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Ferrovial, S.A.

2022 Separate Directors' Report and Financial Statements

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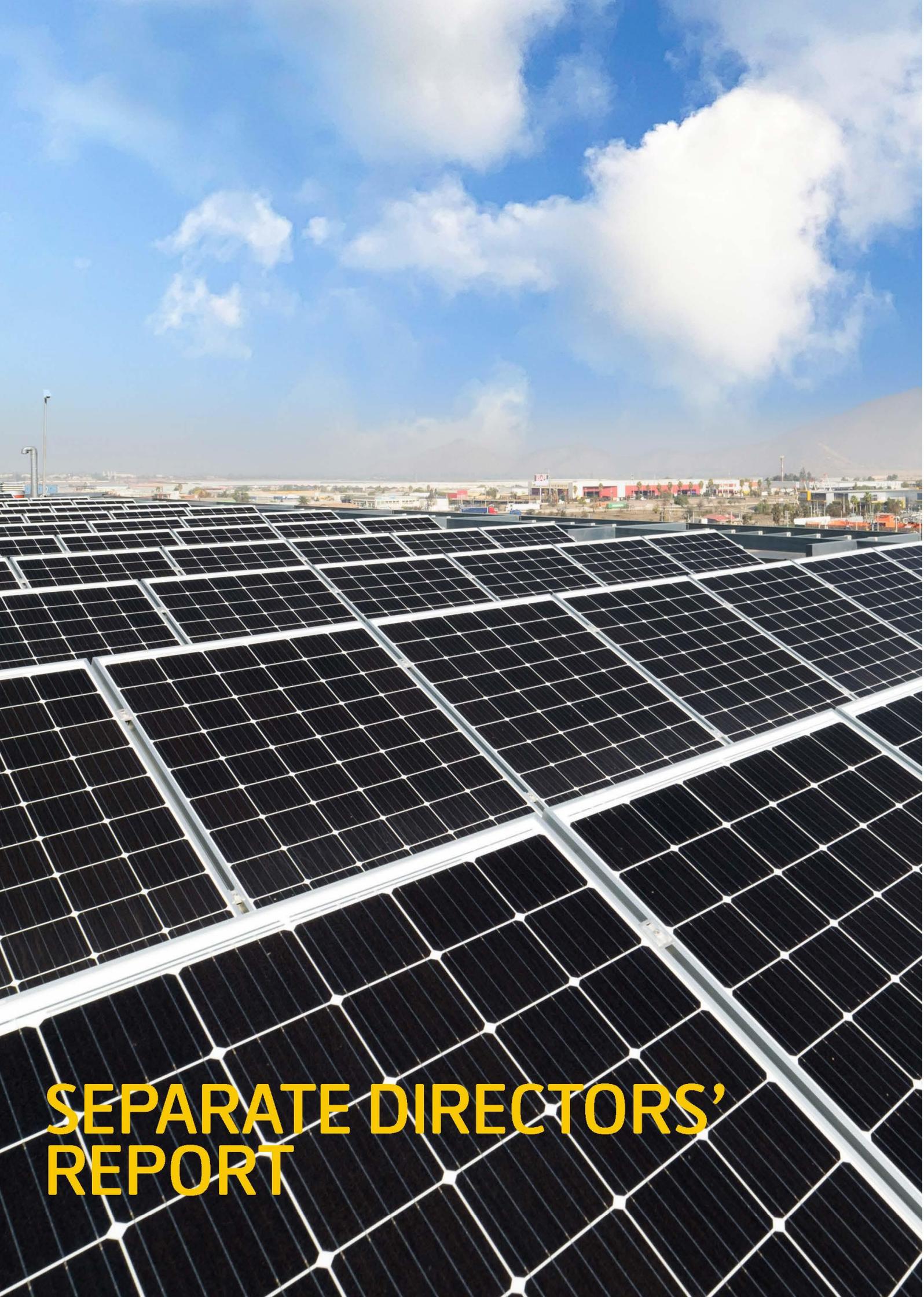
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AUDITOR'S REPORT:

REPORT OF THE AUDITORS ON THE ANNUAL ACCOUNTS



**SEPARATE DIRECTORS'
REPORT**

1. PROFIT/(LOSS) FOR 2022

In 2022 the net profit amounted to EUR 961 million compared with the loss of EUR -32 million in 2021.

As Ferrovial, S.A. is a holding company, dividends received from subsidiaries and financial income from financing granted to the latter form part of the Company's revenue. Accordingly, in 2022 net revenue of EUR 1,050 million was generated, of which EUR 1,011 million relates to dividends received by Ferrovial S.A. from its subsidiaries (as compared with EUR 1 million in 2021) (Note 16 a.1).

Net financial income/(expense) amounts to EUR -71 million and primarily relates to financial expense on loans received by Ferrovial S.A. from other Group companies, an expense of EUR -45 million, as explained in Note 16 of the accompanying notes to the accounts. It is offset by the fair value change in financial instruments, among other items, giving rise to income of EUR 60 million (Note 9).

Finally, corporate tax income amounts to EUR 30 million. More detailed information can be found in Note 14 to the accompanying annual accounts.

2 NON-FINANCIAL INDICATORS

2.a Environment

In view of its business activity, the Company does not have any environmental liabilities, expenses, assets, liabilities or contingencies that might be material with respect to its equity, financial position or results. No specific breakdowns have therefore been included in this report regarding environmental issues, the disclosures contained in the Consolidated Management Report being more representative in this regard.

2.b Innovation

The Company does not carry out any significant innovation activities at an individual level. Such activity is performed by the Group companies, so the information included in the Consolidated Management Report is more representative in this respect.

2.c Human capital

The Ferrovial Group has made a commitment to its employees to develop a comprehensive model which bolsters the business lines and fosters professional development.

The combined talent and commitment of Ferrovial's professionals are one of the keystones of its success as a global leader in infrastructure management. Encouraging career development for all the Company's employees, together with cross-cutting talent management and international profile building, are Ferrovial's strategic priorities, within a framework of merit-based equal opportunities.

At year-end 2022 Ferrovial S.A. has 68 employees, 39% of whom are women. As regards professional categories, 79% are executives, managers, professionals and supervisors and 21% clerical staff and support technicians.

3. OTHER RELEVANT INFORMATION

3.1 Financial risks

The Company actively manages financial risks in order to minimise finance costs and reduce volatility caused by fluctuations in capital markets. The objectives and policies in place for such purposes are described in detail in the Consolidated Management Report. The main financial risks faced by Ferrovial S.A. are essentially exchange rate fluctuations and share price performance. In order to hedge these risks, the Company holds derivatives which essentially consist of foreign currency forwards and equity swaps, the latter of which hedge the potential equity impact of share-based remuneration schemes for employees. Note 9 of the notes to the accounts includes further information on the derivatives arranged by the Company.

3.2 Shareholder remuneration and treasury share transactions

Dividend policy

The shareholder remuneration policy is based on a scrip dividend scheme, which allows shareholders to opt to receive new shares or sell the corresponding subscription rights to the Company. The Company paid out EUR 132 million to purchases these rights.

This scheme is combined with the systematic purchase and redemption of treasury shares. In 2022, treasury shares purchased for this purpose amounted to EUR 446 million. The sum of both items entailed total shareholder remuneration of EUR 578 million.

The scheme is described in more detail in Note 12 of the notes to the Company's accounts.

Treasury share transactions

There follows a breakdown of movements in treasury shares during the year:

TRANSACTION COMPLETED/PURPOSE	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES APPLIED TO PURPOSE	TOTAL NUMBER OF SHARES
Balance at 31.12.2021	17,468,852	(13,030,868)	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	-	451,300
Balance at 31.12.2022	18,679,199	(22,582,927)	1,168,290

(*) Shares received in payment of the scrip dividend for the treasury share portfolio held by the Company at the time of dividend distribution.

The market value of treasury shares at year-end 2022 amounts to EUR 29 million.

3.3. Business outlook

The Company's activity in 2023 will be shaped by the performance of the Group business lines, as stated in the Consolidated Annual Accounts. It should be noted that at year-end 2022, the Group had an all-time high position of liquidity.

Results for 2023 will also be determined by the dividend pay-out decisions taken by Ferrovial S.A.'s various subsidiaries.

3.4. Events after the reporting period

On February 28th, the Board of Directors approved the merger of Ferrovia, S.A. into its wholly-owned subsidiary Ferrovia International SE. This means that the parent company of the Ferrovia 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 Ferrovia, 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.

3.5. Non-financial information

In accordance with the provisions of Law 11 of 28 December 2019 and by virtue of the new wording of Article 262.5 of the Consolidated Text of the Spanish Companies Act, the Company is exempt from the obligation to present a Non-Financial Information Statement, as this information appears in the Consolidated Management Report of the Ferrovia Group, whose parent company is Ferrovia, S.A., which will be filed together with the Consolidated Annual Accounts at the Madrid Commercial Registry.

4. ANNUAL CORPORATE GOVERNANCE REPORT AND ANNUAL REPORT ON DIRECTORS' REMUNERATION

Under the Spanish Companies Act, though separate documents, the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration form part of the Management Report. Both reports are available on the CNMV's website (www.cnmv.es) and Ferrovia, S.A.'s website (www.ferrovia.com).

5. AVERAGE PAYMENT PERIOD

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 new wording of Final Provision Two of Law 31/2014 reforming the Act), the Company hereby states that the average supplier payment period in 2022 was 30 days (22 days in 2021).

Set forth below is the breakdown required by Article 6 of the Resolution of 29 January 2018 from the Spanish Institute of Accounting and Auditing in relation to the disclosures to be provided on the average supplier payment period for the year:

Days	2022	2021
Average supplier payment period	30	22
Ratio of transactions settled	31	23
Ratio of transactions pending payment	9	4

Amount (euro)	2022	2021
Total payments made	13,211,595	12,014,611
Total payments pending	100,729	630,897

In accordance with the aforementioned Law, which amends Law 15/2010 as regards 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:

2022						
TOTAL AMOUNT OF INVOICES PAID	INVOICES ON TIME	% INVOICES ON TIME	TOTAL NO. INVOICES	TOTAL NO. INVOICES ON TIME	% TOTAL NO. INVOICES ON TIME	TOTAL NO. INVOICES ON TIME
13,211,595	11,218,888	85 %	1,172	1,014	87 %	



FINANCIAL STATEMENTS

Ferrovial, S.A. Balance sheet at 31 December 2022 and 2021

ASSETS (million euro)	2022	2021
NON-CURRENT ASSETS	10,395	9,196
Long-term investments in Group companies and associates	10,373	9,170
Equity instruments (Note 5)	10,373	9,170
Other non-current financial assets (Note 6)	3	9
Long-term derivatives (Note 9)	12	11
Deferred tax assets (Note 14)	7	6
CURRENT ASSETS	325	129
Financial assets held for sale	-	1
Receivables	94	85
Receivables, Group companies and associates (Note 10)	34	21
Current tax assets	8	13
Public administrations	52	51
Short-term investments in Group companies and associates (Note 10)	218	6
Short-term prepayments and accrued income	2	2
Cash and cash equivalents (Note 7)	11	35
TOTAL ASSETS	10,720	9,325
LIABILITIES (Million euro)	2022	2021
EQUITY (Note 12)	4,300	3,925
Shareholders' funds	4,299	3,915
Share capital	145	147
Share and merger premium	-	218
Reserves	3,272	3,725
Legal reserve	30	30
Reserves subject to but exempt from Articles 21 and 22 of the Spanish Companies Act (SCA)	2,185	2,321
Other reserves	1,057	1,374
Treasury shares and own equity interests	(26)	(124)
Prior periods' profit and loss	(53)	(19)
Profit/(loss) for the year	961	(32)
Measurement adjustments	1	10
NON-CURRENT LIABILITIES	3,627	3,052
Long-term provisions (Note 13)	184	178
Long-term payables	807	91
Bank borrowings (Note 8)	802	60
Derivatives (Note 9)	5	31
Long-term payables to Group companies and associates (Note 10)	2,633	2,779
Deferred tax liabilities (Note 14)	3	4
CURRENT LIABILITIES	2,793	2,348
Short-term provisions	1	1
Short-term payables	699	499
Debentures and bonds (Note 8)	696	250
Bank borrowings (Note 8)	3	241
Derivatives (Note 9)	-	8
Short-term payables to Group companies and associates (Note 10)	2,077	1,831
Trade and other payables	16	17
Trade payables	1	1
Trade and other payables	15	16
TOTAL LIABILITIES	10,720	9,325

The accompanying Notes 1 to 26 and Appendices I and II form an integral part of the balance sheet at 31 December 2022

Ferrovial, S.A. Income statement for 2022 and 2021

(Million euro)	2022	2021
Revenue (Note 16)	1,050	37
Dividends received from subsidiaries	1,011	1
Services rendered	32	30
Other returns received from subsidiaries	6	6
Staff costs (Note 18)	(29)	(21)
Wages, salaries and similar remuneration	(28)	(20)
Staff welfare expenses	(1)	(1)
Other operating expenses (Note 16)	(19)	(17)
OPERATING PROFIT/(LOSS)	1,002	(1)
Financial income from marketable securities and other financial instruments (Note 16)	7	4
Financial expenses (Note 16)	(69)	(57)
On payables to Group companies and associates	(45)	(45)
On payables to third parties	(24)	(12)
Change in fair value of financial instruments (Notes 9 and 16)	60	21
Foreign exchange differences	(5)	2
Impairment and profit/(loss) on disposals of financial instruments (Note 16)	(64)	(7)
Impairment and losses	(60)	(7)
Profit/(loss) on disposals	(4)	-
NET FINANCIAL INCOME/(EXPENSE) (Note 16)	(71)	(37)
PROFIT/(LOSS) BEFORE TAX	931	(38)
Corporate income tax (Note 14)	30	6
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	961	(32)

The accompanying Notes 1 to 26 and Appendices I and II form an integral part of the 2022 income statement.

Statement of changes in equity for 2022 and 2021

A. STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR 2022 AND 2021

(Thousand euro)	2022	2021
Total profit/(loss) for the year	961	(32)
<u>Income and expenses attributed directly to equity</u>	37	7
On cash flow hedges	58	13
Tax effect	(15)	(3)
Financial assets at fair value	(8)	(4)
Tax effect	2	1
<u>Transferred to income statement</u>	(46)	-
On cash flow hedges	(62)	-
Tax effect	16	-
TOTAL RECOGNISED INCOME AND EXPENSES	952	(25)

The accompanying Notes 1 to 26 and Appendix I and II form an integral part of the statement of recognised income and expenses as at 31 December 2022

B. TOTAL STATEMENT OF CHANGES IN EQUITY FOR 2022 AND 2021

(Thousand euro)	SHARE CAPITAL	SHARE/MERGER PREMIUM	RESERVES	TREASURY SHARES	PROFIT/(LOSS) FOR THE YEAR	PRIOR PERIODS' PROFIT AND LOSS	MEASUREMENT ADJUSTMENTS	TOTAL
Balance at 31/12/2021	147	218	3,728	(124)	(32)	(22)	10	3,925
Total recognised income and expenses	-	-	-	-	961	-	(9)	952
Shareholder	(2)	(218)	(460)	98	-	-	-	(578)
Scrip dividend agreement	3	-	(135)	-	-	-	-	(132)
Treasury share transactions	(5)	(218)	(321)	98	-	-	-	(446)
Other transactions	-	-	-	-	32	(31)	-	1
Distribution of profit/(loss)	-	-	-	-	32	(32)	-	-
Share-based remuneration scheme	-	-	-	-	-	-	-	-
Other changes in equity	-	-	-	-	-	1	-	1
Balance at 31/12/2022	145	-	3,272	(26)	961	(53)	1	4,300

(Thousand euro)	SHARE CAPITAL	SHARE/MERGER PREMIUM	RESERVES	TREASURY SHARES	PROFIT/(LOSS) FOR THE YEAR	PRIOR PERIODS' PROFIT AND LOSS	MEASUREMENT ADJUSTMENTS	TOTAL
Balance at 31/12/2020	147	647	3,649	(13)	23	(19)	3	4,437
Total recognised income and expenses	-	-	-	-	(32)	-	7	(25)
Shareholder	-	(429)	77	(111)	-	-	-	(463)
Scrip dividend agreement	3	3	(34)	-	-	-	-	(29)
Treasury share transactions	(3)	(432)	111	(111)	-	-	-	(434)
Other transactions	-	-	(1)	-	(23)	-	-	(24)
Distribution of profit/(loss)	-	-	23	-	(23)	-	-	-
Share-based remuneration scheme	-	-	(23)	-	-	-	-	(23)
Other changes in equity	-	-	(1)	-	-	-	-	(1)
Balance at 31/12/2021	147	218	3,725	(124)	(32)	(19)	10	3,925

The accompanying Notes 1 to 26 and Appendices I and II form an integral part of the total statement of changes in equity for the year ended 31 December 2022

Cash flow statement for 2022 and 2021

(Million euro)	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES	1,070	(32)
Profit/(loss) before tax	932	(38)
Profit/(loss) adjustments:	353	31
Net financial income/(expense)	70	30
Other adjustments (correction of accrual/cash)	282	1
Changes in working capital	(216)	(13)
Other cash flows from operating activities:	1	(12)
Interest payments	(48)	(53)
Interest receipts	1	3
Income tax receipts/(payments) and tax consolidation	48	38
CASH FLOWS FROM INVESTING ACTIVITIES	(1,552)	(888)
Payments on investments:	(1,586)	(908)
Group companies, associates and business units (Note 5)	(1,586)	(908)
Receipts from divestments:	33	20
Group companies, associates and business units (Note 5)	33	20
CASH FLOWS FROM FINANCING ACTIVITIES	464	306
Receipts and (payments) from financial liability instruments:	1,003	762
Change in Group company cash pooling accounts	68	1,602
Issuance, repayment and redemption	935	(840)
Payments of dividends and returns on other equity instruments	(578)	(463)
Scrip dividend	(132)	(31)
Treasury share purchases	(446)	(432)
Receipts and (payments) on equity instruments:	38	7
Effect of foreign exchange fluctuations	(5)	(1)
Net increase/(decrease) in cash and cash equivalents	(24)	(615)
Cash and cash equivalents at beginning of the year	35	650
Cash and cash equivalents at end of the year	11	35

The accompanying Notes 1 to 26 and Appendices I and II form an integral part of the cash flow statement at 31 December 2022.

1. COMPANY ACTIVITIES

Ferrovial S.A. is the parent company of the subsidiaries forming part of the Ferrovial Group. The Company's registered office is at Príncipe de Vergara 135, 28002 Madrid and its TIN is A81939209.

The Company's corporate purpose, as per its bylaws, encompasses the management and coordination of all the Group companies' activities.

Under prevailing legislation, the Company is required to issue separate consolidated annual accounts. The Ferrovial Group's 2022 consolidated annual accounts were authorised for issue by the directors during the Board meeting held on 28 February 2023. The 2021 Consolidated Annual Accounts were approved by Ferrovial, S.A.'s Annual General Meeting held on 7 April 2022 and were filed at the Madrid Commercial Registry. Ferrovial, S.A.'s shares are traded on the continuous market and form part of the IBEX-35 index.

2. BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS

Unless otherwise indicated, the figures in these annual accounts are expressed in millions of euros and may therefore be rounded.

2.1. Fair presentation and regulatory framework of reference

The accompanying annual accounts have been obtained from the Company's accounting records and are presented in compliance with the applicable financial reporting regulatory framework so as to present fairly the Company's equity, financial position, results and cash flows during the financial year. The regulatory framework is laid down in:

- Spanish Code of Commerce and other commercial legislation introduced under Royal Decree 1514/2007.
- Spanish Chart of Accounts introduced under Royal Decree 1514/2007 and industry-specific adaptations, which has been amended several times since publication, the latest under Royal Decree 1 of 12 January 2021 and relating implementing regulations.
- Mandatory rules approved by the Spanish Institute of Accounting and Auditing in order to implement the Chart of Accounts and related supplementary legislation.
- All other applicable Spanish accounting regulations.

The annual accounts will be submitted to the Annual General Meeting and are expected to be approved without changes.

The Company holds majority interests in the share capital of certain subsidiaries and has ownership interests of 20% or more in other companies (Note 5). These annual accounts do not reflect any equity increases or reductions that would result from the full consolidation of majority shareholdings and the equity consolidation of other significant shareholdings. The Company also issues consolidated annual accounts under international accounting standards (IFRS-EU) as the parent company of the Ferrovial Group.

In accordance with International Financial Reporting Standards, the highlights of the consolidated financial statements are as follows:

(Million euro)	2022
Equity	6,354
Net profit for the year attributable to the parent company	186
Total assets	26,284
Revenue	7,551

2.2. Assessment of the going concern principle

At December 31, 2022, the Company had a negative working capital of EUR 2,468 million (EUR 2,219 million at December 31, 2021), mainly due to the debt with other Group companies collected by the Company. However, the Company's Directors consider that the cash flows generated by the business and the available financing lines allow the Company to meet its commitments and payment obligations and ensure the continuity of its operations. Consequently, the Company's directors have prepared the financial statements on a going concern basis.

2.3. Comparison of information

In accordance with mercantile legislation, for comparative purposes, in addition to the figures for the year 2022, the figures for the previous year are presented for each of the items in the balance sheet, the income statement, the statement of changes in equity and the cash flow statement. The notes to the financial statements also include quantitative information for the previous year, except when an accounting standard specifically states that this is not necessary.

2.4. Critical measurement issues and estimates of uncertainty

Estimates have been made when preparing the 2022 annual accounts to measure some of the assets, liabilities, income, expenses and commitments recognised. They basically refer to:

- Measurement of share-based remuneration schemes (Note 20).
- Impairment of financial assets (Note 5).
- Assessment of possible legal and tax contingencies (Note 13).
- Fair value of derivatives (Note 9).
- Recoverability of deferred tax assets and tax-loss carryforwards (Note 14).

The Company has applied the going concern principle when preparing these accounts. The application of this principle is analysed in the consolidated annual accounts.

Although these statements have been made on the basis of the best information available at year-end 2022, future events might lead to adjustments to these estimates (upwards or downwards) in the coming years, which would be applied prospectively.

2.5. Effects of the COVID-19 pandemic on the Company's activity

More than two years after the World Health Organization declared COVID-19 a global pandemic, the year 2022 has marked a turning point towards the situation of normality prior to the pandemic. This has allowed the different countries in which Ferrovial operates to lift the restrictions on mobility and economic activity that have been in place almost since the beginning of the pandemic, although at an uneven pace depending on the country, and with ups and downs caused by the new variants and successive waves, especially at the beginning of the year due to the omicron. The direct consequence of this has been the recovery in demand for the activities carried out by Ferrovial, as well as the consolidation of the positive outlook in this regard.

Therefore, at year-end 2022, and despite the fact that certain assets have not recovered the traffic levels of 2019, it can be concluded that Ferrovial's activities are no longer being directly affected by the effects of the COVID and the associated restrictions. Notwithstanding the above, 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 use by heavy vehicles, related to the increase in e-commerce.

3. DISTRIBUTION OF PROFIT

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) (euro)	961,401,669
Distribution (euro):	
To voluntary reserves	908,006,282
To prior-year losses	53,395,387

The legal reserve is fully funded.

The Company is required to transfer 10% of profit for each year to the legal reserve until the balance of this reserve reaches at least 20% of share capital. This reserve may not be distributed to shareholders until it exceeds 20% of share capital.

Once all the legal or bylaw provisions have been met, dividends may only be paid out of profits for the year or out of unrestricted reserves if equity is not, or does not fall as a result of the pay-out, below share capital. For such purposes, profits taken directly to equity cannot be directly or indirectly distributed. Should prior-year losses cause the Company's equity to fall below the share capital figure, the profit will be used to offset those losses.

4. ACCOUNTING POLICIES

The principal accounting policies applied when preparing the annual accounts are described below:

4.1. Financial assets

Classification and measurement

On initial recognition, the Company classifies all financial assets in one of the categories listed below, determining the initial and subsequent measurement method in accordance with the amendment to the Chart of Accounts under Royal Decree 1/2021:

- Financial assets at amortised cost.
- Financial assets at fair value through equity.
- Financial assets at cost.

A) Financial assets at cost

This category includes equity investments in Group companies, jointly-controlled entities and associates, which are measured at cost less any cumulative impairment adjustments. However, where the investment predates classification as a Group company, jointly-controlled entity or associate, the cost of the investment is the carrying amount prior to such classification. Any previous measurement adjustments recognised directly in equity are retained in equity until the related investments are derecognised. Where there is objective evidence that the carrying amount is not recoverable, appropriate measurement adjustments are recorded for the difference between the carrying amount and the recoverable amount, the latter being understood to mean:

- For corporate companies without productive assets, the underlying book value of the shareholdings.
- For operating companies, the present value of cash flows derived, in turn, from the investees.

B) Financial assets at amortised cost

Held-to-maturity investments, loans granted and receivables are initially recognised at fair value plus any attributable costs and are subsequently measured at amortised cost, any interest accrued being recognised applying the effective interest rate. The effective interest rate is the discount rate that exactly matches the initial payment for the financial instrument with all of its estimated cash flows to maturity. However, trade receivables maturing within twelve months are measured at face value, both at initial recognition and subsequently, provided that the effect of not discounting the flows is immaterial. At the year end at least, the necessary impairment adjustments are recognised where there is objective evidence that not all the amounts receivable will be collected. The amount of the impairment loss is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the effective interest rate at the time of initial recognition. Impairment losses and any reversals of impairment losses are recognised in the income statement. Financial assets are derecognised when the risks and rewards of ownership of the financial asset are substantially transferred. In the specific case of receivables, this is deemed to occur, in general, when insolvency and default risks have been transferred.

C) Financial assets at fair value through equity

It includes financial assets that meet the following conditions:

- The financial instrument is not held for trading and must not be carried at amortised cost.
- The contractual features of the financial asset give rise, at specified dates, to cash flows that are solely receipts of principal and interest on the outstanding principal.

The Company also has the option of (irrevocably) classifying investments in equity instruments in this category, provided they are held for trading and must not be carried at cost.

The financial assets included in this category are initially recognised at fair value which, unless otherwise evidenced, is assumed to be the transaction price, this being equal to the fair value of the consideration paid plus directly attributable transaction costs. Inherent transaction costs are therefore capitalised.

The subsequent valuation is measured at fair value without deducting any transaction costs that may be incurred on the sale of the assets. Changes in fair value are reflected directly in equity until the financial asset is written off the balance sheet or becomes impaired, at which time the amount recognised will be taken to the income statement.

Impairment adjustments and losses or gains due to exchange differences in monetary financial assets denominated in a foreign currency are recognised in the income statement and not in equity.

Interest is also recognised in the income statement, calculated using the effective interest method, as well as dividends accrued (financial income).

4.2. Financial derivatives

Derivative financial instruments are initially recognised at fair value on the arrangement date. Subsequent fair value changes are recognised at each balance sheet date taking into account whether they have been designated as hedging instruments and, if so, the type of hedge.

The Company takes account of credit risk when measuring assets and liabilities derivatives.

4.3. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits at financial institutions and other short-term, highly liquid investments with an initial maturity of three months or less.

4.4. Equity

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issuance of new shares are deducted from equity, net of taxes. Acquisitions of parent company treasury shares are deducted from equity in the amount of the consideration paid, including associated attributable costs. When treasury shares are sold or reissued, any amount received is taken to equity, net of costs.

Dividends relating to equity instruments are recognised as a reduction in equity at the time of approval by the Annual General Meeting.

4.5. Provisions and contingent liabilities

The Company recognises a provision for a commitment or obligation to a third party that meets the following requirements: it is a present obligation (legal, contractual, constructive or implied) the settlement of which is expected to result in an outflow of resources the amount or timing of which are not known for certain but can be estimated to a sufficiently reliable degree.

Provisions are measured at the present amount of the disbursements expected to be required to settle the obligation, applying a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the obligation. Where discounting is used, adjustments made to provisions are recognised as interest cost on an accrual basis. Provisions maturing within one year for which the effect of discounting is immaterial are not discounted.

Contingent liabilities are possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events beyond the Company's control. Contingent liabilities are not recognised but rather are disclosed (Note 15).

4.6. Financial liabilities

Classification and measurement

On initial recognition, the Company classifies all financial liabilities in one of the categories listed below:

- Financial liabilities at amortised cost.

Financial liabilities at amortised cost

The Company classifies all financial liabilities in this category unless they must be measured at fair value through profit or loss.

Financial liabilities are initially recognised at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments, to the maturity of the liability, to the amount initially received. If the effective interest rate is initially deemed to differ from the market interest rate, the liability is measured taking account of the present value of future flows at the market rate in the case of interest-bearing loans. Where no effective interest rate is specified, the cash flows are also measured using the market interest rate.

4.7. Income tax and deferred taxes

Corporate income tax expense recognised in the Company's annual accounts is calculated on the basis of reported profit, increased or decreased, as appropriate, to reflect the effect of tax adjustments and temporary differences that arise between the tax bases and carrying amounts in the financial statements of assets and liabilities (liability method), and which give rise to the recognition of deferred tax assets and liabilities.

Deferred tax assets and liabilities are calculated at the tax rates in force at the balance sheet date and which are expected to be applicable in the period in which the assets are realised or the liabilities are settled. They are charged or credited to the income statement, except where they relate to items recognised directly in equity, in which case they are charged or credited to the equity accounts. Deferred tax assets and tax credits for tax-loss carryforwards are recognised when it is probable that the Company will recover them in the future, regardless of when they will be recovered, and provided this is within the maximum period permitted by law. Deferred tax assets and liabilities are not discounted and are classified as a non-current asset or liability, respectively, in the balance sheet. Deferred taxes recognised are reviewed at the end of each reporting period and the appropriate adjustments are made where there are doubts as to future recoverability. Also, unrecognised deferred tax assets are assessed at each close and are recognised where it has become probable that they will be recovered against future taxable income.

Deferred taxes are not recognised when the transaction has no effect on the carrying amount and/or tax value of the related assets and liabilities.

The difference between corporate income tax expense recognised at the previous year-end and the amount reported in the final tax returns filed reflects a change in accounting estimates and is recognised as current-year income or expense.

Ferrovial, S.A. is the parent company of the corporate income tax consolidated group, as regulated in Title VII, Chapter VI of Corporate Income Tax Law 27 of 27 November 2014.

4.8. Translation of foreign currency transactions

Transactions performed by the Company in a currency other than the functional currency, which is the euro, are translated by applying the exchange rates prevailing at the transaction date or at year-end exchange rates in the case of balances outstanding at the reporting date.

Foreign currency gains and losses arising from the settlement of these transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, unless they are deferred in equity, as is the case of cash flow hedges and hedges of net investments in foreign operations that qualify for hedge accounting.

4.9. Revenue recognition

The main revenues recognised by the Company relate to services provided to subsidiaries and to dividends. Services revenue is recognised when control is transferred. At that time, the Company measures revenue at the amount that reflects the consideration to which it expects to be entitled in exchange for those services.

The Company's revenue recognition policy is determined by the five-step revenue recognition model:

- Identify the contract(s) with a customer.
- Identify the performance obligation(s) in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

On the basis of Ruling Request Response no. 2 published in Official Gazette no. 79/2009 of the Spanish Institute of Accounting and Auditing in relation to the accounting classification in the individual financial statements of a holding company's income and expenses, the Company's revenue relates to dividends and other income (interest accrued on investee financing) received from investees.

Interest on financial assets is recognised using the effective interest method.

As regards dividends received, any distribution of unrestricted reserves received from a subsidiary will be recognised as a “profit distribution” operation and, as a result, will lead to the recognition of income, provided that, as from the acquisition date, the investee or any Group company in which that investee holds an interest has posted profits in excess of the shareholders’ funds distributed. When dividends distributed are clearly derived from profits generated prior to the acquisition date, because the amounts paid out exceed the profits generated by the investee between the acquisition date and the date the distribution was agreed, they will not be recognised as income but as a reduction in the investment's carrying amount.

As regards this last aspect, the Company applies Article 31 of the Resolution of 5 March 2019 from the Spanish Institute of Accounting and Auditing (ICAC), developing the approach to presenting financial instruments and other accounting aspects related to commercial regulations applicable to companies, specifically the ICAC's own interpretation in a ruling request response published in the ICAC's Official Gazette no. 123 in September 2020, stating that when a company distributes dividends to its parent, the latter must recognise the dividend as a reduction in the value of the investment when the sum of the results of companies directly or indirectly owned by the company paying out the dividend plus the paying company's own results is zero or negative, since the conclusion may be drawn that the investee and its subsidiaries have not posted profits since the date of acquisition.

There are no direct incremental costs of obtaining contracts. There are also no performance obligations that represent a guarantee, nor significant penalties that must be assessed.

4.10. Share-based remuneration

Share-based remuneration schemes are measured at the price quoted at the grant date. This value is recognised in staff costs in proportion to the stipulated period of time during which the employee must remain at the Company, with a balancing entry in equity.

4.11. Leases

Leases are classified as finance leases when lease conditions imply that the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. The only significant lease held by the Company is the operating lease on the property where head office is located (Note 17).

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

Any amount paid or collected on entering into an operating lease will be recognised as an advance receipt or payment in the income statement over the lease term, as the rewards of the leased asset are assigned or received.

4.12. Related-party transactions

The Company completes all its related-party transactions at arm's length. In addition, transfer prices are suitably covered and therefore the Company's directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

5. INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

Shareholdings in Group companies and associates are the Company's primary assets, representing 97% of the total (98% in 2021).

Set out below is an analysis of this heading showing movements in 2022:

(Million euro)	BALANCE AT 31/12/2021	ADDITIONS/C HARGES/TRA NSFERS	DISPOSALS/RE VERSALS	BALANCE AT 31/12/2022
Ferrovial International SE	7,335	1,470	(285)	8,520
Landmille Ireland DAC	425	-	(3)	422
Ferrofin, S.L.	241	-	-	241
Ferrovial Construcción, Cintra Infraestructuras España, S.L.	711	-	-	711
Ferrovial Aeropuertos España, S.A.	657	-	(30)	627
CanAm, S.A.	102	48	-	150
Ferrovial Mobility, S.A.	4	-	(4)	-
Ferrovial Inversiones, S.A.	22	24	-	46
Ferrocop UK Ltd.	67	-	-	67
Ferrovial Corporación, S.A.	1	-	-	1
Temaui, S.L.U.	5	-	-	5
Ferrovial Infraestructuras Energéticas, S.A.U.	18	-	-	18
Autovía de Aragón, Sociedad Concesionaria, S.A.	11	10	-	21
Pilum, S.A.	3	-	-	3
Ferrovial Ventures, S.A.U.	1	1	-	2
Ferrovial 004, S.L.U.	-	15	-	15
Ferrovial Services	-	17	-	17
Krypton RE	333	-	-	333
Shareholdings in Group companies	9,944	1,585	(322)	11,207
Landmille Ireland DAC	(238)	(77)	-	(315)
Ferrofin, S.L.	(89)	-	76	(13)
Ferrovial Aeropuertos España, S.A.	(92)	(14)	-	(106)
CanAm, S.A.	(4)	-	4	-
Temaui, S.L.U.	(9)	(2)	-	(11)
Cintra Infraestructuras	-	(56)	-	(56)
Pilum, S.A.	(1)	-	-	(1)
Ferrovial Infraestructuras Energéticas, S.A.U.	(1)	-	-	(1)
Autovía de Aragón, Sociedad Concesionaria, S.A.	-	(2)	-	(2)
Ferrovial Services	-	-	-	-
Ferrovial Mobility, S.A.	(332)	-	13	(319)
Provision for shareholdings in Group companies	(773)	(154)	93	(834)
Equity instruments, net	9,170	1,431	(229)	10,373

Ferrovial International SE

During 2022, the Company made shareholder contributions to its subsidiary Ferrovial International SE in the total amount of EUR 1,470 million, to provide the subsidiary with the necessary funds to undertake new projects in the United States. These contributions were fully paid up in cash.

On the other hand, in 2022 the Company received a dividend from Ferrovial International, S.E. of 1,295 million euros, of which 1,010 million euros were recorded as income (note 16) and 285 million euros were recorded as a reduction of the shareholding (note 4.9).

Landmille Ireland DAC

On 24 November 2022, Landmille Ireland DAC approved a dividend payment out of unrestricted reserves in the amount of EUR 3 million which, according to the approach set out in the ruling request response published in the Spanish Institute of Accounting and Auditing's Official Gazette for September 2020 (Note 4.9), must be recognised as a reduction in the ownership interest in the subsidiary. The full amount of the dividend was received by the Company in cash.

Cintra Infraestructuras España, S.L.

On 20 December 2022, Cintra Infraestructuras España, S.L. approved a distribution of unrestricted reserves in the amount of EUR 30 million which, according to the approach set out in the ruling request response published in the Official Gazette of the Spanish Institute of Accounting and Auditing in September 2020 (Note 4.9), must be recognised as a reduction in the ownership interest in the subsidiary. The full amount of the dividend was received by the Company in cash.

Ferrovial Aeropuertos España, S.A.

On 27 April 2022, the Company made a shareholder contribution to its subsidiary Ferrovial Aeropuertos España, S.A. in the amount of EUR 48 million. These contributions were fully paid up in cash.

CanAm, S.A.

On 17 February 2022, the Company decided to wind up and liquidate its subsidiary CanAm, S.A., recognising a total write-off of EUR 4 million.

Ferrovial Mobility, S.A.

During 2022, the Company made shareholder contributions to its subsidiary Ferrovial Mobility S.A. in the total amount of EUR 24 million. These contributions were fully paid up by means of cash transfers.

Ferrovial Infraestructuras Energéticas, S.A.U.

On 6 June 2022, a contribution of EUR 10 million was made to Ferrovial Infraestructuras Energéticas, S.A.U. to provide it with the funds needed to meet the provision of funds requested by Ferrovial Growth VI, S.L.U.

Pilum, S.A.

On 29 June 2022, a contribution of EUR 1 million was made to the company Pilum, S.A. so as to inject the additional liquidity needed to complete the final repayment of principal and interest on the financing obtained by the subsidiary.

Ferrovial Ventures, S.A.U.

On 21 January 2022, the Company made a shareholder contribution to its subsidiary Ferrovial Ventures, S.A.U. in the total amount of EUR 15 million. These contributions were fully paid up by means of cash transfers.

Ferrovial 004, S.L.U.

On 31 January 2022, the Company made a shareholder contribution of EUR 17 million to its subsidiary Ferrovial 004 S.L.U. to allow it to buy the shares held by the Spanish company Cartera Ceres, S.L. in the infrastructure services business.

Portfolio provisions

The net movement in portfolio provisions during 2022 totalled EUR -61 million.

Appropriations during the financial year amounted to EUR -154 million and consisted of measurement adjustments to subsidiaries, mainly to Landmille, Ireland DAC, in the amount of EUR -77 million, Cintra Infraestructuras España, S.L., in the amount of EUR -56 million, Ferrovial Aeropuertos España, S.A., in the amount of EUR -14 million and to other corporate companies without productive assets for which the impairment of the shareholding is calculated based on the underlying book value. These have all been recognised in impairment losses on and disposals of financial instruments in the income statement (Note 16). A description of the main variations is set out in the previous table.

Reversals totalled EUR 93 million, relating mainly to the valuation of the subsidiary Ferrofin S.L. (EUR 76 million).

Appendix II provides details of all Ferrovial, S.A.'s investee companies, stating their address, audit firm, shareholding percentages and book cost, as well as the main components of shareholders' funds, at 31 December 2022. The information on subsidiaries that are not controlled reflects total assets, liabilities, income and profit/(loss).

Set out below are the registered details of the listed Group companies Ferrovial, S.A. and Budimex, S.A.:

QUOTED PRICE (Euros)	BUDIMEX, S.A. (PLN)	FERROVIAL, S.A. (EUR)
At year end	284.00	24.47
Last-quarter average	256.80	24.52

For comparability, there follows a breakdown of movements during 2021:

(Million euro)	BALANCE AT 31/12/2020	ADDITIONS / CHARGES	DISPOSALS / REVERSALS	BALANCE AT 31/12/2021
Shareholdings in Group companies	8,633	998	(20)	9,611
Provision for shareholdings in Group companies	(433)	(25)	17	(441)
EQUITY INSTRUMENTS	8,200	973	(3)	9,170

6. OTHER NON-CURRENT FINANCIAL ASSETS

The balance of "Other non-current financial assets" includes financial assets at fair value through equity. It relates essentially to the 0.4% ownership interest in the company Liliium which was acquired on 8 September 2021 in the amount of USD 15 million (EUR 13 million). This company's shares are listed on the Nasdaq Stock Exchange. The value of the interest reflects the number of shares (1.5 million) multiplied by the quoted price at 31 December 2022 (USD 1.14), which is equivalent to EUR 2 million at the year-end exchange rate (1.0705 EUR/USD).

The change in the fair value of the shares has a balancing item in equity, entailing a net impact of EUR -6 million during the financial year (Note 12).

7. CASH AND CASH EQUIVALENTS

Set out below is a breakdown for 2022 and 2021:

(Million euro)	BALANCE AT 31/12/22	BALANCE AT 31/12/21
Cash and banks	11	35
TOTAL	11	35

The cash balance primarily consists of bank accounts opened in the Company's name.

8. BORROWINGS

Ferrovial, S.A.'s borrowings comprise the following debt instruments:

Short-term payables

- **Debentures and bonds:** Euro Commercial Paper Notes: In the first quarter of 2018, the Company arranged an issue of Euro Commercial Paper Notes for a maximum of EUR 1,000 million on the Irish Stock Exchange. Through this programme, Ferrovial is able to issue commercial paper notes maturing between 1 and 364 days as from the issue date so as to diversify funding sources in capital markets and manage cash surpluses more efficiently. In the second half of 2019, this programme was extended up to a maximum drawable amount of EUR 1,500 million. Notes amounting to approximately EUR 696 million had been drawn down at 31 December 2022, giving rise to a EUR 196 million increase compared to the prior year-end, at an average interest rate of 1.82% at 31/12/2022, with the average rate during 2022 amounting to 0.47%, entailing an expense of EUR 4 million for the Company (Note 16).

Long-term payables

- **Bank borrowings.** The Company also records six loans totalling EUR 560 million all of which mature in 2027 at an average rate of between 0.425% and 2.59%. In addition to the loan that the Company had already arranged in 2021, a further five were obtained in 2022 for a total amount of EUR 500 million.
- **Bank borrowings:** Corporate liquidity facilities for a maximum of EUR 1,100 million. On the one hand, a syndicated facility with a limit of 900 million euros and the possibility of drawing down the balance in EUR, CAD, GBP and USD. The facility has a margin of 43.95 bps and matures in 2025. Of the current maximum limit of the facility, at December 31, 2022, USD 260 million is drawn down. The exchange rate and interest rate risks of these drawdowns have been hedged by means of cross currency swaps at a fixed interest rate of 2.84%, always securing a notional amount of 250 million euros (see note 9). On the other hand, a credit line with a limit of 200 million euros, undrawn.

The borrowing limits, balances drawn down and amounts drawable at 31 December 2022 and 2021 were as follows:

(Million euro)	2022			
	DEBT LIMIT	UTILISED (*)	DRAWABLE	CARRYING AMOUNT
Corporate Debt	1,100	250	850	245
ECP (Euro Commercial Paper)	696	696	-	696
Credit lines	560	560	-	560
TOTAL	2,356	1,506	850	1,501

(*) Refers to the fair value of cross-currency swaps amounting to EUR -5 million

(Million euro)	2021			
	DEBT LIMIT	UTILISED (*)	DRAWABLE	CARRYING AMOUNT
Corporate Debt	900	250	650	241
ECP (Euro Commercial Paper)	250	250	-	250
Credit lines	60	60	-	60
TOTAL	1,210	560	650	551

(*) Refers to the fair value of cross-currency swaps amounting to EUR -8 million

The Company's credit rating

The credit rating agencies Standard & Poor's and Fitch issued their opinion on Ferrovial's credit rating at December, which were BBB and BBB, respectively, and therefore within the "investment grade" category.

9. DERIVATIVES

Set out below is a breakdown of derivatives and related fair values at 31 December 2022 and 31 December 2021, as well as the maturities of the notional amounts to which the derivatives are tied and the corresponding cash flows.

The notional amounts listed in this table include all those arranged at 31 December 2022. Accordingly, the maturities are presented with a positive sign and future increases, the amount of which has already been arranged, are shown with a negative sign.

TYPE OF INSTRUMENT (million euro)	FAIR VALUE		NOTIONAL MATURITIES					
	BALANCE AT 31/12/2022	BALANCE AT 31/12/2021	2023	2024	2025	2026	2027 and beyond	TOTAL
Equity swaps	2	11	65	-	-	-	-	65
Interest rate swaps	10	-	-	-	-	-	350	350
TOTAL ASSET BALANCES	12	11	65	-	-	-	350	415
Interest rate swaps	-	(31)	-	-	-	-	-	-
Cross-currency swaps	(5)	(8)	-	-	250	-	-	250
TOTAL LIABILITY BALANCES	(5)	(39)	-	-	250	-	-	250
NET BALANCES	7	(28)	65	-	250	-	350	665

Derivative cash flows mature as follows:

TYPE OF INSTRUMENT (million euro)	FAIR VALUE		CASH FLOW MATURITY					
	BALANCE AT 31/12/2022	BALANCE AT 31/12/2021	2023	2024	2025	2026	2027 and beyond	TOTAL
Equity swaps	2	11	2	-	-	-	-	2
Interest rate swap	10	(31)	-	4	2	2	2	10
Cross-currency swaps	(5)	(8)	5	4	(14)	-	-	(5)
TOTAL FINANCIAL INSTRUMENTS	7	(28)	7	8	(12)	2	2	7

There follows an explanation of hedge fair value changes from 2022 to 2021 and of the effects of such changes on the balance sheet and income statement for the year (thousand euro).

TYPE OF INSTRUMENT (million euro)	FAIR VALUE			BREAKDOWN OF CHANGES						
	BALANCE AT 31/12/2022	BALANCE AT 31/12/2021	CHANGE	EFFECT OF FAIR VALUE ON RESERVES	EFFECT ON RESERVES OF TRANSFER OF PRIOR-YEAR RESERVES TO P/L	EFFECT OF FAIR VALUE ON PROFIT/(LOSS)	EFFECT ON NET FINANCIAL INCOME/(EXPENSE) - FINANCING	CASH	OTHER EFFECTS ON THE BALANCE SHEET OR INCOME STATEMENT	TOTAL
Equity swaps	2	11	(9)	-	-	(9)	2	(2)	-	(9)
Interest rate swap	10	(31)	41	56	(62)	69	(1)	(21)	-	41
Cross-currency swaps	(5)	(8)	3	2	-	-	5	(18)	14	3
TOTAL FINANCIAL INSTRUMENTS	7	(28)	35	58	(62)	60	6	(41)	14	35

(*) Receipts are shown as a negative impact; payments are shown as a positive impact.

Equity swaps

Ferrovial has arranged equity swaps hedging the potential financial impact of the exercise of share-based remuneration schemes granted to employees (Note 20).

These equity swap 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 swap arrangement 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 dividend on those shares.
- At maturity, if the share has appreciated, Ferrovial receives 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.

These equity swaps do not qualify for hedge accounting and the related gains or losses are recognised as fair value adjustments in net financial income/(expense). 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 16). The total impact of these instruments on cash resources amounted to EUR 2 million.

At year-end 2022 these derivatives have a notional value equivalent to 2,755 thousand shares which, based on the strike price of the equity swaps (price employed in the calculation for settlement with the financial institutions), amounts to EUR 65 million. Fair value at 31 December 2022 amounted to EUR 2 million, which reflects the difference between the strike price of the equity swaps and the year-end share price.

Interest rate derivatives

The Company has contracted interest rate derivatives to hedge bank debt for a notional amount of 350 million euros and maturity 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 due to changes in the reference interest rate, meeting the conditions for treatment as an accounting hedge.

This means that fair value changes in both the derivative and the hedged item (in this case, the bank borrowings) are carried at fair value through reserves.

In 2022, the impact on reserves was 56 million euros, of which 11 million euros corresponded to new IRS contracted to cover bank debt. On the other hand, a positive impact of 62 million euros was generated in results, due to the breakage of the pre-hedging contracted for a bond issue that finally did not occur.

Cross-currency swaps

The Company holds a liquidity facility for a maximum of EUR 1,100 million, which may be drawn in EUR, CAD, GBP and USD. At 31 December 2022, USD 260 million had been utilised (Note 8). In order to cover possible interest rate and foreign exchange fluctuations affecting the amount drawn, the Company has arranged cross-currency swaps maturing in 2025, for an agreed equivalent value of EUR 250 million, the fair value of which amounts to EUR -5 million.

Accordingly, foreign exchange fluctuations during the year had an impact of EUR 14 million on the total notional amount recognised in the income statement ("other impacts" column), offsetting changes in the value of the above-mentioned loan. A cash effect of EUR 18 million was also recognised ("Cash" column), together with an impact on net financial income/(expense) from financing of EUR 5 million.

10. BALANCES WITH GROUP COMPANIES AND ASSOCIATES

10.1. Financial balances with Group companies:

Movements in Ferrovial, S.A.'s balances receivable from and payable to other Group companies are set out below:

(Million euro)	2021	CHANGES IN LOANS, FERROFIN	CHANGE IN LOANS, FERROVIAL NETHERLANDS	CHANGE IN LOANS, FERROVIAL INTERNATIONAL	OTHER MOVEMENTS	2022
Short-term investments	6	-	-	213	(1)	218
ASSET BALANCES	6	-	-	213	(1)	218
Long-term payables	2,779	332	(499)	-	21	2,633
Short-term payables	1,831	(269)	500	(6)	21	2,077
LIABILITY BALANCES	4,610	63	1	(6)	42	4,710
NET BALANCE	(4,604)	(63)	(1)	219	(43)	(4,492)
Long term	(2,779)	(332)	499	-	(21)	(2,633)
Short term	(1,825)	269	(500)	219	(22)	(1,859)

Movements in balances with Group companies

With regard to movements in the net balance of Group company financing, as shown in the table above, the Company records a net balance of EUR -4,492 million payable to subsidiaries. This net financing position fell by EUR 112 million during the year due essentially to the following movements:

- Variation in balances with the subsidiary Ferrofin, S.L., with an increase of 332 million euros in the balance of long-term debts and a decrease of 269 million euros in short-term debts.

- Change of EUR 213 million in the dividend receivable by the Company from its subsidiary Ferrovial International, S.E.

Breakdown of long-term balances with Group companies.

The Company records long-term loans payable in the amount of EUR 2,633 million. The main loans received from the Company's subsidiaries are analyzed below:

LONG-TERM LOANS (Million euro)	2022	2021	VAR.
Ferrovial Emisiones, S.A.	1,575	1,574	1
Ferrofin, S.L.	1,031	700	331
Ferrovial Netherlands BV	-	499	(499)
Krypton RE, S.A.	20	-	20
Ferrovial Aravia, S.A.	7	7	-
TOTAL LONG-TERM LOANS	2,633	2,779	(146)

- Intercompany loans of EUR 1,575 million with the subsidiary Ferrovial Emisiones S.A., comprising:
 - † EUR 299 million (face value of EUR 300 million), received from Ferrovial Emisiones S.A., the funds having been obtained by the corporate bond issued on 15 July 2014, with a fixed interest rate of 2.5% and maturing in 2024.
 - † EUR 1,275 million (nominal amount of EUR 1,280 million) received from Ferrovial Emisiones S.A. through the issuance of corporate bonds in 2020, EUR 780 million of which, accruing an annual coupon of 1.382%, matures in 2026; and EUR 500 million, at an annual coupon of 0.54%, matures in 2028. These funds were transferred to Ferrovial S.A. on the same terms as the bonds.
- An intercompany credit line arranged with the subsidiary Ferrofin, S.L. on 30 November 2017 for a limit of up to EUR 3,000 million, maturing on 31 December 2025. The balance drawn down at 31 December 2022 amounted to EUR 1,031 million. The movement to this credit line, which accrues an interest rate of 2.13%, is detailed in the previous table.
- Intercompany loan of EUR 20 million from the subsidiary Krypton RE, S.A., accruing fixed interest at an annual rate of 0.15% and maturing in 2024.

Breakdown of short-term balances with Group companies

Set out below is a breakdown of short-term financial balances with Group companies:

(Million euro)	31.12.2022	31.12.2021	Change
Current accounts	5	6	(1)
Dividends receivable	213	-	213
CURRENT ASSET BALANCES	218	6	212
Current accounts	1,526	1,801	(275)
Short-term loans	511	12	499
Short-term interest accrued	18	18	-
CURRENT LIABILITY BALANCES	2,077	1,831	246
NET BALANCE OF FINANCING GC	(1,859)	(1,825)	(34)
Via current accounts	(1,521)	(1,795)	274
Via dividends receivable	213	-	213
Via corporate income tax liquidation debts	(22)	-	(22)
Via short-term loans	(529)	(30)	(499)

The Company holds financial current accounts with its subsidiaries for a net amount of EUR 1,521 million (EUR 1,795 million at 31 December 2021). The current accounts break down as follows:

CURRENT ACCOUNTS WITH GROUP COMPANIES (Million euro)	2022	2021	VAR.
Ferrofin, S.L.	(1,526)	(1,795)	269
Ferrovial International, S.E.	-	(6)	6
407 Toronto Highway BV.	-	1	(1)
Budimex	3	3	-
Other	2	3	(1)
TOTAL SHORT-TERM CURRENT ACCOUNTS (NET)	(1,521)	(1,795)	274

At Ferrofin, S.L. there was a net change of EUR 269 million in the current account, which bears interest at a rate similar to the market rate (0.87%) and derives from the Group's cash-pooling arrangement.

As regards short-term loans, the Company records EUR 529 million at 31 December 2022 (EUR -30 million at 31 December 2021). There follows a breakdown of short-term accrued and unmatured interest at year-end:

(Million euro)	2022	2021	VAR.
Ferrovial Emisiones, S.A.	-	-	-
Ferrovial Services UK, Ltd.	(10)	(10)	-
Ferrovial Netherlands BV	(500)	-	(500)
Other	(1)	(2)	1
TOTAL Short-term loans	(511)	(12)	(499)
Ferrovial Emisiones, S.A.	(11)	(11)	-
Ferrovial Netherlands BV	(7)	(7)	-
TOTAL Interest accrued	(18)	(18)	-
TOTAL SHORT TERM LOANS AND INTEREST	(529)	(30)	(499)

The most significant change of EUR 500 million relates to the short-term intercompany loan granted to the subsidiary Ferrovial Netherlands BV, which, as mentioned in the previous point, reflects the transfer of the loan from long to short term.

For comparability, balances and movements in borrowings at 31 December 2021 are as follows:

(Million euro)	2020	CHANGES IN LOANS, FERROFIN	CHANGE IN LOANS, FERROVIAL EMISIONES	OTHER MOVEMEN TS	2021
Short-term investments	311	(179)	-	(125)	6
ASSET BALANCES	311	(179)	-	(125)	6
Long-term payables	2,773	3	4	-	2,779
Short-term payables	548	1,795	(510)	(2)	1,831
LIABILITY BALANCES	3,321	1,798	(506)	(2)	4,611
NET BALANCE OF	(3,010)	(1,977)	506	(123)	(4,605)
Long term	(2,773)	(3)	(4)	-	(2,779)
Short term	(237)	(1,974)	510	(124)	(1,825)

A breakdown of the transactions with Group companies completed during the financial year is provided in Note 16.

10.2. Trade receivables from Group companies:

The Company records trade receivables from Group companies amounting to EUR 34 million (EUR 21 million at 31 December 2021) in respect of receivables and payables for the provision of services rendered and received. A breakdown of these balances is shown below:

TRADE RECEIVABLES FROM GROUP COMPANIES (Million euro)	2022	2021	VAR.
Ferrovial Construcción S.A.	8	5	3
Cintra Servicios	3	2	1
Ferrovial Aeropuertos España, S.A.	1	1	-
Cintra Global SE	-	1	(1)
Ferrovial Agromán Southeast, LLC	-	1	(1)
Ferrovial Corporación, S.A.	2	2	-
Ferrovial Holding US Corp.	3	2	1
Ferrofin, S.L.	9	-	9
Acadia Servicios de Medioambiente, S.L.	1	2	(1)
Amey Group	-	2	(2)
Ferrovial International LTD	2	-	2
Other	4	2	2
TOTAL SHORT-TERM TRADE BALANCES (NET)	34	21	13

11. TRADE PAYABLES

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 new wording of Final Provision Two of Law 31/2014 reforming the Act), the Company hereby states that the average supplier payment period in 2022 was 30 days.

Set forth 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 for the year:

Days	2022	2021
Average supplier payment period	30	22
Ratio of transactions settled	31	23
Ratio of transactions pending payment	9	4

Amount (euro)	2022	2021
Total payments made	13,211,595	12,014,611
Total payments pending	100,729	630,897

In accordance with the aforementioned Law, which amends Law 15/2010 as regards 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:

2022					
TOTAL AMOUNT OF INVOICES PAID	INVOICES ON TIME	% INVOICES ON TIME	TOTAL NO. INVOICES	TOTAL NO. INVOICES ON TIME	% TOTAL NO. INVOICES ON TIME
13,211,595	11,218,888	85 %	1,172	1,014	87 %

12. SHAREHOLDERS' FUNDS

A breakdown of the main impacts, net of taxes, on equity in 2022 and 2021 is as follows:

(Million euro)	2022	2021
BALANCE AT 31.12.2021	3,925	4,437
Profit/(loss) for the year	961	(32)
Recognised income and expenses	37	7
Impact on hedge reserves	43	10
Effect of other financial assets on reserves	(6)	(3)
Transfer to income statement	(46)	=
Hedging instruments	(46)	-
TOTAL RECOGNISED INCOME AND EXPENSES	952	(25)
Scrip dividend/Dividends	(132)	(31)
Treasury share transactions	(446)	(431)
SHAREHOLDER REMUNERATION	(578)	(463)
Share-based remuneration schemes	-	(23)
Other movements	1	(1)
Other transactions	1	(24)
BALANCE AT 31.12.2022	4,300	3,925

Shareholders' funds decreased by EUR 384 million in 2022. The main impacts relate to:

- Profit for the year of EUR 961 million.
- Effect of the change in fair value of hedging derivatives in the amount of EUR 43 million (Note 9) and in the fair value of other non-current financial assets in the amount of EUR -6 million (Note 6).
- Shareholder remuneration:
 - Scrip dividend: refers to the impact of the flexible remuneration scheme approved by Ferrovial, S.A.'s Annual General Meeting held on 7 April 2022 (see section G) Reserves).
 - Treasury share transactions: relates to the impact of the purchase of treasury shares for subsequent redemption and share capital reduction (see section d. Treasury shares).
- Share-based remuneration schemes: mainly reflects the impact of the accrual and payment of staff costs associated with performance shares for executives mentioned in Note 19, as well as the impact of share-based payments to employees (stock bonus).

The main equity items are as follows:

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 decrease in the share premium and merger premium resulting from the merger in 2009 of Grupo Ferrovial S.A. with Cintra Concesiones de Infraestructuras de Transporte, S.A. (now Ferrovial, S.A.), with respect to the previous year is due to the redemption of treasury shares agreed in the share buyback program explained in section D) below. Treasury stock. Consequently, at December 31, 2022 there is no share premium or merger premium (218 million euros at the end of the previous year). Both items are considered as unrestricted reserves.

C) Restricted reserves

Under the Consolidated Text of the Spanish Companies Act, 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of share capital. The legal reserve may be used to increase capital in the portion of the balance that exceeds 10% of the increased share capital figure.

At 31 December 2022, the legal reserve is fully funded as specified in the preceding paragraph.

Except for the above-mentioned purpose, until the legal reserve exceeds 20% of share capital it may only be used to offset losses and provided that no other sufficient reserves are available.

D) 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	-	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.

E) 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 9, 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).

F) Profit/(loss) for the prior year

The loss for 2021 was taken to prior-year losses in the amount of EUR -32 million.

G) Reserves

- The application of 2021 profits amounting to EUR -32 million, as indicated above.
- Scrip Dividend: 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) of 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.
- It should be noted that in 2014 Ferrovial, S.A. availed itself of the tax scheme provided by Articles 107 and 108 of Corporate Income Tax Act 27 of 27 November 2014. Under this tax scheme, the Company must set reflect separately from other reserves those that are "subject but exempt", arising from investments in the shareholders' funds of operating, non-resident companies (representing at least 5% of share capital or the acquisition value of which is higher than EUR 20 million), or from permanent establishments overseas. The balance in these reserves amounted to EUR 2,185 million at 31 December 2022.
- Effects on the income statement: This heading includes the effects accumulated in reserves of the pre-hedge arranged for Ferrovial S.A.'s bond issue planned for 2022, which did not go ahead, amounting to EUR -46 million after tax (positive effect on the income statement), as indicated in Note 9.

13. PROVISIONS FOR LIABILITIES AND CHARGES

Movements in 2022 are set out below:

(Million euro)	Balance at 01/01/2022	Appropriation	Reversed	Other	Balance at 31/01/2022
Provision for liabilities and	178	3	(9)	12	184
TOTAL	178	3	(9)	12	184

The provision of EUR 184 million for liabilities and charges comprises:

- Provision for tax assessments raised by the Spanish tax authorities in relation to 2006 corporate income tax in the amount of EUR 127 million (EUR 118 million in 2021).
- Provision for tax assessments raised by the Spanish tax authorities in respect of corporate income tax for the financial years 2002 to 2005 in the amount of EUR 31 million (EUR 27 million in 2021).

- Provision for tax assessments raised by the Spanish tax authorities in respect of corporate income tax for the financial years 2012 to 2014 in the amount of EUR 17 million (EUR 23 million in 2021).
- Provision for tax assessments raised by the Spanish tax authorities regarding VAT for the financial years 2003 to 2005 in the amount of EUR 7 million (EUR 7 million in 2021).
- Provision for other tax litigation in the amount of EUR 1 million (EUR 1 million in 2021).

The main movement in 2022 relates to the increase of EUR 12 million in provisions due to the Company taking charge of the litigation relating to Ferrovial Servicios, S.A.U. ("other movements" column), which was sold during the year. In addition, the restatement based on the interest rate applicable to these provisions entails a EUR 3 million increase, which are carried in "Financial expenses" in the income statement (Note 16).

14. TAX MATTERS

Ferrovial, S.A. has filed consolidated tax returns since 2002. The companies comprising the tax consolidated group in 2022, together with Ferrovial, S.A., are shown in Appendix II - Subsidiaries in the consolidated annual accounts.

In 2014, the Company availed itself of the tax scheme provided by Articles 107 and 108 of Corporate Income Tax Act 27 of 27 November 2014 (CIT Act). Given that the implementation of the said scheme affects the tax treatment of potential dividends or capital gains obtained by Company shareholders, a note describing the tax treatment applicable to shareholders is attached as Appendix I to these annual accounts, as well as information on tax results obtained by Ferrovial S.A., with which the shareholders must be familiar in order for the scheme to be applied.

14.1. Reconciliation of the reported results and taxable income

The reconciliation between the profit/loss before tax (EUR 932 million) and the taxable income is as follows:

Thousand euro	2022			2021		
	Increase	Decrease	TOTAL	Increase	Decrease	TOTAL
Profit/(loss) before tax			932			(38)
Permanent differences:						
	69	(965)	(896)	22	(17)	6
Temporary differences:						
			(1)			(4)
Arising during the year	4	-	4	2		2
Arising in prior years	-	(5)	(5)		(6)	(6)
Taxable income			35			(36)

Permanent differences relate basically to the exemption for the double taxation of dividends received, as described in Note 16 a.1), in the amount of EUR 960 million.

Temporary differences essentially relate to non-tax-deductible accounting provisions.

14.2. Explanation of the effective tax rate and the difference between deferred and current tax

The reconciliation between the profit/loss before tax (EUR 932 million) and the income tax expense recognized (EUR 30 million) is as follows:

(Million euro)	2022	2021
Tax rate	25 %	25 %
Profit/(loss) before tax	932	(38)
Permanent differences	(896)	6
Taxable income/(expense)	36	(32)
Taxable (expense)/income at 25%	(9)	8
Change to prior-year tax evaluation	(9)	(3)
Reversal of tax risks	42	-
Other regularizations	6	1
TOTAL TAXABLE (EXPENSE)/INCOME	30	6

- By adjusting the Company's pre-tax profit in the amount of the permanent differences described previously, we arrive at a taxable result of EUR 36 million, on which taxable expenditure of EUR -9 million has been recognized.
- In addition, adjustments have been made to this expense for 42 million euros of income, corresponding to the reversal of tax risks related to Amey's goodwill, as the Company considers that there are solid legal arguments in favor of the procedural position defended.

The breakdown of accrued tax for 2022 and 2021, distinguishing between current tax and deferred tax, is as follows:

Thousand euro	2,022	2,021
Taxable (expense)/income for the year	(9)	8
Current tax (expense)/income	(9)	9
Deferred tax (expense)/income	-	(1)
Prior-year regularizations and other	39	(2)
Total taxable (expense)/income	30	6

14.3. Deferred taxes

Set out below is a breakdown of movements in deferred taxes during the year:

2022 (million euro)	Assets	Liabilities	Net
Balance at 31.12.21	6	4	2
With a balancing entry in the income statement	-	-	-
Regularisation of prior-year tax and other	-	-	-
Generated	1	-	1
Reversed	(1)	-	(1)
With a balancing entry in shareholders' funds	1	(1)	2
Generated	1	(1)	2
Reversed	-	-	-
With a balancing item in investments in Group companies	-	-	-
Transfer	-	-	-
Balance at 31.12.22	7	3	4

At 31 December 2022, deferred taxes show a net balance of EUR 4 million (EUR 7 million in assets and EUR 3 million in liabilities) as a result of temporary differences relating basically to non-tax-deductible accounting provisions.

Movements in deferred taxes in 2021 were as follows:

2021 (million euro)	Assets	Liabilities	Net
Balance at 31.12.20	135	29	106
With a balancing entry in the income statement	(1)	-	(1)
Regularization of prior-year tax and other	-	-	-
Generated	-	-	-
Reversed	(1)	-	(1)
With a balancing entry in shareholders' funds	(3)	3	(6)
Generated	1	3	(2)
Reversed	(4)	-	(4)
With a balancing item in investments in Group	(126)	(29)	(97)
Transfer	(126)	(29)	(97)
Balance at 31.12.21	6	4	2

14.4. 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 four-year limitation period has elapsed. The tax authorities have a period of ten years to verify and investigate tax-loss carryforwards and certain deductions pending offset.

The last four years are open to inspection for all applicable taxes.

The approach that the tax authorities might adopt in relation to the years open to inspection could give rise to contingent tax liabilities which cannot be objectively quantified. It is considered that any possible material tax contingencies are adequately provisioned at the year end.

15. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

a) Bank and other guarantees given to third parties

The Company's contingent liabilities include bank and other guarantees given to certain Group companies.

Guarantees given to third parties

At the 2022 year-end, Ferrovia, S.A. had furnished guarantees amounting to EUR 6,596 million (EUR 6,971 million in 2021). They include:

- Guarantees given by Ferrovia, S.A. in favor of Ferrovia Emisiones, S.A. covering corporate bond issues for a total nominal amount of EUR 2,080 million (EUR 2,580 million in 2021). All bond issues completed by Ferrovia Emisiones S.A. are secured by Ferrovia. However, with regard to this transaction, Ferrovia records intercompany loans to Ferrovia Emisiones, S.A. (Note 10), amounting to EUR 1,575 million (face value 1,580 million euros), which relate to the issues completed in 2014 and 2020, while the EUR 500 million issued in 2017 were transferred to Ferrovia, S.L., a subsidiary of Ferrovia S.A.
- Guarantee given by Ferrovia, S.A. in favor of its subsidiary Ferrovia Netherlands B.V. in relation to the issuance of a corporate bond completed on 14 November 2017, for a total nominal amount of EUR 500 million. With regard to this corporate bond, Ferrovia S.A. records an intercompany loan to its subsidiary for the same total nominal amount (Note 10).
- Guarantees given in favor of customers of other Group companies in the Construction Division in the amount of EUR 3,995 million, of which EUR 3,699 million relates to bonding lines.
- There were no guarantees given to the Toll Roads Division (EUR 36 million at 31 December 2021).
- Guarantees given to the Airports Division amounting to EUR 17 million (EUR 18 million at 31 December 2021).
- Other guarantees furnished to other Group companies in the amount of EUR 4 million (EUR 7 million at 31 December 2021).

Bank guarantees

In addition to the above, at the 2022 year end the Company holds bank guarantees amounting to EUR 873 million (EUR 620 million in 2021) under guarantee facilities, of which EUR 585 million relates to equity contribution guarantee commitments made to its various subsidiaries (EUR 282 million at 31 December 2021). The Company has given EUR 249 million (EUR 313 million at 31 December 2021) in financial guarantees relating to tax proceedings.

b) Litigation and other contingent liabilities

The Company is involved as the defendant in various lawsuits. The parent company's directors consider that the possible final effect of the lawsuits on the accompanying financial statements would in no case be material.

Tax-related litigation

As indicated in Note 13, Ferrovial, S.A. is involved in various tax claims for which it has recognized a provision of EUR 184 million. These claims arose basically from assessments raised by the Spanish tax authorities, essentially in relation to corporate income tax and value added tax for 2002 to 2017.

16. INCOME AND EXPENSES

A) Revenue

Since Ferrovial, S.A. is a holding company, dividends received from subsidiaries, financial income on financing granted to subsidiaries and amounts invoiced in relation to guarantees given as described in Note 15, form part of the Company's revenue.

Thus, during the 2022 financial year a net turnover of 1,050 million euros has been generated. The Company received a dividend from Ferrovial International, S.E. of 1,296 million euro, of which 1,295 million euro was recorded as income and 285 million euro was recorded as a reduction of the shareholding (Note 5).

The revenue breakdown by geographic area of the companies that the services are provided to is as follows:

Million euro	2022	2021
Spain	28	29
Netherlands	1,015	4
USA	4	1
UK	1	1
Other	2	2
Total	1,050	37

a.1) Dividends received break down as follows:

	Shareholders' funds distrib. by subsidiary	Dividend income recognized	Shareholdings in Group	Total receipts, pay-outs by subsidiaries	
				Cash	Other current accounts or loans
Ferrovial International LTD	1,295	1,010	285	1,295	
Autovía de Aragón, Sociedad Concesionaria, S.A.	1	1	0		1
TOTAL	1,296	1,011	285	1,295	1

The Company analyses the origin of each distribution of reserves by a subsidiary, as described in Note 4.9. Therefore, in relation to the pay-outs made by the subsidiaries Ferrovial International, LTD. and Autovía de Aragón, Sociedad Concesionaria, S.A, the portion attributable to the results of those subsidiaries or their investees since the acquisition date was recognized as income for the year.

For comparative purposes, dividends received in 2021 break down as follows:

	Shareholders' funds distrib. by subsidiary	Dividend income recognized	Shareholdings in Group companies	Total receipts, pay-outs by subsidiaries	
				Cash	Other current accounts or loans
Landmille Ireland DAC	20	-	20	20	-
Autovía de Aragón, Sociedad Concesionari	1	1	-	-	1
TOTAL	21	1	20	20	1

a.2) Other income received from subsidiaries (EUR 6 million) relates to:

- Accrued interest on loans granted to Group companies, amounting to EUR 1 million (EUR 2 million in 2021).
- Amounts invoiced in relation to bank and other guarantees issued by the Company in favour of other Group companies, totalling EUR 5 million (EUR 4 million in 2021), as described in Note 15.

a.3) amounts invoiced for services rendered to Group companies and associates totalling EUR 32 million (EUR 30 million in 2021).

The grant by Ferrovial, S.A. of loans to Group companies is an incidental activity. The loans are not granted for commercial reasons but rather to obtain returns on the capital invested. The resources employed are not exclusively earmarked for such loans and they scarcely absorb any of the third-party goods and services, or the Company's own human and material resources, which are needed to provide services to its subsidiaries.

Given the type of sales made, the judgements and related changes employed when determining the time frame for fulfilling the commitments made and the transaction price are regarded as immaterial.

B) Other operating expenses

Other operating expenses amounted to EUR 19 million in 2022 (EUR 17 million in 2021).

The breakdown of these expenses for both financial years is as follows:

Million euro	2022	2021
Total other operating expenses	(19)	(17)
a) External services	(18)	(17)
Independent professional services	(7)	(5)
Services, Group companies	(1)	(2)
Insurance premiums	(5)	(6)
Other external services	(5)	(3)
b) Taxes	-	(1)
d) Other operating expenses	(1)	-

C) Net financial income/(expense)

Net financial income/(expense) for the year amounted to EUR -71 million (EUR -37 million at 31 December 2021).

Financial income totaled EUR 7 million (EUR 4 million in 2021), primarily comprising:

- Income from cross-currency swaps as a result of the fixed rate secured, amounting to EUR 4 million (EUR 2 million in 2021).
- Income from the settlement of equity swaps amounted to EUR 2 million.

Financial expenses amounted to EUR 69 million (EUR 57 million in 2021), as analyzed below:

- Interest accrued on borrowings received from various Group companies in the amount of EUR -45 million (EUR -45 million in 2021).
- Interest accrued from ECPs (Euro Commercial Paper) (Note 8) amounting to EUR 4 million.
- Interest accrued on financing drawn on the credit line, as well as commitment fees associated with the undrawn credit line in the amount of EUR 11 million (EUR 3 million in 2021).
- Guarantee and security deposit costs amounting to EUR 5 million (EUR 4 million in 2021), which are sometimes given for certain projects in which the Company has an indirect interest and are charged to such projects as indicated previously.
- Appropriations to provisions for liabilities and charges in connection with the update of interest on the tax assessments related to the tax contingencies described in Note 13, in the amount of EUR 3 million (EUR 4 million in 2021).

Fair value adjustments to financial instruments amount to EUR 60 million (EUR 21 million in 2021), which primarily relate to:

- The fair value adjustment to equity swaps contracted resulted in income of EUR 9 million (EUR 14 million in 2021).
- This amount mainly includes the positive impact accumulated in reserves of the pre-hedge arranged for Ferrovial S.A.'s bond issue planned for 2022, which was reclassified to the income statement in the amount of EUR 62 million, as indicated in Note 9, since the issue did not go ahead.

Profits from disposals and impairment of financial instruments amounted to EUR -64 million (EUR -7 million in 2021), essentially relating to the value adjustment to shareholdings explained in Note 5.

D) Corporate income expense

The corporate tax income in the year amounts to EUR 30 million (Note 14).

E) Transactions with Group companies

A breakdown of these transactions is set out below:

Transactions with Group companies and associates at 31 December 2022

GROUP COMPANIES	DIVIDENDS	PROVISION OF SERVICES	INTEREST	OP. FINANCIAL EXPENSES	FINANCIAL EXPENSES
Ferrovial Construcción, S.A.	-	10	-	-	-
Ferrovial Holding US Corp	-	1	-	-	-
Ferrovial Servicios, S.A.	-	-	-	-	-
Ferrovial Aeropuertos España, S.A.	-	5	-	-	-
Cintra Servicios de Infraestructuras, S.A.	-	9	-	-	-
Autovia de Aragón, S.L.	1	-	-	-	-
Ferrofin S.L.	-	-	1	-	(10)
Cintra Global	-	-	-	-	-
Ferrovial Emisiones, S.A.	-	-	-	-	(22)
Ferrovial Corporación, S.A.	-	1	-	(1)	-
Ferrovial Netherlands, BV	-	-	-	-	(12)
Acadia Servicios de Medioambiente, S.L.	-	2	-	-	-
Ferrovial International, LTD.	1,010	3	-	-	-
Landmille Ireland DAC	-	-	-	-	-
Other	-	1	5	-	(1)
GROUP COMPANIES TOTAL	1,011	32	6	(1)	(45)

Transactions with Group companies and associates at 31 December 2021 were:

GROUP COMPANIES	DIVIDENDS	PROVISION OF SERVICES	INTEREST	OP. FINANCIAL EXPENSES	FINANCIAL EXPENSES
Ferrovial Construcción S.A.	-	8	-	-	-
Ferrovial Holding US Corp.	-	1	-	-	-
Ferrovial Servicios, S.A.	-	2	-	-	-
Ferrovial Aeropuertos España, S.A.	-	8	-	-	-
Cintra Servicios de Infraestructuras S.A.	-	7	1	-	-
Autovia de Aragón SL	1	-	-	-	-
Ferrofin S.L.	-	-	-	-	(3)
Cintra Global	-	-	2	-	-
Ferrovial Emisiones, S.A.	-	-	-	-	(30)
Ferrovial Corporación, S.A.	-	-	1	(2)	-
Ferrovial Netherlands BV	-	-	-	-	(12)
Acadia Servicios de Medioambiente, S.L.	-	1	-	-	-
Amey Group	-	1	-	-	-
Ferrovial Holding US Corp -	-	-	1	-	-
Other	-	1	1	-	-
GROUP COMPANIES TOTAL	1	30	6	(2)	(45)

17. OPERATING LEASES

On 23 December 2009, Ferrovial, S.A. entered into an agreement for the sale and operating leaseback of the property where its head office is located, an amending novation having been agreed on 24 July 2020, maturing on 31 December 2031.

Ferrovial S.A. currently leases 15% of the building, 85% being occupied by its subsidiary Ferrovial Corporación, S.L. Annual rent amounts to EUR 2 million and is updated annually in line with Spain's Consumer Price Index (CPI).

Operating lease expenditure recognized in the income statement during 2022 totals EUR 1 million (EUR 1 million in 2021), of which EUR 666 thousand relates to the above-mentioned lease and the remainder (EUR 308 thousand) to vehicle leases. Future non-cancellable minimum payments as lessee amount to EUR 19 million (EUR 21 million in 2021).

18. EMPLOYEES

Staff costs during 2022 amounts to EUR 29 million (EUR 21 million in 2021) and breaks down as follows:

	2022	2021
Total staff costs	(29)	(21)
Wages and salaries	(14)	(23)
Remuneration from equity investments	(14)	3
Staff welfare expenses	(1)	(1)

Further information on share-based remuneration is provided in Note 20.

The average workforce during 2022 and 2021 breaks down as follows:

	31/12/2022			31/12/2021		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Executives / Managers / Professionals / Supervisors Clerical staff / Support technicians	35	18	53	40	16	56
TOTAL	39	28	67	45	27	72

The headcount at year-end 2022 and 2021 breaks down as follows:

	31/12/2022			31/12/2021		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Executives / Managers / Professionals / Supervisors Clerical staff / Support technicians	38	16	54	40	14	54
TOTAL	42	27	68	43	25	68

Ferrovial, S.A. has one employee with a disability rating of 33% or more. However, the Company works with specialised organisations to manage the recruitment, hiring and training of people with different capabilities and launches initiatives to foster the labour market integration of these groups.

19. REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

19.1. Remuneration of the Board Members in their capacity as such

The Company's current remuneration system, regulated in Article 56 of its Bylaws, consists of the establishment by the General Shareholders' Meeting of a maximum annual amount for all members of the Board of Directors. The Directors' Remuneration Policy approved by the Company's General Shareholders' Meeting on April 7, 2022, set the maximum annual and aggregate amount of the remuneration of the Directors in their capacity as such at 1,900,000 euros, applicable to the period of validity of said Policy (from the date of its approval and during the following 3 fiscal 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 following table shows individually the compensation of the members of the Board of Directors in their capacity as such accrued during fiscal years 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 the per diems added to that of the fixed components does not reach the aforementioned maximum annual amount, the difference will be distributed among the Directors pro rata to the time they remain in office during the year. This distribution took place in 2021 and 2022, being added to the amount of the supplementary fixed allowance.

The difference in the amounts of the per diem and supplementary fixed allowance between 2022 and 2021 is due to the fact that: (i) in 2021 there were a greater number of meetings than in 2022; and (ii) the amount to be distributed among the Directors referred to in the preceding 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 19.2.

DIRECTOR (Thousand euro)	2022			TOTAL
	FIXED ALLOWANCE	PER DIEMS	ADDITIONAL FIXED REMUNERATION (a)	
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.

DIRECTOR (a) (Thousand euro)	2021			TOTAL
	FIXED ALLOWANCE	PER DIEMS	ADDITIONAL FIXED REMUNERATION (b)	
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	59	46	140
Joaquín del Pino y Calvo-Sotelo (up to Philip Bowman	12	12	16	40
Hanne Birgitte Breinbjerg Sorensen	35	58	46	139
Bruno Di Leo	35	50	46	131
Juan Hoyos Martínez de Irujo	35	58	46	139
Gonzalo Urquijo Fernández de Araoz	35	61	46	142
Hildegard Wortmann (from 6/5/2021)	35	59	46	140
Alicia Reyes Revuelta (from 6/5/2021)	23	36	30	89
	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.

19.2. 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.

EXECUTIVE DIRECTORS' REMUNERATION * (Thousand euro)	2022		
	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 shares received by Mr. Rafael del Pino were reported to the CNMV on 3/21/2022 and those received by Mr. Ignacio Madridejos on 3/17/2022.

(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:

EXECUTIVE DIRECTORS' REMUNERATION * (Thousand euro)	2021		
	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	-	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 %

19.3. 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 totalling 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 above-mentioned insurance policy amounted to EUR 1,097 thousand (EUR 1,300 thousand in 2021).

19.4. 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.

19.5. 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)	-	-
Remuneration as members of administrative bodies of other Group companies, jointly-controlled entities or associates	32	31
Insurance premiums	19	17
Other (1)	-	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 19.2.

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 totalling EUR 39 thousand from the Company, replacing the remuneration shown in the table above (EUR 131 thousand in 2021).

19.6. 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).

20. SHARE-BASED REMUNERATION SCHEMES

Performance-based share plan

At year-end 2022, Ferrovial has a remuneration scheme in place for the Group’s executive directors, senior managers and managers, consisting of a performance-based share plan.

Long-term incentive plan approved by the Board of Directors on 19 December 2019. The plan will be in 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 authorized 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 on the income statement recorded in the Group in relation to these remuneration systems in 2022 has resulted in an expense of 8 million euros (9 million euros of income in 2021) with a balancing entry in equity. The variation with respect 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 was lower (higher degree of compliance).

On December 15, 2022, the Board of Directors approved a new long-term incentive plan. It will be in force for 3 years (during the years 2023 to 2025) and consists of the delivery of Ferrovial, S.A. shares. Its annual cost may not exceed 22.7 million euros and is linked to remaining in the company for a period of three years from the time of grant (except in special circumstances) and to compliance during this period of maturity with rates calculated based on: (i) cash flow from activity; (ii) total shareholder return in relation to a comparison group; and (iii) objectives relating to greenhouse gas emissions, diversity, and occupational health and safety.

The Plan is intended for Executive Directors, members of senior management and executives. The application of this form of remuneration to Ferrovial’s Executive Directors will be submitted for approval at the Company’s next General Shareholders’ 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.

21. RELATED-PARTY TRANSACTIONS

As regards information on related-party transactions, the following disclosures relate to transactions performed both by Ferrovial, S.A. and all of its subsidiaries.

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 Ferrovia, S.A and its directors or senior managers; b) transactions between subsidiaries of Ferrovia, S.A and the Company's directors or senior managers, and c) transactions between Group Companies.

b) Transactions between subsidiaries of Ferrovia, S.A. and their directors or senior managers

This includes the transactions carried out between subsidiaries of the Company 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.

Where the profit or loss from a transaction cannot be disclosed, as it pertains to the provider entity or individual, the transaction is marked with an asterisk (*).

a) Transactions between Ferrovia, S.A and its directors or senior managers

This includes transactions carried out between Ferrovia, S.A. and its directors, members of senior management, their close relatives, entities in which one or the other has control or joint control, or those in which the Company's directors are themselves executives or managers or can exercise significant influence over them [1]. If the party related to the Company was considered as such during part of the year, the transactions carried out during that period are indicated.

There have been no transactions of this type during fiscal years 2021 and 2022.

(Thousand euro)		2022			2021		
NAME/COMPANY NAME	TRANSACTIONS	AMOUNT	PROFIT OR LOSS	BALANCE	AMOUNT	PROFIT OR LOSS	BALANCE
D. Rafael del Pino	Services rendered	2	-	-	7	-	1
D ^a . María del Pino	Services rendered	5	1	-	6	1	-
Criu, S.L.	Services rendered	1	-	-	17	1	2
Polan, S.A.	Receipt of services	(12)	-	-	-	-	-
Polan, S.A.	Services rendered	17	1	-	159	1	159

c) Transactions between Group companies

Transactions between the Company's subsidiaries, which in all cases form part of their ordinary businesses as regards purpose and conditions, are detailed in Note 16.

22. CONFLICTS OF INTEREST

No situations of direct or indirect conflict with the Company's interests have been disclosed, in accordance with the applicable regulations (Article 229 of the Capital Companies Act), without prejudice to the transactions of the Company (or the companies of its group) with the directors and their related persons reflected in the notes to the financial statements or, if applicable, the agreements related to remuneration matters or the appointment of positions.

23. ENVIRONMENTAL POLICY

In view of its business activity, the Company does not have any environmental liabilities, expenses, assets, liabilities or contingencies that might be material with respect to its equity, financial position or results.

24. AUDIT FEES

Set out below are details of the total fees for the audit of Ferrovia S.A.'s 2022 and 2021 financial statements. A breakdown of fees billed for those years for audit-related services is also provided:

- Fees billed to Ferrovia, S.A. for audit services: EUR 438 thousand (EUR 543 thousand in 2021).
- Fees billed to Ferrovia, S.A. for other services that must be provided by the auditor under applicable legislation: EUR 421 thousand (EUR 350 thousand in 2021).

The auditor has not invoiced fees to Ferrovia for other services.

25. EVENTS AFTER THE REPORTING PERIOD

On February 28th, the Board of Directors approved the merger of Ferrovia, S.A. into its wholly-owned subsidiary Ferrovia International SE. This means that the parent company of the Ferrovia 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 Ferrovia, 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.

26. COMMENTS ON APPENDICES

Appendix I provides information on the tax scheme provided by Articles 116 to 119 of Royal Decree-Law 4/2004 of 5 March.

Appendix II provides a list of Ferrovia, S.A.'s subsidiaries for financial years 2022 and 2021.

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 1,009,778,355.15, of which a total of EUR 959,289,437.39 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 Irlanda, 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 (excluding Navarre and the Basque Country) 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

a) Delivery of new shares.

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.

b) Sale of free allotment rights in the market.

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

FERROVIAL, S.A. SUBSIDIARIES (FULLY-CONSOLIDATED COMPANIES). 2022:

The carrying amount of the shareholding presented reflects the amount recognised by the individual company holding the direct interest in each subsidiary.

COMPANY	ADDRESS	AUDITOR	% SHAREHOLDING	GROSS INVESTMENT	IMPAIRMENT	CARRYING AMOUNT	SHARE CAPITAL	SHARE PREMIUM AND	OTHER EQUITY	NET PROFIT/(LOSSES) FOR THE	TOTAL EQUITY
Ferrovial International SE	Amsterdam, Netherlands	EY	100.00 %	8,521	-	8,521	743	7,489	(1,296)	1,235	8,171
Ferrovial Construcción, S.A.	Madrid, Spain	EY	99.99 %	711	-	711	234	578	-	94	906
Cintra Infraestructuras España, S.L.	Madrid, Spain	EY	99.99 %	627	-	627	58	489	-	42	589
Ferrofin S.L. (i)	Madrid, Spain	Unaudited	47.99 %	241	(12)	229	49	214	1	215	479
Landmille Ireland DAC	Dublin, Ireland	BDO	100.00 %	422	(315)	107	94	92	(109)	31	108
Ferrovial Aeropuertos España, S.A.	Madrid, Spain	Unaudited	99.99 %	150	(106)	44	2	55	-	(14)	43
Krypton RE	Luxembourg	EY	99.97 %	8	-	8	4	11	-	2	17
Ferrovial Corporación, S.A.	Madrid, Spain	EY	99.99 %	5	-	5	5	5	-	6	16
Temaauri, S.L.U.	Madrid, Spain	Unaudited	99.97 %	18	(11)	7	-	9	-	(2)	7
Autovía de Aragón, Sociedad Concesionaria, S.A.	Madrid, Spain	EY	15.00 %	3	-	3	19	4	6	3	32
Ferrocop UK Ltd.	Oxford, United Kingdom	EY	100.00 %	1	-	1	1	-	-	-	1
Pilum, S.A.	Madrid, Spain	Unaudited	94.10 %	2	(2)	-	1	(1)	-	-	-
Ferrovial Services Netherlands B.V.	Amsterdam, Netherlands	EY	100.00 %	333	(319)	14	33	(30)	(1)	14	16
Ferrovial Inversiones, S.A.	Madrid, Spain	Unaudited	99.58 %	67	-	67	1	67	-	-	68
Ferrovial Emisiones, S.A.	Madrid, Spain	EY	99.99 %	-	-	-	-	14	(38)	(8)	(32)
Ferrovial Mobility, S.A.	Madrid, Spain	Unaudited	100.00 %	46	(11)	35	-	39	-	(4)	35
Ferrovial 001, S.A.	Madrid, Spain	Unaudited	100.00 %	-	-	-	-	-	-	1	1
Ferrovial Infraestructuras Energéticas, S.A.U.	Madrid, Spain	Unaudited	100.00 %	21	(2)	19	-	21	-	(2)	19
Ferrovial Aravia, S.A.	Madrid, Spain	Unaudited	15.00 %	-	-	-	-	-	-	-	-
Ferrovial 004, S.L.U.	Madrid, Spain	Unaudited	100.00 %	17	-	17	-	17	-	6	23
Ferrovial 005, S.L.U.	Madrid, Spain	Unaudited	100.00 %	-	-	-	-	-	-	-	-
Ferrovial 006, S.A.	Madrid, Spain	Unaudited	100.00 %	-	-	-	-	-	-	-	-
Ferrovial Ventures, S.A.U.	Madrid, Spain	Unaudited	100.00 %	15	-	15	-	15	-	-	15
Thalia Waste Treatment B.V.	Amsterdam, Netherlands	Unaudited	-	-	-	-	-	-	-	-	-
Shareholdings in Group companies				11,208	(778)	10,430	1,244	9,088	(1,437)	1,619	10,514

(i) The remaining percentage is owned by Ferrovial Construcción, S.A.

FERROVIAL, S.A. SUBSIDIARIES (FULLY-CONSOLIDATED COMPANIES). 2021:

COMPANY	ADDRESS	AUDITOR	% SHAREHOLDING	GROSS INVESTMENT	IMPAIRMENT	CARRYING AMOUNT	SHARE CAPITAL	SHARE PREMIUM AND RESERVES	OTHER EQUITY	NET PROFIT/(LOSS) FOR THE YEAR	TOTAL EQUITY
Ferrovial International SE	Amsterdam, Netherlands	EY	100.00 %	7,335	-	7,335	743	6,502	(494)	(447)	6,303
Ferrovial Construcción, S.A.	Madrid, Spain	EY	99.99 %	711	-	711	234	539	-	33	805
Cintra Infraestructuras España, S.L.	Madrid, Spain	EY	99.99 %	657	-	657	58	512	-	2	572
Ferrofin S.L. (i)	Madrid, Spain	Unaudited	47.99 %	241	(89)	152	49	264	-	5	318
Landmille Ireland DAC	Dublin, Ireland	BDO	100.00 %	425	(238)	187	94	194	(103)	3	187
Ferrovial Aeropuertos España, S.A.	Madrid, Spain	Unaudited	99.99 %	102	(92)	9	2	23	-	(16)	9
Krypton RE	Luxembourg	EY	99.97 %	8	-	8	4	11	-	-	15
Ferrovial Corporación, S.A.	Madrid, Spain	EY	99.99 %	5	-	5	5	-	-	5	11
Temaury, S.L.U.	Madrid, Spain	Unaudited	99.97 %	18	(9)	9	-	11	-	(2)	9
Autovía de Aragón, Sociedad Concesionaria, S.A.	Madrid, Spain	EY	15.00 %	3	-	3	19	4	3	6	32
Can-am, S.A.	Madrid, Spain	Unaudited	100.00 %	4	(4)	-	-	2	-	(2)	-
Ferrocop UK Ltd.	Oxford, United Kingdom	EY	100.00 %	1	-	1	1	-	-	-	1
Pilum, S.A.	Madrid, Spain	Unaudited	15.00 %	1	(1)	-	-	-	-	-	-
Ferrovial Services Netherlands B.V.	Amsterdam, Netherlands	EY	100.00 %	333	(332)	1	33	(29)	-	-	4
Ferrovial Inversiones, S.A.	Madrid, Spain	Unaudited	99.58 %	67	-	67	1	66	-	1	68
Ferrovial Emisiones, S.A.	Madrid, Spain	EY	99.99 %	-	-	-	-	23	(45)	(9)	(30)
Ferrovial Mobility, S.A.	Madrid, Spain	Unaudited	100.00 %	22	(8)	15	-	23	-	(1)	22
Ferrovial 001, S.A.	Madrid, Spain	Unaudited	100.00 %	-	-	-	-	-	-	-	-
Ferrovial Infraestructuras	Madrid, Spain	Unaudited	100.00 %	11	-	11	-	11	-	-	11
Ferrovial Aravia, S.A.	Madrid, Spain	Unaudited	15.00 %	-	-	-	-	-	-	1	1
Ferrovial 004, S.L.U.	Madrid, Spain	Unaudited	100.00 %	-	-	-	-	-	-	-	-
Ferrovial 005, S.L.U.	Madrid, Spain	Unaudited	100.00 %	-	-	-	-	-	-	-	-
Ferrovial 006, S.A.	Madrid, Spain	Unaudited	100.00 %	-	-	-	-	-	-	-	-
Ferrovial Ventures, S.A.U.	Madrid, Spain	Unaudited	100.00 %	-	-	-	-	-	-	-	-
Thalia Waste Treatment B.V.	Amsterdam, Netherlands	Unaudited		-	-	-	-	-	-	-	-
Shareholdings in Group companies				9,945	(774)	9,171	1,242	8,156	(640)	(421)	8,337

(i) The remaining percentage is owned by Ferrovial Construcción, S.A.

FERROVIAL, S.A.

The financial statements –balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the financial statements- and the management report of Ferrovial, S.A. for the year ended 31 December 2022, have been drafted following the European Single Electronic Format (ESEF), according to Delegated Regulation (EU) 2019/815, with identifier number 4D0A2DAC3C5E26E9215F67EBD1A3C37B0392D4B6EEC5FF4D8BEAFEE27EE4C133. The Annual Report on Corporate Governance, with identifier number OF011B5B351B9A4742772CF260E2EDE0E1F221BA07DF3269629BD0A1A4F28308, and the Annual Report on Directors' Remuneration, with identifier number 2F2BBAD4127B141914EEB2F1C935068A592FAC28F23EB43B486B3B0B97583354, are part of the management report, to which those reports are incorporated by reference.

The financial statements and the management report have been approved by the Board of Directors of Ferrovial, S.A. at its meeting held in Madrid on 28 February 2023 and, for the purposes of article 253 of the Spanish Capital Companies Act, the Directors sign below.

Mr. Rafael del Pino y Calvo-Sotelo
Chairman

Mr. Óscar Fanjul Martín
Vice-Chairman

Mr. Ignacio Madrdejos Fernández
Chief Executive Officer

Ms. María del Pino y Calvo-Sotelo
Director

Mr. José Fernando Sánchez-Junco Mans
Director

Mr. Philip Bowman
Director

Ms. Hanne Birgitte Breinbjerg Sørensen
Director

Mr. Bruno Di Leo
Director

Mr. Juan Hoyos Martínez de Irujo
Director

Mr. Gonzalo Urquijo Fernández de Araoz
Director

Ms. Hildegard Wortmann
Director

Ms. Alicia Reyes Revuelta
Director

The Secretary of the Board of Directors states for the record that the Directors Mr. Philip Bowman and Mr. Gonzalo Urquijo have not signed this document as they attended the meeting of the Board of Directors held on 28 February 2023 remotely by technical means. These Directors voted in favour of the approval of the financial statements and the management report of Ferrovial, S.A. for the year ended 31 December 2022.

Mr. Santiago Ortiz Vaamonde
Secretary of the Board of Directors



AUDITOR'S REPORT

**Audit Report on Financial Statements
issued by an Independent Auditor**

**FERROVIAL, S.A.
Financial Statements and Management Report
for the year ended
December 31, 2022**

AUDIT REPORT ON 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.:

Report on the financial statements

Opinion

We have audited the financial statements of FERROVIAL, S.A. (the Company), which comprise the balance sheet as at December 31, 2022, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

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 financial statements* section of our report.

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

Valuation of investments in group companies and associates

Description As explained in Notes 4.1 and 5 to the accompanying financial statements, the balance sheet at December 31, 2022 includes investments in group companies and associates amounting to 10,373 million euros.

As required by the applicable financial reporting framework, the Company calculates the recoverable amount of investments that show indications of impairment. As explained in Note 4.1, in the case of companies with non-operating assets, the Company takes into account the equity of investees. Likewise, Ferrovial tests for impairment of operating companies, applying valuation techniques that require making complex judgments to determine hypotheses or assumptions related to, among other matters, macroeconomic developments, growth levels, use of discount rates, etc. to estimate the present value of the future cash flows derived from the investment.

Given the risk of impairment of these investments, the relevance of the amounts involved, and the complexity associated with estimating and establishing the assumptions considered in these estimates, we determined the valuation of these assets to be a key audit matter.

**Our
response**

With regard to this matter, our audit procedures included:

- Understanding the policies and procedures that the Company applies to the valuation of these investments, including the evaluation of the criteria for identifying impairment indicators for investments in group companies and associates.
- Verifying the calculation of the recoverable amounts of companies with non-performing assets.
- Reviewing, in collaboration with our valuation specialists, the reasonableness of the Company's methodology and hypotheses for estimating the recoverable amount of these assets.
- Checking that the disclosures made in the financial statement notes comply with the applicable financial reporting framework.

Other information: management report

Other information refers exclusively to the 2022 management report, the preparation of which is the responsibility of the Company's directors and is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility for the management report, in conformity with prevailing audit regulations in Spain, entails:

- a. Checking only that the 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 management report with the financial statements, based on the knowledge of the entity obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the 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 management report is consistent with that provided in the 2022 financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the directors and the audit and control committee for the financial statements

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, identified in Note 2 to the accompanying financial statements, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit and control committee is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the 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 Company'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 director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit and control committee of the 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 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 of the Company, we determine those matters that were of most significance in the audit of the 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 file of the European single electronic format (ESEF) of FERROVIAL, S.A. for the 2022 financial year, consisting of an XHTML file containing the financial statements for the year, 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 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 management report.

Our responsibility consists of examining the digital file prepared by the directors of the 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 financial statements included in the aforementioned digital file correspond in their entirety to those of the financial statements that we have audited, and whether the financial statements and the aforementioned file have been formatted, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital file examined corresponds in its entirety to the audited financial statements, which are presented, 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

STATEMENT OF RESPONSIBILITY ON THE ANNUAL FINANCIAL REPORT 2022

The members of the Board of Directors of Ferrovial, S.A. state that, to the best of their knowledge, the individual financial statements of Ferrovial, S.A. and the consolidated financial statements of Ferrovial, S.A. and its subsidiaries, for the financial year ended 31 December 2022 that have been prepared by the Board of Directors at its meeting held on 28 February 2023, have been drafted in accordance with the applicable accounting standards and provide a true and fair view of the assets, the financial situation and results of Ferrovial, S.A. and of its subsidiaries including within its scope of consolidation taken as a whole, and that the management reports, individual and consolidated, contain an accurate analysis of the corporate performance, results and position of Ferrovial, S.A. and of its subsidiaries included within its scope of consolidation taken as a whole, together with the description of the main risks and uncertainties they face.

And for the appropriate purposes, this statement is hereby issued, in accordance with article 8.1.b) of Royal Decree 1362/2007, of 19 October.

Madrid, 28 February 2023.

Mr. Rafael del Pino y Calvo-Sotelo
Chairman

Mr. Óscar Fanjul Martín
Vice-Chairman

Mr. Ignacio Madrideojos Fernández
Chief Executive Officer

Ms. María del Pino y Calvo-Sotelo
Director

Mr. José Fernando Sánchez-Junco Mans
Director

Mr. Philip Bowman
Director

Ms. Hanne Birgitte Breinbjerg Sørensen
Director

Mr. Bruno Di Leo
Director

Mr. Juan Hoyos Martínez de Irujo
Director

Mr. Gonzalo Urquijo Fernández de Arac
Director

Ms. Hildegard Wortmann
Director

Ms. Alicia Reyes Revuelta
Director

The Secretary of the Board of Directors states for the record that the Directors Mr. Philip Bowman and Mr. Gonzalo Urquijo have not signed this document as they attended the meeting of the Board of Directors held on 28 February 2023 remotely by technical means. These Directors voted in favour of the statement of responsibility for the content of the individual and consolidated financial statements and the management reports of Ferrovial, S.A. for the year ended 31 December 2022.

Mr. Santiago Ortiz Vaamonde
Secretary of the Board of Directors