, 3,968,559 new shares were issued and charged to reserves at a par value of EUR 0.20 per share, entailing a share capital increase of EUR 0.8 million (no impact on cash), and free allotment rights were purchased in the amount of EUR 108 million, representing a price per share of EUR 0.28.
  - In November 2022, 12,116,333 new shares were issued and charged to reserves at a par value of EUR 0.20 per share, entailing a share capital increase of EUR 2.4 million (no impact on cash), and free allotment rights were purchased in the amount of EUR 24 million, representing a price per share of EUR 0.41.
- The cash flow impact of shareholder remuneration in 2022 amounted to EUR 578 million (Note 5.3).

Share-based remuneration schemes:

In 2022, a total of 315,000 shares were acquired, representing 0.043% of Ferrovial's share capital, for subsequent delivery, together with a part of the treasury shares recognized at the beginning of the year, under share-based remuneration schemes. The total acquisition cost of the shares was EUR 7.7 million and there was no equity effect since the effect of settling the plan falling due during the year is offset by the reversal of the provision recognized so as to reflect the degree of fulfilment of the plan that matures in 2023.

As explained in Note 5.5, the Company has arranged equity swaps to hedge the possible equity effect of the exercise of these share-based remuneration schemes. The equity swaps have a fair value effect of EUR -9 million on net financial income/(expense).

Subordinated hybrid bond:

The movement for the year reflects the costs associated with this equity instrument described in Note 5.1.2 d) below, equating to a negative impact of EUR -8 million in 2022.

Scope changes relate to the following transactions:

This is due to the purchase of 7.135% of the I-77 Mobility Partners LLC toll road (Note 1.1.4). In accordance with IFRS 3, and since the company was already fully consolidated, the difference between the price paid and the book value of the acquired stake is recorded against the reserves of the parent company (EUR -88 million) and by reducing the amount of minority interests (EUR -15 million).

5.1.2 Equity components

There follows an explanation of each equity item reflected in the consolidated statement of changes in equity:

a) Share capital

At 31 December 2022, share capital stood at EUR 145,488,652.20 and was fully subscribed and paid up. Share capital consists of 727,443,261 ordinary shares in a single class with a par value of twenty-euro cents (EUR 0.20) each. Movements during the year, broken down in the following table, relate to the share capital increase and reduction transactions mentioned in the preceding section.

SHARES	NUMBER	PAR VALUE
Opening balance	733,602,481	146,720,496
Scrip dividend	16,084,892	3,216,978
Share capital reduction	-22,244,112	-4,448,822
CLOSING SHARES	**727,443,261**	**145,488,652**

At 31 December 2022, the only company with an ownership interest of over 10% is Rijn Capital BV, which holds 20.42% of the shares and is controlled by the Chair of the Company's Board of Directors, Rafael del Pino y Calvo Sotelo.

The parent company's shares are traded on the Spanish Electronic Trading System (SIBE) and on the Spanish stock exchanges; they all carry the same voting and dividend rights.

b) Share premium and merger premium

The reduction in the share premium and merger premium, which arose in 2009 as a result of the merger of Grupo Ferrovial, S.A. with Cintra Concesiones de Infraestructuras de Transporte, S.A. (currently Ferrovial, S.A.), in relation to the previous year is explained by the redemption of treasury shares agreed in the Buy-Back Programme explained in the following section. Consequently, at 31 December 2022 there is no share premium or merger premium (EUR 218 million in 2021). They are both classed as unrestricted reserves.

c) Treasury shares

At 31 December 2021, 5,072,018 treasury shares were held. Movements during 2022 were as follows:

TRANSACTION COMPLETED/PURPOSE	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES APPLIED TO PURPOSE	TOTAL NUMBER OF SHARES
Balance at 31.12.2021			**5,072,018**
Share capital reduction	17,912,899	-22,244,112	-4,331,213
Remuneration schemes	315,000	-338,815	-23,815
Shares received - scrip dividend	451,300	0	451,300
Balance at 31.12.2022			**1,168,290**

Ferrovial, S.A.'s Annual General Meeting held on 7 April 2022 approved a treasury share buy-back programme for a maximum amount of up to 34 million shares and for a maximum amount of EUR 500 million, the purpose of which was a subsequent capital reduction by redeeming the shares. Over the course of 2022, 17,912,899 treasury shares were acquired at an average price of EUR 24.83 per share, giving rise to a payment totalling EUR 445 million. Subsequently, share capital was reduced by 22,244,112 shares, entailing a share capital reduction of EUR 4.4 million and an impact of EUR 543 million reflecting the redemption of treasury shares, which is recognized against unrestricted reserves (merger premium) in the amount of EUR 218 million and against other reserves in the amount of EUR 321 million, due to the difference between the par value and acquisition price of the redeemed shares.

The market value of the treasury shares held by Ferrovial at 31 December 2022 (1,168,290 shares) was EUR 29 million.

d) Other equity instruments

Through the subsidiary Ferrovial Netherlands BV, the Group completed a subordinated perpetual bond issue in 2017 for a nominal amount of EUR 500 million, accruing an annual coupon of 2.124% to the first recalculation date (May 2023), which was guaranteed by Ferrovial, S.A. Following this first recalculation date, the coupon will be changed to a rate equivalent to adding 2.127% (step-up of 25 basis points on the 2017 year-end spread) to the 5-year swap rate in force at that time. The swap rate will be adjusted to the 5-year rate every 5 years as from May 2023. In 2043, the spread added to the 5-year swap rate at that time will be increased to 2.877% (step-up of 75 basis points on the 2023 spread).

These bonds may be redeemed for the first time, at the issuer's discretion, after five and a half years as from the date of issue (from 14 February 2023 to 14 May 2023 inclusive), and subsequently on each coupon payment date. Ferrovial also has the right to defer payment of the coupons and payment cannot be demanded by the holders.

As mentioned in Note 1.3.3.3, when it is the issuer that has the right to decide on both the repayment of principal and the possibility of deferring payment of the bond coupons, the instrument is recognized in equity.

These subordinated perpetual bonds are therefore carried under “Other equity instruments”. The costs of the bond issue and the accrued interest and coupon payment, for a cumulative amount of EUR -44 million (EUR -8 million accrued in the current financial year), are recognized in “Reserves” and treated in a similar way to dividends.

Whether or not this type of instrument is treated as shareholders’ funds from an accounting standpoint, when analyzing the Group’s indebtedness, the rating agencies regard the hybrid bond issue fully or partially as debt and/or partially as equity, depending on the specific approach adopted in each case.

e) Measurement adjustments

“Measurement adjustments” in the consolidated statement of changes in equity comprise adjustments to currency translation differences accumulated in reserves (EUR -322 million), pension plans (EUR -455 million) and derivatives (EUR -1 million), for a balance of EUR -778 million at 31 December 2022.

As regards the requirements of IAS 1 in relation to the disclosure of “income and expenses recognized directly in equity”, it is important to note that the only items that may not be transferred to the income statement in a future period under accounting legislation are those related to pension plans.

f) Retained earnings and other reserves

This heading includes retained earnings and other reserves totalling EUR 4,264 million (EUR 4,591 million in 2021). Other reserves include the parent company’s restricted reserves, mainly comprising the legal reserve of EUR 30 million.

Adjustments relating to share-based remuneration schemes and the impact of the subordinated perpetual bond coupons and associated costs are also recognized under this heading.

g) Proposed distribution of 2022 profit/(loss)

The Company posted a profit for the year of EUR 961,401,669.

The Board of Directors will propose to the Company’s Annual General Meeting the following distribution of FERROVIAL, S.A.'s individual profit/(loss):

	2022
Profit/(loss) of FERROVIAL, S.A. (individual company)	961,401,668.98
Distribution (euro):	
To voluntary reserves	908,006,282.34
To prior-year losses	53,395,386.64

The legal reserve is fully funded.

h) Non-group companies with significant ownership interests in subsidiaries

At 31 December 2022, the non-controlling interests in the share capital of the most significant fully-consolidated Group companies were as follows:

FERROVIAL GROUP SUBSIDIARY	NON-GROUP %	NON-GROUP SHAREHOLDER
TOLL ROADS		
Autopista Terrassa-Manresa, S.A.	23.72%	Acesa (Autopista Concesionaria Española, S.A.)
LBJ Infrastructure Group Holding LLC	28.33%-17.07%	LBJ Blocker (APG)- Meridiam Infr. S.a.r.l. (MI LBJ)
NTE Mobility Partners Holding LLC	37.03%	Meridiam Infrastrucuture S.a.r.l.
NTE Mobility Partners SEG 3 Holding LLC	28.84%-17.49%	NTE Segments 3 Blocker, Inc. (APG) - Meridiam Infrastructure NTE 3A/3B LLC
I-77 Mobility Partners, LLC	24.58%-3.18%	John Laing I-77 Holco Corp./Aberdeen Infr. Invest.
I-66 Mobility Partners, LLC	29.75%-14.55%	Meridiam Infrastrucuture S.a.r.l. - I-66 Blocker (APG)
CONSTRUCTION		
Budimex S.A.	9.8%-6.3%-33.8%	AVIVA OFE Aviva BZ WBK-Nationale Nederlanden OFE (listed on stock exchange)
AIRPORTS		
Dalaman	40.00%	YDA Group

The financial highlights of the most significant Group companies in which there are non-controlling interests are as follows (data on 100% terms):

2022 (Million euro)	ASSETS	LIABILITIES	SHAREHOLDERS’ FUNDS	NCP	NET PROFIT/(LOSS)
Terrassa Manresa toll road	576	180	396	13	-60
LBJ Infrastructure Group	2,168	2,363	-195	-1,887	10
NTE Mobility Partners	1,716	1,692	24	-1,142	79
NTE Mobility Partners Segments 3 LLC	2,327	1,719	608	-1,152	38
I-77 Mobility Partners LLC	753	522	231	-240	12
I-66 Mobility Partners LLC	5,804	2,177	3,627	-1,536	-12
Budimex	1,668	1,343	325	673	57
Dalman	704	452	252	-103	13

The main movements under "Equity attributable to non-controlling interests" in 2022 were as follows:

Company	Balance at 31.12.2021 (*)	Profit/(loss)	Derivatives	Currency translation differences	Dividends	Share capital increase	Other movements	Balance at 31.12.2022
Terrassa Manresa toll road	147	-19	-21	0	-13	0	0	94
LBJ Infrastructure Group	-68	9	0	-4	-26	0	0	-89
NTE Mobility Partners	11	47	0	1	-54	0	4	9
NTE Mobility Partners Segments 3 LLC	196	33	0	11	0	39	3	282
I-77 Mobility Partners LLC	70	6	0	3	0	0	-15	64
I-66 Mobility Partners LLC	1,288	-10	0	76	0	256	0	1,610
FAM Construction LLC (I-66)	-59	-26	0	-4	0	61	0	-28
Budimex	202	60	0	-3	-67	0	0	192
Dalaman	0	8	3	0	0	0	82	94
Other	3	8	3	0	0	0	-1	13
TOTAL	**1,790**	**116**	**-15**	**80**	**-160**	**356**	**74**	**2,241**

(*) Restated figures (Note 1.1.5)

The heading "Capital increases" reflects the impact of the increase in funds attributable to non-controlling interests of the toll roads I-66 Mobility Partners LLC, FAM Construction LLC (I-66) and the NTE Segment 3 toll road, amounting to EUR 256 million, EUR 61 million and EUR 39 million, respectively.

The heading "Other movements" primarily reflects the effect of EUR 83 million associated with the consolidation of the 60% ownership interest in Dalaman International Airport and EUR -15 million relating to the I-77 Mobility Partners LLCC toll road as a result of the purchase of an additional 7.135% by the Group (Note 1.1.4).

5.2. CONSOLIDATED NET DEBT

In order to present an analysis of the Group's net debt position, the following table contains a breakdown of the net cash position, distinguishing between infrastructure project companies and the other companies. The net cash position is understood to be the balance of the items included in cash and cash equivalents, plus long-term restricted cash of infrastructure project companies and other short-term financial assets, minus borrowings (short- and long-term bank borrowings and debt securities).

The net cash position also includes forwards totalling EUR 151 million and maturity under 3 months that hedge the cash held by the Group in Australian and Canadian dollars, as well as cross-currency swaps, valued at EUR -5 million and associated with the borrowings and cash denominated in US dollars. The derivatives are accounted for in this way because they relate entirely to the borrowings/cash, netting the related foreign exchange effect.

31/12/2022

Continuing and discontinued operations (million euro)	Bank borrowings/bonds	Cross-currency swaps	Cash and cash equivalents	Forwards	Long-term restricted cash	Net borrowing position	Intragroup position	Total
Ex-infrastructur	-3,686	-5	4,962	151	41	1,463	-25	1,439
Infrastructure project	-7,967	0	168	0	556	-7,244	25	-7,219
Total net cash position	**-11,653**	**-5**	**5,130**	**151**	**597**	**-5,781**	**0**	**-5,781**

31/12/2021

Continuing and discontinued operations (million euro)	Bank borrowings/bonds	Cross-currency swaps	Cash and cash equivalents	Forwards	Long-term restricted cash	Net borrowing position	Intragroup position	Total
Ex-infrastructur	-3,202	-9	5,452	-22	0	2,219	-37	2,182
Infrastructure project	-7,463	0	214	0	579	-6,671	37	-6,633
Total net cash position	**-10,665**	**-9**	**5,666**	**-22**	**579**	**-4,451**	**0**	**-4,451**

Restated figures (Note 1.1.5) from December 2021.

The net cash position ex-infrastructure projects amounted to EUR 1,439 million at December 2022 compared to EUR 2,182 at December 2021, a change of EUR -743 million (including discontinued operations in 2021). The net cash position of infrastructure projects varied by EUR -586 million, changing from EUR -6,633 million in December 2021 to EUR -7,219 million in December 2022 (including discontinued operations in 2021). A more detailed analysis of this position is included in Note 5.3 on cash flows, and in the Management Report issued together with these Consolidated Annual Accounts.

As explained in Note 1.1.3, in 2022 the divestment of the Services Division was completed and the decision was made to treat the division's Chilean mining industry operation and maintenance services business as a continuing operation, within the Group's Energy and Mobility Division. For this reason, the net cash position of continuing and discontinued operations did not change in 2022. However, for comparative purposes, the 2021 net cash position presented does not include discontinued operations.

31/12/2021

Continuing operations (million euro)	Bank borrowings/bonds	Cross-currency swaps	Cash and cash equivalents	Forwards	Long-term restricted cash	Net borrowing position	Intragroup position	Total
Ex-infrastructure	-3,201	-9	5,340	-22	0	2,109	-37	2,071
Infrastructure project	-7,409	0	207	0	579	-6,623	37	-6,586
Total net cash position	**-10,610**	**-9**	**5,547**	**-22**	**579**	**-4,515**	**0**	**-4,515**

Restated figures (Note 1.1.5) from December 2021.

	Change							
Continuing operations (million euro)	Bank borrowings/bonds	Cross-currency swaps	Cash and cash equivalents	Forwards	Long-term restricted cash	Net borrowing position	Intragroup position	Total
Ex-infrastructur	-485	4	-378	173	41	-646	12	-634
Infrastructure project	-558	0	-40	0	-23	-621	-12	-633
Total net cash position	**-1,043**	**4**	**-418**	**173**	**18**	**-1,267**	**0**	**-1,267**

A breakdown of discontinued operations is also included below for the comparative period:

			31.12.2021
Discontinued operations (million euro)	Bank borrowings/ bonds	Cash and cash equivalents	Net borrowing position
Ex-infrastructure project companies	-1	112	111
Infrastructure project companies	-54	7	-47
Total net cash position	**-55**	**118**	**63**

5.2.1. Infrastructure project companies

a) Cash and cash equivalents and restricted cash

Infrastructure project financing agreements occasionally impose the obligation to arrange certain restricted accounts to cover short-term or long-term obligations relating to the payment of the principal or interest on borrowings and to infrastructure maintenance and operation.

Restricted cash is classified as short-term or long-term depending on whether it must remain restricted for less than or more than one year. In any event, these funds are invested in highly-liquid financial products earning floating interest. The type of financial product in which the funds may be invested is also restricted by the financing agreements or, where no restrictions are stipulated, the decision is made on the basis of the Group's policy for the placement of cash surpluses.

Short-term balances, which amount to EUR 38 million (EUR 47 million at 31 December 2021), are recognized under cash and cash equivalents in the balance sheet, whereas long-term balances totalling EUR 556 million (EUR 579 million at 31 December 2021) are carried as financial assets. Therefore, short- and long-term restricted cash recognized at 31 December 2022 amounts to EUR 594 million and relates to the NTE Segment 3, LBJ, I-77, I-66 and NTE toll roads (EUR 401 million, EUR 2 million, EUR 40 million, EUR 110 million and EUR 3 million, respectively), as well as to other European concessions in the amount of EUR 37 million, primarily treatment plants in the United Kingdom, the Aragón toll road and other European Toll Roads (EUR 14 million, EUR 14 million and EUR 9 million, respectively). The variation of EUR -32 million compared with December 2021 is explained by:

- A net decrease in the restricted cash amount of EUR -68 million (excluding exchange rate effects), essentially from the NTE Segment 3 toll road (EUR -144 million) and LBJ (EUR -25 million), which was partially offset with an increase of EUR 97 million at the I-66 toll road.
- The exchange rate effect amounted to EUR 36 million, caused mainly by US dollar fluctuations (Note 1.3).

Other cash and cash equivalents relate to bank accounts and highly-liquid investments subject to interest rate risk.

b) Infrastructure project company borrowings

b.1) Breakdown by project, significant changes during the year and main features of the borrowings

There follows is a breakdown of borrowings by project, distinguishing between bonds and bank borrowings, short- and long-term, and changes during the year.

	31.12.2022			Change 22/21		
(Million euro)	Bonds	Bank borrowings	Total	Bonds	Bank borrowings	Total
Long term	**4,123**	**3,770**	**7,893**	**233**	**298**	**531**
Toll roads	**4,123**	**3,361**	**7.484**	**233**	**170**	**403**
US toll roads	4,123	2,438	6,561	233	201	434
Spanish toll roads	0	626	626	0	-6	-6
Portuguese toll roads	0	264	264	0	-13	-13
Other concessions	0	33	33	0	-12	-12
Airports	**0**	**95**	**95**	**0**	**95**	**95**
Construction	**0**	**95**	**95**	**0**	**2**	**2**
Energy and mobility infrastructures	**0**	**219**	**219**	**0**	**32**	**32**
Short term	**0**	**74**	**74**	**-1**	**28**	**27**
Toll roads	**0**	**43**	**43**	**-1**	**3**	**2**
US toll roads	0	0	0	-1	0	-1
Spanish toll roads	0	13	13	0	2	2
Portuguese toll roads	0	17	17	0	3	3
Other concessions	0	13	13	0	-2	-2
Energy and mobility infrastructures	**0**	**9**	**9**	**0**	**6**	**6**
Construction	**0**	**4**	**4**	**0**	**1**	**1**
Airports	**0**	**18**	**18**	**0**	**18**	**18**
TOTAL	**4,123**	**3,844**	**7,967**	**232**	**326**	**558**

		31.12.2021	
(Million euro)	Bonds	Bank borrowings	Total
Long term	**3,890**	**3,472**	**7,362**
Toll roads	**3,890**	**3,191**	**7,081**
US toll roads	3,890	2,237	6,127
Spanish toll roads	0	632	632
Portuguese toll roads	0	277	277
Other concessions	0	45	45
Airports	**0**	**0**	**0**
Construction	**0**	**93**	**93**
Energy and mobility infrastructures	**0**	**187**	**187**
Short term	**1**	**46**	**47**
Toll roads	**1**	**40**	**41**
US toll roads	1	0	1
Spanish toll roads	0	11	11
Portuguese toll roads	0	14	14
Other concessions	0	15	15
Energy and mobility infrastructures	**0**	**3**	**3**
Construction	**0**	**3**	**3**
Airports	**0**	**0**	**0**
TOTAL	**3,892**	**3,517**	**7,409**

The following table shows movements in gross infrastructure project borrowings, broken down into variations in borrowings with balancing entries in cash flows, exchange rate effects and scope changes, as well as movements in borrowings due to the accrual of interest, which do not affect period cash positions.

(Million euro)	Dec. 2021	Increase/decrease with impact on cash flow	Foreign exchange effect	Impact of consolidation scope changes and other	Capitalized/accrued interest	Dec. 2022
Gross borrowing position, project	**7,409**	**12**	**385**	**115**	**46**	**7,967**

Infrastructure project borrowings increased by EUR 558 million with respect to December 2021 for the following main reasons:

- Effect of scope changes due to the consolidation of the Dalaman International Airport debt following the acquisition of 60% of the voting shares (Note 1.1.4) totalling EUR 115 million.
- Exchange rate effect amounting to EUR 385 million, mainly due to the depreciation of the euro against the US dollar.
- Increase of EUR 58 million in debt, excluding the foreign exchange effect and scope changes, with respect to year-end 2021, relating primarily to the US projects and attributable to the capitalization of interest and to accrued unmatured interest.

US toll roads:

NTE Mobility Partners, LLC

The debt comprises a USD 871.1 million taxable bond issue maturing in 2049 at a fixed interest rate of 3.92% and a USD 331.8 million issue of PABs (Private Activity Bonds) (total of USD 400 million including the premium) at a fixed interest rate of 4.00% on USD 122.8 million and 5.00% on USD 209.1 million, repayable from 2030 to 2039.

NTE Mobility Partners Seg 3 LLC

The borrowings for the 3A-3B segments entailed issuing USD 274 million in Private Activity Bonds (PABs) maturing at 25 and 30 years (7.00% fixed interest on USD 128.3 million and 6.75% fixed interest on USD 145.7 million), and a TIFIA loan of USD 531 million bearing a fixed rate of 3.84%, against which USD 666.5 million had been drawn down at 31 December 2022 (USD 531 million of principal and USD 135.5 million of interest added to the principal), finally maturing in 2053.

The 3C segment debt comprises a USD 653.9 million issue of PABs (Private Activity Bonds) (total of USD 750 million including the issue premium) repayable from 2047 to 2058, at a fixed interest rate of 5.00%.

LBJ Infr. Group LLC

The debt structure comprises a USD 537.5 million issue of PABs (Private Activity Bonds) (total of USD 615 million including the premium) at a fixed interest rate of 4.00%, repayable from 2030 to 2040; and a USD 615.5 million taxable bond issue (of which USD 7 million accrues a fixed interest rate of 2.75% and falls due in 2026, and USD 608.5 million accrues fixed interest of 3.80% and falls due in 2057).

It also has a TIFIA loan granted by the US Federal Government, the value of which at 31 December 2022 is USD 835.6 million with a repayment profile from 2035 to 2050, which bears interest at a fixed rate of 4.22%.

A credit line was arranged in December 2022 for future CAPEX investments. It falls due in 2027, has a limit of USD 72.65 million and accrues fixed interest of 4.51% but was not utilized in 2022.

I-77 Mobility Partners, LLC

This concession operator is financed through a USD 100 million issue of PABs (5.00% fixed interest), of which USD 6.9 million have final maturities between 2026 and 2030, USD 13.1 million has a final maturity in 2037 and EUR 80 million has a final maturity in 2054.

It also has a TIFIA loan of USD 189 million against which USD 220.9 million had been drawn down at 31 December 2022 (USD 189 million of principal and USD 31.9 million of capitalized interest). This loan bears interest at a fixed rate of 3.04% and finally matures in 2053.

I-66 Mobility Partners, LLC

The concession operator is funded by a USD 737 million PAB (Private Activity Bonds) issue (total of USD 800.4 million including the premium) at a fixed rate of 5.00%, of which USD 30.9 million falls due in 2047, USD 130.9 million in 2049, USD 222.4 million in 2052 and USD 352.8 million in 2056.

It also has a TIFIA loan of USD 1,229 million against which USD 1,349.4 million had been drawn down at 31 December 2022 (USD 1,229.1 million of principal and USD 120.3 million of capitalized interest). This loan bears interest at a fixed rate of 2.80% and finally matures in 2057.

Spanish toll roads:

Cintra Inversora Autopistas de Cataluña (A. Terrasa Manresa)

The company is funded by a loan consisting of tranche A and tranche B with limits of EUR 300 million and EUR 316 million, respectively, both of which accrue interest at the 6-month EURIBOR rate +0.225% +1.50% at the year-end. Both tranches were fully utilized and fall due in 2035. The respective balances at 31 December 2022 are EUR 289.5 million and EUR 304.9 million. The debt also includes a liquidity tranche (tranche C) with a balance of EUR 41.5 million at 31 December 2022, drawable up to a maximum of EUR 25 million (the year-end interest rate is the 6-month EURIBOR +0.225% +1.50%). It should also be noted that this company has a derivative with a notional amount of EUR 580.7 million, a guaranteed interest rate of 5.278% and maturity in 2035. The fair value of the derivative (recognized under "Derivative financial instruments", Note 5.5) was EUR -63.2 million at the year-end.

Portuguese toll roads:

Euroscut Azores

Syndicated bank financing finally maturing in 2033 with an outstanding balance of EUR 279.3 million at 31 December 2022, after repayment of EUR 13.8 million during the year (accruing interest at the 6-month EURIBOR -0.278% +0.90%) (since 01 July 2022, previously +0.85%).

In relation to these borrowings, the concession operator arranged a derivative with a notional amount of EUR 182.4 million, a guaranteed fixed interest rate of 4.115% and maturity in 2033. The fair value of the derivative (recognized under "Derivative financial instruments", Note 5.5) was EUR -11.6 million at the year-end.

Breakdown of other projects:

	L/T	S/T	2022	Change
Transchile Charrúa Transmisión, S.A.	98	6	104	3
Centella Transmisión, S.A.	73	0	73	41
Conc. Prisiones Lledoners, S.A.	65	2	67	-2
Depusa Aragón, S.A.	25	1	26	-1
Autovía de Aragón, Sociedad Concesionaria, S.A.	33	13	46	-11
Pilum, S.A.	0	0	0	-5
Budimex Group	5	0	5	5
Dalaman International Airport	95	18	112	112
UK Waste Treatment (Thalia)	48	3	51	-6
TOTAL Other infrastructure project company borrowings	**442**	**43**	**486**	**138**

	L/T	S/T	2021
Transchile Charrúa Transmisión, S.A.	99	2	101
Centella Transmisión, S.A.	32	0	32
Conc. Prisiones Lledoners, S.A.	67	2	69
Depusa Aragón, S.A.	26	1	27
Autovía de Aragón, Sociedad Concesionaria, S.A.	46	11	57
Pilum, S.A.	0	5	5
UK Waste Treatment (Thalia)	56	1	57
TOTAL Other infrastructure project company borrowings	**326**	**22**	**348**

Other project borrowings increased by EUR 138 million against December 2021. This increase is due mainly to the debt drawdowns for the Chilean Energy Infrastructure projects and the inclusion of Dalaman Airport in the consolidation scope after the ownership interest had been acquired in July 2022.

b.2) Maturities by currency and fair value of infrastructure project company borrowings

(Million euro)	Currency	Fair value 2022	Carrying amount 2022	2023	2024	2025	2026	2027	2028+	Total maturities
Infrastructure project company obligations		**3,007**	**4,123**	**0**	**0**	**1**	**8**	**1**	**2,716**	**2,726**
TOLL ROADS		**3,007**	**4,123**	**0**	**0**	**1**	**8**	**1**	**2,716**	**2,726**
	USD	3,007	4,123	0	0	1	8	1	2,716	2,726
	EUR	0	0	0	0	0	0	0	0	0
AIRPORTS		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	USD	0	0	0	0	0	0	0	0	0
	EUR	0	0	0	0	0	0	0	0	0
ENERGY AND MOBILITY INFRASTRUCTURES		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	USD	0	0	0	0	0	0	0	0	0
Bank borrowings of infrastructure project companies		**3,844**	**3,844**	**107**	**68**	**81**	**257**	**79**	**4,820**	**5,412**
TOLL ROADS		**3,404**	**3,404**	**90**	**49**	**59**	**56**	**53**	**4,647**	**4,955**
	USD	2,438	2,438	49	0	0	0	0	3,944	3,994
	EUR	966	966	41	49	59	56	53	703	961
AIRPORTS		**112**	**112**	**9**	**10**	**14**	**16**	**18**	**57**	**124**
	EUR	112	112	9	10	14	16	18	57	124
CONSTRUCTION		**99**	**99**	**3**	**4**	**4**	**4**	**5**	**79**	**99**
	EUR	94	94	3	4	4	4	5	74	94
	PLN	5	5	0	0	0	0	0	5	5
ENERGY AND MOBILITY INFRASTRUCTURES		**228**	**228**	**4**	**5**	**5**	**181**	**3**	**37**	**234**
	USD	177	177	1	2	2	178	0	0	183
	GBP	51	51	3	3	3	3	3	37	51
TOTAL INFRASTRUCTURE PROJECT COMPANY BORROWINGS		**6,851**	**7,967**	**107**	**68**	**82**	**265**	**80**	**7,536**	**8,137**

The difference between the total maturities of bank borrowings (EUR 8,137 million) and the carrying amounts recognized at 31 December 2022 (EUR 7,967 million) are explained mainly by the difference between the nominal values and carrying amounts of the borrowings, as certain adjustments are made in accordance with applicable accounting legislation. Thus, the accrued interest payable and the application of the amortized cost method represent an impact of EUR 170 million, taking into account that the maturities of the borrowings do not include interest. In addition, a fair value adjustment of EUR -9 million was made to the Dalaman International Airport's debt described in Note 1.1.4.

The fair value reflected in the table above is calculated as follows:

- For fixed-rate bonds, subject to changes in value due to fluctuations in market interest rates: since they are quoted in an active market, the related market value is used.
- For fixed-interest bank borrowings, also subject to changes in value due to fluctuations in rates: future cash flows are discounted using a market interest rate, calculated using an internal valuation model.

- Lastly, for floating-rate bank borrowings: no significant differences are deemed to exist between the fair value of the borrowings and their carrying amount and therefore the carrying amount is used.

b.3) Information on credit limits and credit drawable for infrastructure projects

Below is a comparative analysis of borrowings not drawn down at the year-end:

2022

(Million euro)	Limit	Utilized	Drawable	Debt recognized in the accounts
Toll Roads	7,748	7,681	68	7,527
US toll roads	6,787	6,719	68	6,561
Spanish toll roads	636	636	0	639
Other concessions	325	325	0	327
Energy and mobility infrastructures	291	234	57	228
Airports	124	124	0	112
Construction	99	99	0	99
TOTAL BORROWINGS	**8,262**	**8,137**	**125**	**7,967**

2021 (Million euro)	Limit	Utilized	Drawable	Debt recognized in the accounts
Toll Roads	7,289	7,264	25	7,124
US toll roads	6,263	6,263	0	6,129
Spanish toll roads	671	646	25	643
Other concessions	354	354	0	352
Energy and mobility infrastructures	284	194	90	190
Construction	98	98	0	96
TOTAL BORROWINGS	**7,670**	**7,555**	**115**	**7,409**

The entire drawable amount of EUR 125 million in 2022 (EUR 115 million at 31 December 2021) relates to borrowings not utilized in the Chilean energy projects (EUR 57 million) and in the US toll road companies (EUR 68 million) and are associated with the nature of the projects, as discussed below.

b.4) Guarantees and covenants for project borrowings

The borrowings classified as project borrowings are without recourse to the project shareholders or with recourse limited to the guarantees given. The guarantees given by Ferrovial subsidiaries for project borrowings are described in Note 6.5 Contingent liabilities.

At 31 December 2022, all the fully-consolidated project companies fulfilled the significant covenants in force.

5.2.2. Net cash position excluding infrastructure projects

a) Borrowings excluding infrastructure projects

a.1) Breakdown of short- and long-term balances, changes during the year and main features

	2022			Change 22/21		
(Million euro)	Long term	Short term	Total	Long term	Short term	Total
Corporate bonds and debentures	2,072	16	2,088	3	-501	-497
Euro Commercial Paper	0	696	696	0	446	446
Corporate liquidity lines	802	3	805	742	-238	504
Other borrowings	9	88	97	-13	46	33
TOTAL BORROWINGS EXCLUDING INFRASTRUCTURE PROJECT COMPANIES	**2,883**	**804**	**3,686**	**732**	**-247**	**486**

	2021		
(Million euro)	Long term	Short term	Total
Corporate bonds and debentures	2,069	517	2,586
Euro Commercial Paper	0	250	250
Corporate liquidity lines	60	241	301
Other borrowings	22	42	64
TOTAL BORROWINGS EXCLUDING INFRASTRUCTURE PROJECT COMPANIES	**2,151**	**1,050**	**3,201**

The following table shows changes to ex-infrastructure project gross borrowings, broken down into variations in borrowings with balancing entries in cash flows, exchange rate effects and scope changes, as well as changes in borrowings due to the accrual of interest, which do not affect period cash positions:

(Million euro)	Dec. 2021	Increase/decrease with impact on cash flow	Foreign exchange effect	Impact of consolidation scope changes	Capitalized/accrued interest and other	Dec. 2022
Bank borrowings/ Project bonds	3,178	527	-14	0	-4	3,686
Cross-currency swaps	9	0	-4	0	0	5
Gross borrowing position, ex-project companies	**3,186**	**527**	**-19**	**0**	**-4**	**3,691**

a.1.1) Corporate debt

The corporate debt comprises the following debt instruments:

Corporate bonds:

The carrying amount totals EUR 2,088 million at 31 December 2022 (EUR 2,586 million at 31 December 2021). The breakdown is as follows:

Issuance date	Nominal value (million euro)	Maturity	Annual coupon
15/7/2014	300	15/7/2024	2.500%
29/3/2017	500	31/3/2025	1.375%
14/5/2020	650	14/5/2026	1.382%
24/6/2020	131	14/5/2026	1.382%
12/11/2020	500	12/11/2028	0.540%

All issues completed as from 2014 are traded on the AIAF Fixed Income Market (Spain). All the issues are guaranteed by the Group's parent company Ferrovial S.A.

In 2022, the bond issued in September 2016 for a notional amount of EUR 500 million at an annual coupon of 0.375% was redeemed.

Euro Commercial Paper:

In the first quarter of 2018, the Company arranged a Euro Commercial Paper (ECP) programme for a maximum amount of EUR 1,000 million, with maturities between 1 and 364 days as from the issue date, allowing further diversification of capital market funding and more efficient liquidity management.

At the end of 2019, the maximum limit was increased up to EUR 1,500 million. The carrying amount was EUR 696 million at 31 December 2022. This note issuance programme has been renewed each year since 2018.

Other Corporate Debt:

In July 2018, Ferrovial refinanced the liquidity facility and included sustainability criteria in the process for a maximum of EUR 1.100 millon. On the one hand, a syndicated facility with a limit of EUR 900 millon and the possibility of drawing down the balance in EUR, USD, CAD and GBP. USD 260 million had been utilized at 31 December 2022.

In order to cover possible interest rate and foreign exchange fluctuations affecting the amount drawn, Ferrovial arranged cross-currency swaps for USD 260 million, maturing in 2025, for an agreed equivalent value of EUR 250 million, the fair value of which amounts to EUR -5 million.

On the other hand, a credit line with a limit EUR 200 million, undrawn at 31 December 2022.

Ferrovial also records six loans totalling EUR 560 million all of which mature in 2027 at an average rate of between 1.41% and 2.59%. In addition to the loan that the company had already arranged in 2021, in the second half of 2022 a further five were obtained for EUR 500 million.

The variation in corporate debt compared to December 2021 (EUR 453 million) is explained mainly by the volume of ECPs issued (EUR 446 million), at an average rate of 0.47% and by the redemption of the bond issued in 2016 for the amount of EUR 500 million referred to previously, as well as the arrangement of new loans during the year amounting to EUR 500 million.

The Group's liquidity stands at EUR 6,118 million (Note 5.4.d).

Information on corporate debt limits and drawable balances.

Set out below is a breakdown of corporate debt limits and drawable balances at 31 December 2022 and at 31 December 2021:

(Million euro)	Limit	Utilized (*)	Drawable	Consolidated debt 2022
Bonds	2,081	2,081	0	2,088
Syndicated facility	1,100	250	850	245
ECPs	696	696	0	696
Credit lines	560	560	0	560
TOTAL CORPORATE DEBT	**4,437**	**3,587**	**850**	**3,589**

(*) The balance drawn on the syndicated facilities includes the fair value of cross-currency swaps (EUR -5 million).

(Million euro)	Limit	Utilized (*)	Drawable	Consolidated debt 2021
Bonds	2,581	2,581	0	2,586
Syndicated facility	900	250	650	241
ECPs	250	250	0	250
Credit lines	60	60	0	60
TOTAL CORPORATE DEBT	**3,791**	**3,141**	**650**	**3,136**

(*) The balance drawn on the syndicated facilities includes the fair value of cross-currency swaps (EUR -8 million).

The Company's credit rating

The credit rating agencies Standard & Poor's and Fitch maintained their opinion regarding the financial rating of Ferrovial's corporate debt in December 2022, respectively rating it at BBB and BBB with stable outlook and, therefore, within the "Investment Grade" category.

a.1.2) Other borrowings

Other borrowings of EUR 97 million (EUR 64 million at December 31, 2021) mainly includes balances of other bank borrowings mainly in the Construction Division (EUR 33 million), as well as balances with the partners of Mars NTO LLC (parent company of JFK NTO LLC) in the Airports Division (EUR 41 million), related to the capital contributions to be made to the project, which are recorded as an offsetting entry for the restricted cash contributed to the company for this purpose (with no impact on the net cash position), as explained in the following section b).

Information on limits and drawable balances of other borrowings:

Set out below is a breakdown of debt limits and drawable balances at 31 December 2022 and 2021:

(Million euro)	Limit	Utilized	Drawable	Consolidated debt 2022
Construction	149	37	112	33
Airports	0	0	0	41
Energy and mobility infrastructures	24	22	2	23
OTHER BORROWINGS	**173**	**59**	**114**	**97**

(Million euro)	Limit	Utilized	Drawable	Consolidated debt 2021
Construction	190	57	133	40
Energy and mobility infrastructures	25	25	0	24
OTHER BORROWINGS	**215**	**82**	**133**	**64**

The differences between total bank borrowings and the carrying amount at 31 December 2022 are explained mainly by the difference between the face values and carrying amounts of the borrowings, as certain adjustments are made in accordance with applicable accounting legislation.

a.2) Maturities by currency and fair value of borrowings excluding infrastructure project companies

Borrowings (million euro)	Currency	Fair value 2022	Carrying amount 2022	2023	2024	2025	2026	2027	2028+	Total maturities
Corporate debt		**3,385**	**3,589**	**696**	**300**	**750**	**781**	**560**	**500**	**3,587**
	EUR	3,385	3,589	696	300	750	781	560	500	3,587
Other borrowings		**97**	**97**	**22**	**3**	**9**	**17**	**8**	**2**	**59**
	EUR	13	13	0	0	0	0	0	1	2
	PLN	14	14	0	1	9	3	1	1	14
	CLP	23	23	22	1	0	0	0	0	22
	Other	48	48	0	0	0	14	7	0	21
TOTAL BORROWINGS EXCLUDING INFRASTRUCTURE PROJECT COMPANIES		**3,482**	**3,686**	**718**	**303**	**759**	**798**	**568**	**502**	**3,646**

The differences between the total maturities of borrowings and the carrying amounts at 31 December 2022 are primarily explained by the difference between the face values and carrying amounts of the borrowings, as certain adjustments are made in accordance with applicable accounting legislation (basically accrued unmatured interest and the application of the amortized cost method).

The fair value of bank borrowings excluding infrastructure project companies matches the related carrying amount because the borrowings are tied to floating market interest rates and therefore changes to the benchmark interest rates do not affect fair value.

As corporate are quoted in an active market, the related market value is used.

On this basis, the estimated total fair value of bank borrowings and bonds excluding infrastructure project companies at 31 December 2022 amounts to EUR 3,482 million.

The 2023 maturities total EUR 718 million and primarily relate to the ECPs. The debt maturities do not include interest.

b) Cash and cash equivalents of other companies

The cash and cash equivalents of the other companies at 31 December 2022 amounted to EUR 4,962 million.

The method generally used to classify cash and cash equivalents as short- and long-term balances matches the approach applied when preparing the 2021 consolidated annual accounts.

At 31 December 2022, certain accounts totalling EUR 29 million (EUR 72 million at 31 December 2021) were restricted due mainly to operational aspects of US construction projects.

In addition, Mars NTO LLC, parent company of JFK NTO LLC, has restricted cash in the amount of 41 million euros to meet future capital increases of the project. This item is reflected in the debt recorded with the partners for the same amount, with no impact on the net cash position, as mentioned in the previous section.

5.3. CASH FLOW

The cash flow statement has been prepared in accordance with IAS 7. This note provides an additional breakdown, based on internal criteria established by the Company to analyze business performance, which in certain cases differ from the provisions of IAS 7. The main criteria applied are as follows:

- In order to provide a clearer explanation of cash generated, the Group separates cash flows into "Cash flows excluding infrastructure projects", where infrastructure project concession operators are treated as financial interests, so that equity investments in these companies are included in cash flows from investing activities and the investment returns (dividends and capital reimbursements) are included in cash flows from operating activities; and "Cash flows from infrastructure projects", consisting of cash flows from operating and financing activities of infrastructure project concession operators.
- The treatment afforded to interest received on cash and cash equivalents differs from that reflected in the cash flow statement prepared in accordance with IAS 7, since it is included in cash flows from financing activities, reducing the amount of interest paid, in the item "interest flows".
- This cash flow endeavors to present changes in the net cash position as the net amount of borrowings, cash and cash equivalents and restricted cash. This method also departs from the IAS 7 approach, explaining the change in cash and cash equivalents.
- In addition, with regard to the treatment of leases, as the nature of the payment is tied to business operations, the related cash flow is reported in changes in working capital under cash flows from operating activities, which differs from the treatment afforded in the cash flow statement, where it is included in cash flows from financing activities. Lease payments reported in the cash flow statement totalled EUR -72 million at December 2022, (Note 3.7).
- It should finally be noted that dividends received derive mainly from infrastructure projects and equity-consolidated companies. This includes both dividends and other similar items, mainly interest on subordinated borrowings and participating loans, and repayments of capital, debt and loans, as well as loans received from these projects whose repayment probability is considered to be remote.
- As outlined in Note 1.1.3, the cash flows reported in this note include flows from operating, investing and financing activities related to discontinued operations and held-for-sale assets, reflecting the main line items, thus explaining the net cash position including discontinued operations.

The change in cash flows is also discussed in the management report issued together with these Consolidated Annual Accounts.

				December 2022 (million euro)	
December 2022	**Note**	**Cash flows excluding infrastructure project companies**	**Cash flows of infrastructure project companies**	**Eliminations**	**Consolidated cash flows**
EBITDA including discontinued operations	2	228	655	0	883
IFRS-16 impact		-72	0	0	-72
EBITDA including discontinued operations and IFRS 16		156	655	0	811
Dividend receipts and other flows from equity-accounted companies	3.5	475	0	-191	284
Movements in provisions affecting EBITDA or working capital	6.3	-68	0	0	-68
Change in working capital (receivables, payables and other)		20	-35	0	-15
Cash flows from operating activities before tax		**584**	**620**	**-191**	**1,012**
Taxes paid for the year	2.8.1	-91	9	0	-82
Cash flows from operating activities		**493**	**629**	**-191**	**930**
Investment	3.2, 3.3 and	-856	-784	414	-1,226
Divestment	1.1.4	429	0	0	429
Cash flows from investing activities		**-427**	**-784**	**414**	**-797**
Cash flows from operating activities		**66**	**-155**	**223**	**133**
Interest cash flows	2.6	3	-285	0	-282
Capital cash flows from non-controlling interests		56	708	-414	350
Scrip dividend		-132	0	0	-132
Treasury share purchases		-446	0	0	-446
Shareholder remuneration	5	-578	0	0	-578
Dividends paid to non-controlling interests of investees		-67	-285	191	-161
Other movements in shareholder's funds		9	-77	0	-69
Exchange rate fluctuations		-113	-342	0	-456
Consolidation scope changes	1.1.4	-106	-91	0	-197
Other movements in borrowings (not cash flows)		-13	-58	0	-71
Cash flows from financing activities		**-809**	**-431**	**-223**	**-1,463**
Change in net cash position	5	**-743**	**-586**	**0**	**-1,329**
Opening position		**2,182**	**-6,633**	**0**	**-4,451**
Closing position		**1,439**	**-7,219**	**0**	**-5,781**

Changes in working capital:

The changes in working capital disclosed in the table above (EUR -15 million) explain the difference between the Group's EBITDA and cash flows from operating activities before tax, and they arise from the difference between the timing of accrual of the income and expenses for accounting purposes and the date on which such accruals are converted into cash, due mainly to changes in trade receivables and payables or other balance sheet items.

Therefore, a reduction in the balance of trade receivables will improve working capital and a reduction in trade payables will reduce working capital.

Movements in this item do not match the changes in working capital reported in Section 4 of the consolidated annual accounts, as shown in the following table:

(Million euro) 2022	EX-PROJECT	PROJECT	ADJUSTMENTS	TOTAL
Change in working capital (Note 4)	97	-16	204	285
Movements in working capital with impact on other EBITDA lines and Movements in other balance sheet items with impact on operating cash flowof other balance sheet items with an impact on EBITDA.	-77	-18	-204	-300
TOTAL WORKING CAPITAL REFLECTED IN CASH AND CASH EQUIVALENTS (NOTE 5.3)	**20**	**-35**	**0**	**-15**

The differences reflected in the table relate to the following items:

- Movements in working capital affecting other cash flow line items (mainly cash flows from investing activities) The working capital accounts reported in Note 4, particularly trade payables, may relate to transactions that do not affect cash flows from operating activities, such as fixed asset purchases, prepayments and concession works with balancing entries in cash flows from investing activities.
- Movements in other balance sheet items affecting cash flows from operating activities. The changes in working capital reported in Note 4 reflect only movements in items included under “Short-term trade and other receivables”, “Short-term trade and other payables” and “Inventories”. In certain cases, operating income and expenses relate not only to items shown in working capital (short-term items) but also to certain items recognized as long-term assets and liabilities, such as long-term trade receivables and long-term trade payables, or even to items in equity accounts such as operations relating to share-based remuneration schemes.

The difference in the fiscal year corresponds mainly to:

- Consolidation adjustments related mainly to the Work Certified in Advance and Advances received from the full consolidation Infrastructure Projects. These items are eliminated at the consolidated level in the balance sheet against the concession assets, while the cash flow reflects the movement of the year without elimination.
- Regarding to ex-projects, the main difference is due to the change in working capital of Amey business up to November, reported in the cash flow for the year, while in the balance sheet it is included in the change in assets and liabilities of discontinued operations (Note 1.1.3).
- Finally, regarding to Infrastructure Projects, the difference in the year is mainly due to income and expenses whose counterpart is not in the working capital accounts, such as costs of bank guarantees and security deposits.

Cash flows from discontinued operations:

Cash flows from discontinued operations in the former Services Division which, as commented in Note 1.1.3, are included in reported cash flows, are set out below:

(Million euro) 2022	EX-INFRASTRUCTURE PROJECT COMPANIES	INFRASTRUCTURE PROJECT COMPANIES	ADJUSTMENTS	CONSOLIDATED
CASH FLOWS FROM OPERATING ACTIVITIES EXCL. CIT	83	0	0	83
CIT flows	-4	0	0	-4
CASH FLOWS FROM OPERATING ACTIVITIES	**78**	**0**	**0**	**78**
Investment	-2	0	0	-2
Divestment	9	0	0	9
CASH FLOWS FROM OPERATING ACTIVITIES	**86**	**0**	**0**	**86**
CASH FLOWS FROM FINANCING ACTIVITIES, NON-CONTROLLING INTERESTS	0	0	0	0

(Million euro) 2021	EX-INFRASTRUCTURE PROJECT COMPANIES	INFRASTRUCTURE PROJECT COMPANIES	ADJUSTMENTS	CONSOLIDATED
CASH FLOWS FROM OPERATING ACTIVITIES EXCL. CIT	222	34	-25	231
CIT flows	-70	-4	0	-74
CASH FLOWS FROM OPERATING ACTIVITIES	**152**	**30**	**-25**	**157**
Investment	-65	-2	0	-67
Divestment	0	0	0	0
CASH FLOWS FROM OPERATING ACTIVITIES	**86**	**28**	**-25**	**90**
CASH FLOWS FROM FINANCING ACTIVITIES, NON-CONTROLLING INTERESTS	0	-3	0	-3

Cash flows reported for 2021 are set out below:

					December 2021 (million euro)
December 2021		Cash flows excluding infrastructure project companies	Cash flows of infrastructure project companies	Eliminations	Consolidated cash flows
EBITDA including discontinued operations	2	442	499	0	942
NIIF-16		-131	0	0	-131
EBITDA including discontinued operations and IFRS 16		311	499	0	811
Dividend receipts and other flows from equity-accounted companies	3.5	550	-2	-276	272
Movements in provisions affecting EBITDA or working capital	6.3	85	0	0	85
Change in working capital (receivables, payables and other)		-339	5	0	-334
Cash flows from operating activities before tax		**607**	**503**	**-276**	**834**
Taxes paid for the year	2.8.1	-121	-34	0	-155
Cash flows from operating activities		**486**	**469**	**-276**	**679**
Investment		-1112	-239	65	-1285
Divestment	1.1.4	1,621	0	0	1,621
Cash flows from investing activities		509	-239	65	336
Cash flows from operating activities		**995**	**230**	**-210**	**1,015**
Interest cash flows	2.6	-39	-253	0	-292
Capital cash flows from non-controlling interests		12	111	-65	57
Scrip dividend		-31	0	0	-31
Treasury share purchases		-432	0	0	-432
Shareholder remuneration	5	-463	0	0	-463
Dividends paid to non-controlling interests of investees		-88	-458	276	-270
Other movements in shareholder's funds		-5	5	0	0
Exchange rate fluctuations		49	-252	0	-202
Consolidation scope changes	1.1.4	-256	-1482	0	-1738
Other movements in borrowings (not cash flows)		-13	-4	0	-17
Cash flows from financing activities		**-804**	**-2332**	**210**	**-2926**
Change in net cash position	5	**191**	**-2102**	**0**	**-1911**
Opening position		**1,991**	**-4,532**	**0**	**-2,541**
Closing position		**2,182**	**-6,633**	**0**	**-4,451**

5.4. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Group's businesses are affected by changes to financial variables, such as interest rates, exchange rates, inflation, credit, liquidity and equities. The policies applied by the Group when managing these risks are explained in detail in the Management Report.

The following are specific data on the Group's exposure to each of these risks and an analysis of the sensitivity to a change in the various variables, together with a brief description of the way in which each risk is managed.

a. Exposure to interest rate fluctuations

Ferrovial's businesses are exposed to interest rate fluctuations, which may affect the Company's net financial expense due to the variable interest on financial assets and liabilities, as well as the measurement of financial instruments arranged at fixed interest rates.

Ferrovial manages interest rate risk so as to optimize the financial expense borne by the Group and achieve suitable proportions of fixed- and variable-rate debt based on market conditions. Therefore, when interest rates are low, the Group seeks to fix future amounts at the ex-infrastructure project company level, although such hedging can affect liquidity in the event of cancellation.

At the infrastructure project company level, banks and rating agencies require a higher percentage of fixed-rate debt. These strategies are implemented by issuing fixed-rate debt or by arranging financial derivative hedges, a breakdown of which is provided in Note 5.5 Financial derivatives at fair value.

The accompanying table shows a breakdown of the Group's borrowings, indicating the percentage considered to be hedged (either by a fixed rate or by derivatives).

				2022
BORROWINGS (Million euro)	**Total gross debt**	**% debt hedged**	**Net exposed debt**	**Impact on profit/(loss) + 100 bps**
Ex-infrastructure project companies	**3,691**	**79 %**	**772**	**8**
Toll Roads	7,527	98 %	157	2
Construction	99	97 %	3	0
Energy and Mobility infrastructures	228	80 %	46	0
Airports	112	100%	0	3
Infrastructure project companies	**7,967**	**96%**	**317**	**3**
Total borrowings	**11,658**	**92 %**	**962**	**11**

BORROWINGS (Million euro)	Total gross debt	% debt hedged	Net exposed debt	2021 (*) Impact on profit/(loss) + 100 bps
Ex-infrastructure project companies	**3,211**	**92 %**	**257**	**3**
Toll Roads	7,124	99 %	97	1
Construction	96	100%	0	0
Energy and Mobility infrastructures	189	100%	0	0
Corporate and other	54	95 %	3	0
Infrastructure project companies	**7,463**	**99 %**	**105**	**1**
Total borrowings	**10,674**	**97 %**	**370**	**4**

(*) Restated figures (Note 1.1.5)

Accordingly, in the fully-consolidated companies, a linear increase of 100 basis points in market interest rate curves at 31 December 2022 would increase financial expenses in the income statement by an estimated EUR 11 million, of which EUR 3 million relates to infrastructure project companies and EUR 8 million to ex-infrastructure project companies, entailing a net effect on Ferrovial's results of EUR 7 million (expense).

On the other hand, the Group's cash amounted to EUR 5,130 million, most of it at variable rates, which meant an improvement in the financial result for the year.

It is also necessary to take into account changes in the fair value of the financial derivatives arranged, which are indicated in Note 5.5.

As regards these interest rate hedging instruments, a linear increase of 100 basis points in the market yield curves at 31 December 2022 would, in the case of the effective hedges, have a positive impact of approximately EUR 55 million on the shareholders' funds attributable to the parent from fully consolidated companies, while a decrease of 100 basis points would produce a negative impact of approximately EUR 67 million.

As a balancing entry to this impact, it must be taken into consideration that a drop in interest rates would produce an increase in the value of the projects, as this would lead to a lower discount rate in their measurement.

b. Exposure to foreign exchange fluctuations

Ferrovial regularly monitors net exposure to each currency over the coming years for dividends receivable, investments in new projects and potential divestments.

Ferrovial establishes its hedging strategy by analyzing past fluctuations in both short- and long-term exchanges rates and has monitoring mechanisms in place, such as future projections and long-term equilibrium exchange rates. These hedges are made by arranging foreign currency deposits or derivatives (Note 5.5 for more details).

The following tables show, by type of currency, the value of assets, liabilities, non-controlling interests and shareholders' funds attributed to the parent company at December 2022, adjusted to account for the above-mentioned currency forwards relating to each currency:

Currency (Million euro)	DEC. 2022 Assets	Liabilities	Parent company shareholders' funds	Non-controlling interests
Euro	9,503	7,072	2,244	186
Pound sterling	1,126	638	487	1
US dollar	12,247	9,972	414	1,860
Canadian dollar	541	377	164	0
Australian dollar	186	141	45	0
Polish zloty	1,653	1,341	119	193
Chilean peso	342	244	98	0
Colombian peso	167	105	61	0
Indian rupee	380	1	379	0
Other	141	38	102	1
GROUP TOTAL	**26,284**	**19,930**	**4,113**	**2,241**

Note 1.4 contains a breakdown of year-end exchange rates. As a result of these changes, the impact of currency translation differences on equity at 31 December 2022 was EUR 43 million for the parent company. A breakdown by currency is set out in Note 5.1.1.

Analyzing sensitivity to exchange rate effects, Ferrovial estimates that a 10% depreciation in the value of the euro at year-end against the main currencies in which the Group holds investments would have an impact on the parent company shareholders'' funds of EUR 191 million, of which 10% would relate to the impact of the Canadian dollar, 24% to the US dollar, 28% to the pound sterling and 22% to the Indian rupee.

Note 1.4 contains a breakdown of average exchange rates for the year. In this regard, the impact on the income statement of a 10% appreciation of the euro against other currencies would have amounted to a change of EUR 35 million.

c. Exposure to credit and counterparty risk

The Group's main financial assets exposed to credit or counterparty risk are as follows:

	2022	2021 (*)	Var. 22/21
Investments in financial assets (1)	569	1,017	-448
Non-current financial assets	1,258	1,049	209
Net financial derivatives (assets)	331	309	23
Trade and other receivables	1,609	1,344	264

(1) Included in cash and cash equivalents

- Ferrovial actively and continuously monitors counterparty risk affecting financial transactions and performs internal credit quality analyses on each of the financial institutions with which there is exposure.
- The internal rules for managing cash surpluses impose maximum investment limits for each counterparty, based on objective criteria: minimum acceptable risk requirements for the investment of cash surpluses and limits on the amounts invested in line with the defined risk in each case. In addition, the Risk Department monitors each counterparty's performance and proposes appropriate protective or corrective measures depending on the specific circumstances.
- Geographies: Ferrovial monitors trends in markets (geographies) where it has operations, as well as in its target markets. The Financial Risk Department proposes potential actions to be taken should changes in risk levels be expected in a particular geography or market.

- Customers: Ferrovial analyses and monitors customer credit risk by means of an internal method used by all the Group companies to assign credit ratings to Ferrovial's customers.

d. Exposure to liquidity risk

The Group has the necessary mechanisms in place to preserve the necessary liquidity through periodic procedures that take account of protected cash generation, cash needs, short-term collections and payments, and long-term obligations.

Ex-infrastructure project companies

At 31 December 2022, cash and cash equivalents amounted to EUR 4,962 million (EUR 5,340 million in 2021). At that date, undrawn credit lines totalled EUR 782 million (EUR 1,105 million in 2021) and forwards hedging cash flows denominated in a currency other than the euro amounted to EUR 151 million (EUR -22 million in 2021).

Therefore, total liquidity reached EUR 6,118 million (EUR 6,421 million in December 2021).

Infrastructure project companies

At 31 December 2022, cash and cash equivalents (including short-term restricted cash) amounted to EUR 168 million (EUR 207 million in 2021). Also, at that date undrawn credit lines amounted to EUR 115 million (EUR 25 million in 2021), which were primarily arranged to cover committed investment needs.

Total liquidity (including long-term restricted cash) reached EUR 841 million (EUR 901 million in December 2021). Including total intragroup cash resources, total liquidity would amount to EUR 866 million (EUR 945 million in December 2021, including discontinued operations).

e. Equities risk exposure

Ferrovial is exposed to the risk of fluctuations in its own share price. This exposure arises in equity swaps used to hedge against risks of appreciation of share-based remuneration schemes, the detail of which is shown in Note 5.5 to these consolidated financial statements.

As the equity swaps are not classified as accounting hedges, the market value has an impact on profit or loss. Accordingly, a EUR 1 increase/decrease in Ferrovial's share price would have a positive/negative impact of EUR 2.8 million on Ferrovial's net profit/(loss).

f. Exposure to inflation risk

As mentioned in note 1.2, Going concern assessment and Current economic situation, most of the revenue from infrastructure projects is associated with prices tied directly to inflation. This is the case of the prices of both the toll road concession contracts and those of Heathrow. Therefore, an increase in inflation as is currently the case will increase cash flows from assets of this kind.

The recent rise in inflation may have an adverse effect on operating margins under the construction contracts. However, as indicated in Note 1.2, approximately 80% of the division's portfolio is protected against the effects of rising inflation due to the existence of price adjustment contract clauses linked to inflation in certain jurisdictions, such as Poland or, in certain contracts, Spain. In the absence of such clauses, the risk is hedged by closing the main direct costs at the time of bidding.

The toll road concession operator Autema records a derivative linked to inflation in Spain. At year-end 2020, 37% of the derivative was cancelled as a result of the shift from the concession model to the intangible asset model. The remaining 63% is still treated as a hedge accounting instrument. An increase of 100 bps across the inflation curve would have a negative effect on reserves of EUR -95 million and EUR -56 million on profit/(loss).

g. Capital management

The Group aims to achieve a debt-equity ratio that makes it possible to optimize costs while safeguarding the capacity to continue managing recurring activities and the capacity to continue to grow through new projects in order to create shareholder value.

With regard to borrowings, the Ferrovial Group seeks to maintain a level of indebtedness, excluding infrastructure project companies, so as to retain an investment grade credit rating. To achieve this, a clear and consistent financial policy has been established in which a relevant metric refers to the maintenance of an ex-projects net debt (gross debt less cash) to EBITDA ratio, plus project dividends, of no more than 2x.

At 31 December 2022, the net cash position is positive (assets exceed liabilities), so the difference with respect to the defined maximum debt-equity ratio is highly significant. For the purpose of calculating this ratio, "net debt excluding infrastructure project companies" is defined in Note 5.2 and "gross operating profit/(loss) from operations plus dividends" is the operating profit before impairment, disposals, depreciation and amortization in ex-infrastructure concession operators, plus dividends received from infrastructure project companies.

5.5. FINANCIAL DERIVATIVES AT FAIR VALUE

a) Breakdown by type of derivative, movements, maturity dates and main features

The table below includes the fair values of the derivatives arranged at 31 December 2022 and 2021, as well as the maturity date of the notional amounts to which the derivatives relate (maturities of notional amounts are shown as positive figures and already-arranged future increases are presented as negative amounts):

	FAIR VALUE		NOTIONAL MATURITIES					
TYPE OF INSTRUMENT (million euro)	BALANCES AT 31/12/2022	BALANCES AT 31/12/2021	2023	2024	2025	2026	2027 and beyond	TOTAL
ASSET BALANCES	**332**	**224**	**4,130**	**53**	**32**	**107**	**913**	**5,235**
Toll road index-linked swaps	77	299	0	0	0	0	66	66
Corporate IRS	10	-31	0	0	0	0	350	350
Transchile and Centella IRS	60	-3	40	0	0	107	366	513
Dalaman IRS	6	0	0	0	0	0	100	100
Equity swaps - Corporate	2	11	65	0	0	0	0	65
Corporate foreign exchange derivatives	3	-2	179	0	0	0	0	179
Toll roads foreign exchange derivatives	164	-44	3,581	0	0	0	0	3,581
Other derivatives	10	-7	265	53	32	0	31	381
LIABILITY BALANCES	**113**	**319**	**5**	**0**	**250**	**38**	**2,529**	**2,822**
Toll Roads IRS	76	291	0	0	0	38	766	804
Corporate cross-currency swaps	5	8	0	0	250	0	0	250
Toll road cross-currency swaps	28	1	0	0	0	0	1,712	1,712
Other derivatives	4	19	5	0	0	0	51	56
NET BALANCES (ASSETS)	**219**	**-95**	**4,135**	**53**	**282**	**145**	**3,442**	**8,057**

The maturities of cash flows comprising the fair value of the derivatives are set out below:

	FAIR VALUE						CASH FLOW MATURITIES	
TYPE OF INSTRUMENT (million euro)	BALANCES AT 31/12/2022	BALANCES AT 31/12/2021	2023	2024	2025	2026	2027 and beyond	TOTAL
ASSET BALANCES	**332**	**224**	**195**	**19**	**14**	**13**	**91**	**332**
Cintra index-linked swaps	77	299	10	7	7	7	47	77
Corporate IRS	10	-31	0	4	2	2	2	10
Transchile and Centella IRS	60	-3	8	6	4	3	39	60
Dalaman IRS	6	0	2	2	1	1	0	6
Equity swaps	2	11	2	0	0	0	0	2
Corporate foreign exchange derivatives	3	-2	3	0	0	0	0	3
Toll roads foreign exchange derivatives	164	-44	164	0	0	0	0	164
Other derivatives	10	-7	6	1	0	0	3	10
LIABILITY BALANCES	**113**	**319**	**27**	**22**	**41**	**26**	**-3**	**113**
Toll Roads IRS	76	291	14	9	10	9	34	76
Corporate cross-currency swaps	5	8	-6	-4	14	0	0	5
Toll road cross-currency swaps	28	1	17	17	17	16	-39	28
Other derivatives	4	19	1	0	0	0	2	4
NET BALANCES (ASSETS)	**219**	**-95**	**167**	**-4**	**-27**	**-13**	**95**	**219**

Derivative project companies

Interest Rate Swaps

To hedge interest rate risk in infrastructure projects, the borrowings of which accrue variable interest (primarily Cintra Inversora Autopistas de Cataluña, S.A., Euroscut Azores, Autovía De Aragón, Depusa, Transchile Centella, Dalaman International Airport and Negocio de Tratamiento de Residuos en Reino Unido (Thalia)). The companies have contracted interest rate hedges on project debt, establishing a fixed or increasing interest rate, for a total notional amount of 1,494 million euros at December 31, 2022. Overall, the fair value valuation of these hedges has gone from -311 million euros at December 2021 to -10 million euros at December 2022.

In general, hedge effectiveness measurements performed periodically show that derivatives are efficient, so changes in their fair value are recorded in reserves, with an impact of 299 million euros (219 million euros after taxes and minority interests attributable to the parent company).

The movement in settlements and accruals had an impact on the financial result of -44 million euros and on cash of 47 million euros.

Index-linked swaps

They relate solely to Autema, which arranged an index-linked swap fixing the annual inflation rate at 2.5% in 2008 to hedge revenue variability. The underlying hedged items are the toll flows and price compensation flows received by the Catalan Regional Government, which are inflation-adjusted.

The reduction in the hedged item due to the change of concession scheme entailed the partial discontinuance of the hedge, so that 63% of the derivative is currently classed as a hedge and the remainder is classed as speculative. The rise in inflation during 2022 had an impact of EUR -119 million on reserves and a fair value impact of EUR -101 million on results.

Derivatives ex-project companies

Interest rate swaps

The Group has arranged interest rate derivatives (mainly Ferrovial S.A.), to hedge bank borrowings for a notional amount of EUR 359 million and mostly expiring in 2027. These derivatives, which have a fair value of 10 million euros, constitute an economic hedge of the future cash flows of the financing held for changes in the reference interest rate, meeting the conditions for hedge accounting treatment.

In 2022, the impact on reserves was EUR 65 million, of which EUR 11 million corresponded to new IRS contracted to cover bank debt. On the other hand, a positive impact of EUR 62 million was generated in results, due to the breakdown of the pre-hedging contracted for a bond issue that finally did not take place.

Cross-currency swaps

At 31 December 2022, Ferrovial S.A. recorded cross-currency swaps to hedge a corporate liquidity line in US dollars (Note 5.2.2). These instruments have a notional value of EUR 260 million (EUR 250 million agreed equivalent value) and expire in 2025 and have a fair value of EUR -5 million.

The results of the effectiveness tests carried out show that the derivatives are efficient. derivatives are efficient. The change in fair value during the year had an impact of had an impact on reserves of EUR 2 million.

On the other hand, the Cintra Infrastructure SE Company contracted some cross currency swaps (CCS) in 2022 as fair value coverage of its net investment in the USA in USD. These instruments have a notional amount of EUR 1,712 million, a maturity in 2032 and a fair value of EUR -28 million.

The result of the effectiveness tests carried out show that the derivatives are efficient. The interest rate component of these derivatives, considered as a hedging cost, amounts to -58 million euros and is recorded as reserves. As the coupons for the interest rate differential are paid, this cost will be transferred to income. In addition, the impact of the hedging of the investment was EUR 30 million recognized as translation differences.

Exchange rate derivatives

There are exchange rate risk hedges, designed to hedge the investment that the Group has in CAD. Its notional amounts to EUR 3,049 million at December 31 2022 (CAD 4,226 million) (Note 1.3). Its fair value amounts to EUR 151 million.

Changes in their valuation are recorded under the conversion differences heading and amount to EUR 59 million in 2022. Additionally, the movement of settlements and accruals has had an impact on the financial result of EUR -50 million and on cash of EUR 179 million.

Additionally there are hedges of foreign currency risk, which aim is to protect against the volatility of future cash flows in foreign currencies (primarily pound sterling and US dollar). Their notional value amounted to EUR 1,061 million at 31 December 2022, of which EUR 295 million relate to pound sterling and EUR 652 million to the US dollar and EUR 106 million to zloty, they all expire in the short-term.

Value changes are recognized as translation differences and amounted to EUR -149 million in 2022 (for effective derivatives). Options, which are not classified as accounting hedges, are recognized in net financial income/(expense) at fair value, entailing an expense of EUR 8 million during the year.

Equity swaps

The Company has arranged equity swaps hedging the potential financial impact of the exercise of share-based remuneration schemes granted to employees. Ferrovial has contracted equity swaps.

These contracts are described below:

- The calculation base comprises a given number of Ferrovial shares and a reference price, which is usually the share price on the execution date.
- During the swap term, Ferrovial pays interest at a given interest rate (EURIBOR plus a spread to be applied to the result of multiplying the number of shares by the strike price) and receives remuneration equal to the dividends on those shares.
- When the swap expires, if the share price has risen, Ferrovial will receive the difference between the arithmetic mean of the share price during the observation period and the reference price, by the number of shares contracted. Otherwise, Ferrovial would pay this differential to the financial institution.

Its fair value at 31 December 2022 is EUR 2 million. The change in value during the year was due to the decrease in the Ferrovial share price from EUR 27.56 at 31 December 2021 to EUR 24.47 at 31 December 2022, entailing an impact of EUR -9 million under the income statement heading “Changes in the fair value of financial instruments”. In the column “Impact on Net financial income/(expense)” includes the remuneration as income and the finance cost of these instruments as an expense in the amount of EUR 2 million (Note 2.6). The total impact of these instruments on cash resources amounted to EUR 2 million.

At the 2022 year-end, these derivatives had a notional value equivalent to 2,755 thousand shares which, based on the strike price of the equity swaps (price at which they must be settled with the banks), represented a total notional amount of EUR 65 million.

B) MAIN EFFECTS ON THE INCOME STATEMENT AND EQUITY

Set out below is a breakdown of the main derivatives arranged by fully-consolidated companies showing movements in fair values at 31 December 2022 and 2021 and the effect on reserves, profit/(loss) and other balance sheet items:

	FAIR VALUE								EFFECTS	
TYPE OF INSTRUMENT (million euro)	Balance at 31/12/2022	Balance at 31/12/2021	Var.	EFFECT ON RESERVES (I)	FAIR VALUE EFFECT ON PROFIT/(LOSS) (II)	EFFECT ON FINAL PROFIT/(LOSS) (III)	CASH (IV)	EXCHANGE RATE (V)	OTHER EFFECTS ON BALANCE SHEET OR INCOME	TOTAL
Inflation derivatives	**77**	**299**	**-223**	**-119**	**-101**	**4**	**-13**	**0**	**6**	**-223**
Cash flow hedge	77	299	-223	-119	-101	4	-13	0	6	-223
Interest rate derivatives	**0**	**-343**	**343**	**302**	**70**	**-45**	**26**	**2**	**-12**	**343**
Cash flow hedge	0	-343	343	293	70	-45	26	2	-1	343
Fair value hedge	0	0	0	9	0	0	0	0	-9	0
Cross-currency swaps	**-32**	**-9**	**-24**	**-56**	**0**	**6**	**-18**	**30**	**14**	**-24**
Cash flow hedge	-5	-8	3	2	0	5	-18	0	14	3
Hedge of net investment in foreign	-28	0	-28	-58	0	0	0	-30	0	-28
Fair value hedge	0	-1	1	0	0	1	0	0	0	1
Foreign exchange derivatives	**172**	**-54**	**226**	**4**	**6**	**-50**	**358**	**-91**	**0**	**226**
Fair value hedge	3	-7	9	1	2	0	19	-12	0	9
Hedge of net investment in foreign	169	-43	212	0	-4	-50	345	-78	0	212
Cash flow hedge	1	-4	5	3	1	-0	1	-0	0	5
Speculative	0	0	0	0	8	0	-8	0	0	0
Equity swaps	**2**	**11**	**-9**	**0**	**-9**	**2**	**-2**	**0**	**0**	**-9**
Speculative	2	11	-9	0	-9	2	-2	0	0	-9
TOTAL	**219**	**-95**	**314**	**131**	**-33**	**-84**	**352**	**-58**	**8**	**314**

Derivatives are recognized at market value at inception and at fair value at later dates. Changes in the value of these derivatives are recognized for accounting purposes as follows:

- Fair value changes during the year to cash flow hedging derivatives are recognized with a balancing entry in reserves (column I).
- Fair value changes to derivatives that do not qualify for hedge accounting or are deemed to be speculative are recognized separately as a fair value adjustment in the Group's income statement (column II).
- "Effect on net financial income/(expense)" (column III) reflects the effects from financing of interest flows accrued during the year.
- The "Cash" column (IV) refers to net settlements of receipts and payments during the year.
- The effect of foreign exchange fluctuations from 31 December 2022 to 31 December 2021 on currency translation differences is also presented separately (column V).
- The "Other effects" column shows the effects on operating profit/(loss), net financial income/(expense) (exchange rate) and other effects not previously mentioned (column VI).

C) DERIVATIVE MEASUREMENT METHODS

All the Group's financial derivatives and other financial instruments carried at fair value are included in Level 2 of the fair value hierarchy since, though they are not quoted on regulated markets, they are based on directly or indirectly observable inputs.

Fair value measurements are made by the Company using an tool developed in-house based on market best practices. However, they are reconciled against the values indicated by the counterparty banks on a monthly basis.

Equity swaps are measured as the difference between the quoted share price on the calculation date and the unit settlement (strike) price agreed at inception, multiplied by the number of shares under the contract.

The other instruments are measured by quantifying net future flows of payments and receipts, discounted to present value, as specified below:

- Interest rate swaps (IRS): future flows tied to floating reference rates are estimated using market projections on the measurement date for each currency and settlement frequency. Each flow is discounted using the discount factors on the date of each settlement period and currency at the measurement date.
- Index-linked swaps (ILS): future flows are estimated by projecting the future behavior implicit in the market curves on the measurement date for each currency and settlement frequency, for both reference interest rates and reference inflation rates. As in the cases described above, the flows are discounted at rates obtained at the measurement date for each flow settlement period and currency.

- Cross-currency swaps (CCS): future flows tied to floating reference rates are estimated using market projections on the measurement date for each currency and settlement frequency. Each flow is discounted using the market discount factors corresponding to the settlement period and currency at the measurement date, taking account of cross-currency basis spreads. The present value of the flows in a currency other than the measurement currency is translated at the spot exchange rate prevailing at the measurement date.
- Foreign currency derivatives: as a general rule, future flows are estimated using the exchange rates and market curves associated with each currency pair (forward points curve), and each flow is discounted using the market discount rate corresponding to the settlement period and currency at the measurement date. For other more complex instruments (options, etc.), appropriate measurement methods are used for each instrument, taking into consideration the necessary market data (volatilities, etc.).

Lastly, credit risk, which is included when measuring derivatives under IFRS 9, is estimated as follows:

- To calculate the adjustments associated with own and counterparty credit risk (CVA/DVA), Ferrovial applies a method based on calculating the future exposure of the various financial products using Monte Carlo simulations. A probability of default and a loss given default is applied to this potential exposure based on the parties' business and credit quality, as well as a discount factor based on the currency and term at the measurement date.
- To calculate probabilities of default for the Ferrovial Group companies, the Financial Risks Department assesses the counterparty's rating (company, project, etc.) using an in-house, rating agency-based method. This rating is used to obtain market spread curves for the currency and term in question (generic curves per rating level).
- Probability of counterparty default is calculated using the companies' CDS curves, if they are available. Otherwise, the CDS curves of a similar entity (proxy) or a generic spread curve per rating level are used.

SECTION 6: OTHER DISCLOSURES

This section includes other notes required under the applicable legislation.

Because of its importance, the following stand out the note 6.5 on contingent liabilities and assets, describing the main lawsuits in which Group companies are involved and the guarantees given, is particularly significant. Special emphasis is placed on the guarantees given by ex-infrastructure project companies on behalf of infrastructure project companies.

Movements in liabilities other than current liabilities and borrowings, such as provisions (Note 6.3), are also analyzed.

6.1. DEFERRED INCOME

Deferred income breaks down as follows at 31 December 2022 and 2021:

(Million euro)	2022	2021	VAR. 22/21
Capital grants	1,377	1,380	-3
Other deferred income	33	23	10
TOTAL DEFERRED INCOME	**1,410**	**1,403**	**7**

Capital grants awarded by government bodies relate entirely to infrastructure projects in the Toll Roads Division.

These grants are primarily found at the following Toll Road projects: EUR 425 million for LBJ Infrastructure Group, EUR 512 million for NTE Mobility Partners, EUR 211 million for NTE Mobility Partners Segments 3 LLC and EUR 214 million for I-77 Mobility Partners.

The main change during the financial year relates to NTE Mobility Partners Segments 3, a Cintra subsidiary in the US, which received fewer grants compared to the previous year, amounting to EUR 76 million.

The amounts received by the US companies rose by EUR 86 million thanks to the dollar's appreciation against the euro.

These capital grants are released to the income statement for the year at the same rate as the depreciation charged on the assets they finance, net of depreciation. The impact of the grants on cash flows is presented as an increase in investments.

6.2. PENSION PLAN DEFICIT

This heading reflects the deficit in pension and other employee retirement benefit plans. At 31 December 2022, the provision recognized in the balance sheet amounted to EUR 2 million and solely related to Budimex (EUR 3 million at 31 December 2021).

6.3. PROVISIONS

The provisions recognized by the consolidated Group cover risks arising in the course of business. They are recognized using best estimates of the risks and uncertainties and of related trends.

This note provides a breakdown of all provisions disclosed separately on the liabilities side of the balance sheet. In addition to these items, other provisions net certain asset items and are disclosed in the specific notes on those assets.

Movements in long- and short-term provisions presented separately on the liabilities side of the balance sheet are set out below:

(Million euro)	LITIGATION AND TAXES	REPLACEMENTS AND UPGRADES, IFRIC 12	OTHER LONG-TERM RISKS	TOTAL NON-CURRENT PROVISIONS	SHORT-TERM PROVISIONS	TOTAL
Balance at 31 December 2021 (*)	**276**	**88**	**58**	**422**	**1,002**	**1,424**
Scope changes and transfers	**-3**	**0**	**-13**	**-16**	**5**	**-11**
Appropriations:	**26**	**33**	**9**	**68**	**350**	**418**
EBITDA	21	0	2	23	338	362
Net financial income/(expense)	4	9	0	14	2	16
Impairment and disposals	0	0	7	7	10	17
Corporate income tax	0	0	0	0	0	0
Fixed asset depreciation	0	24	0	24	0	24
Reversals:	**-19**	**-29**	**-5**	**-54**	**-207**	**-261**
EBITDA	-12	0	-5	-17	-205	-223
Net financial income/(expense)	-1	0	0	-1	0	-1
Impairment and disposals	0	0	0	0	0	0
Corporate income tax	-6	0	0	-6	0	-6
Fixed asset depreciation	0	-29	0	-29	-2	-31
Applications with balancing entries in current accounts	**-6**	**0**	**0**	**-5**	**-196**	**-201**
Applications with balancing entries in other assets	**0**	**0**	**-1**	**-2**	**-19**	**-22**
Foreign exchange differences	**0**	**5**	**0**	**4**	**-5**	**-1**
Balance at 31 December 2022	**272**	**97**	**47**	**416**	**930**	**1,346**

(*) Restated figures (Note 1.1.5)

The table above shows the changes in the year by detailing, on the one hand, the consolidation scope changes and transfers, the charges for the year and reversals that had an impact on the various lines in the income statement and, on the other, other changes which did not have an impact thereon, such as amounts used recognized under various headings in the balance sheet and the exchange rate effect.

Litigation provisions and taxes

At 31 December 2022, the Group's litigation provisions totalled EUR 272 million. This heading includes the following items:

- Provisions to cover the possible risks resulting from lawsuits and litigation in progress, amounting to EUR 68 million (EUR 67 million in December 2021), largely relate to the Construction business. This provision is recognized and reversed against changes to provisions in EBITDA.
- Provisions for tax claims amounting to EUR 204 million (EUR 209 million at 31 December 2021), arising in relation to local or central government duties, taxes or other levies as a result of the different possible interpretations of tax legislation in the various countries in which the Group operates (Note 6.5.1.e). These provisions are recognized and reversed against EBITDA, against net financial income/(expense) and/or against corporate income tax, depending on the nature of the tax for which the provision has been recognized (penalties, related interest, and/or contested tax assessments).

Provision for replacements under IFRIC 12

This heading includes the provisions for replacement investments under IFRIC 12 (Note 1.3.3.2), totalling EUR 97 million. This provision is recognized and reversed against depreciation charged during the period in which the obligations accrue, until the replacement becomes operational. The net depreciation charges amounted to EUR -6 million.

Provisions for other long-term risks

This heading includes provisions recognized to cover certain long-term risks other than those attributable to litigation or tax claims, such as third-party liability resulting from the performance of contracts, guarantees given and exposed to enforcement risk, and other similar items, which amounted to EUR 47 million at 31 December 2022 (EUR 58 million at 31 December 2021).

It also contains the estimated cost of landfill closure and post-closure activities relating to Budimex and Waste Tretament UK (Thalia). The provision is calculated based on a technical estimate of total landfill capacity consumed to date. It is recognized and reversed against changes to provisions in EBITDA, as and when the landfill closure costs are incurred. The balance recognized for this item at 31 December amounted to EUR 14 million.

Lastly, this heading includes the provision for compulsory purchases for the Azores toll road.

Short-term provisions

At 31 December 2022, the short-term provisions balance amounted to EUR 930 million (EUR 1,002 million at 31 December 2021).

This heading relates essentially to provisions for contracts with customers, such as provisions for deferred expenses (relating to project close-out under the contract) and provisions for budgeted losses. Provisions of this kind relate primarily to the Construction Division in the amount of EUR 815 million (EUR 855 million in 2021) and Waste treatment (Thalia), in the amount of GBP 61 million (EUR 69 million). These provisions are linked to the average life of projects (from 3 to 5 years) and therefore they are classified as short-term provisions.

They are recognized and reversed against changes to provisions in EBITDA.

The change during the year is essentially explained by net provisions recognized in the Construction Division (EUR 129 million), basically in the Polish business, and to the application of provisions (EUR -169 million), relating particularly to budgeted losses in the US business.

Reconciliation with the cash flow statement

An analysis of the overall effect on the income statement reveals a net appropriation (expense) of EUR 139 million, which impacts EBITDA, relating primarily to the Construction Division (appropriation of EUR 345 million and reversal of EUR -210 million), mainly in the Polish business.

Provisions have also been applied during the year with balancing items in working capital accounts in the amount of EUR -201 million, mainly relating to the Construction Division (EUR -174 million). The sum of the appropriation/reversal (EUR 139 million), application (EUR -201 million) and other effects similar to provisions for doubtful receivables that are not included in the breakdown of liability provisions (EUR -6 million) are explained for working capital purposes in the cash flow statement, for a total amount of EUR -68 million (Note 5.3).

6.4. OTHER LONG-TERM PAYABLES

This heading mainly includes:

- Participating loans granted by Spain's Central Government to various infrastructure project concession operators totalling EUR 51 million at 31 December 2022 (EUR 49 million at 31 December 2021) for the Aragón toll road in the Toll Roads Division.
- Long-term loans from associates of the Toll Roads Division amounted to EUR 22 million (EUR 22 million at 31 December 2021).
- The debt of the Dalaman International Airport with the administration for the concession fee, which amounted to 277 million euros in the long term at the end of the year.
- The debt for the mandatory payments of the concession agreement on the I-66 which amounted to 485 million euros.

6.5. CONTINGENT LIABILITIES, CONTINGENT ASSETS AND COMMITMENTS

6.5.1. Litigation and other contingent liabilities

The Group is exposed to risks derived from the resolution of lawsuits or litigation of different kinds arising in the course of business. When such risks are deemed to be probable, accounting provisions must be recorded for the lawsuits and litigation using the best estimate of the disbursements that are expected to be necessary to settle the obligation. These provisions are set out in Note 6.3. When such risks are less likely to materialize, contingent liabilities are recognized and must be disclosed in the Annual Accounts in accordance with accounting legislation. No significant liabilities are envisaged that have a material adverse effect, other than those for which provisions have already been recognized.

The Group also records contingent assets, i.e. assets that might arise from various proceedings in progress. Assets of this kind are not recognized in the financial statements since it is not practically certain that they will materialize, as required by accounting legislation.

There follows a description of the most significant litigation, in terms of the amount, in the Group's various business divisions: This includes those that may generate both liabilities or assets.

a) Litigation and other contingent liabilities relating to the Toll Road business

US Toll roads: NTE 35W

On 11 February 2021, there was a multiple accident on the 35W Managed Lanes toll road in Dallas, Texas involving 133 vehicles and resulting in six deaths and several people injured.

The concession company NTE Mobility Partners Segment 3 LLC, which is 53.66% -owned by Cintra, together with several US Group companies, is a party in 31 of the claims that have been filed and are in the early stages of legal proceedings.

The concession company considers reasonable, in accordance with the opinion of its external legal advisors, that even in the event of an unfavorable ruling, no impact is expected given the insurance policies contracted and, consequently, no provision has been recorded in relation to this risk.

Court proceedings instigated by the financial institutions of the Radial 4 project:

With regard to Radial 4, in June 2013 a group of financial institutions from the banking syndicate that was financing the Project filed court proceedings with Madrid Court of First Instance No. 61 against the shareholders of the concession company that had guaranteed the contribution of contingent capital in certain circumstances, namely Cintra Infrastructures, SE – and Sacyr Concesiones, S.L.

In that lawsuit, they sought the enforcement of a guarantee that had been put in place by the shareholders, on the grounds of an alleged breach of certain ratios. This corporate guarantee amounts to EUR 23 million, of which Cintra's share is EUR 14.95 million.

Following the Madrid Provincial Court allowing the banks' appeal after studying the merits of the case, the claiming shareholders lodged a cassation appeal at the Supreme Court on 10 December 2020, which continues to be pending admission. To date, there have been no changes to the status of this litigation.

At year-end 2022, both the EUR 14.95 million of the guarantees given and the EUR 5.67 million in default interest accruing since the proceeding began were fully provisioned.

Netflow Western Roads - OSARs Western (Australia)

As commented in the June 2022 Interim Consolidated Financial Statements, in relation to the Osars project in which Cintra has a 50% stake and which is consolidated by the equity method, on February 23, 2022, the construction subcontractor in charge of the construction project works, WBHO Infrastructure Pty Ltd (WBHO), filed for insolvency proceedings. However, at present, the works are 99.9% complete as the concessionaire has taken the necessary steps to complete the construction.

In view of the progress of the works and the commercial management carried out, at the date of issuance of these accounts, there is no termination risk that could arise from the aforementioned situation; consequently, it is not necessary to record any provision in relation to this risk.

As indicated in Note 3.5, the consolidated value of Ferrovial's shareholding at 31 December 2022 is 49.8 million euro.

b) Litigation relating to the Construction business

Contingent liabilities

The Construction Division is involved in a number of ongoing legal actions, relating to construction defects in the building work it has completed and claims for civil liability. As indicated in note 6.3, provisions amounting to 56 million euros have been recorded in relation to these lawsuits. The provision recorded for each of the lawsuits in no case exceeds the amount of 10 million euros and corresponds to the best estimate made by the company on the possible impact of the same.

Below is a description of the most relevant lawsuits in terms of amount, and how one lawsuit that has generated an asset in favor of the company that has been recorded in the financial statements for the fiscal year.

Construction business Spain:

In 2019, the Spanish National Markets and Competition Commission (CNMC) initiated penalty proceedings against Ferrovial Construcción, S.A. and other construction firms for alleged anti-competitive behavior.

As outlined by the Competition Directorate (CD), this behavior ostensibly consists of the exchange of certain information between companies for the purposes and/or with the effect of restricting competition during the course of the competitive tendering processes organized by Public Authorities in Spain for the construction and refurbishment of infrastructure and buildings.

On 6 July 2022, the Spanish National Markets and Competition Commission (CNMC) issued a resolution stating that it had been proven that Ferrovial Construcción S.A. had committed a very serious infringement of Article 1 of the Competition Law and Article 101 of the European Union Treaty and imposing a fine of EUR 38.5 million.

Ferrovial Construcción filed a contentious-administrative appeal against the CNMC’s resolution at the National High Court on 4 October. The claim also requested a precautionary measure staying enforcement, which is currently being processed.

On 9 December, the National High Court agreed to suspend the resolution issued by the CNMC’s Competition Court.

The Group considers that the outcome of this lawsuit is unlikely to be unfavorable and therefore no amount has been provisioned in this respect.

D4R7 project (Slovakia)

In June 2019, the Provincial Headquarters of the National Police in Bratislava (Slovakia) initiated *ex officio* a criminal investigation against the joint venture that executed the D4R7 toll road construction project in Bratislava, formed by Ferrovial and PORR (65% and 35%, respectively). The grounds for the investigation are alleged environmental risks and damage defined in the Slovakian Criminal Code due to having allegedly authorized the exploitation of two plots of land in Jánošíková as loans for the construction of the R7 toll road without having obtained the necessary permits. The prosecution quantifies the damages at EUR 8.7 million (100% of the risk.

The plots in question do not form part of the site layout, although the materials extracted from the plots, as agreed with the owners (who have stated that they incurred no damage), were used in the project. All the formalities were carried out through a subcontractor, including the obtainment of permits.

In the course of the investigation, there has been a succession of accusations, defense submissions and various expert reports. The final expert report was submitted by the JV in December 2022. The prosecutor has sent the case file to the court. The judge will decide whether to set the case for trial or return the proceedings to the prosecutor's office for further investigation.

In the opinion of the JV’ lawyers, it is improbable that the investigation will give rise to risk and no provision has therefore been set aside in this respect.

Batinah project - Oman

The joint venture FSB Batco - Ferrovial Construcción (50%-owned by each venturer) completed the construction of the project called “the Batinah Expressway Project Package 5” toll road in Oman. The JV initiated an international arbitration proceeding against the Government of the Sultanate of Oman. The JV claimed compensation for significant delays and cost increases arising from numerous circumstances qualifying for compensation under the contract, in the JV’s opinion.

In July 2022, the JV received the arbitral award quantifying compensation at EUR 50.3 million.

The award is considered to be virtually certain, so this amount has been recognized as revenue in the 2022 income statement. It will be definitive once the final deadline for challenging the award is reached on 27 February 2023.

On February 27, 2023, after the closing date, the deadline for the Omani government to submit allegations against the act of enforcement of the award has expired, and no allegations have been submitted in this regard.

FB Serwis (Poland)

FB Serwis S.A. is a subsidiary of Budimex, S.A. whose non-current assets represent 0.36% of Ferrovial's total assets.

In January 2023, one employee of FBSerwis S.A. (hereinafter FBS) was arrested by the Central Anti-Corruption Agency (CBA). On February 1, two other executives of the same company were arrested and, at the same time, several documents and data relating to this employee were seized at FBS headquarters.

At the beginning of February 2023, information on the arrests and the conduct of an investigation into possible criminal actions was published on the public prosecutor's website.

The proceedings relate to potential irregularities in tenders organized by the Warsaw Municipal Wastewater Treatment Works for contracts for municipal waste disposal. The value of the irregularities could amount to approximately PLN 5 million (EUR 1 million), according to the Prosecutor.

As of the date of issuance of these accounts, several people have been arrested in the framework of the ongoing proceedings; among them, a total of 3 employees of the FBS group, including the president, also a member of the Management Committee of Budimex S.A., and the vice-president; for the latter two, pre-trial detention for a term of 2 and 3 months, respectively, has been ordered. The third was the commercial director of FBSerwis Kamieńsk sp. z o.o., a subsidiary of FBS. As a consequence of the above, the FBS' Board of Directors decided to suspend the President and the Vice President for identical periods. The same decision was taken by the Budimex SA' Board of Directors in relation to the President of FBS.

In the opinion of the legal counsel engaged by Budimex, at the date of issuance of these accounts, the risk that the company could be held liable for the events under investigation is remote. The liability of a legal entity is conditional, according to Polish law, on the prior conviction of an individual acting on behalf of the company. In this regards, Budimex Group companies cannot be excluded from public procurement processes unless the members of the management, governing bodies or commercial representatives have been validly convicted of offenses defined in the Criminal Law. Therefore, according to the existing information, and as of the closing date of these accounts, the premises giving rise to liability have not materialized.

In addition, the legal advisors, who estimate that the duration of the proceedings could last several years, inform that the actual application of the law, in its current formulation, is extremely rare and the fines imposed on the entities are not significant (up to PLN 5 million). Based on the above arguments, at year-end, no liability has been recognized in the Group's financial statements in relation to this matter.

Furthermore, the Boards of Budimex SA and FBS SA have ordered an internal investigation to clarify the facts, showing their full cooperation with the authorities.

Contingent assets

In view of the nature of the business, the Construction Division has brought claims against various customers that could give rise to additional receivables. As indicated in the Accounting policies section (1.3.3) these claims are not recognized as revenue until they are considered approved, and are only considered in the calculation of provisions for budgeted losses if they are considered probable.

c) Tax-related litigation

As indicated in Note 6.3, Ferrovial has recognized provisions for taxes for a total amount of EUR 200 million.

These provisions relate essentially to ongoing litigation arising from tax assessments raised following tax inspections in Spain for a disputed sum of EUR 332.4 million, the most significant being corporate income tax and VAT for the periods 2002 to 2017.

The most noteworthy litigation is described below:

a. The proceedings relating to the amortization for tax purposes of financial goodwill on the acquisitions of Amey and Swissport. Ferrovial has lodged an appeal against the decision by the European Commission in 2014 ("Third Decision"), in which this kind of tax measure is classed as state aid. Although we consider there to be sound grounds supporting the Group's procedural stance, if the court judgement is unfavorable there will be an adverse effect of EUR 84.9 million on Ferrovial's income statement in relation to corporate income tax for the period 2002 to 2021. The maximum amount payable would be EUR 44.3 million, as the remainder has already been settled.

b. The cassation appeal filed at the Supreme Court against the settlement resolution arising from the tax assessment raised on Ferrovial, S.A. for 2006 corporate income tax. The main matter in dispute is the application of the deduction for export activities relating to the 2006 investment made to acquire the ownership interest in the former BAA (Heathrow). This contingency amounts to EUR 119.2 million (fully provisioned).

6.5.2. Guarantees

a) Bank guarantees and other guarantees issued by insurance companies

In the course of business, the Group is exposed to possible risks the materialization of which is uncertain, relating to liability under the various contracts entered into in its business divisions.

The Group obtains bank guarantees and other guarantees issued by insurance companies to cover such liabilities. At 31 December 2022, the balance amounted to EUR 8,093 million (EUR 7,099 million in 2021).

The following table contains a breakdown of the risk covered in each business area:

(Million euro)	Dec. 2022	Dec. 2021
Construction	6,067	5,284
Toll Roads	642	856
Airports	1,044	42
Energy and mobility infrastructures	81	0
Other	258	315
Total continuing operations	**8,093**	**6,497**
Services	0	603
Total discontinued operations	**0**	**603**
TOTAL	**8,093**	**7,099**

The EUR 8,093 million, by type of instrument, relate to: i) EUR 3,806 million of bank guarantees; ii) EUR 3,673 million of guarantees provided by bonding agencies and iii) EUR 614 million of bank guarantees provided by insurance companies.

These guarantees cover the liability to customers for the proper performance of construction or services contracts involving Group companies; the guarantee would be enforced by the customer were a project not carried out.

Despite the significant amount of these guarantees, the impact that might arise is very low, since the Group Companies perform contracts in accordance with the terms and conditions agreed upon with the customers and recognize provisions within the results of each contract for potential risks that might arise from performance thereof (Note 6.3).

Lastly, of the total amount of the Group's bank guarantees for continuing operations listed in the above table, EUR 1,155 million secures commitments to invest in the capital of infrastructure project companies, mainly, in JFK-NTO (Note 6.5.3).

b) Guarantees given by Group companies for other Group companies

As indicated previously, guarantees are generally given among the Group companies to cover third-party liability arising from contractual, commercial or financial relationships.

Although these guarantees do not have any effect at the Group's consolidated level, there are certain guarantees provided by ex-infrastructure project companies to infrastructure project companies (Note 1.1.2.) which should be noted due to the classification of project borrowings as non-recourse debt (see b.1 contingent capital guarantees).

Other guarantees have also been given to equity-accounted companies (see b.2. below).

b.1) Guarantees provided by ex-infrastructure project companies to infrastructure project companies to secure borrowings, which could give rise to future additional capital disbursements should the guaranteed events take place (contingent capital guarantees).

Two types of guarantees are given by ex-infrastructure project companies to infrastructure project companies:

- Guarantees securing the proper performance of construction and service contracts (Note 6.5.2.a).
- Guarantees related to risks other than the correct performance of construction and service contracts, which could give rise to future additional capital disbursements should the guaranteed events take place (some of which are also included in note 6.5.2.a) because they are bank guarantees).

The latter guarantees are explained in further detail in this section since, as mentioned in Note 5.2. on the net cash position, infrastructure project company borrowings are without recourse to the shareholders or with limited recourse to the guarantees provided and, therefore, it is relevant to distinguish the guarantees which, should the guaranteed event occur, could be enforced and lead to payments to the infrastructure project companies or the holders of their debt, other than the committed capital or investment mentioned in Note 6.5.3. They are referred to as contingent capital guarantees.

The detail, by beneficiary company, purpose and maximum amount, of the outstanding guarantees of this nature at 31 December 2022 relating to fully consolidated infrastructure project companies is as follows. It should be noted that the following amounts relate to Ferrovial:

BENEFICIARY COMPANY (PROJECT)	GUARANTEE PURPOSE	AMOUNT
Conc. Prisiones Lledoners	Technical guarantee to repay amounts to the bank in the event of termination of the contract. Does not cover insolvency (default) or breach by the awarding entity	66
GUARANTEES FOR CONSTRUCTION PROJECTS		**66**
I-66	Guarantee covering project cost overruns.	14
GUARANTEES FOR TOLL ROAD PROJECTS		**14**
Centella + Tap Mauro	Bank guarantees to cover the achievement of various milestones and payment of any fines during the initial execution period. PCG to cover the liquidity gap up to EUR 20 million	**38**
GUARANTEES FOR ENERGY AND MOBILITY PROJECTS		**38**
Dalaman	Bank guarantee to cover the debt ratios	6
AIRPORT PROJECT GUARANTEES		**6**
TOTAL GUARANTEES FOR FULLY-CONSOLIDATED INFRASTRUCTURE PROJECTS		**124**

In Toll Roads, the I-66 project is also secured by a bank guarantee given by third parties in the amount of EUR 3 million covering potential cost overruns.

The detail of the amounts of the guarantees, in relation to the financing of the equity-accounted infrastructure projects and, accordingly, the borrowings of which are not included in the Group's Consolidated Annual Accounts is as follows.

BENEFICIARY COMPANY	GUARANTEE PURPOSE	AMOUNT
Serrano Park (Cintra)	Guarantee covering repayment of borrowings	3
Bucaramanga	Guarantee limited to construction works cost overruns	3
ETR Extension	Guarantee covering project cost overruns.	12
407 EXT PHASE II	Guarantee covering debt ratios.	6
TOTAL GUARANTEES FOR EQUITY-ACCOUNTED INFRASTRUCTURE PROJECT COMPANIES		**25**

There is also a corporate guarantee in the amount of EUR 23 million in relation to the Radial 4 project, of which Cintra's share is EUR 14.95 million. At year-end 2022, both the EUR 14.95 million of the guarantees given and the EUR 5.3 million in default interest accruing since the proceeding began were fully provisioned (Note 6.5.1.a).

b.2) Other guarantees given to concession companies (Note 3.2.)

The "Thalia" Group operates four waste treatment plants generating energy during the process in the UK. The plants are run under construction and operation concessions granted by the local authorities. Three are already operational in Cambridge, North York and Milton Keynes, and operations are expected to begin at the Isle of Wight plant in 2023. The concession agreements expire between 2033 and 2042.

The plants were being operated by Thalia, which was still part of the Amey Group, so the contractual commitments were secured by Amey and by Cespa (Prezero nowadays), the parent company of the waste treatment business in Spain that was sold to a third party in 2021. Thalia's assets were excluded from the scope of the Amey sale. As the Amey sale was completed in December 2022, those assets had already been transferred within the Ferrovial Group. In parallel, the guarantees securing fulfilment of commitments relating to the assets are expected to be reemplaced by other Group companies in 2023.

The guarantees given by various Group companies total GBP 322 million. The guarantee may be unlimited in certain specific scenarios involving fraud, willful misconduct or abandonment of the asset.

In recent years, the plants have had issues in both the construction phase and the commissioning and operation phase, particularly in the case of Milton Keynes and the Isle of Wight. As indicated in 6.3., at year-end 2022, the Group recognized a provision for future losses covering these plants in the amount of GBP 61 million (EUR 70 million). The provision does not include structural costs of the business estimated at GBP 7 million per annum.

b.3) Guarantees given in divestment processes

The sale agreements entered into during the divestment of the former Services Division include various guarantees given to the buyers in connection with a number of potential lawsuits or litigation in progress on the transaction dates.

Guarantees that met the relevant requirements of accounting legislation (IAS 37) were provisioned at the year-end. These provisions amount to EUR 22 million.

The main guarantees are as follows:

Litigation relating to the penalty proceedings opened by the Spanish National Markets and Competition Commission (CNMC) in relation to the road maintenance sector (see point 6.5 of the 2021 Ferrovial Annual Accounts):

In July 2019, the CNMC initiated penalty proceedings against Ferroser Infraestructuras, S.A. (currently Serveo Infraestructuras S.A.), as well as against other companies in the sector, due to alleged anti-trust practices during tendering for maintenance and operations services for the State Road Network, arranged by the Ministry of Public Works.

In August 2021, notice was received of a Resolution by the CNMC's Board declaring a very serious infringement of Article 1 of the Spanish Competition Law (LDC) and Article 101 of the Treaty on the Functioning of the European Union (TFUE). The Board imposed a fine of EUR 5.7 million.

A contentious-administrative appeal has been filed against the resolution at the National High Court. In December 2021, notification was received of the admission of the appeal. On 22 February 2022, notification was received of the decision to suspend the penalty resolution in relation to both the fine and the prohibition on contracting. The appealed was suspended on 10 May 2022.

Ferroser Infraestructuras, S.A. (now Serveo Infraestructuras, S.A.) is one of the companies sold as a result of the divestment of the infrastructure maintenance business in Spain completed on 31 January 2022 and is therefore no longer controlled by Ferrovial, S.A. Ferrovial gave a guarantee of EUR 6 million to the buyer in relation to this lawsuit, though for a limited period. This amount has been provisioned.

Tax Proceedings

Guarantees have been granted to PREZERO in connection with various ongoing tax proceedings. The amount of the guarantees, which has been provisioned, amounts to EUR 5.9 million.

c) Security interests in assets

Security interests in assets are described in the following notes:

- Guarantees given for fixed assets (Note 3.4)
- Security interests in deposits or restricted cash (Note 5.2).

d) Guarantees received from third parties.

At 31 December 2022, Ferrovial had received guarantees from third parties totalling EUR 1,631 million (EUR 1,1491 million at 31 December 2021), mainly in the Ferrovial Construcción companies in the United States (EUR 1,131 million), the Budimex Group (EUR 166 million) and other construction companies (EUR 354 million), particularly noteworthy were the companies in the UK (EUR 107 million) and Australia (EUR 87 million).

These third-party guarantees are technical guarantees that are offered by certain subcontractors or suppliers in the construction business in order to guarantee complete compliance with their contractual obligations with regard to the work they are engaged to complete and may not be sold or pledged.

6.5.3. Commitments

As described in Note 1.1, the infrastructure projects are performed through long-term contracts where the concession operator is a company in which the Group has interests, either alone or together with other partners, and the borrowings necessary for financing the project are allocated to the project itself, without recourse to the shareholders or with recourse limited to the guarantees provided, under the terms set forth in Note 5.2. From a management viewpoint, Ferrovial takes into account only the investment commitments relating to project capital, since the investment in the assets is financed by the project company's borrowings.

a) Investment commitments

The investment commitments undertaken by the Group in relation to the capital contribution in infrastructure projects amount to EUR 1,163 million (EUR 517 million in December 2021). The increase during the year is explained primarily by the commitments made by Ferrovial to contribute capital to the new Terminal One at New York's JFK Airport. The investment commitments at 31 December 2022 amount to EUR 1,008 million. Additionally, regarding to International Airport of Dalaman there is a commitment of equity contribution of EUR 16 million mainly related to a deferred payment (Note 1.1.4.a). This increase related to the investment commitments has been partially offset by a reduction in capital committed to the Toll Roads business due primarily to the investments made in toll road projects in the US and Slovakia in 2022.

A breakdown of the Group's commitments to investment in infrastructure project company capital is as follows:

(Million euro)	2023	2024	2025	2026	2027	2027 AND BEYOND	TOTAL
Toll Roads	89	10	0	0	0	0	100
Airports	16	0	0	0	0	0	16
Energy and Mobility	3	0	0	0	0	0	3
INVESTMENTS IN FULLY-CONSOLIDATED INFRASTRUCTURE PROJECT COMPANIES	**108**	**10**	**0**	**0**	**0**	**0**	**118**
Toll Roads	5	0	26	0	0	0	31
Airports	221	474	249	69	0	0	1,013
Construction	1	0	0	0	0	0	1
INVESTMENTS IN EQUITY-ACCOUNTED INFRASTRUCTURE PROJECT COMPANIES	**229**	**478**	**278**	**69**	**0**	**0**	**1,045**
TOTAL INVESTMENTS IN INFRASTRUCTURE PROJECT COMPANIES	**337**	**488**	**278**	**69**	**0**	**0**	**1,163**

The Toll Roads Division includes EUR 54 million in relation to the I-66 project (EUR 349 million in 2021). The Energy and Mobility investment commitments relate to a solar plant in Seville.

Under the AGS refinancing agreement described in Note 5.4.c.v, Ferrovial also committed to inject up to GBP 15 million into AGS (50% share capital - 50% debt) subject to the fulfilment of certain liquidity conditions to the maturity date of the loan in 2024. Total commitments to contribute capital to the equity-accounted airport infrastructure project companies (EUR 1,013 million) include EUR 5 million for AGS under that agreement.

In addition, commitments were made to invest up to EUR 53 million in companies in which Ferrovial holds non-controlling interests that are engaged in innovation projects related primarily to energy and mobility.

b) Environmental commitments

Any operation undertaken mainly to prevent, reduce or repair damage to the environment is treated as an environmental activity.

Costs incurred to protect and improve the environment are taken to profit or loss in the year in which they are incurred, irrespective of when the resulting monetary or financial flow takes place.

Provisions for probable or certain environmental liability, litigation in progress and indemnities or other outstanding obligations of undetermined amount not covered by insurance policies are recorded when the liability or obligation giving rise to the indemnity or payment arises.

6.6. REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

6.6.1. Directors' remuneration for holding office

Under the Company's current remuneration scheme, regulated by Article 56 of its bylaws, the Annual General Meeting determines the maximum annual remuneration for all the members of the Board of Directors.

The Directors' Remuneration Policy approved by the Company's Annual General Meeting on 7 April 2022 fixed the overall maximum annual amount of directors' remuneration at EUR 1,900,000 for the duration of the policy (from the approval date and for the following 3 years: 2023, 2024 and 2025).

Directors' remuneration comprises: (i) a fixed allowance, a part of which is paid in quarterly instalments and the remainder (supplementary fixed allowance) in a single payment at the end of the financial year; and (ii) per diems for actual attendance at Board and committee meetings. Remuneration is linked to the functions and responsibilities assigned to each director, membership of Board committees and other objective circumstances that the Board of Directors deems relevant, thereby ensuring their long-term independence and commitment.

On the same date these annual accounts are authorized for issue, the Board of Directors issues and makes available to the shareholders the Annual Report on Directors' Remuneration referred to in Article 541 of the Spanish Companies Act. The report describes in greater detail aspects of the Company's remuneration policy applicable in the current year, providing an overview of how it was applied in 2022 and a breakdown of the individual remuneration accrued to each director in 2022. The table below shows the itemized bylaw-stipulated remuneration of the members of the Board of Directors accrued during 2022 and 2021.

Should more meetings be held than initially envisaged or, for any other reason, the total and joint maximum annual amount is exceeded, the difference is firstly deducted from the amount of the additional fixed allocation proportionally for each director on the basis of Board status. In accordance with the resolutions adopted by the Board of Directors, if the amount of per diems plus the amount of fixed components does not reach the said maximum annual figure, the difference will be distributed among the directors on a pro rata basis reflecting their period of office during the year. This distribution was carried out in 2021 and 2022, adding the amount to the supplementary fixed allowance.

The difference between the amounts of per diems and supplementary fixed allowances in 2022 and 2021 is explained by the fact that: (i) there were more meetings in 2021 than in 2022; and (ii) the amount distributed to the directors as described in the previous paragraph was higher in 2022.

This table does not include remuneration received by the executive directors for discharging executive duties at the Company, as described in Note 6.6.2.

				2022
DIRECTOR (Thousand euro)	FIXED ALLOWANCE	PER DIEMS	ADDITIONAL FIXED REMUNERATION(a)	TOTAL
Rafael del Pino Calvo-Sotelo	35	103	107	**245**
Oscar Fanjul Martín	35	73	96	**204**
Ignacio Madridejos Fernández	35	51	61	**148**
María del Pino y Calvo-Sotelo	35	51	61	**148**
José Fernando Sánchez-Junco Mans	35	58	61	**154**
Philip Bowman	35	47	61	**143**
Hanne Birgitte Breinbjerg Sorensen	35	41	61	**137**
Bruno Di Leo	35	49	61	**146**
Juan Hoyos Martínez de Irujo	35	51	61	**148**
Gonzalo Urquijo Fernández de Araoz	35	54	61	**150**
Hildegard Wortmann	35	36	61	**132**
Alicia Reyes Revuelta	35	47	61	**143**
TOTAL	**420**	**662**	**818**	**1,900**

(a) Includes the amount of the difference up to the maximum annual amount of the 2022 compensation distributed pro rata among the Directors.

(*) The amounts shown are rounded.

				2021
DIRECTOR (a) (Thousand euro)	FIXED ALLOWANCE	PER DIEMS	ADDITIONAL FIXED REMUNERATION(b)	TOTAL
Rafael del Pino Calvo-Sotelo	35	122	92	**250**
Oscar Fanjul Martín	35	83	81	**199**
Ignacio Madridejos Fernández	35	61	46	**142**
María del Pino y Calvo-Sotelo	35	61	46	**142**
Santiago Fernández Valbuena (up to and including 4/5/2021)	12	18	16	**46**
José Fernando Sánchez-Junco Mans	35	76	46	**157**
Joaquín del Pino y Calvo-Sotelo (up to and including 4/5/2021)	12	12	16	**40**
Philip Bowman	35	59	46	**140**
Hanne Birgitte Breinbjerg Sorensen	35	50	46	**131**
Bruno Di Leo	35	58	46	**139**
Juan Hoyos Martínez de Irujo	35	61	46	**142**
Gonzalo Urquijo Fernández de Araoz	35	59	46	**140**
Hildegard Wortmann (from 6/5/2021)	23	36	30	**89**
Alicia Reyes Revuelta (from 6/5/2021)	23	36	30	**89**
TOTAL	**420**	**793**	**635**	**1,848**

(a) Continuance in the post. Full year, unless otherwise stated.

(b) Includes the amount of the difference up to the maximum annual amount of the 2021 compensation distributed pro rata among the Directors.

(*) The amounts shown are rounded.

6.6.2. Individual executive directors' remuneration

a) Remuneration accrued in 2022 and 2021.

In 2022, the following remuneration accrued to the executive directors for the performance of their functions, irrespective of the remuneration referred to in the preceding section.

			2022
EXECUTIVE DIRECTORS' REMUNERATION * (Thousand euro)	RAFAEL DEL PINO	IGNACIO MADRIDEJOS (2)	TOTAL
Fixed remuneration	1,500	1,150	2,650
Variable remuneration	2,609	1,538	4,147
Life insurance premiums	10	5	15
Share plans (1)	883	183	1,066
Total 2022	**5,002**	**2,876**	**7,878**

* Remuneration as executive directors

(1) In March 2022, a number of shares equivalent to the level of completion of the units allocated in 2019 were delivered, after the relevant withholdings had been made. The CNMV was notified of the shares received by Rafael del Pino and by Ignacio Madridejos on 21/3/2022 and 17/3/2022, respectively.

(2) In 2022, the amount of EUR 8 thousand was allocated to Ignacio Madridejos as remuneration in kind relating to a company car.

The 2021 information is shown in the following table:

			2021
EXECUTIVE DIRECTORS' REMUNERATION * (Thousand euro)	RAFAEL DEL PINO	IGNACIO MADRIDEJOS (2)	TOTAL
Fixed remuneration	1,500	1,100	2,600
Variable remuneration	2,275	1,283	3,558
Life insurance premiums	9	4	13
Share plans (1)	490	0	490
Total 2021	**4,274**	**2,387**	**6,661**

* Remuneration as executive directors

(1) In March 2021, a number of shares equivalent to the level of completion of the units allocated in 2018 were delivered, after the relevant withholdings had been made. The CNMV was notified on 22/3/2021.

(2) In 2021, the amount of EUR 8 thousand was allocated to Ignacio Madridejos as remuneration in kind relating to a company car.

b) Share-based remuneration schemes

There follows a breakdown of the share-based remuneration schemes linked to objectives, entitlement to which has not yet vested:

EXECUTIVE DIRECTORS' PLAN AT 31.12.2022		UNITS	NO. OF VOTING RIGHTS	NO. OF VOTING RIGHTS
Rafael del Pino y Calvo-Sotelo	2020 allocation	46,500	46,500	0.006%
	2021 allocation	67,500	67,500	0.009%
	2022 allocation	56,400	56,400	0.008%
Ignacio Madridejos Fernández	2020 allocation	46,500	46,500	0.006%
	2021 allocation	67,500	67,500	0.009%
	2022 allocation	56,400	56,400	0.008%

6.6.3. Pension funds and plans or life insurance premiums

As in 2021, no contributions were made in 2022 to pension plans or funds for former or current members of the Company's Board of Directors or for directors of the Company who are members of other Boards of Directors and/or senior managers of Group companies and associates. No such commitments were made during the year.

As regards life insurance premiums, the Company has insurance policies covering death (for which premiums totaling EUR 15 thousand were paid in 2022; EUR 132 thousand in 2021) under which the executive directors are beneficiaries. No life insurance premiums were paid for Company directors who are members of other Boards of Directors and/or senior managers of Group companies or associates.

Lastly, the Company has arranged a third-party liability insurance policy covering the directors and managers of the Group companies parented by the Company. The insured parties include the Company's directors. The premium paid in 2022 under the aforementioned insurance policy amounted to EUR 1,097 thousand (EUR 1,300 thousand in 2021).

6.6.4. Advances and loans

At 31 December 2022, no advances or loans had been granted by the Company to the directors in their capacity as such or as members of other Boards of Directors or senior managers of Group companies or associates.

6.6.5. Senior management remuneration

The overall remuneration accrued to the Company's senior managers in 2022 is analyzed below:

SENIOR MANAGEMENT REMUNERATION (Thousand euro) (*)	2022	2021
Fixed remuneration	4,755	5,636
Variable remuneration	4,822	5,033
Performance-based share plan	1,629	1,494
Exercise of stock option plans and/or other financial instruments (see description)	0	0
Remuneration as members of administrative bodies of other Group companies, jointly-controlled entities or associates	32	31
Insurance premiums	19	17
Other (1)	0	6,990
Total	**11,257**	**19,201**

(1) Departure of three senior managers (amount subject to personal income tax) and a joining bonus.

(*) The average remuneration of senior management is not broken down by gender in order to preserve the confidentiality of remuneration, as there is only one woman in this group.

The remuneration shown corresponds to the holders of the following positions: General Secretary, Chief Financial Officer, Chief Human Resources Officer, Chief Construction Officer, Chief Airports Officer, Chief Toll Roads Officer, Chief Energy and Mobility Infrastructure Officer, Chief Information and Innovation Systems Officer, Chief Internal Audit Officer, Chief Communications and Corporate Responsibility Officer, Chief Strategy Officer, Chief Compliance and Risk Officer and Chief Sustainability Officer. The remuneration of the members of senior management who have been Executive Directors at the same time is not included, since it is indicated in the Note 6.6.2.

The Company has also implemented a "Flexible Remuneration Scheme", which allows employees to voluntarily change their remuneration package based on personal needs, replacing a portion with certain benefits in kind. These products include a life and retirement savings group insurance scheme. Participants may request that a portion of their gross annual remuneration be paid by the Company in the form of a premium under a life and retirement savings group insurance policy. The senior managers requested contributions totaling EUR 39 thousand from the Company, replacing the remuneration shown in the table above (EUR 131 thousand in 2021).

6.6.6. Other disclosures on remuneration

The agreements between the Company and the senior managers specifically provide for the right to receive the indemnities referred to in Article 56 of the Spanish Labour Statute in the event of unfair dismissal.

In order to encourage loyalty and continuity, a deferred remuneration scheme was granted to thirteen senior managers, including one executive director. The scheme consists of extraordinary remuneration that will only be paid in one of the following circumstances:

- Exit of the senior manager by mutual agreement upon reaching a certain age.
- Unfair dismissal or exit at the Company's discretion without cause for dismissal, before the senior manager reaches the age initially agreed, if the amount exceeds the figure stipulated in the Labour Statute.
- Death or disability of the senior manager.

- To cover this incentive, each year the Company makes contributions to a group savings insurance policy under which the Company is both policyholder and beneficiary. The contributions are quantified on the basis of a certain percentage of each senior manager's total monetary remuneration. Contributions made in 2022 amounted to EUR 1,921 thousand (EUR 2,187 thousand in 2021), of which EUR 461 thousand relates to the executive director (EUR 441 thousand in 2021).

6.7. SHARE-BASED REMUNERATION SCHEMES

Performance-based share plan

At year-end 2022, Ferrovial has a long-term incentive plan approved by the Board of Directors on 19 December 2019. The plan is force for three years (2020, 2021 and 2022) and consists of awarding Ferrovial, S.A. shares. The annual cost of the plan may not exceed EUR 22 million and it is conditional upon employees remaining at the Company for three years as from the date it is granted (barring special circumstances) and upon the achievement during the vesting period of ratios calculated on the basis of business cash flow and total shareholder return with respect to a comparable group.

The plan is intended for executive directors, senior managers and managers. The application of this form of remuneration to executive directors was authorize by the Company's Annual General Meeting on 17 April 2020.

There were 1,782,127 shares outstanding at 31 December 2022 relating to these plans.

Changes to the share-based remuneration schemes in 2022 and 2021 are summarized below:

	2022	2021
Number of shares at beginning of year	**2,054,531**	**2,468,724**
Plans granted	702,675	909,578
Plans settled	-356,958	-292,413
Shares surrendered and other	-526,552	-954,346
Shares exercised	-91,569	-77,012
Number of shares at year-end	**1,782,127**	**2,054,531**

This share award plan includes the plans described above in Note 19 on remuneration of executive directors and senior managers.

The impact of these remuneration schemes on the Group's income statement in 2022 was an expense of EUR 8 million (income of EUR 9 million in 2021) with a balancing entry in equity. The change in relation to the previous year is due to the fact that a smaller amount was reversed from the provision during the year to bring the cost into line with plan fulfilment (higher degree of fulfilment).

On 15 December 2022, the Board of Directors approved a new long-term incentive plan. The plan will be in force for three years (from 2023 to 2025) and consists of awarding Ferrovial, S.A. shares. Its annual cost may not exceed EUR 22.7 million and it is conditional upon employees remaining at the Company for three years as from the date it is granted (barring special circumstances) and upon the achievement during the vesting period of ratios calculated on the basis of: (i) business cash flow; (ii) total shareholder return with respect to a comparable group; and (iii) objectives related to greenhouse gas emissions, diversity and health and safety at work.

The plan is intended for Executive Directors, senior managers and managers. The application of this form of remuneration to Ferrovial's executive directors will be submitted for approval by the next Annual General Meeting.

Measurement of performance-based share plans.

This plan was accounted for as a future and therefore the value of the foreseeable dividends up to the delivery date is discounted to the value of the shares at the grant date using a rate of return equal to the average cost of borrowings over the share award period. It is equity settled and thus measured when granted. The initially calculated value is not re-estimated. The related amounts are recognized under "Staff costs" with a balancing entry in reserves.

6.8. RELATED-PARTY TRANSACTIONS

Legislation

In relation to the disclosures on transactions that the Company (or Group companies) completes with related parties, International Accounting Standard 24 ("IAS 24") must be taken into consideration.

Paragraph 3 of the above-mentioned IAS 24 requires the disclosure of information on related-party transactions, outstanding transactions and balances (including commitments) in a parent company's consolidated and separate financial statements and in the individual financial statements. Paragraph 9 defines all transfers of resources, services or obligations between the reporting entity and a related party as related-party transactions, regardless of whether or not any consideration is paid.

Related-party transactions

The commercial transactions between the Company (or its Group Companies) and related parties carried out in 2022 are disclosed below, in three separate categories: a) transactions between Ferrovial, S.A and its directors or senior managers; b) transactions between subsidiaries of Ferrovial, S.A and the Company's directors or senior managers, and c) transactions between Group Companies.

Where the profit or loss from a transaction cannot be disclosed, as it pertains to the provider entity or individual, the transaction would be marked with an asterisk (*).

a) Transactions between Ferrovial, S.A and their directors or senior managers

This includes the transactions carried out between Ferrovial, S.A. and its directors and senior executives, their close family members or entities in which one or the other holds control or joint control, or those in which the directors of the Company are executives or directors at the same time or over which they could exercise significant influence[1]. If the party related to the Company was a related party for a part of the year, the transactions performed in that period are indicated.

There have been no transactions of this type during fiscal 2021 and 2022.

b) Transactions between subsidiaries of Ferrovial, S.A. and their directors or senior managers

This includes the transactions carried out between Ferrovial, S.A. and its directors and senior executives, their close family members or entities in which one or the other holds control or joint control, or those in which the directors of the Company are executives or directors at the same time or over which they could exercise significant influence[1]. If the party related to the Company was a related party for a part of the year, the transactions performed in that period are indicated.

[1] In relation to these latter entities, the ordinary transactions, which were completed on standard customer terms and are immaterial, are not included in accordance with Article 229.1 a) of the Spanish Companies Act.

(Thousand euro)		2022			2021		
NAME/COMPANY NAME	TRANSACTIONS	AMOUNT	PROFIT OR LOSS	BALANCE	AMOUNT	PROFIT OR LOSS	BALANCE
Rafael del Pino y Calvo-Sotelo	Services rendered	2	0	0	7	0	1
María del Pino y Calvo-Sotelo	Services rendered	5	1	0	6	1	0
Criu, S.L.	Services rendered	1	0	0	17	1	2
Polan, S.A.	Services received	-12	0	0	0	0	0
Polan, S.A.	Services provided	17	1	0	159	1	159

c) Transactions between Group companies

The transactions referred to below were completed between the Company's subsidiaries in the ordinary course of business, in terms of purpose and conditions, and were not eliminated on consolidation for the following reason.

As explained in detail in Note 1.3.2., balances and transactions relating to construction work performed by the Construction Division for the Group's infrastructure concession operators are not eliminated on consolidation since, at the consolidated level, contracts of this type are classed as construction contracts in which the work, while being executed, is deemed to be performed for third parties, as the ultimate owner of the works is the awarding entity from both a financial and a legal viewpoint.

In 2022 Ferrovial's Construction Division billed those concession operators for EUR 865,487 thousand (EUR 955,920 thousand in 2021) for work performed and related advance payments and, in this respect, recognized sales for that construction work totaling EUR 1,030,639 thousand (EUR 1,016,628 thousand in 2021).

In 2022 the profit from these transactions attributable to the Company's holdings in the concession operators in question and not eliminated on consolidation, net of taxes and non-controlling interests, was EUR -60,507 thousand. In 2021, this amounted to EUR 5,748 thousand.

6.9. CONFLICTS OF INTEREST

In accordance with legislation in force (Article 229 of the Spanish Companies Act), there were no direct or indirect conflicts of interest with the Company, notwithstanding the Company's transactions (or those of the Group companies) with the directors and their related persons disclosed in the notes to the accounts or, where applicable, resolutions relating to remuneration or appointments.

6.10. AUDIT FEES

Pursuant to Royal Decree 1514 of 16 November 2007, approving the Spanish National Chart of Accounts, the following is a disclosure of the total fees relating to the "audit services" provided by the auditors of the 2022 and 2021 Annual Accounts of the Group Companies, including both the lead auditor of Ferrovial S.A. and the other auditors of all its subsidiaries. Other non-audit services provided by the Group's principal auditor during 2022 and 2021 are also disclosed.

"Fees for audit services" relates to strictly statutory audit services.

"Other services that must be provided by the auditor under applicable legislation" only include, as the name indicates, those that are mandatory, such as the limited review of the Company's interim accounts or the issuance of comfort letters for debt issues.

Both the figures for 2022 and, for comparative purposes, those for 2021 exclude the fees of those companies that, as a result of the divestment processes, have already left Ferrovial's perimeter.

Total "non-audit services" provided by the principal auditor represent 11.8% of the total fees for audit services in 2022:

Million euros	2022	2021
Fees for audit services	**4,94**	**4,50**
Group Auditor	4,79	4,29
Other Auditors	0,15	0,20
Fees for audit related services	**0,42**	**0,40**
Group Auditor	0,42	0,40
Other Auditors	-	-
Other non-audit services	**0,57**	**0,12**
Group Auditor	0,57	0,12

6.11. EVENTS AFTER THE REPORTING PERIOD

On February 28th, the Board of Directors approved the merger of Ferrovial, S.A. into its wholly-owned subsidiary Ferrovial International SE. This means that the parent company of the Ferrovial group will become a European public limited company ("Societas Europaea") domiciled in the Netherlands. After the merger, the parent company will continue to be traded in Spain and will also be traded in the Netherlands. It will subsequently apply for .listing in the United States.

This reorganization, which only affects the group's parent company, is driven by the growing internationalization of Ferrovial, which has the largest volume of its activity abroad. In 2022, 82% of the group's revenues and nearly 96% of its value came from its international business, while more than 90% of its institutional investors were international entities.

The corporate reorganization has been designed to keep employment, activity, and investments in Spain intact, with no relevant tax impact for the group. Shareholders will have a right of withdrawal on the terms set out by applicable law. The decision will be submitted to the General Shareholders' Meeting for approval.

Apart from the aforementioned, there are no other significant subsequent events to report at the date these financial statements are authorized for issue.

6.12. APPENDICES

Appendix I. Information on the tax scheme provided by Articles 107 and 108 of Law 27/2014

In 2014, Ferrovial S.A. availed itself of the scheme currently provided by Articles 107 and 108 of Spanish Corporate Income Tax Act 27 of 27 November 2014 (CIT Act), applicable as from 1 January 2014 and therefore throughout 2022. Under this tax scheme:

1. Dividends and capital gains obtained by Ferrovial arising from equity investments in non-resident operating companies (representing at least 5% of the share capital of these companies) are exempt from 95% of corporate income tax if the conditions laid down in Article 21 of the CIT Act ("subject but exempt income") are fulfilled.
2. Dividends paid by Ferrovial out of the above-mentioned "subject but exempt reserves" or out of income from permanent establishments abroad that qualify for the exemption provided by Article 22 of the CIT Act are treated as follows:

i. Where the recipient is a non-resident shareholder in Spain (and does not operate through tax havens or a permanent establishment in Spain), the dividends are not subject to withholdings or tax in Spain.

ii. Where the recipient is a natural person resident in Spain and subject to personal income tax, the dividends received will be treated as savings income.

iii. Where the recipient is a legal person resident in Spain and subject to personal income tax, the dividends received will be treated as savings income.

In 2022, all dividends were paid by Ferrovial out of "subject but exempt income".

3. Capital gains obtained by Ferrovial's shareholders by transferring their shares are treated as follows:

i. Where the shareholder is a non-resident in Spain (and does not operate through tax havens or a permanent establishment in Spain), the portion of the capital gain that relates to reserves charged by Ferrovial to the above-mentioned "subject but exempt income", or to value differences attributable to Ferrovial's equity interests in non-resident entities that meet the requirements to apply the foreign-source income exemption provided by Articles 21 and 22 of the Spanish Corporate Income Tax Act (CIT Act), will not be subject to tax in Spain.

ii. Where the shareholder is an entity subject to Spanish corporate income tax and has a qualifying equity interest in Ferrovial (5% of share capital and held for one year), the exemption provided by Article 21 of the CIT Act may be applied.

iii. Where the shareholder is a natural person resident in Spain and subject to personal income tax, it will be taxed for capital gains obtained under the general scheme.

The amount of subject but exempt income pursuant to Articles 21 and 22 of the CIT Act obtained by Ferrovial in 2022 and the corresponding taxes paid abroad are as follows:

A) Exemption for foreign-source dividends and income

A.1 Exemption for foreign-source dividends:

In 2022, foreign-source dividends were obtained in the amount of EUR 1,295,636,728.88, of which a total of EUR 1,230,854,892.44 is exempt.

A.2 Exemption for income from permanent establishments abroad:

No income was obtained from permanent establishments abroad during the year.

B) Exemption for foreign-source capital gains

In 2022, as was the case in 2021, no tax-exempt foreign-source capital gains were obtained.

The sale of the Greek toll roads in 2018 resulted in a capital gain qualifying for the exemption provided by Article 21 of the CIT Act in the amount of EUR 84,825,069.03, the tax-exempt amount being EUR 11,307,039.92.

In financial years prior to 2018, no capital gains were obtained to which the exemption provided by Article 21 of the CIT Act could be applied, either because (i) the sales were made between Group companies and eliminated for tax consolidation purposes or (ii) they formed part of corporate restructurings completed under the tax neutrality scheme provided by Article 76 et seq of the Spanish CIT Act. Nonetheless, capital gains that would have had tax effects, had these schemes not been applicable (tax consolidation or tax neutrality), are as follows:

B.1 Elimination of capital gains on intragroup sales of foreign companies:

None took place during the year.

B.2 Capital gains deferred in corporate restructuring processes:

(Amounts in euro)

Ferrovial, S.A.	2,185,376,680
Cintra Infraestructuras Ireland, S.L.U.	6,143,952
TOTAL	**2,191,520,632**

To facilitate the application of the above-mentioned tax scheme by Ferrovial's shareholders, the Company performed a market assessment of its year-end equity interests (held directly and indirectly through shareholdings in other entities applying this special tax scheme) in non-resident entities and permanent establishments abroad that qualify for the foreign-source income exemption provided by Articles 21 and 22 of the CIT Act.

This assessment found that such assets account for 97% of Ferrovial's total market value at 31 December 2022. At 31 December 2021, this percentage amounted to 92%.

Tax treatment of Ferrovial's scrip dividend

In 2022, Ferrovial S.A. implemented two shareholder remuneration schemes named "Ferrovial Scrip Dividend", allowing shareholders to choose to (i) receive new bonus shares; (ii) transfer in the market the free allotment rights received for the shares held; or (iii) collect a cash amount by transferring the free allotment rights to Ferrovial.

Set out below are the main tax implications of these schemes, based on tax legislation in force in Spain and on the interpretation made by the Spanish Directorate General for Taxation in response to several binding ruling requests.

General considerations

In general, although the tax scheme applicable to shareholders residing in the historical territories, Ceuta or Melilla is similar to the national tax system, there may be some differences in the treatment afforded.

It should be noted that the tax treatment of the various options explained in relation to the capital increase set out above does not cover all possible tax consequences regarding the options in connection with the "Ferrovial Scrip Dividend" remuneration scheme. Therefore, shareholders should consult their tax advisors on the specific tax effect of the proposed scheme and pay attention to any changes that may arise under legislation in force at the date of this transaction, related interpretations and the personal circumstances of each shareholder or holder of free allotment rights.

In particular, shareholders not resident in Spain must consult their tax advisors regarding the effects of the different capital increase alternatives, including the analysis of exemptions provided by non-resident income tax legislation, the right to apply the provisions of double taxation treaties entered into by Spain and the way the income must be declared.

Specific considerations

<u>a) Delivery of new shares.</u>

If the shareholders opt for the delivery of new shares, they will come under the tax scheme indicated below:

1. Shareholders subject to personal income tax and non-resident income tax without a permanent establishment in Spain.

For tax purposes, the delivery of new shares will be considered a delivery of bonus shares and therefore will not constitute income for the purposes of personal income tax (PIT), or non-resident income tax (NRIT), on the assumption that the latter (non-resident taxpayer) does not act in Spain through a permanent establishment. As indicated, the delivery of new shares is not subject to withholdings or prepayments.

The acquisition cost per share for tax purposes of both the bonus shares and the shares from which they arise will be the result of dividing the portfolio's total acquisition cost by the number of shares, including both the original shares and the corresponding bonus shares. The age of the bonus shares will be that of the original shares.

Consequently, in the event of a subsequent transfer, the income obtained will be calculated by reference to this new value.

2. Shareholders subject to corporate income tax and non-resident income tax with a permanent establishment in Spain.

For corporate income tax ("CIT") purposes, and for non-resident income tax ("NRIT) purposes in the case of non-resident taxpayers with a permanent establishment in Spain (where a full business cycle is completed), the delivery of new shares under this alternative will be afforded the treatment stipulated in accounting legislation, taking into account the applicable specific provisions brought in by the Resolution of the Spanish Institute of Accounting and Auditing (ICAC) of 5 March 2019 ("ICAC Resolution") for financial years beginning on or after 1 January 2020, which develops the approach to the presentation of financial instruments and other aspects governed by accounting legislation, and pursuant to the responses to ruling requests issued by the Directorate General for Taxation on the tax impacts of the ICAC Resolution, reference numbers V1358-2020, V1357-2020, V1809/2020, V2468-2020 and V2469-2020 ("Ruling Request Responses"). All the above is notwithstanding any rules for calculating the tax base which may be applicable, particularly the possibility of applying the exemption in the terms and limits stipulated in the current wording of Article 21 of the CIT Law.

According to the ruling request responses, the delivery of fully-paid shares is not classed as income subject to withholdings or payments on account of CIT or NRIT for taxpayers with a permanent establishment in Spain.

<u>b) Sale of free allotment rights in the market.</u>

If the shareholders sell their free allotment rights in the market, the amount obtained will come under the tax scheme indicated below:

1. Shareholders who pay personal income tax (individuals with tax residence in Spain).

The amount obtained on the sale of the free allotment rights in the market will be subject to the same scheme provided by tax legislation for pre-emptive subscription rights. As a result, the transferring shareholder will have been deemed to have made a capital gain in the tax period in which the sale occurs. The amount obtained will be subject to personal income tax withholdings at the rate applicable at that time (currently 19%).

This withholding tax will be applied by the relevant custodian (and, failing this, by the financial intermediary or public notary involved in the transfer), Ferrovial not being required to make the withholdings or to supply related tax information to its shareholders. Shareholders are therefore advised to contact the relevant custodians in this regard.

2. Shareholders who pay non-resident income tax without a permanent establishment in Spain.

In the case of non-resident shareholders, the amount obtained on the sale in the market of the bonus issue rights is also subject to the same rules established in tax legislation for pre-emptive subscription rights, therefore the transferring shareholder will be considered to have made a capital gain in the tax period in which the sale occurs, subject to non-resident income tax at the general rate of 19%. At present, this payment is not subject to non-resident income tax withholdings and the shareholders must self-assess this income in their tax returns.

However, this income will be exempt from non-resident income tax in certain cases, such as non-resident shareholders that transfer their rights in official secondary securities markets in Spain, are residents of a country that has a double taxation treaty (DTT) with Spain containing an information exchange clause and do not operate or reside in a tax haven for Spanish purposes, notwithstanding the exemptions provided by NRIT legislation.

3. Shareholders who pay Spanish corporate income tax or non-resident income tax with a permanent establishment in Spain.

Provided that a full business cycle is completed, tax will be paid in accordance with applicable accounting legislation, including the provisions of the ICAC Resolution, ruling request responses and, if appropriate, adjustments applicable under CIT legislation and any applicable special CIT schemes.

c) Sale to Ferrovial of the free allotment rights.

Lastly, if the holders of bonus issue rights decide to avail themselves of the Ferrovial Purchase Commitment, the tax scheme applicable to the amount obtained on the sale to Ferrovial of the bonus issue rights received in their capacity as shareholders will be equivalent to the scheme applied to the distribution of a cash dividend and will therefore be subject to the corresponding withholding tax and taxation.

Where shareholders provide evidence of non-resident income taxpayer status, no permanent establishment in Spain and non-residence in Spain or in a territory classed as a tax haven, the dividends paid by Ferrovial and therefore the amounts received from the sale of free allotment rights to Ferrovial will not be subject to tax or tax withholdings in Spain, since for tax purposes they are paid out of the exempt income from non-resident entities envisaged in Articles 21 and 22 of CIT Law 27/2014 of 27 November.

Appendix II. Subsidiaries (fully-consolidated companies) (millions of euros)

Entity	Type	Parent	% Ownership	Net Cost Ownership	Audit
CONTINUED ACTIVITIES					
CORPORATION					
SPAIN (Registered Office: Madrid, Spain)					
Ferrovial Inversiones, S.A. (a)		Ferrovial, S.A. (a)	100,0 %	67	
Can-Am, S.A. (a)		Ferrovial, S.A. (a)	100,0 %	0	
Ferrovial Emisiones, S.A. (a)		Ferrovial, S.A. (a)	99,0 %	0	1
Ferrovial Corporación, S.A. (a)		Ferrovial, S.A. (a)	100,0 %	5	1
Ferrofin, S.L. (a)		Ferrovial Construcción, S.A. (a)	52,0 %	265	
Ferrofin, S.L. (a)		Ferrovial, S.A. (a)	48,0 %	230	
Temauri, S.L. (a)		Ferrovial, S.A. (a)	100,0 %	7	
Ferrovial 001, S.A. (a)		Ferrovial, S.A. (a)	100,0 %	0	
Ferrovial 004, S.A. (a)		Ferrovial, S.A. (a)	100,0 %	17	
Ferrovial 008, S.L. (a)		Ferrovial, S.A. (a)	100,0 %	0	
Ferrovial 009, S.L. (a)		Ferrovial, S.A. (a)	100,0 %	0	
Ferrovial Venture VI, S.A.U. (a)		Ferrovial, S.A. (a)	100,0 %	0	
Ferrovial Ventures, S.A.U. (a)		Ferrovial, S.A. (a)	100,0 %	15	
Acadia Servicios de Medioambiente, S.L. (a)		Ferrovial Internacional, S.E.	100,0 %	0	
Autovía de Aragón, Sociedad Concesionaria, S.A.	P	Ferrovial, S.A. (a)	15,0 %	3	2
Pilum, S.A.	P	Ferrovial, S.A. (a)	94,1 %	1	2
Ferrovial Aravia, S.A.	P	Ferrovial, S.A. (a)	15,0 %	0	2
Sitkol, S.A.U. (a)		Ferrovial 001, S.A. (a)	100,0 %	0	
UNITED KINGDOM (Registered Office: Oxford, United Kingdom)					
Ferrocorp UK Ltd.		Ferrovial, S.A. (a)	100,0 %	1	1
UNITED KINGDOM (Registered Office: London, United Kingdom)					
Ferrovial Ventures, Ltd.		Ferrovial Internacional, S.E.	100,0 %	7	1
Ferrovial Services UK, Ltd.		Ferrovial Services International, S.E.	100,0 %	9	
IRELAND (Registered Office: Dublin, Ireland)					
Landmille, Ltd		Ferrovial, S.A. (a)	100,0 %	107	3
LUXEMBURGO (Registered Office: Luxemburgo)					
Krypton RE, S.A.		Ferrovial, S.A. (a)	100,0 %	8	1
NETHERLANDS (Registered Office: Amsterdam, Netherlands)					
Ferrovial International, S.E.		Ferrovial, S.A. (a)	100,0 %	8591	1
Ferrovial Netherlands B.V.		Ferrovial Internacional, S.E.	100,0 %	2	1
Ferrovial Services Netherlands B.V.		Ferrovial, S.A. (a)	100,0 %	14	2
Ferrovial Ventures NL B.V.		Ferrovial Internacional, S.E.	100,0 %	9	
UNITED STATES (Registered Office: Austin, United States)					
Ferrovial Holding US Corp		Cintra Infrastructures, S.E.	100,0 %	3327	
Landmille US LLC		Ferrovial Holding US Corp	100,0 %	0	3
UNITED STATES (Registered Office: Wilmington, United States)					
Ferrovial IT US, LLC		Ferrovial Holding US Corp	100,0 %	0	
CONSTRUCTION					
GERMANY (Registered Office: Cologne)					
Budimex Bau GmbH		Budimex SA	100,0 %	0	
ARABIA (Registered Office: Riyadh)					
Ferrovial Agroman Company		Ferrovial Construcción, S.A. (a)	97,5 %	3	7
AUSTRALIA (Registered Office: Sidney)					
Ferrovial Construction (Australia) PTY LTD		Ferrovial Construction Holdings Ltd	100,0 %	11	1
BRASIL (Registered Office: Bela Vista, São Paulo)					
Constructora Ferrovial Ltd. (Brasil)		Ferrovial Construction International S.E.	100,0 %	0	
CANADA (Registered Office: Alberta, Canada)					
Ferrovial Services Alberta Limited		Ferrovial Services Canada (Holdings) Limited	100,0 %	0	
CANADA (Registered Office: Markham - Ontario)					
Ferrovial Construction Canada Inc.		Ferrovial Construction International S.E.	100,0 %	0	1
Ferrovial Services Ontario Limited		Ferrovial Services Canada (Holdings) Limited	100,0 %	0	
Ontario Transit FCCI (Hold Co) Inc.		F&A Canada	100,0 %	0	1
CANADA (Registered Office: Toronto, Canada)					
Ferrovial Services Canada (Holdings) Limited		Ferrovial Construction International S.E.	100,0 %	6	5
CHILE (Registered Office: Santiago de Chile)					
Constructora Ferrovial Ltda.		Ferrovial Empresa Constructora Ltda.	97,2 %	0	1
Ferrovial Construcción Chile S.A.		Ferrovial Empresa Constructora Ltda.	100,0 %	33	1
Ferrovial Empresa Constructora Ltda.		Ferrovial Construction International S.E.	100,0 %	24	1
Siemsa Chile S.p.A.		Siemsa Industria S.A. (a)	100,0 %	0	

Entity	Type	Parent	% Ownership	Net Cost Ownership	Audit
COLOMBIA (Registered Office: Santiago de Chile)					
Ferrovial Construcción Colombia, S.A.S		Ferrovial Construction International S.E.	100,0 %	0	
SLOVAKIA (Registered Office: Bratislava)					
D4R7 Construction S.R.O.		Ferrovial Construction Slovakia S.R.O.	65,0 %	3	3
Ferrovial Construction Slovakia S.R.O.		Ferrovial Construction Holdings Ltd	99,0 %	10	3
SPAIN (Registered Office: Barcelona)					
Conc. Prisiones Lledoners,S.A. (a)	P	Ferrovial Construcción, S.A. (a)	100,0 %	16	1
SPAIN (Registered Office: Bilbao)					
Cadagua, S.A. (a)		Ferrovial Construcción, S.A. (a)	100,0 %	87	1
SPAIN (Registered Office: Madrid)					
Cocsa, S.A. (a)		Ferrovial Construcción, S.A. (a)	100,0 %	8	1
Ditecpesa, S.A. (a)		Ferrovial Construcción, S.A. (a)	100,0 %	1	1
Tecpresa Structural Solutions, S.A. (a)		Ferrovial Construcción, S.A. (a)	99,1 %	2	
Ferroconservación, S.A. (a)		Ferrovial Construcción, S.A. (a)	99,0 %	1	1
Ferrovial Construcción, S.A. (a)		Ferrovial, S.A. (a)	100,0 %	711	1
Ferrovial Medio Ambiente y Energía, S.A. (a)		Ferrovial Construcción, S.A. (a)	100,0 %	1	
Ferrovial Railway S.A. (a)		Ferrovial Construcción, S.A. (a)	98,8 %	0	
Siemsa Control y Sistemas S.A.U. (a)		Siemsa Industria S.A. (a)	99,0 %	1	2
Siemsa Industria S.A. (a)		Ferrovial Construcción, S.A. (a)	99,0 %	16	2
Arena Recursos Naturales, S.A.U. (a)		Ferrovial Construcción, S.A. (a)	100,0 %	0	
Urbaoeste, S.A. (a)		Ferrovial Construcción, S.A. (a)	99,0 %	0	
Ferrovial 010, S.A.U. (a)		Ferrovial Construcción, S.A. (a)	99,0 %	0	
Autovía de Aragón, Sociedad Concesionaria, S.A.		Ferrovial Construcción, S.A. (a)	55,0 %	22	
Pilum, S. A.	P	Ferrovial Construcción, S.A. (a)	3,8 %	0	2
Ferrovial Aravia, S.A.	P	Ferrovial Construcción, S.A. (a)	55,0 %	0	2
SPAIN (Registered Office: Zaragoza)					
Depusa Aragón S.A. (a)	P	Ferrovial Construcción, S.A. (a)	42,3 %	2	1
Depusa Aragón S.A. (a)	P	Cadagua, S.A. (a)	51,7 %	2	1
UNITED STATES (Registered Office: Atlanta)					

Entity	Type	Parent	% Ownership	Net Cost Ownership	Audit
Ferrovial Construction East, LLC		Ferrovial Construction US Corp.	100,0 %	440	
UNITED STATES (Registered Office: Austin)					
Cadagua US LLC		Ferrovial Construction US Holding Corp.	100,0 %	14	
Cintra ITR LLC		Ferrovial Construction US Corp.	44,0 %	20	1
Ferrovial Agroman 56, LLC		Ferrovial Construction Texas, LLC	100,0 %	35	
Ferrovial Agroman Indiana, LLC		Ferrovial Construction US Corp.	100,0 %	0	
Ferrovial Construction Texas, LLC		Ferrovial Construction US Corp.	100,0 %	158	
Ferrovial Construction US Corp.		Ferrovial Construction US Holding Corp.	100,0 %	453	1
Ferrovial Construction US Holding Corp.		Ferrovial Holding US Corp.	100,0 %	1002	1
Grand Parkway Infrastructure LLC		DBW Construction LLC	30,0 %	0	1
Grand Parkway Infrastructure LLC		Ferrovial Construction Texas, LLC	40,0 %	0	1
Ferrovial Energy Solutions, LLC		Ferrovial Construction US Holding Corp.	100,0 %	0	
Servicios (Delaware) Inc.		Ferrovial Services International, S.E.	100,0 %	35	
Ferrovial Services U.S., Inc.		Servicios (Delaware) Inc.	100,0 %	255	
Ferrovial Services Infrastructure, Inc.		Ferrovial Services U.S., Inc.	100,0 %	39	1
Ferrovial Services Holding US Corp		Ferrovial Holding US Corp	100,0 %	31	
Ferrovial Construccion JFK T1 LLC		Ferrovial Construction US Corp.	100,0 %	0	
UNITED STATES (Registered Office: Charlotte)					
Sugar Creek Construction LLC		Ferrovial Construction East, LLC	70,0 %	64	
UNITED STATES (Registered Office: Dallas)					
Trinity Infrastructure LLC		DBW Construction LLC	40,0 %	0	
Trinity Infrastructure LLC		Ferrovial Construction Texas, LLC	60,0 %	0	
UNITED STATES (Registered Office: Fort Worth)					
North Tarrant Infrastructures		DBW Construction LLC	25,0 %	0	1
North Tarrant Infrastructures		Ferrovial Construction Texas, LLC	75,0 %	0	1
UNITED STATES (Registered Office: Georgia)					
North Perimeter Constractors LLC		Ferrovial Construction East, LLC	100,0 %	369	1
UNITED STATES (Registered Office: Katy)					
52 Block Builders		Webber Commercial Construction, LLC	100,0 %	0	1
UNITED STATES (Registered Office: Los Angeles)					

Entity	Type	Parent	% Ownership	Net Cost Ownership	Audit
California Rail Builders		Ferrovial Construction West, LLC	80,0 %	0	1
Ferrovial Construction West, LLC		Ferrovial Construction US Corp.	100,0 %	0	
Great Hall Builders LLC		Ferrovial Construction West, LLC	70,0 %	0	
UNITED STATES (Registered Office: North Richland Hills)					
Bluebonnet Constractor, LLC		DBW Construction LLC	40,0 %	0	
Bluebonnet Constractor, LLC		Ferrovial Construction Texas, LLC	60,0 %	0	
UNITED STATES (Registered Office: Suffolk)					
US 460 Mobility Partners LLC		Ferrovial Construction East, LLC	70,0 %	0	
UNITED STATES (Registered Office: The Woodlands)					
DBW Construction LLC.		Webber, LLC	100,0 %	40	1
PLW Waterworks LLC		Cadagua US, LLC	50,0 %	2	1
PLW Waterworks LLC		Webber, LLC	50,0 %	2	1
Southern Crushed Concrete LLC		Webber Equipment & Materials LLC - Sucursal en Spain	100,0 %	88	1
W.W. Webber, LLC		Ferrovial Construction US Holding Corp.	100,0 %	584	1
Webber Barrier Services		Webber, LLC	100,0 %	5	1
Webber Commercial Construction LLC		Webber, LLC	99,0 %	6	
Webber Equipment & Materials LLC		Webber, LLC	100,0 %	227	1
Webber Holdings, LLC		Ferrovial Construction US Holding Corp.	100,0 %	0	
Webber Management Group LLC		Webber Equipment & Materials LLC - Sucursal en Spain	100,0 %	41	1
UNITED STATES (Registered Office: Virginia)					
FAM Construction LLC (I-66)		Ferrovial Construction US Corp.	70,0 %	143	1
FRANCE (Registered Office: Paris)					
Ferrovial Construction France, S.A.		Ferrovial Construction International S.E.	100,0 %	0	
NETHERLANDS (Registered Office: Amsterdam)					
Ferrovial Construction International S.E.		Ferrovial Internacional, S.E.	100,0 %	237	1
INDIA (Registered Office: New Delhi)					
Cadagua Ferrovial India Pr Ltd		Cadagua, S.A. (a)	95,0 %	0	
IRELAND (Registered Office: Dublin)					
Ferrovial Construction Ireland Ltd		Ferrovial Construction Holdings Ltd	100,0 %	7	2

Entity	Type	Parent	% Ownership	Net Cost Ownership	Audit
MÉXICO (Registered Office: Mexico DF)					
Cadagua Ferr. Industrial México		Cadagua, S.A. (a)	75,1 %	0	
Cadagua Ferr. Industrial México		Ferrovial Medio Ambiente y Energía, S.A. (a)	25,0 %	0	
Ferrovial Agroman México, S.A. de C.V.		Ferrovial Construction International S.E.	100,0 %	0	
NEW ZEALAND (Registered Office: Wellington)					
Ferrovial Construction (New Zeeland) Limited		Ferrovial Construcción Australia PTY LTD	100,0 %	1	
PERÚ (Registered Office: Lima)					
Ferrovial Construcción Perú, S.A.C.		Ferrovial Construction International S.E.	100,0 %	0	
POLAND (Registered Office: Cracow)					
Mostostal Kraków S.A.		Budimex SA	100,0 %	2	1
Mostostal Kr		Mostostal Kraków SA	100,0 %	0	
POLAND (Registered Office: Kamieńsk)					
FBSerwis Kamieńsk Sp. z o.o.		FBSerwis SA	80,0 %	7	1
POLAND (Registered Office: Kąty Wrocławskie)					
FBSerwis Wrocław Sp. z o.o.		FBSerwis SA	100,0 %	0	1
POLAND (Registered Office: Ścinawka Dolna)					
FBSerwis Dolny Śląsk Sp. z o.o.		FBSerwis SA	100,0 %	0	1
POLAND (Registered Office: Tarnów)					
FBSerwis Karpatia Sp. z o.o.		FBSerwis SA	100,0 %	0	1
POLAND (Registered Office: Varsovia)					
Autostrada, S.A.		Ferrovial Construcción, S.A. (a)	1,3 %	0	2
POLAND (Registered Office: Warsaw)					
Budimex, S.A.		Ferrovial Construction International S.E.	50,1 %	83	1
Bx Budownictwo Sp. z o.o.		Budimex SA	100,0 %	0	1
Bx Kolejnictwo SA		Budimex SA	100,0 %	18	1
Bx Parking Wrocław Sp. z o.o.		Budimex SA	51,0 %	1	1
FBSerwis SA		Budimex SA	100,0 %	19	1
FBSerwis A Sp. z o.o.		FBSerwis SA	100,0 %	0	
FBSerwis B Sp. z o.o.		FBSerwis SA	100,0 %	0	
FBSerwis Odbiór Sp. z o.o.		FBSerwis SA	100,0 %	0	
FBSerwis Paliwa Alternatywne Sp. z o.o.		FBSerwis SA	100,0 %	0	
JZE Sp. z o.o.		FBSerwis SA	100,0 %	1	
UNITED KINGDOM (Registered Office: London)					
Ferrovial Construction (UK) Limited		Ferrovial Construction Holdings Ltd	100,0 %	-3	1
Ferrovial Construction Holdings Limited		Ferrovial Construction International S.E.	100,0 %	72	1

Entity	Type	Parent	% Ownership	Net Cost Ownership	Audit
FC Civil Solutions Limited		Ferrovial Construction Holdings Ltd	100,0 %	0	
TOLL ROADS					
SPAIN (Registered Office: Madrid, Spain)					
Cintra Infraestructuras Spain, S.L. (a)		Ferrovial, S.A. (a)	100,0 %	627	1
Cintra Infraestructuras Ireland, S.L.U. (a)		Cintra Global SE	100,0 %	3	1
Cintra Inversora Autopistas de Cataluña, S.L. (a)	P	Cintra Infraestructuras Spain, S.L. (a)	100,0 %	0	1
Inversora Autopistas de Cataluña, S.L. (a)	P	Cintra Inversora Autopistas de Cataluña, S.L. (a)(a)	100,0 %	0	1
Cintra Inversiones, S.L.U. (a)		Cintra Infraestructuras Spain, S.L. (a)	100,0 %	318	
Cintra Servicios de Infraestructuras, S.A. (a)		Cintra Infraestructuras Spain, S.L. (a)	100,0 %	4	1
Autopista Alcalá-O'Donnell, S.A. (a)		Cintra Infraestructuras Spain, S.L. (a)	100,0 %	15	
Autovía de Aragón, Sociedad Concesionaria, S.A.	P	Cintra Infraestructuras Spain, S.L. (a)	30,0 %	3	2
Pilum, S.A.	P	Cintra Infraestructuras Spain, S.L. (a)	2,1 %	0	2
Ferrovial Aravia, S.A.	P	Cintra Infraestructuras Spain, S.L. (a)	30,0 %	1	2
SPAIN (Registered Office: Barcelona, Spain)					
Autopista Terrasa-Manresa, S.A. (a)	P	Inversora Autopistas de Cataluña, S.L. (a)	76,3 %	420	1
AUSTRALIA (Registered Office: Melbourne, Australia)					
Cintra OSARS (Western) Holdings Unit Trust		Cintra OSARS Western Ltd	100,0 %	29	
Cintra OSARS Western Unit Trust		Cintra OSARS (Western) Holdings Unit Trust	100,0 %	0	
AUSTRALIA (Registered Office: Sydney, Australia)					
Cintra Developments Australia PTY, Ltd		Cintra Infrastructures UK Ltd	100,0 %	0	1
Cintra OSARS (Western) Holdings PTY Ltd		Cintra OSARS Western Ltd	100,0 %	0	1
Cintra OSARS Western PTY Ltd		Cintra OSARS (Western) Holdings PTY Ltd	100,0 %	0	1
CANADA (Registered Office: Toronto, Canada)					
Cintra 407 East Development Group Inc		407 Toronto Highway B.V.	100,0 %	2	
Cintra OM&R 407 East Development Group Inc		407 Toronto Highway B.V.	100,0 %	0	
Cintra 4352238 Inc		407 Toronto Highway B.V.	100,0 %	0	
Blackbird Maintenance 407 Cintra GP Inc		407 Toronto Highway B.V.	100,0 %	1	
Blackbird Infrastructure 407 Cintra GP Inc		407 Toronto Highway B.V.	100,0 %	0	
COLOMBIA (Registered Office: Bogotá, Colombia)					
Cintra Infraestructuras Colombia, S.A.S. (a)		Cintra Global SE	100,0 %	14	1
C. Concesiones Colombia S.L.U.		Cintra Global SE	100,0 %	0	
CHILE (Registered Office: Santiago de Chile, Chile)					

Entity	Type	Parent	% Ownership	Net Cost Ownership	Audit
Cintra Infraestructuras Chile SpA		Cintra Global SE	100,0 %	0	
UNITED STATES (Registered Office: Austin, United States)					
Cintra Holding US Corp		Ferrovial Holding US Corp	96,8 %	1.285	
Cintra Texas Corp		Cintra Holding US Corp	100,0 %	-22	
Cintra US Services LLC		Cintra Texas Corp	100,0 %	1	
Cintra ITR LLC		Cintra Holding US Corp	49,0 %	0	
Cintra LBJ LLC		Cintra Holding US Corp	100,0 %	303	
Cintra NTE LLC		Cintra Holding US Corp	100,0 %	240	
Cintra NTE Mobility Partners Segments 3 LLC		Cintra Holding US Corp	100,0 %	247	
Cintra Toll Services LLC		Cintra Holding US Corp	100,0 %	0	
Cintra I-77 Mobility Partners LLC		Cintra Holding US Corp	100,0 %	142	
Cintra 2 I-77 Mobility Partners LLC (2)		Cintra Holding US Corp	100,0 %	66	
Cintra 2 I-66 Express Mobility Partners		Cintra Holding US Corp	100,0 %	647	
I-66 Express Mobility Partners Holdings LLC	P	Cintra 2 I-66 Express	50,0 %	647	
I-66 Express Mobility Partners LLC	P	I-66 Express Mobility	50,0 %	1373	1
Cintra 3I-66 Express Mobility Partners LLC		Cintra Holding US Corp	100,0 %	196	
Cintra 3 I-77 Mobility Partners LLC		Cintra Holding US Corp	100,0 %	104	
Cintra Digital Business Ventures LLC	P	Cintra Holding US Corp	100,0 %	0	
Cintra North Corridor Transit Partners LLC		Cintra Holding US Corp	100,0 %	0	
UNITED STATES (Registered Office: Charlotte, United					
I-77 Mobility Partners Holding LLC	P	Cintra I-77 Mobility Partners	50,1 %	108	
I-77 Mobility Partners Holding LLC	P	Cintra 2-I77 Mobility	15,0 %	68	
I-77 Mobility Partners Holding LLC	P	Cintra 3-I77 Mobility Partners Holding LLC	7,1 %	104	
I-77 Mobility Partners LLC	P	I-77 Mobility Partners Holding LLC	100,0 %	218	1
UNITED STATES (Registered Office: Dallas, United States)					
LBJ Infrastructure Group Holding LLC	P	Cintra LBJ LLC	54,6 %	302	
LBJ Infrastructure Group LLC	P	LBJ Infrastructure Group Holding LLC	100,0 %	521	1
UNITED STATES (Registered Office: North Richland Hills, United States)					
NTE Mobility Partners Holding LLC	P	Cintra NTE LLC	63,0 %	240	
NTE Mobility Partners LLC	P	NTE Mobility Partners Holding LLC	100,0 %	322	
NTE Mobility Partners Segments 3 Holding LLC	P	Cintra NTE Mobility Partners Segments 3 LLC	53,7 %	223	
NTE Mobility Partners Segments 3 LLC	P	NTE Mobility Partners	100,0 %	406	1

Entity	Type	Parent	% Ownership	Net Cost Ownership	Audit
NETHERLANDS (Registered Office: Amsterdam, Netherlands)					
Cintra Infrastructures SE		Ferrovial International SE	100,0 %	3.033	1
Cintra Global SE		Ferrovial International SE	100,0 %	3.242	
407 Toronto Highway B.V.		Cintra Global SE	100,0 %	2.664	
Cintra INR Investments B.V.		Cintra Global SE	100,0 %	369	5
Cintra Latam Highways B.V.		Cintra Global SE	100,0 %	0	
IRELAND (Registered Office: Dublin, Ireland)					
Financinfrastructures, Ltd		Cintra Global SE	100,0 %	32	1
Cinsac, Ltd		Cintra Infraestructuras	100,0 %	0	1
POLAND (Registered Office: Warsow, Poland)					
Autostrada Poludnie, S.A.		Cintra Infrastructures SE	93,6 %	12	2
PORTUGAL (Registered Office: Lisbon, Portugal)					
Vialivre, S.A.	P	Cintra Infrastructures SE	84,0 %	0	1
PORTUGAL (Registered Office: Ribeira Grande,					
Euroscut Açores, S.A.	P	Cintra Infrastructures SE	89,2 %	27	1
UNITED KINGDOM (Registered Office: London, United					
Cintra Silvertown Ltd		Cintra Infrastructures UK Ltd	100,0 %	1	1
UNITED KINGDOM (Registered Office: Oxford, United					
Cintra Infrastructures UK Ltd		Cintra Global SE	100,0 %	45	1
Cintra Toowoomba Ltd		Cintra Infrastructures UK Ltd	100,0 %	5	1
Cintra UK I-77 Ltd		Ferrovial Holding US Corp	100,0 %	0	1
Cintra Slovakia Ltd		Cintra Global SE	100,0 %	1	1
Cintra I-66 Express UK Ltd		Ferrovial Holding US Corp	100,0 %	0	1
Cintra OSARS Western Ltd		Cintra Infrastructures UK	100,0 %	29	1
AIRPORTS					
SPAIN (Registered Office: Madrid, Spain)					
Ferrovial Aeropuertos Spain, S.A. (a)		Ferrovial, S.A. (a)	100,0 %	43	
UNITED STATES (Registered Office: Austin, United					
Ferrovial Airports Holding US Corp		Ferrovial Holding US Corp	100,0 %	105	
Ferrovial Vertiports US LLC		Ferrovial Airports Holding	100,0 %	8	
Ferrovial Vertiports Florida LLC	P	Ferrovial Vertiports US LLC	100,0 %	1	
UNITED STATES (Registered Office: Denver, United					
Ferrovial Airports O&M Services LLC		Ferrovial Airports Holding US Corp	100,0 %	0	
Ferrovial Airports US Terminal One LLC.		Ferrovial Airports Holding	100,0 %	53	
UNITED STATES (Registered Office: New York, United States)					
MARS NTO LLC.		Ferrovial Airports US Terminal One LLC.	96,1 %	62	
NETHERLANDS (Registered Office: Amsterdam, Netherlands)					
Hubco Netherlands B.V.		Ferrovial International, S.E.	100,0 %	807	
FERROVIAL AIRPORTS FMM BV		Ferrovial Airports International, S.E.	100,0 %	0	
Ferrovial Airports Turkey B.V.		Ferrovial Airports International, S.E.	100,0 %	132	
YDA HAVALIMANI YATIRIM VE (Dalaman)	P	Ferrovial Airports Turkey	60,0 %	145	
UNITED KINGDOM (Registered Office: Oxford, United Kingdom)					
Faero UK Holding Limited		Hubco Netherlands B.V.	100,0 %	255	1
Ferrovial Airports International, S.E.		Ferrovial International, S.E.	100,0 %	1.372	1
Ferrovial Airports Denver UK Ltd.		Ferrovial Airports International, S.E.	100,0 %	0	1
Ferrovial Vertiports UK Ltd.	P	Ferrovial Airports	100,0 %	2	
ENERGY INFRAESTRUCTURES AND MOBILITY					
SPAIN (Registered Office: Madrid, Spain)					
Ferrovial Transco Spain , S.A.U. (a)	P	Ferrovial Transco International B.V.	100,0 %	13	
Ferrovial Infraestructuras Energéticas, S.A.U. (a)		Ferrovial, S.A. (a)	100,0 %	19	
Parque Solar Casilla, S.L.U. (a)	P	Ferrovial Infraestructuras	100,0 %	9	
Ferrovial Mobility, S.L. (a)		Ferrovial, S.A. (a)	100,0 %	35	
Cea Infraestructuras Energéticas (a)	P	Ferrovial Infraestructuras	100,0 %	0	
Jucar Infraestructuras Energéticas (a)	P	Ferrovial Infraestructuras Energéticas, S.A.U. (a)	100,0 %	0	
Pisuerga Infraestructuras Energéticas, S.A.U. (a)	P	Ferrovial Infraestructuras	100,0 %	0	
Ferrovial Growth VI, S.L. (a)		Ferrovial, S.A. (a)	100,0 %	17	

Entity	Type	Parent	% Ownership	Net Cost Ownership	Audit
CHILE (Registered Office: Santiago, Chile)					
Ferrovial Power Infrastructure Chile, SpA	P	Ferrovial Transco International B.V.	100,0 %	60	1
Ferrovial Transco Chile II SpA	P	Ferrovial Power	100,0 %	0	
Transchile Charrúa Transmisión, S.A.	P	Ferrovial Power	99,9 %	46	1
Ferrovial Transco Chile III SPA	P	Ferrovial Transco International, B.V.	100,0 %	0	
Ferrovial Transco Chile IV SpA	P	Ferrovial Power Infraestructure Chile, SpA	100,0 %	0	
Centella Transmisión, S.A.	P	Ferrovial Transco Chile III SPA	49,9 %	0	1
Centella Transmisión, S.A.	P	Ferrovial Power Infrastructure Chile, SpA	50,1 %	0	1
UNITED STATES (Registered Office: Austin, United States)					
Ferrovial Mobility U.S., LLC		Ferrovial Holding US Corp	100,0 %	2	
Ferrovial Energy US, LLC		Ferrovial Holding US Corp	100,0 %	0	
Ferrovial Energy US 1, LLC		Ferrovial Energy US, LLC	100,0 %	0	
NETHERLANDS (Registered Office: Amsterdam,					
Ferrovial Services International, S.E.		Ferrovial International,	100,0 %	59	2
Ferrovial Transco International B.V.		Ferrovial International,	100,0 %	60	1
UNITED KINGDOM (Registered Office: London, United Kingdom)					
Thalia Waste Management Limited		Thalia Waste Treatment	50,0 %	0	1
Thalia MK ODC Limited		Thalia Waste	100,0 %	0	1
Thalia AWRP ODC Limited		Thalia Waste Management Limited	100,0 %	0	1
Thalia WB HoldCo Limited		Thalia Waste Management Limited	100,0 %	0	1
Thalia WB ODC Limited		Thalia WB HoldCo Limited	100,0 %	0	1
Thalia WB Services Limited		Thalia WB ODC Limited	100,0 %	0	1

Entity	Type	Parent	% Ownership	Net Cost Ownership	Audit
Thalia WB SPV Limited	P	Thalia WB Services Limited	100,0 %	0	1
Thalia IOW SPV Limited		Thalia Waste	100,0 %	0	1
Thalia MK HoldCo Limited		Thalia Waste	50,0 %	0	1
Thalia MK SPV Limited		Thalia MK HoldCo Limited	100,0 %	0	1
Thalia Ventures Limited		Thalia Holdco Ltd	100,0 %	0	1
Thalia IOW ODC Ltd		Thalia Waste Management Limited	100,0 %	0	1
Thalia Holdco Ltd		Thalia Waste Treatment	100,0 %	0	1
CHILE (Registered Office: Antofagasta, Chile)					
Berliam S.p.A.		Ferrovial Servicios Chile, SpA	65,1 %	27	2
Berliam S.p.A.		Inversiones Chile Ltda	34,9 %	3	2
CHILE (Registered Office: Los Andes, Chile)					
Steel Ingenieria, S.A.		Ferrovial Servicios Chile SPA	99,9 %	31	2
Ferrovial Servicios Chile SPA		Ferrovial Services	100,0 %	12	
CHILE (Registered Office: Santiago, Chile)					
Ferrovial Servicios Ambientales		Berliam S.p.A.	99,7 %	0	2
Inversiones (Chile) Holdings Limitada		Ferrovial Servicios Chile SpA	100,0 %	0	2
Inversiones (Chile) Limitada		Inversiones (Chile) Holding	100,0 %	0	
Ferrovial Servicios Salud, SpA		Ferrovial Servicios Chile	100,0 %	0	

Auditor Key:

Auditors: (1) EY; (2) Deloitte; (3) BDO; (4) PWC; (5) KPMG; (6) Vir Audit; (7) Elayouty

(a) Form part of the tax scope of Ferrovial, S.A. and subsidiaries.

(*) New legal names (effective as of the first week of January 2022)

(P) Project Company

(Net Cost Ownership: Net Cost of the parent company over the dependent)

Appendix II. Associate companies (equity-accounted companies) (million euro)

Entity	Type	Parent	% Ownership	Value Eq. Metho	Assets.	Liab.	Reven.	Results	Audit
ENERGY INFRAESTRUCTURES AND MOBILITY									
SPAIN									
Car Sharing Mobility Services, S.L.		Ferrovial Mobility, S.L.U.	50,0 %	7	27	4	8	-5	
Cartera Ceres Consolidado		Ferrovial 004, S.A. (a)	24,8 %	18	0	0	0	0	
FRANCE									
Car Sharing & Mobility Services France, S.A.S		Car Sharing Mobility Services, S.L.	50,0 %	1	3	4	5	-4	
PORTUGAL									
Utopias Exigentes Unipessoal, Lda		Car Sharing Mobility Services, S.L.	50,0 %	0	0	0	0	0	
ITALY									
Car Sharing Mobility Services Italy		Car Sharing Mobility Services, S.L.	50,0 %	1	2	1	1	-4	
UNITED KINGDOM									
Thalia Infrastructure Management (2) Ltd		Amey Ventures Asset Holdings Ltd	50,0 %	2	107	151	121	156	1
AWRP Holding Co Limited		Amey Infrastructure Management (2) Ltd	33,3 %	0	0	0	0	0	1
AWRP SPV Limited		AWRP Holding Co Limited	33,3 %	0	0	0	0	0	1
CONSTRUCTION									
CANADA									
Ontario Transit Group Inc.		Ontario Transit FCCI (Hold Co) Inc.	50,0 %	-6	0	0	0	0	
SPAIN									
Via Olmedo Pedralba, S.A.		Ferrovial Construccion, S.A.	25,2 %	1	5	1	5	0	3
Boremer, S.A.		Cadagua, S.A.	50,0 %	1	2	1	0	0	2
UNITED STATES									
Pepper Lawson Horizon Intl. Group		Webber Commercial Construction LLC	70,0 %	0	2	2	0	0	
OMÁN									
International Water Treatment LLC		Cadagua, S.A.	37,5 %	2	0	0	0	3	4
POLAND									
PPHU Promos Sp. z o.o.		Budimex SA	26,3 %	1	3	2	3	0	
AIRPORTS									
UNITED KINGDOM									
FGP Topco Limited	P	Hubco Netherlands B.V.	25,0 %	0	22.424	25.768	3.417	302	4

Entity	Type	Parent	% Ownership	Value Eq. Metho	Assets.	Liab.	Reven.	Results	Audit
AGS Airports Holdings Limited	P	Faero UK Holding Limited	50,0 %	0	1.453	1.468	195	-54	2
QATAR									
FMM Company LLC	P	Ferrovial Servicios S.A.U.	49,0 %	19	67	28	88	12	
UNITED STATES									
JFK NTO SPONSOR AGGREGATOR LLC.	P	MARS NTO LLC	49,0 %	174	4.774	4.417	2	2	1
TOLL ROADS									
AUSTRALIA									
Nexus Infrastructure Holdings Unit Trust	P	Cintra Toowoomba Ltd	40,0 %	3	1	0	0	0	
Nexus Infrastructure Unit Trust	P	Nexus Infrastructure Holdings Unit Trust	40,0 %	11	44	18	34	6	
Nexus Infrastructure Holdings PTY Ltd	P	Cintra Toowoomba Ltd	40,0 %	0	0	0	0	0	
Nexus Infrastructure PTY Ltd	P	Nexus Infrastructure Holdings PTY Ltd	40,0 %	0	0	0	0	0	
Netflow Osars (Western) GP	P	Cintra Osars (Western) Unit Trust	50,0 %	50	191	91	35	4	
SPAIN									
Serranopark, S.A.	P	Cintra Infraestructuras Spain, S.L.	50,0 %	0	74	53	7	1	2
Sociedad Concesionaria Autovía de la Plata, S.A.	P	Cintra Infrastructures SE	25,0 %	17	232	166	25	12	2
Bip & Drive, S.A.	P	Cintra Infraestructuras Spain, S.L.	20,0 %	3	24	6	16	4	
Empresa Mant. y Explotación M30, S.A.		Ferrovial Servicios, S.A.	50,0 %	-34	221	221	35	15	5
Madrid Calle 30, S.A.	P	Empresa Mant. y Explotación M30,	10,0 %	51	643	136	133	55	8
CANADA									
407 International Inc	P	4352238 Cintra Canada Inc	43,2 %	1.063	3.756	7.483	969	318	
407 East Development Group General Partnership	P	Cintra 407 East Development Group Inc	50,0 %	15	157	112	9	3	
OM&R 407 East Development Group General Partnership	P	Cintra OM&R 407 East Development Group Inc	50,0 %	1	6	4	6	1	
Blackbird Maintenance 407 GP	P	Blackbird Maintenance 407 Cintra GP Inc	50,0 %	1	6	5	4	0	3

Entity	Type	Parent	% Ownership	Value Eq. Metho	Assets.	Liab.	Reven.	Results	Audit
Blackbird Infrastructures 407 GP	P	Blackbird Infrastructures 407 Cintra GP Inc	50,0 %	13	97	70	8	1	3
COLOMBIA									
Concesionaria Ruta del Cacao S.A.S.	P	Cintra Infraestructuras Colombia S.A.S.	30,0 %	8	589	561	120	-6	2
SLOVAKIA									
Zero Bypass Limited, Organizacna Zloska	P	Zero Bypass Ltd	35,0 %	0	0	0	0	0	
INDIA									
IRB Infrastructure Developers Limited		Cintra INR Investments B.V.	24,9 %	377	4.929	3.452	619	75	5
IRELAND									
Eurolink Motorway Operation (N4-N6) Ltd	P	Cintra Infraestructuras Ireland, S.L.U.	20,0 %	9	238	128	27	5	2
Eurolink Motorway Operations (M3) Ltd	P	Cinsac Ltd	20,0 %	9	124	80	20	5	2
UNITED KINGDOM									
Scot Roads Partnership Holdings Ltd	P	Cintra Infrastructures UK	20,0 %	0	0	0	0	0	
Scot Roads Partnership Finance Ltd	P	Scot Roads Partnership Holdings Ltd	20,0 %	0	407	407	0	0	
Scot Roads Partnership Project Ltd	P	Scot Roads Partnership Holdings Ltd	20,0 %	0	428	428	41	0	
Zero Bypass Holdings Ltd	P	Cintra Slovakia Ltd	35,0 %	0	0	0	0	0	
Zero Bypass Ltd	P	Zero Bypass Holdings Ltd	35,0 %	20	1.029	972	51	0	
RiverLinx Holdings Ltd	P	Cintra Silvertown Ltd	22,5 %	0	0	0	0	0	
RiverLinx Ltd	P	RiverLinx Holdings	22,5 %	55	1.233	988	287	1	
Total value by equity method continued operations				**1.891**					

Auditor key:

(1) EY; (2) Deloitte; (3) BDO; (4) PwC; (5) KPMG; (6) Vir Audit; (7) Mazars; (8) PKF; (9) Martins Pereira, Joao Careca & Associados, Sroc.; (10) Grant Thornton UK LLP; (11) 3 Auditores SLP

(P) Project Company

(Value Eq. Method: Net Cost of the parent company over the equity method society)

Appendix III. Segment reporting

The Board of Directors analyses the Group's performance essentially from a business perspective. The Board assesses the performance of the Construction, Toll Roads, Airports and Energy and Mobility segments. The balance sheet and income statement are analyzed below by segment for 2022 and 2021. The "Other" column includes the assets and/or liabilities and income and/or expenses of corporate companies that do not carry out business activities, including most notably the parent company Ferrovial, S.A. and the result of discontinued operations. The "Adjustments" column reflects inter-segment consolidation eliminations.

Balance sheet by business segment: 2022 (million euro).

Assets (million euro)	Note	Construction	Toll Roads	Airports	Energy and mobility infrastructures	Other areas	Adjustments	2022
Non-current assets		**1,067**	**16,121**	**1,069**	**592**	**684**	**-668**	**18,865**
Goodwill on consolidation	3.1	132	265	27	56	0	0	480
Intangible assets	3.2	38	0	-1	80	20	0	137
Fixed assets in infrastructure projects	3.3	87	12,952	632	77	0	-81	13,667
Investment property		0	0	0	0	0	0	0
Property, plant and equipment	3.4	233	35	1	196	12	2	479
Rights of use	3.7	136	4	0	21	22	0	183
Investments in associates	3.5	-2	1,672	194	28	0	0	1,892
Non-current financial assets	3.6	74	986	157	12	455	-589	1,095
Loans granted to associates		0	95	115	4	32	0	246
Restricted cash in infrastructure projects and other financial assets	5.2	0	556	41	0	0	0	597
Other receivables		74	336	1	8	422	-589	252
Deferred taxes	2.8	365	141	53	62	163	0	784
Long-term financial derivatives at fair value	5.5	4	66	6	60	12	0	148
Current assets		**5,452**	**3,352**	**203**	**292**	**1,593**	**-3,473**	**7,419**
Assets held for sale	1.1.3	2	0	0	0	0	0	2
Inventories	4.1	450	10	0	9	1	6	476
Current income tax assets		100	19	9	5	73	-187	19
Short-term trade and other receivables	4.2	1,422	247	13	76	482	-631	1,609
Trade receivables for sales and services		1,235	73	3	53	25	-89	1,300
Other short-term receivables		187	174	9	23	456	-540	309
Other short-term financial assets		0	0	0	0	0	0	0
Cash and cash equivalents	5.2	3,477	2,902	176	202	1,034	-2,661	5,130
Loans to Group companies		1,283	598	152	72	576	-2,681	0
Other		2,194	2,304	24	131	458	19	5,130
Short-term financial derivatives at fair value	5.5	1	174	5	0	3	1	184
TOTAL ASSETS		**6,519**	**19,473**	**1,272**	**884**	**2,277**	**-4,141**	**26,284**

Liabilities and equity (million euro)	Note	Constructio	Toll Roads	Airports	Energy and	Other areas	Adjustments	2022
Equity	**5.1**	**1,760**	**7,954**	**550**	**241**	**-4,171**	**20**	**6,354**
Equity attributable to shareholders		1,577	5,986	456	241	-4,171	24	4,113
Equity attributable to non-controlling interests		183	1,968	94	0	0	-4	2,241
Deferred income	**6.1**	**0**	**1,377**	**13**	**20**	**0**	**0**	**1,410**
Non-current liabilities		**433**	**8,958**	**501**	**349**	**3,500**	**-599**	**13,142**
Pension plan deficit	6.2	2	0	0	0	0	0	2
Long-term provisions	6.3	104	105	0	3	204	0	416
Long-term lease liabilities	3.7	88	1	0	12	20	-1	120
Borrowings	5.2	158	7,608	95	247	3,264	-596	10,776
Payables to Group companies		54	123	0	27	389	-593	0
Other		104	7,485	95	220	2,875	-3	10,776
Debentures and payables of infrastructure project		95	7,484	95	219	0	0	7,893
Debentures and payables of ex-infrastructure project		9	0	0	0	2,874	0	2,883
Other payables	6.4	3	557	276	4	-1	-1	838
Deferred taxes	2.8	78	629	130	80	8	-1	924
Financial derivatives at fair value	5.5	0	58	0	3	5	0	66
Current liabilities		**4,326**	**1,184**	**208**	**274**	**2,949**	**-3,562**	**5,378**
Liabilities held for sale	1.1.3	0	0	0	0	0	0	0
Short-term lease liabilities	3.7	51	3	1	8	2	-1	64
Borrowings	5.2	59	822	136	61	2,465	-2,666	877
Payables to Group companies		42	779	77	30	1,749	-2,677	0
Other		17	43	59	31	716	11	877
Financial derivatives at fair value	5.5	1	45	0	0	0	1	47
Current income tax liabilities		122	-42	0	1	136	-187	30
Short-term trade and other payables	4.3	3,278	323	71	134	334	-709	3,431
Trade provisions	6.3	815	33	0	70	12	0	930
TOTAL LIABILITIES AND EQUITY		**6,519**	**19,473**	**1,272**	**884**	**2,277**	**-4,141**	**26,284**

Balance sheet by business segment: 2021 (million euro).

Assets (million euro)	Note	Construction	Toll Roads	Airports	Energy and mobility infrastructure	Other areas	Adjustments	2021 (*)
Non-current assets		**943**	**14,390**	**146**	**408**	**449**	**-484**	**15,852**
Goodwill on consolidation	3.1	127	251	0	52	0	1	431
Intangible assets	3.2	39	0	0	77	10	0	126
Fixed assets in infrastructure projects	3.3	91	11,205	0	80	0	-191	11,185
Investment property		0	0	0	0	0	0	0
Property, plant and equipment	3.4	201	21	0	129	12	-9	354
Rights of use	3.7	126	3	2	25	21	-1	176
Investments in associates	3.5	2	1,809	20	7	0	0	1,838
Non-current financial assets	3.6	23	703	123	4	311	-285	879
Loans granted to associates		0	93	113	-1	21	1	227
Restricted cash in infrastructure projects and other financial assets	5.2	0	579	0	0	0	0	579
Other receivables		23	31	9	5	290	-285	73
Deferred taxes	2.8	334	111	1	38	84	2	570
Long-term financial derivatives at fair value	5.5	0	287	0	-4	11	-1	293
Current assets		**4,951**	**3,285**	**52**	**267**	**3,084**	**-2,609**	**9,030**
Assets held for sale	1.1.3	2	26	0	0	1,612	1	1,641
Inventories	4.1	374	14	0	8	1	7	404
Current income tax assets		100	37	10	19	79	-166	79
Short-term trade and other receivables	4.2	1,181	160	5	61	114	-177	1,344
Trade receivables for sales and services		1,017	121	1	49	30	-150	1,068
Other short-term receivables		165	39	4	12	84	-28	276
Other short-term financial assets		0	0	0	0	11	0	11
Cash and cash equivalents	5.2	3,293	3,033	37	179	1,267	-2,273	5,536
Loans to Group companies		1,009	467	26	64	714	-2,280	0
Other		2,284	2,566	11	115	554	6	5,536
Short-term financial derivatives at fair value	5.5	1	15	0	0	0	-1	15
TOTAL ASSETS		**5,894**	**17,675**	**198**	**675**	**3,533**	**-3,093**	**24,882**

Liabilities and equity (million euro)	Note	Construction	Toll Roads	Airports	Energy and mobility infrastructure	Other areas	Adjustments	2021 (*)
Equity	5.1	**1,439**	**6,962**	**143**	**-6**	**-2,871**	**162**	**5,829**
Equity attributable to shareholders		1,284	5,322	143	-6	-2,872	168	4,039
Equity attributable to non-controlling interests		155	1,640	0	0	1	-6	1,790
Deferred income	6.1	**0**	**1,379**	**0**	**23**	**0**	**1**	**1,403**
Non-current liabilities		**435**	**8,258**	**22**	**344**	**2,383**	**-335**	**11,107**
Pension plan deficit	6.2	3	0	0	0	0	0	3
Long-term provisions	6.3	107	110	0	3	201	1	422
Long-term lease liabilities	3.7	82	1	1	13	19	-1	115
Borrowings	5.2	164	7,252	21	259	2,129	-312	9,513
Payables to Group companies		50	169	21	72	0	-312	0
Other		114	7,083	0	187	2,129	0	9,513
Debentures and payables of infrastructure project companies		93	7,082	0	187	0	0	7,362
Debentures and payables of ex-infrastructure project		21	0	0	1	2,129	0	2,151
Other payables	6.4	0	98	0	4	-7	-23	72
Deferred taxes	2.8	77	551	0	49	10	0	687
Financial derivatives at fair value	5.5	2	246	0	16	31	0	295
Current liabilities		**4,020**	**1,076**	**33**	**314**	**4,021**	**-2,921**	**6,543**
Liabilities held for sale	1.1.3	0	0	0	0	1,395	0	1,395
Short-term lease liabilities	3.7	46	2	0	7	2	1	58
Borrowings	5.2	142	878	36	159	2,372	-2,491	1,096
Payables to Group companies		120	836	36	135	1,364	-2,491	0
Other		22	42	0	24	1,008	0	1,096
Financial derivatives at fair value	5.5	6	92	3	-2	11	0	110
Current income tax liabilities		121	-107	-10	1	214	-150	69
Short-term trade and other payables	4.3	2,845	175	4	64	15	-290	2,813
Trade provisions	6.3	860	36	0	85	12	9	1,002
TOTAL LIABILITIES AND EQUITY		**5,894**	**17,675**	**198**	**675**	**3,533**	**-3,093**	**24,882**

(*) Restated figures (Note 1.1.5)

Total assets by geographic area break down as follows:

(Million euro)	2022	2021 (*)	CHANGE
Spain	1,982	2,970	-988
Canada	3,569	3,506	62
USA	14,940	12,988	1,952
UK	852	1,837	-985
Poland	1,661	1,551	109
Chile	707	525	182
Turkey	704	0	704
India	380	378	1
Other	1,490	1,126	364
TOTAL	**26,284**	**24,882**	**1,402**

(*) Restated figures (Note 1.1.5)

Income statement by business segment: 2022 (million euro).

	Construction	Toll Roads	Airports	Energy and mobility infrastructures	Other segments	Adjustments	Total 2022
Revenue	6,463	780	54	296	178	-220	7,551
Other operating income	2	0	0	0	1	-1	2
Total operating income	**6,465**	**780**	**54**	**296**	**179**	**-221**	**7,553**
Materials consumed	1,152	4	0	40	0	1	1,197
Other operating expenses	3,976	157	48	107	116	-222	4,182
Staff costs	1,161	69	8	136	73	-1	1,446
Total operating expenses	**6,289**	**230**	**56**	**283**	**189**	**-222**	**6,825**
EBITDA	**176**	**550**	**-2**	**13**	**-9**	**0**	**728**
Fixed asset depreciation	113	160	7	12	7	0	299
Operating profit/(loss) before impairment and disposal of fixed assets	63	390	-9	1	-16	0	429
Impairment and disposal of fixed assets	0	-3	0	-3	0	0	-6
Operating profit/(loss)	**63**	**387**	**-9**	**-2**	**-16**	**0**	**423**
Net financial income/(expense) from financing	-5	-232	0	-7	0	1	-243
Profit/(loss) on derivatives and other net financial income/(expense)	1	-114	-9	1	0	-1	-122
Net financial income/(expense) from infrastructure projects	-4	-346	-9	-6	0	0	-365
Net financial income/(expense) from financing	40	-8	0	-2	-30	1	1
Profit/(loss) on derivatives and other net financial income/(expense)	-35	4	28	0	48	-1	44
Net financial income/(expense) from other companies	5	-4	28	-2	18	0	45
Net financial income/(expense)	**1**	**-350**	**19**	**-8**	**18**	**0**	**-320**
Share of profits of equity-accounted companies	1	158	7	-1	0	0	165
Consolidated profit/(loss) before tax	**65**	**195**	**17**	**-11**	**2**	**0**	**268**
Corporate income tax	-5	-39	2	-4	16	0	-30
Consolidated profit/(loss) from continuing operations	60	156	19	-15	18	0	238
Net profit/(loss) from discontinued operations	0	0	0	0	64	0	64
Consolidated profit/(loss) for the year	**60**	**156**	**19**	**-15**	**82**	**0**	**302**
Profit/(loss) for the year attributed to non-controlling interests	-42	-65	-8	0	0	-1	-116
Profit/(loss) for the year attributed to parent company	**18**	**91**	**11**	**-15**	**82**	**-1**	**186**

Income statement by business segment: 2021 (million euro).

	Construction	Toll Roads	Airports	Energy and mobility infrastructure	Other segments	Adjustments	Total 2021 (*)
Revenue	6,077	588	2	252	157	-166	6,910
Other operating income	1	0	0	0	0	0	1
Total operating income	**6,078**	**588**	**2**	**252**	**157**	**-166**	**6,911**
Materials consumed	1,046	3	0	35	0	1	1,085
Other operating expenses	3,720	120	24	112	114	-167	3,923
Staff costs	1,067	50	4	117	54	1	1,293
Total operating expenses	**5,833**	**173**	**28**	**264**	**168**	**-165**	**6,301**
EBITDA	**245**	**415**	**-26**	**-13**	**-12**	**1**	**610**
Fixed asset depreciation	112	141	0	12	5	0	270
Operating profit/(loss) before impairment and disposal of fixed assets	132	275	-26	-24	-17	0	340
Impairment and disposal of fixed assets	22	1,117	0	0	1	-1	1,139
Operating profit/(loss)	**154**	**1,392**	**-26**	**-24**	**-16**	**-1**	**1,479**
Net financial income/(expense) from financing	-7	-206	0	-6	0	-1	-220
Profit/(loss) on derivatives and other net financial income/(expense)	0	-88	0	1	0	0	-87
Net financial income/(expense) from infrastructure projects	-7	-294	0	-5	0	-1	-307
Net financial income/(expense) from financing	1	8	0	-1	-36	1	-27
Profit/(loss) on derivatives and other net financial income/(expense)	-24	2	-6	3	23	1	-1
Net financial income/(expense) from other companies	-23	10	-6	2	-13	2	-28
Net financial income/(expense)	**-30**	**-284**	**-6**	**-3**	**-13**	**1**	**-335**
Share of profits of equity-accounted companies	0	81	-254	-6	1	0	-178
Consolidated profit/(loss) before tax	**124**	**1,189**	**-286**	**-33**	**-28**	**0**	**966**
Corporate income tax	-49	-71	7	5	116	1	9
Consolidated profit/(loss) from continuing operations	75	1,118	-279	-28	88	1	975
Net profit/(loss) from discontinued operations	115	0	0	0	246	0	361
Consolidated profit/(loss) for the year	**190**	**1,118**	**-279**	**-28**	**334**	**1**	**1,336**
Profit/(loss) for the year attributed to non-controlling interests	-105	-29	0	0	-3	-1	-138
Profit/(loss) for the year attributed to parent company	**85**	**1,089**	**-279**	**-28**	**331**	**0**	**1,198**

(*) Restated figures (Note 1.1.5)

SECTION 7: EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 1.1.1). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Translation of consolidated financial statements originally. In the event of a discrepancy, the Spanish-language version prevails.

Audit Report on the Consolidated Financial Statements
issued by an Independent Auditor

FERROVIAL, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Management Report
for the year ended
December 31, 2022

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Building a better working world

AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of FERROVIAL, S.A.:

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of FERROVIAL, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position at December 31, 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated of cash flow statement, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2022 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards 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 related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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 judgment, 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 audit opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of revenue from long-term contracts

Description

A considerable amount of the Ferrovial Group's revenue relates to long-term construction contracts, in which revenue is recognized over time in accordance with the stage of completion method. Revenue recognition for these contracts requires that management make significant estimates, among others, of the costs to be incurred and, where applicable, the amount of any modifications, claims or disputes arising in connection with the initial contract that will ultimately be accepted by the customer. The disclosures pertaining to this revenue can be found in Notes 1.3.3.4, 2.1 and 4.4 to the accompanying consolidated financial statements.

Due to the complexity of making the aforementioned estimates, which requires that Ferrovial Group management make judgments when determining the assumptions considered and the fact that changes in these assumptions could give rise to material differences in the revenue recognized, we determined this to be a key audit matter.

Our response

In relation to this matter, our Audit procedures included:

- Understanding the policies and procedures the Group applies to revenue recognition, including an evaluation of the design and implementation of key controls related to revenue recognition using the stage-of-completion method and to budget planning, assessing methodology and monitoring the assumptions used in the preparation of contract budgets.
- Selecting a sample of contracts to assess the most significant estimates affecting revenue recognition, obtaining supporting documentation for these estimates as well as evidence of the judgments made; identifying relevant contractual clauses such as penalties or discounts, and assessing whether such clauses have been adequately reflected in the amounts recognized in the consolidated financial statements.
- Conducting a comparative analysis of budgeted vs actual revenue from contracts completed during the year, and analyzing Ferrovial Group management's monitoring of contract risks.
- Evaluating the reasonableness of the estimate of completed construction pending certification recognized as revenue at year-end, checking the status of negotiations with customers for the main contracts and reviewing the reasonableness of the documentation substantiating the probability of recovery, taking into account our own expectations based on our knowledge of the client and our experience in the sector as well as in the countries where the Ferrovial Group operates.
- Determining whether the provisions recognized at year-end reasonably reflect the main obligations and the level of risk of the contracts in question.
- Checking that the disclosures made in the notes to the consolidated financial statement comply with the applicable financial reporting framework.

Recognition and recoverability of investments in infrastructure projects operated under concession arrangements

Description

As explained in Note 1.3.3.2 to the accompanying consolidated financial statements, concession arrangements for which the resulting consideration consists of an unconditional contractual right to receive cash or other financial assets from the grantor (or on the grantor's behalf) as compensation for construction and operating services and for which the grantor has little or no discretion to avoid payment, are classified as a financial asset. In addition, concession agreements in which the consideration received consists of the right to charge the corresponding tariffs based on the degree of use of the public service are classified as intangible assets. Both models are recorded in accordance with IFRIC12 "Service Concession Arrangements." "Fixed assets in infrastructure projects" in the consolidated statement of financial position at December 31, 2022 includes 13,667 million euros for this item, of which 13,504 million euros correspond to concessions considered as intangible assets and 163 million euros to concessions considered as financial assets. The disclosures pertaining to these assets can be found in Note 3.3 to the accompanying consolidated financial statements.

Ferrovial Group management makes estimates regarding concession models which include forecasts of operating expenses, investments, and the internal rate of return. In addition, Ferrovial Group management tests its most significant operating concession assets annually when there are indications of impairment.

Given the complexity associated with making the aforementioned estimates and determining the related assumptions considered, as well as the material impact that changes in these assumptions could have on the accompanying consolidated financial statements, and given the significance of the amounts of investments in infrastructure projects carried out under concession, we determined the recognition and recoverability of these assets to be a key audit matter.

Our response

In this regard, our audit procedures included:

- Understanding the policies and procedures applied to concession assets, including evaluation of the design and implementation of key controls related to the process.
- Reviewing the terms and conditions of concession arrangements to determine whether they have been correctly recorded.
- Reviewing and assessing, for a sample of concession assets, the reasonableness of the methodologies used by the Group to estimate payments and collections and their effect on the internal rate of return.
- Performing substantive tests based on financial economic models of infrastructure projects, verifying the arithmetical accuracy of the calculations made, and assessing the reasonableness of the main projected operating assumptions (mainly related to traffic, tariffs, operating costs, and investment disbursements) and their consistency with the terms and conditions of the concession.
- Reviewing, in collaboration with valuation specialists, the reasonableness of the methodology used by the Group, and the construction of discounted cash flows, focusing on the discount rate and long-term growth rate applied, as well as the related sensitivity analyses carried out.
- Checking that the disclosures made in the notes to the consolidated financial statement comply with the applicable financial reporting framework.

Recoverability of the investments held in 407 International Inc. and IRB Infrastructure Developers Limited, and goodwill

Description	As explained in Note 3.5 to the accompanying consolidated financial statements, at December 31, 2022, the Group had investments in associates 407 International Inc. and IRB Infrastructure Developers Limited amounting to 1,063 and 377 million euros, respectively. Moreover, as explained in Note 3.1, the Group has goodwill on consolidation amounting to 480 million euros at December 31, 2022 related to certain investments, associated mainly with cash generating units of the Toll roads (I-66 Express Mobility Partners) and Construction Divisions (Webber and Budimex) amounting to 265, 67 y 65 million euros, respectively. Where required, the Group tests these assets for impairment at least annually. The disclosures pertaining to these assets can be found in Notes 3.1.2 and 3.5 to the accompanying consolidated financial statements. The assessment of possible impairment is a key audit matter as it requires estimates that involve the application of judgments both when determining the valuation method used and when evaluating key assumptions related to the future results of the cash generating units to which the goodwill belongs, as well as determining the recoverable amount of equity method investments in which discount rates, business plans, and tariffs are also involved.
Our response	In this regard, our audit procedures included: - Understanding the policies and procedures the Group applies to assessing goodwill and investments in associates for impairment to determine the recoverable amount of its non-current assets, including evaluation of the design and implementation of related key controls. - Analyzing internal and external factors taken into account by Ferrovial Group management to conclude on the existence or non-existence of objective indicators of impairment. - Assessing the reasonableness of the methodology used by Group management to determine the recoverable amount of the assets, involving our valuation specialists in the review of the valuation method used and the uniformity with which it is applied, verifying arithmetical calculations and evaluating the discount rates and long-term growth rates used. - Reviewing projected financial information, analyzing the congruency among the various assumptions and their reasonableness. - Verifying that the financial projections used to calculate value in use agree with the latest financial information available to management. - Analyzing the sensitivity of profit and loss to certain key assumptions. - Checking that the disclosures made in the notes to the consolidated financial statement comply with the applicable financial reporting framework.

Other information: consolidated management report

Other information refers exclusively to the 2022 consolidated management report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility for the consolidated management report, in conformity with prevailing audit regulations in Spain, entails:

a. Checking only that the consolidated non-financial statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Remuneration of Directors, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.

b. Assessing and reporting on the consistency of the remaining information included in the consolidated management report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated management report is consistent with that provided in the 2022 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the parent company´s directors and the audit and control committee for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they 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 directors of the parent company 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 has no realistic alternative but to do so.

The audit and control committee is responsible for overseeing the Group's financial reporting process.

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 prevailing audit regulations 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.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgement and maintain professional skepticism 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 management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 audit and control committee of the parent company 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 audit and control committee of the parent company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit and control 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.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of FERROVIAL, S.A. and subsidiaries for the 2022 financial year, which include the XHTML file containing the consolidated financial statements for the year, and the XBRL files as labeled by the entity, which will form part of the annual financial report.

The directors of FERROVIAL S.A. are responsible for submitting the annual financial report for the 2022 financial year, in accordance with the formatting and mark-up requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation). In this regard, the Annual Corporate Governance Report and the Annual Report on Remuneration of Directors have been incorporated by reference in the consolidated management report.

Our responsibility consists of examining the digital files prepared by the directors of the parent company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the consolidated financial statements included in the aforementioned digital files correspond in their entirety to those of the consolidated financial statements that we have audited, and whether the consolidated financial statements and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the ESEF Regulation.

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

Additional report to the audit and control committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit and control committee on February 27, 2023.

Term of engagement

The ordinary general shareholders' meeting held on April 17, 2020 appointed us as auditors for 3 years, commencing on December 31, 2020.

ERNST & YOUNG, S.L.
(Registered in the Official Register of
Auditors under No. S0530)

(Signed on the original version In Spanish)

Francisco Rahola Carral
(Registered in the Official Register of
Auditors under No. 20597)

February 28, 2023