



ferrovial
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FERROVIAL, S.A.

SEPARATE DIRECTORS' REPORT
AND FINANCIAL STATEMENTS

2020

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SEPARATE DIRECTORS' REPORT

1. PROFIT/(LOSS) FOR 2020

The company's net profit amounts to EUR 23 million at 31 December 2020, of which EUR 30 million relates to operating profit/(loss) for the year. 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 2020 net revenue of EUR 95 million was generated, of which EUR 53 million relates to dividends received by Ferrovial S.A. from its subsidiaries (Note 15 of the accompanying notes to the accounts).

Net financial income/(expense) amounts to EUR -29 million, primarily relating to financial expense on loans received by Ferrovial S.A. from other Group companies in the amount of EUR -51 million, as explained in Note 15 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 10 million.

Finally, corporate tax income amounts to EUR 22 million. More detailed information can be found in Note 13 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 2020 Ferrovial S.A. has 75 employees, 33% of whom are women. As regards professional categories, 51% are executives, 24% managers, 12% professionals and supervisors and 13% clerical staff and support technicians.

3. OTHER RELEVANT INFORMATION

3.1 Non financial Risk:

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 consist basically of foreign currency forwards hedging changes in future flows from subsidiaries and equity swaps hedging the potential equity impact of share-based remuneration schemes for employees. Note 6 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 122 million to purchases these rights.

This scheme is combined with the systematic purchase and redemption of treasury shares. In 2020, treasury shares purchased for this purpose amounted to EUR 255 million. The sum of both items entailed total shareholder remuneration of EUR 377 million.

The scheme is described in more detail in Note 10 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 31.12.2019			3,276,261
Share capital reduction	11,704,701	-14,460,661	-2,755,960
Remuneration schemes	636,789	-723,526	-86,737
Shares received - scrip dividend (*)	200,470	0	200,470
BALANCE AT 31.12.2020	12,541,960	-15,184,187	634,034

(*) 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 2020 amounts to EUR 14 million.

3.3. Business outlook

The Company's activity in 2021 will be shaped by the performance of the Group business lines, as stated in the Consolidated Annual Accounts, placing a special focus on the affect COVID-19 has had on Ferrovial's businesses, particularly Airports and Toll roads. It should be noted that at year-end 2020, Ferrovial had an all-time high position of liquidity.

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

3.4. Events after the reporting period

There are no significant post-balance sheet events to report at the date these annual accounts are authorised for issue.

3.5. Non-financial information

In accordance with the provisions of Law 11/2019 of 28 December 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 Ferrovial Group, whose parent company is Ferrovial, S.A., which will be filed together with the Consolidated Annual Accounts at the Madrid Commercial Registry.

4. ANNUAL CORPORATE GOVERNANCE REPORT AND OTHER RELEVANT INFORMATION

The Annual Corporate Governance Report forms an integral part of the Management Report as per the Spanish Companies Act. The report is submitted as an appendix of the Management Report to the Spanish National Securities Market Commission (CNMV) and is available on the Company's website.

5. AVERAGE PAYMENT PERIOD

In compliance with the obligation to disclose the average supplier payment period laid down in 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 Spanish Companies Act), the Company hereby states that the average supplier payment period was 42 days.

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:

	2019	2018
Average supplier payment period (days)	42	31
Ratio of transactions settled	44	28
Ratio of transactions not yet settled	11	60

	AMOUNT (euros)	AMOUNT (euros)
Total payments settled	11,764,181	12,539,613
Total outstanding payments	755,498	1,581,599



FINANCIAL STATEMENTS

A. FERROVIAL, S.A. BALANCE SHEET AT 31 DECEMBER 2020 AND 2019

ASSETS (Millions of euros)	2020	2019
NON-CURRENT ASSETS	8,336	8,522
Long-term investments in Group companies and associates	8,200	8,323
Equity instruments (Note 5)	8,200	8,323
Other non-current assets	1	1
Long-term financial derivatives (Note 6)	0	53
Deferred tax assets (Note 13)	135	145
CURRENT ASSETS	1,101	481
Financial assets held for sale (Note 5)	4	4
Receivables	135	124
Receivables, Group companies and associates (Note 8)	50	39
Current tax assets	36	36
Public administrations	49	49
Short-term investments in Group companies and associates (Note 8)	311	274
Short-term prepayments and accrued income	1	2
Cash and cash equivalents (Note 7)	650	77
TOTAL ASSETS	9,437	9,003

LIABILITIES (Millions of euros)	2020	2019
EQUITY	4,437	4,775
Shareholders' funds (Note 10)	4,434	4,775
Share capital	147	147
Share and merger premium	647	995
Reserves	3,630	3,036
Legal reserve	30	30
Reserves subject to but exempt from Articles 21 and 22 of the Spanish Companies Act (SCA)	2,355	1,940
Other reserves	1,245	1,066
Treasury shares and own equity interests	-13	-75
Profit/(loss) for the year	23	672
Measurement adjustments	3	0
NON-CURRENT LIABILITIES	3,324	3,172
Long-term provisions (Note 11)	166	161
Long-term provisions (Note 12)	356	296
Bank borrowings	284	255
Derivatives (Note 6)	72	41
Long-term payables to Group companies and associates (Note 8)	2,773	2,676
Deferred tax liabilities (Note 13)	29	39
CURRENT LIABILITIES	1,676	1,055
Short-term provisions	1	1
Short-term payables	1,091	973
Debentures and bonds	1,091	973
Derivatives (Note 6)	0	15
Short-term payables to Group companies and associates (Note 8)	548	36
Trade and other payables	36	31
Trade payables	3	5
Trade payables, Group companies and associates (Note 8)	11	1
Trade and other payables	22	25
TOTAL LIABILITIES	9,437	9,003

The accompanying Notes 1 to 25 and Appendices I and II form an integral part of the balance sheet at 31 December 2020
Translation of consolidated financial statements originally. In the event of a discrepancy, the Spanish-language version prevails.

B. FERROVIAL, S.A. INCOME STATEMENT FOR THE FINANCIAL YEARS 2020 AND 2019

(Millions of euros)	2020	2019
Revenue (Note 15)	95	812
Dividends received from subsidiaries	53	758
Services rendered	32	44
Other returns received from subsidiaries	10	10
Other operating income	0	0
Staff costs (Note 17)	-32	-33
Wages, salaries and similar remuneration	-31	-32
Staff welfare expenses	-1	-1
Other operating expenses	-33	-27
OPERATING PROFIT/(LOSS)	30	752
Financial income from marketable securities and other financial instruments (Note 15)	7	13
Financial expenses (Note 15)	-67	-72
On payables to Group companies and associates	-51	-51
On payables to third parties	-16	-21
Change in fair value of financial instruments (Notes 6 and 15)	10	13
Foreign exchange differences	2	-10
Impairment and profit/(loss) on disposals of financial instruments	19	7
Impairment and losses (Note 15)	19	7
Portfolio provision movements	18	7
Loan provision movements	1	0
Profit/(loss) on disposals	0	0
NET FINANCIAL INCOME/(EXPENSE) (Note 15)	-29	-49
PROFIT/(LOSS) BEFORE TAX	1	703
Corporate income tax (Note 13)	22	-31
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	23	672

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C. STATEMENT OF CHANGES IN EQUITY FOR 2020 AND 2019

A. STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR 2020 AND 2019

(Thousands of euros)	2020	2019
Total profit/(loss) for the year	23	672
Income and expenses attributed directly to equity	3	1
On cash flow hedges	3	1
Tax effect	-1	0
Transferred to the income statement	0	0
On cash flow hedges	0	0
Tax effect	0	0
TOTAL RECOGNISED INCOME AND EXPENSES	26	673

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B. TOTAL STATEMENT OF CHANGES IN EQUITY FOR 2020 AND 2019

(Thousands of euros)	SHARE CAPITAL	SHARE/MERGER PREMIUM	RESERVES	TREASURY SHARES	PROFIT/(LOSS) FOR THE YEAR	MEASUREMENT ADJUSTMENTS	TOTAL
Balance at 31/12/2019	147	995	3,036	-75	672	0	4,775
Total recognised income and expenses			0		23	3	26
Shareholder remuneration	0	-348	-92	62	0	0	-377
Scrip dividend agreement	3	-92	-30				-119
Treasury share transactions	-3	-256	-62	62			-258
Company restructuring impact	0	0	21	0	0	0	21
Merger reserve Ferrovial Inversiones			21				21
Other shareholder contributions			0				0
Other transactions	0	0	665	0	-672	0	-7
Distribution of profit/(loss)			672		-672		0
Share-based remuneration schemes			-7				-7
Other changes in equity							0
BALANCE AT 31/12/2020	147	647	3,630	-13	23	3	4,437

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(Millions of euros)	SHARE CAPITAL	SHARE/MERGER PREMIUM	RESERVES	TREASURY SHARES	PRIOR-YEAR PROFIT/(LOSS)	MEASUREMENT ADJUSTMENTS	TOTAL
Balance at 31/12/2018	148	1,274	2,896	-128	10	0	4,200
Total recognised income and expenses			0		672	1	673
Shareholder remuneration	-1	-279	-294	53	0	0	-521
Scrip dividend agreement	2		-241				-239
Treasury share transactions	-3	-279	-53	53			-282
Company restructuring impact	0	0	420	0	0	0	419
Contribution from Ferrovial Services to FISE			420				420
Other shareholder contributions			0				0
Other transactions	0	0	14	0	-10	0	4
Distribution of profit/(loss)			10		-10		0
Share-based remuneration schemes			4				4
Other changes in equity						0	0
BALANCE AT 31/12/2019	147	995	3,036	-75	672	0	4,775

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D. CASH FLOW STATEMENT FOR 2020 AND 2019

(Millions of euros)	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES	-7	721
Profit/(loss) before tax	1	704
Profit/(loss) adjustments:	22	47
Fixed asset depreciation/provisions	0	0
Other adjustments to profit/loss (net)	15	47
Changes in working capital	-15	0
Other cash flows from operating activities:	-15	-29
Interest payments	-40	-44
Interest receipts	3	3
Income tax receipts/(payments) and tax consolidation	22	12
CASH FLOWS FROM INVESTING ACTIVITIES	162	320
Payments on investments:	-394	-27
Group companies, associates and business units (Note 5)	-394	-27
Other financial assets	0	0
Receipts from divestments:	556	347
Group companies, associates and business units (Note 5)	556	347
Other financial assets	0	0
CASH FLOWS FROM FINANCING ACTIVITIES	435	-1,006
Receipts and (payments) from financial liability instruments:	785	-485
Change in Group company cash pooling accounts	618	-766
Issuance, repayment and redemption	167	280
Payments of dividends and returns on other equity instruments	-377	-520
Scrip dividend	-122	-238
Treasury share purchases	-255	-282
Receipts and (payments) on equity instruments:	27	4
Effect of foreign exchange fluctuations	-17	-0
Net increase/(decrease) in cash and cash equivalents	573	40
Cash and cash equivalents at beginning of the year	77	37
Cash and cash equivalents at end of the year	650	77

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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 2020 consolidated annual accounts were authorised for issue by the directors during the Board meeting held on 25 February 2021. The 2019 consolidated Annual Accounts were approved by Ferrovial, S.A.'s Annual General Meeting on 17 April 2020 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.
- 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 legislation.

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 (see Note 5). The 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:

(Millions of euros)	2020
Equity	3,827
Net profit for the year attributable to the parent company	-410
Total assets	23,128
Revenue	6,341

2.2. Critical measurement issues and estimates of uncertainty

Estimates have been made when preparing the 2020 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 19).
- Impairment of financial assets (Note 5).
- Assessment of possible legal and tax contingencies (Note 11).
- Fair value of derivatives (Note 6).
- Recoverability of deferred tax assets and tax-loss carryforwards (Note 13).

Although these statements have been made on the basis of the best information available at year-end 2020, future events might lead to adjustments to these estimates (upwards or downwards) in the coming years, which would be applied prospectively.

2.3. Non-current assets held for sale

In 2018, it was decided to reclassify the direct shareholdings in Services subsidiaries to financial assets held for sale, the most significant amount being the shareholding in Ferrovial Servicios, S.A. In 2019 the Company contributed this shareholding to its subsidiary Ferrovial International SE, so the balance of these assets at 31 December 2020 relates to shareholdings in Services Division associates that have not been contributed to Ferrovial International SE, amounting to EUR 4 million (See Note 5).

3. DISTRIBUTION OF PROFIT

The Company posted a profit for the year of EUR 23,089,980.13.

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

	2020
Profit of FERROVIAL, S.A. (individual company) (euros)	23,089,980.13
Distribution (euros):	
To reserves	23,089,980.13

The legal reserve is fully funded.

4. ACCOUNTING POLICIES

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

4.1. Financial assets

A) Equity investments in Group companies, jointly-controlled entities and associates

They are measured at cost less any accumulated 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) Held-to-maturity investments and receivables

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.

4.2. Financial derivatives

Derivative financial instruments are initially recognised at fair value on the arrangement date. Subsequent movements in fair value are also recognised at each balance sheet closing date. The method used to recognise gains or losses on derivatives depends on whether the instrument has been designated as a hedging instrument and, as the case may be, on the type of hedge involved.

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 value 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 11).

4.6. Financial liabilities

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 27/2014 of 27 November.

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

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, as from the current year 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.

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 16).

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.

4.13. Assets held for sale and liabilities associated with assets held for sale

Assets are recognised as held for sale where the carrying amount will be recovered essentially through a sale rather than through continued use and provided the sale is highly probable under a plan to sell the asset that may be reasonably expected to materialise in less than one year.

These assets are measured at the time of classification at the lower of carrying amount or fair value less costs to sell, except for deferred taxes, assets deriving from employee remuneration and financial assets other than shareholdings in Group companies subject to the standard on financial instruments, which continue to be governed by the corresponding specific accounting policies. In order to determine the carrying amount when reclassifying, impairment is determined at that time and, if required, an impairment adjustment is recognised accordingly.

5. INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

Shareholdings in Group companies and associates are the Company's primary assets, representing 87% of the total (92% in 2019).

Set out below is an analysis of this heading showing movements in 2020:

(Millions of euros)	BALANCE AT 31/12/2019	ADDITIONS/ CHARGES	DISPOSALS/ REVERSALS	BALANCE AT 31/12/2020
Ferrovial International, SE	6,513	354	-494	6,372
Landmille, Ireland DAC	445			445
Ferrofin, S.L.	241			241
Ferrovial Agroman, S.A.	711			711
Cintra Infraestructuras España, S.L.	696		-41	654
Ferrovial FISA S.L.	215		-215	0
Ferrovial Aeropuertos España, S.A.	74	28		101
Betonial	8		-8	0
CanAm	3			3
Ferrovial Mobility	4	10		14
Ferrovial Inversiones	0	87	-20	67
Ferrovial Emisiones	0			0
Ferrocop	1			1
Ferrovial Corporación	5			5
Temaury	10			10
Triconitex	12		-12	0
Krypton	8			8
Shareholdings in Group companies	8,945	479	-791	8,634
Landmille, Ireland DAC	-347		94	-253
Ferrovial FISA S.L.	-155		155	0
Ferrofin, S.L.	-37	-54		-91
Ferrovial Aeropuertos España, S.A.	-62	-14		-76
Ferrocop	0	0		0
Betonial	-4		4	0
Triconitex	-10		10	0
CanAm	-2	0		-2
Temaury	-5	-2		-7
Ferrovial Corporacion	0	0		0
Ferrovial Mobility	0	-4	0	-4
Provision for shareholdings in Group companies	-622	-74	242	-454
Equity instruments, net	8,323	405	-528	8,199

Movements in shareholdings held for sale are as follows:

(Millions of euros)	BALANCE AT 31/12/2019	ADDITIONS/ CHARGES	DISPOSALS/ REVERSALS	BALANCE AT 31/12/2020
Ferrovial Services Netherlands BV	0	1	0	1
Autovía de Aragón	3	0	0	3
Pilum	1	-1	0	0
Financial assets held for sale	4	0	0	4

Ferrovial International SE

On 24 August and 15 December 2020, the Company made two shareholder contributions to its subsidiary Ferrovial International SE in the amounts of EUR 101 million and EUR 253 million, respectively. These contributions totalled EUR 354 million and were fully paid up in cash.

In addition, on 30 December Ferrovial International SE approved the distribution of unrestricted reserves in the amount of EUR 494 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. A part of the funds received were collected in cash (EUR 79 million),

EUR 289 million was used as payment in kind of intercompany loans that the Company granted to subsidiaries (mainly with Ferrovial Holding US Corp) and EUR 126 million pending due to this distribution was recognised into current account with Ferrovial International SE (Notes 8 and 15).

Cintra Infraestructuras España, S.A.

On 26 February 2020, an agreement was reached to reimburse the contributions made to the shareholders' funds of the subsidiary Cintra Infraestructuras España, S.A., which distributed EUR 41 million out of the share premium account, thereby reducing the Company's ownership interest. The reimbursement was by means of an intercompany loan (Note 8).

Ferrovial Aeropuertos España, S.A.

On 22 September 2020, the Company made a shareholder contribution to its subsidiary Ferrovial Aeropuertos España, S.A. in the amount of EUR 28 million. The contribution was transferred by cash payment.

Ferrovial Mobility, S.A.

On 26 June and 27 November 2020, the Company made two shareholder contributions to its subsidiary Ferrovial Mobility in the amounts of EUR 8.6 million and EUR 1.7 million, respectively. These contributions totalled EUR 10 million and were transferred by cash payment.

Corporate restructuring

On 8 July 2020, in accordance with Law 3/2009 of 3 April on Structural Changes to Companies (the "Law on Structural Changes"), Ferrovial S.A. as the sole shareholder of Ferrovial Inversiones, S.A.U. ("acquiring company") and of Betonial, S.A.U., Ferrovial FISA, S.L.U., Triconitex, S.L.U. and Vergarapromoinvest, S.L.U. ("target companies") approved the merger plan drawn up and signed by their administrative bodies, whereby the target companies were merged into Ferrovial Inversiones and extinguished through dissolution without liquidation, all their assets and liabilities being transferred en bloc to the acquiring company, which acquired all their rights and obligations by way of universal succession.

Once the creditor objection period referred to in Article 51 of the Law on Structural Modifications had elapsed, the said merger was entered in the Commercial Register on 11 September 2020, with retroactive effects to 1 January 2020, pursuant to paragraph 2.2. of Recognition and Measurement Standard 19 of the Spanish Chart of Accounts (by reference to Standard 21).

Consequently, the Company derecognised the carrying amount of the net investment in the target companies (EUR 60 million for Ferrovial FISA, S.L.U., EUR 4 million for Betonial, S.A.U. and EUR 1 million for Triconitex S.L.U.), also recording the increase of EUR 87 million in the value of the ownership interest in the acquiring company (in order to reflect the consolidated value of the target companies' assets). The amount of EUR 21 million was recognised in the Company's reserves in respect of this transaction (Note 10).

In addition, as described in Note 4.9, the Company recognised the dividend pay-out of EUR 20 million made by Ferrovial Inversiones on 31 December 2020 as a reduction in the investment's carrying amount.

Portfolio provisions

The net movement in provisions considering the financial assets held for sale (EUR 166 million) relates essentially to the derecognition of provisions for the subsidiaries that formed part of the vertical merger agreement detailed in the preceding paragraph (EUR 168 million),

offset by the other measurement adjustments and essentially recognised for Ferrofin, S.L. (EUR -54 million), Ferrovial Aeropuertos España (EUR -14 million) and Landmille Ireland DAC (reversal of EUR 74 million), as well as for other companies that do not own any productive assets, for which the impairment loss on the shareholding is calculated using the underlying book value. These have all been recognised in impairment losses on and disposals of financial instruments in the income statement (Note 15). A description of the main variations is set out in the previous table.

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 2020. 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.:

	BUDIMEX, S.A. (PLN)	FERROVIAL, S.A. (EUR)
At year end	307.5	22.6
Last-quarter average	272.3	21.498

For comparability, there follows a breakdown of movements during 2019:

(Millions of euros)	BALANCE AT 31/12/2018	ADDITIONS / CHARGES	DISPOSALS / REVERSALS	BALANCE AT 31/12/2019
Shareholdings in Group companies	8,582	715	-352	8,945
Provision for shareholdings in Group companies	-629	-17	24	-622
EQUITY INSTRUMENTS	7,953	698	-328	8,323

6. DERIVATIVES

Set out below is a breakdown of derivatives and related fair values at 31 December 2020 and 31 December 2019, 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 2020. 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.

(Millions of euros)	FAIR VALUE				NOTIONAL MATURITIES			
	BALANCE AT 31/12/2020	BALANCE AT 31/12/2019	31/12/2021	31/12/2022	45,291	45,657	31/12/2025 AND BEYOND	TOTAL
TYPE OF INSTRUMENT								
Equity swaps	0	8	0	0	0	0	0	0
Cross-currency swaps	0	5	0	0	0	0	0	0
Intercompany interest rate swaps	0	41	0	0	0	0	0	0
Foreign exchange forwards and options	0	0	0	0	0	0	0	0
Intercompany foreign exchange forwards and options	0	0	0	0	0	0	0	0
TOTAL ASSET BALANCES	0	53	0	0	0	0	0	0
Equity swaps	3	0	65	0	0	0	0	65
Cross-currency swaps	26	0	0	250	0	0	0	250
Interest rate swaps	44	41	0	0	0	0	400	400
Foreign exchange forwards and options	0	14	0	0	0	0	0	0
Intercompany foreign exchange forwards and options	0	1	0	0	0	0	0	0
TOTAL LIABILITY BALANCES	72	56	65	250	0	0	400	715
NET BALANCES	-72	-3	65	250	0	0	400	715

Derivative cash flows mature as follows:

(Millions of euros)	FAIR VALUE				CASH FLOW MATURITY			
	BALANCE AT 31/12/2020	BALANCE AT 31/12/2019	31/12/2021	31/12/2022	45,291	45,657	31/12/2025 AND BEYOND	TOTAL
TYPE OF INSTRUMENT								
Equity swaps	-3	8	-3	0	0	0	0	-3
Cross-currency swaps	-26	5	0	-26	0	0	0	-26
Interest rate swap	-44	-41	0	-1	-6	-6	-31	-44
Intercompany interest rate swaps	0	41	0	0	0	0	0	0
Foreign exchange forwards and options	0	-14	0	0	0	0	0	0
Intercompany foreign exchange forwards and options	0	-1	0	0	0	0	0	0
TOTAL FINANCIAL INSTRUMENTS	-72	-3	-3	-27	-6	-6	-31	-72

There follows an explanation of hedge fair value changes from 2020 to 2019 and of the effects of such changes on the balance sheet and income statement for the year (thousands of euros).

TYPE OF INSTRUMENT	FAIR VALUE			BREAKDOWN OF CHANGES						
	BALANCE AT 31/12/2020	BALANCE AT 31/12/2019	CHANGE	IMPACT ON RESERVES	IMPACT OF FAIR VALUE ON PROFIT/(LOSS)	IMPACT ON NET FINANCIAL INCOME/(EXPENSE) - FINANCING	CASH	OTHER IMPACTS ON THE BALANCE SHEET OR INCOME STATEMENT	TOTAL	
Equity swaps	-3	8	-10	0	-10	0	0	0	-10	
Cross-currency swaps	-26	5	-30	0	0	3	-21	-12	-30	
Interest rate swap	-44	-41	-3	3	-27	0	21	0	-3	
Intercompany interest rate swaps	0	41	-41	0	27	0	0	-69	-41	
Foreign exchange forwards and options	0	-14	14	0	19	0	-6	0	14	
Intercompany foreign exchange forwards and options	0	-1	1	0	1	0	0	0	1	
TOTAL FINANCIAL INSTRUMENTS	-72	-3	-70	3	10	3	-5	-81	-70	

(*) 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 19).

These equity swap contracts are described below:

- The calculation base is 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 compensation equal to the dividend on those shares.
- When the swap expires, if the share price has risen, Ferrovial will receive the difference between the share price and the reference price in cash. If the share price has fallen, Ferrovial will pay the difference to the bank.

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 26.970 at 31 December 2019 to EUR 22.60 at 31 December 2020, entailing an impact of EUR -10 million under the income statement heading "Changes in the fair value of financial instruments". Lastly, the column "Other impacts on the balance sheet or income statement" includes the remuneration as income and the finance cost of these instruments as an expense in the amount of EUR 0.4 million (Note 15). The total impact of these instruments on cash resources amounted to EUR -0.4 million.

At the 2020 year end, these derivatives had a notional value equivalent to 2,755 thousand shares which, based on the strike price of the equity swaps (price at which they must be settled with the banks), represented a total notional amount of EUR 65 million. Fair value at 31 December 2020 amounted to EUR -3 million, which reflects the difference between the strike price of the equity swaps and the year-end share price.

Cross-currency swaps

The Company holds a liquidity facility for a maximum of EUR 900 million, which may be drawn in EUR, CAD, GBP and USD. At 31 December 2020, USD 284 million had been utilised (see Note 12). In order to cover possible interest rate and foreign exchange fluctuations affecting the amount drawn, the Company has arranged cross-currency swaps amounting to USD 274 million,

maturing in 2022, for an agreed equivalent value of EUR 250 million, the fair value of which amounts to EUR -26 million.

Accordingly, foreign exchange fluctuations during the year had a negative effect of EUR 12 million on the total notional amount recognised in the income statement ("other impacts" column), offsetting changes in the value of the above-mentioned loan. Receipts amounting to EUR 21 million were also recognised ("Cash" column), EUR 11 million of which reflect the impact of the cancellation of the cross-currency swaps prevailing at 31 December 2019 and maturing in 2020, together with a financial impact of EUR 3 million.

Interest rate derivatives

On 8th November 2020, the Company derecognised the interest rate derivatives arranged in 2018 for a total notional amount of EUR 500 million, as well as the IRS transferred to Ferrovial Emisiones' subsidiary under mirror agreements. This had an impact of EUR -21 million on cash, the Company also having derecognised, via the current account, the cumulative change in value of the mirror IRS transferred to Ferrovial Emisiones, S.A., amounting to EUR 65 million (Note 8).

Also, the Company contracted interest rate derivatives for a total notional amount of EUR 400 million, in order to secure the rate applicable in the event of the refinancing of one of the bonds issued by the Company. At 31 December 2020, these derivatives had a fair value of EUR -44 million and are designated as cash flow hedges, the value change being recognised with a balancing entry in reserves.

Foreign exchange derivatives

The Company holds a number of foreign exchange derivatives, as detailed below:

- Euro-pound sterling foreign exchange forwards showing a fair value of EUR -14 million at 31 December 2019 matured during the year. The fair value change in these derivatives entailed income of EUR 19 million recognised in fair value changes in the income statement and a receipt of EUR 6 million.
- Foreign exchange forwards which can be liquidated in EUR/CAD/GBP currencies, with a fair value of EUR -1 million at 31 December 2019, which matured during the year. The fair value change in these derivatives entailed income of EUR 664 thousand recognised in fair value changes in the income statement and a receipt of EUR 138 thousand.

7. CASH AND CASH EQUIVALENTS

Set out below is a breakdown of cash and cash equivalents for 2020 and 2019:

(Millions of euros)	BALANCE AT 31/12/20	BALANCE AT 31/12/19
Cash	160	66
Other cash equivalents	490	11
TOTAL	650	77

The cash balance primarily consists of bank accounts opened in the Company's name. Cash equivalents comprise term deposits maturing in less than three months.

8. BALANCES WITH GROUP COMPANIES AND ASSOCIATES

8.1. Financial balances with Group companies:

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

(Millions of euros)	2019	CHANGES IN LOANS FERROFIN	CHANGE IN LOANS, FERROVIAL EMISIONES	OTHER MOVEMENTS	2020
Long-term loans	0	0	0	0	0
Short-term loans	274	-97	0	134	311
ASSET BALANCES	274	-97	0	134	311
Long-term loans	2,676	-642	772	-34	2,773
Short-term payables	36	-7	507	12	548
LIABILITY BALANCES	2,712	-648	1,280	-22	3,321
NET BALANCE OF FINANCING, GROUP COMPANIES	-2,437	551	-1,280	156	-3,010
Long term	-2,675	642	-772	34	-2,773
Short term	238	-90	-507	122	-237

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 -3,010 million payable to subsidiaries. This net borrowings position increased by EUR -573 million during the year, due essentially to the issuance of bonds for a total nominal amount of EUR -1,280 million obtained as a long term loan with Ferrovial Emisiones, by which, the Company has cancelled part of the intercompany loans with Ferrofin for EUR 641 million (see detail below) and the rest has increased cash and equivalents balance (see note 7). In addition, the Company has retained in current account some of the dividends distributed and outstanding by its subsidiary Ferrovial International SE for 126 million euros (see note 5 and 15).

Breakdown of long-term balances with Group companies.

The Company records long-term loans payable in the amount of EUR -2,773 million. The main loans received from the Company's subsidiaries are analysed below:

LONG-TERM LOANS (Millions of euros)	2020	2019	VAR.
Ferrovial Emisiones, S.A.	-1,570	-797	-773
Ferrofin, S.L.	-697	-1,338	641
Ferrovial Netherlands B.V.	-499	-498	-1
Ferrovial FISA, S.A.	0	-33	33
Pilum S.A.	-1	-2	1
Ferrovial Aravia, S.A.	-7	-7	0
TOTAL LONG-TERM LOANS	-2,773	-2,676	-97

- Intercompany loans of EUR -1,570 million with the subsidiary Ferrovial Emisiones S.A., comprising:

- EUR 298 million (face value of EUR 300 million), received from Ferrovial Emisiones, the funds having been obtained by the corporate bond issued on 9 July 2014, with a fixed interest rate of 2.5% and maturing in 2024;
- EUR 1,271 million (nominal amount of EUR 1,280 million) received from Ferrovial Emisiones 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 2020. These funds were transferred to Ferrovial S.A. on the same terms as the bonds.

In parallel, at 31 December 2020 EUR 500 million was reclassified to the short term in relation to the corporate bond issued on 29 May 2013 and maturing in May 2021 (see breakdown of short-term balances with Group companies under the following heading).

- An intercompany credit line arranged with the subsidiary Ferrofin, S.L. on 30 November 2018 for a limit of up to EUR 3,000 million, maturing on 31 December 2022. The balance drawn down at 31 December 2020 amounted to EUR -697 million. The movements to this credit line, which accrues an interest rate of 0.61%, are detailed in the previous table.
- Intercompany loan received from Ferrovial Netherlands in the amount of EUR 499 million (face value of EUR 500 million), transferring the funds obtained by issuing a bond on 14 November 2017, at an interest rate of 2.249% and maturing in 2022.
- The intercompany credit line from Ferrovial FISA that the Company held at 31 December 2019 for a maximum of EUR 50 million, of which EUR 33 million had been drawn down at 31 December 2020 due to the merge project between corporate companies described in note 5.

Breakdown of short-term balances with Group companies

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

(Millions of euros)	31.12.2020	31.12.2019	CHANGE
Current accounts	311	274	37
Short-term loans	0	-0	0
CURRENT ASSET BALANCES	311	274	37
Current accounts	8	12	-3
Sort-term loans	512	2	509
Short-term interest accrued	28	22	6
CURRENT LIABILITY BALANCES	548	36	512
NET BALANCE OF FINANCING, GROUP COMPANIES	-237	238	-476
Via current accounts	302	262	40
Via short-term loans	-540	-24	-516

The Company holds financial current accounts with its subsidiaries for a net amount of EUR 302 million (EUR 262 million at 31 December 2019) The current accounts break down as follows:

CURRENT ACCOUNTS WITH GROUP COMPANIES

(Millions of euros)	2020	2019	VAR.
Ferrofin, S.L.	179	269	-90
Ferrovial International SE	126	0	126
407 Toronto Highway BV	0	2	-2
Budimex	2	2	0
Hubco Netherlands BV	1	-1	2
Ferrovial Netherlands BV	-4	-10	6
Other	-3	0	-3
TOTAL SHORT-TERM CURRENT ACCOUNTS (NET)	302	262	40

There was a net change of EUR -90 million in the current account with Ferrofin, S.L., which bears interest at a rate similar to the market rate (0.03%) and derives from the Group's cash-pooling arrangement. Specifically, the most significant transactions supporting this change are as follows:

In addition, the change of EUR 126 million relating to Ferrovial International SE reflects the Company's debtor position with its subsidiary resulting from the dividend pay-out mentioned in Note 5 and Note 15.

As regards short-term loans, the Company records EUR -540 million at 31 December 2020 (EUR -24 million at 31 December 2019). There follows a breakdown of short-term accrued unmatured interest at the year end:

(Millions of euros)	2020	2019	VAR.
Ferrovial Emisiones, S.A.	-500	0	-500
Ferrovial Services UK, Ltd.	-10	0	-10
Pilum	-1	-2	1
TOTAL Short-term loans	-512	-2	-509
Ferrovial Emisiones, S.A.	-20	-13	-7
Ferrovial Netherlands B.V.	-7	-7	0
Other	-0	-2	2
TOTAL Interest accrued	-28	-22	-6
TOTAL SHORT TERM LOANS AND INTEREST	-540	-24	-516

The most significant change relates to the short-term intercompany loan with the subsidiary Ferrovial Emisiones, amounting to EUR -500 million. As mentioned in the previous point, this relates to the reclassification made by the Company based on the maturity of the bond issued in 2013 and transferred by the subsidiary in 2021.

For comparability, balances and movements in short-term borrowings at 31 December 2019 are as follows:

(Millions of euros)	2018	CHANGES IN AMOUNTS PAYABLE TO FERROFIN	OTHER MOVEMENTS	2019
Long-term loans	19		-18	0
Short-term loans	654	-376	-4	274
ASSET BALANCES	673	-376	-22	274
Long-term loans	3,356	-670	-10	2,676
Short-term payables	505	-480	12	36
LIABILITY BALANCES	3,861	-1,150	2	2,712
NET BALANCE OF FINANCING, GROUP COMPANIES	-3,188	774	-24	-2,438
Long term	-3,337	670	-8	-3
Short term	149	104	-15	238

A breakdown of the transactions with Group companies completed during the financial year is provided in Note 15.D.

8.2. Trade receivables from Group companies:

The Company records trade receivables from Group companies amounting to EUR 47 million (EUR 38 million at 31 December 2019) in respect of amounts pending receipt for the provision of services by the Company. A breakdown of these balances is shown below:

(Millions of euros)	2020	2019	VAR.
Ferrovial Servicios, S.A.	9	10	-1
Ferrovial Construcción, S.A.	8	8	0
Cintra Servicios	8	0	8
Cintra Infraestructuras, SE	6	7	-1
Ferrovial Aeropuertos España, S.A.	2	0	2
Cintra Global SE	2	0	2
Ferrovial Transco España, S.A.U.	0	3	-3
Ferrovial Corporación, S.A.	-5	3	-8
Ferrovial FISA, S.A.	0	1	-1
Budimex	0	0	0
Ferrovial Holding US Corp.	1	1	0
Ferrofin, S.L.	5	0	5
Other	3	5	-1
TOTAL SHORT-TERM TRADE BALANCES (NET)	39	38	-2

9. 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 2020 was 42 days.

Set forth below is the breakdown required by Article 6 of the Resolution of 29 January 2019 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	2020	2019
Average supplier payment period	42	31
Ratio of transactions settled	44	28
Ratio of transactions not yet settled	11	60

AMOUNT (euros)	2020	2019
Total payments settled	11,764,181	12,539,613
Total outstanding payments	755,498	1,581,599

10. SHAREHOLDERS' FUNDS

A breakdown of the main impacts, net of taxes, on equity in 2020 and 2019 is as follows:

(Millions of euros)	2020	2019
BALANCE AT 31.12.2019	4,775	4,200
Profit/(loss) for the year	23	672
Recognised income and expenses	2	0
Impact on hedge reserves	2	0
Transfer to income statement	0	0
Hedging instruments	0	0
TOTAL RECOGNISED INCOME AND EXPENSES	25	672
Scrip dividend/Dividends	-119	-238
Treasury share transactions	-258	-282
SHAREHOLDER REMUNERATION	-377	-520
Share-based remuneration schemes	-8	4
Corporate restructuring operations	21	419
Other movements	0	0
Other transactions	13	423
BALANCE AT 31.12.2020	4,437	4,775

Shareholders' funds increased by EUR -338 million in 2020. The main impacts relate to:

- Profit for the year of EUR 23 million.
- Shareholder remuneration:
 - Scrip dividend: refers to the impact of the flexible remuneration scheme approved by Ferrovial, S.A.'s Annual General Meeting held on 17 April 2020 (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 18, as well as the impact of share-based payments to employees (stock bonus) in the amount of EUR 4 million.
- Corporate restructuring operations: relates essentially to the impact on reserves of the merger of subsidiaries described in Note 5.

The main equity items are as follows:

A) Share capital

At 31 December 2020, share capital stood at EUR 146,580,475.20 and was fully subscribed and paid up. Share capital consists of 732,902,376 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 below in sections d. Treasury shares and g. Reserves.

SHARES	NUMBER	PAR VALUE
Opening balance	735,215,443	147,043,089
Scrip dividend	12,147,596	2,429,519
Share capital reduction	-14,460,661	-2,892,132
CLOSING SHARES	732,902,376	146,580,475

At 31 December 2020, the only company with an ownership interest of over 10% is Rijn Capital BV, which holds 20.265% 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 Company share and merger premiums decreased by EUR 348 million from EUR 995 million at 31 December 2019 to EUR 647 million at 31 December 2020. This reduction is explained by the redemption of treasury shares during the year, as described in letter d) Treasury shares of this Note. This line item is included in 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 2020, 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 2019, 3,276,261 treasury shares were held. Movements during 2020 were as follows:

TRANSACTION COMPLETED/PURPOSE	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES APPLIED TO PURPOSE	TOTAL NUMBER OF SHARES
Balance at 31.12.2019			3,276,261
Share capital reduction	11,704,701	-14,460,661	-2,755,960
Remuneration schemes	636,789	-723,526	-86,737
Shares received - scrip dividend	200,470	0	200,470
BALANCE AT 31.12.2020	12,541,960	-15,184,187	634,034

Set out below is a breakdown of the treasury share purchases:

PURPOSE	NUMBER OF SHARES PURCHASED / RECEIVED	% OF SHARE CAPITAL	PAR VALUE (Millions of euros)	AMOUNT PAID (Millions of euros)
Shares for capital reduction	11,704,701	1.60 %	2	-256
Remuneration schemes	636,789	0.09 %	0	-17
Shares received - scrip dividend	200,470	0.03 %	0	0
BALANCE AT 31 DECEMBER 2019	12,541,960	1.71 %	3	-273

The Annual General Meeting of Ferrovial, S.A. held on 17 April 2020 approved a treasury share Buy-Back Programme for a maximum amount of EUR 360 million, the purpose of which was a subsequent capital reduction by redeeming the shares. Over the course of 2020, 11,704,701 shares relating to the buy-back and share capital reduction programme were acquired at an average price of EUR 21.84 per share, entailing a total disbursement of EUR 255.5 million.

Subsequently, -14,460,661 treasury shares were redeemed, reducing share capital by EUR -3 million and unrestricted reserves (merger premium) by EUR -256 million, reflecting the difference between the par value and acquisition cost of the redeemed shares.

Following these movements, at 31 December 2020 there were 634,034 treasury shares, with a market value of EUR 14 million.

E) Share-based remuneration schemes

In relation to the share transactions described in section d. Treasury shares, in 2020 a total of 636,789 treasury shares were acquired, representing 0.09% of Ferrovial's share capital, for subsequent delivery, together with a part of the treasury shares recognised at the beginning of the year, under share-based remuneration schemes. The total cost of acquisition of these shares was EUR -17 million and the total gain on these remuneration schemes recognised in the Company's equity amounts to EUR -8 million.

The Company has arranged Equity Swaps in order to hedge against the possible impact on equity of the exercise of share-based remuneration schemes. These instruments had a fair value impact of EUR -10 million on net financial income/(expense) (Note 6).

F) Profit/(loss) for the prior year

Profit for 2019 was taken to voluntary reserves in the amount of EUR 672 million.

G) Reserves

- The application of 2019 profits amounting to EUR 672 million, as indicated above.
- Scrip dividend: For the seventh successive year, Ferrovial, S.A.'s Annual General Meeting held on 17 April 2020 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 2020 as follows:

- In May 2020, 6,134,990 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 1.2 million (no cash impact), and free allotment rights were purchased in the amount of EUR 93 million, representing a price per share of EUR 0.312.
- In November 2020, 6,012,606 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 1.2 million (no cash impact), and free allotment rights were purchased in the amount of EUR 28 million, representing a price per share of EUR 0.200.

The cash flow impact of shareholder remuneration in 2020 amounted to EUR 377 million. The difference between the scrip dividend of EUR 119 million and the treasury share purchase of EUR 258 million reflected in the table above, and the scrip dividend of EUR 122 million and the treasury share purchase of EUR 255 million disclosed in the cash flow statement is explained by the above-mentioned issuance of new shares against reserves in the amount of EUR 2.4 million.

- Recognition of EUR -8 million in relation to share-based remuneration schemes, as indicated in section e. Share-based remuneration schemes.
- 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 27/2014 of 27 November. 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 2,355 million at 31 December 2020.

11. PROVISIONS FOR LIABILITIES AND CHARGES

Movements in 2020 are set out below:

(Millions of euros)	BALANCE AT				BALANCE AT
	31/12/2019	APPROPRIATION	REVERSAL	APPLICATION	
Provision for liabilities and charges	161	5	0	0	166
TOTAL	161	5	0	0	166

The provision of EUR 166 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 115 million (EUR 112 million in 2019);
- Provision for tax assessments raised by the Spanish tax authorities regarding corporate income tax for the financial years 2002 to 2005 in the amount of EUR 20 million (EUR 19 million in 2019).
- 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 23 million (EUR 22 million in 2019).
- 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 2019).
- Provision for other tax litigation in the amount of EUR 1 million (EUR 1 million in 2019).

Movements in 2020 relate essentially to the restatement of EUR 4 million based on the interest rate applicable to these provisions, which are carried in "Financial expenses" in the income statement (Note 15).

12. BANK BORROWINGS

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

- 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 to a maximum of EUR 1,500 million. Notes amounting to approximately EUR 1,091 million had been issued at 31 December 2020, giving rise to a EUR 118 million increase compared to the prior year-end, at an average interest rate of -0.15% and a financial result of EUR 2 million (see Note 15).
- Corporate liquidity facility for a maximum of EUR 900 million and the possibility of drawing the balance in EUR, CAD, GBP and USD. The facility has a spread of 32.5 bps and matures in March 2022, with an option for two extensions to 2025. EUR 224 million had been drawn down on the facility at 31 December 2020. Foreign currency and interest rate risks on these drawdowns were hedged by cross-currency swaps at a fixed interest rate of -0.47%, always hedging a notional amount of EUR 250 million and thus giving rise to income for the Company. (See Note 6)
- Finally, the Company has negotiated several liquidity facilities with a maximum of 280 million euros with maturity 2022, which have not been drawn down. In addition, the company has formalized a loan of EUR 60 million, with a maturity of 2027 at an average rate of 0.45%.

The borrowing limits, balances drawn down and amounts drawable at 31 December 2020 and 2019 were as follows:

(Millions of euros)	2020			
	BORROWING LIMIT	DRAWN DOWN (*)	DRAWABLE	CARRYING AMOUNT
Corporate Debt	900	250	650	224
ECP (Euro Commercial Paper)	1,091	1,091	0	1,091
Other credit facilities	340	60	280	60
TOTAL	2,231	1,401	930	1,375

(*) Refers to the fair value of cross-currency swaps amounting to EUR -26 million

(Millions of euros)	2019			
	BORROWING LIMIT	DRAWN DOWN (*)	DRAWABLE	CARRYING AMOUNT
Corporate Debt	900	250	650	255
ECP (Euro Commercial Paper)	973	973	0	973
TOTAL	1,873	1,223	650	1,228

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

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.

13. TAX MATTERS

Ferrovial, S.A. has filed consolidated tax returns since 2002. The companies comprising the tax consolidated group in 2020, 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 27/2014 of 27 November (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.

13.1. Reconciliation of the reported results and taxable income

The reconciliation of reported results before taxes (EUR 1 million) and the corporate income tax base (EUR 22 million) is as follows:

Thousands of euros	2020			2019		
	INCREASE	DECREASE	TOTAL	INCREASE	DECREASE	TOTAL
Profit/(loss) before tax			1			704
Permanent differences:	4	-77	-73	3	-781	-778
Temporary differences:			2			0
Arising during the year	9		9	4		4
Arising in prior years		-6	-6		-4	-4
Taxable income			-70			-74

Negative permanent differences relate basically to tax-exempt dividends under Article 21 of the CIT Act, amounting to EUR 53

million, as well as to the reversal of portfolio provisions described in Note 5, in the amount of EUR 18 million.

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

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

The reconciliation between reported profit before tax (EUR 1 million) and the tax income recognised (EUR 22 million) is as follows:

Thousands of euros	2020	2019
Tax rate	25%	25%
Profit/(loss) before tax	1	704
Permanent differences	-73	-778
Taxable income	-72	-75
Taxable income (25%)	18	19
Regularisation of tax-loss carryforwards and tax credits	0	-55
Regularisation of previous fiscal year CIT	2	5
Other regularisations	2	0
TOTAL TAXABLE EXPENSE/(INCOME)	-31	2

By adjusting the company's pre-tax result in the amount of the permanent differences, described in the previous chapter, we obtain a tax result of -72 million euros, on which a tax revenue of EUR 18 million has been recorded.

In addition, adjustments have been made to this income of EUR 4 million, of which EUR 2 million is due to changes in the tax estimate for previous years and the rest of the impact, is due to income from the use of tax bases by the Tax Group.

The breakdown of accrued tax for 2020 and 2019, distinguishing between current tax and deferred tax, is as follows:

	2020	2019
Taxable expense for the year	21	19
Current tax payment	20	24
Deferred tax expense	1	-5
Prior-year regularisations and other	2	-50
TOTAL TAXABLE EXPENSE/(INCOME)	22	-31

13.3. Movements in deferred taxes

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

Thousands of euros	2019	
	ASSETS	LIABILITIES
Balance at 31.12.19	145	39
With a balancing entry in the income statement	1	0
Regularisation of previous fiscal year CIT and others	0	0
Generated	1	0
Reversed	0	0
With a balancing entry in shareholders' funds	-11	-10
Generated	-11	-10
BALANCE AT 31.12.20	135	29

a) Deferred tax assets:

There follows an itemised breakdown of deferred tax assets:

- Items deferred due to different tax and accounting approaches, amounting to EUR 135 million (EUR 134 million at 31 December 2019), essentially relating to the difference between the tax and accounting value of certain financial interests (EUR 128 million) and provisions for staff costs (EUR 6 million).

- Deferred taxes corresponding to the tax effect of the IRSs pre-hedging the borrowings as described in Note 6, amounting to EUR 0.1 million (EUR 11 million at 31 December 2019).
- In addition, at 31 December 2020 the Company recognised tax credits for deductions in the amount of EUR 99 million (EUR 101 million at 31 December 2019) which are totally derecognized. In order to measure the recoverability of negative tax bases, a model has been made based on the latest available projections of expected results from the Group's companies, from which has been decided not to record all tax credits accountingly, in the light of reasonable doubts that they may be recovered in the short to medium term.

b) Deferred tax liabilities:

They primarily correspond to deferred taxes arising from differences between the tax and accounting values of shareholdings in the amount of EUR 28 million (EUR 28 million at 31 December 2019), as well as to deferred tax liabilities arising from the impact on reserves of the intercompany IRSs described in Note 6, amounting to EUR 1 million (EUR 10 million at 31 December 2019).

Movements in deferred taxes in 2019 were as follows:

2019 (Millions of euros)	ASSETS	LIABILITIES
BALANCE AT 01.01.19	181	35
With a balancing entry in the income statement	-44	-3
Regularisation of previous fiscal year CIT and others	0	0
Generated	1	0
Reversed	-46	0
Movements impacting reserves	8	3
Generated	8	3
BALANCE AT 31.12.19	145	39

13.4. 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 10 years to verify and investigate tax-loss carryforwards and certain deductions pending offset.

The tax inspection of Ferrovial, S.A. relating to the Recovery Procedure for Spanish State Aid linked to the tax write-down of financial goodwill resulting from the acquisition of Amey (EU Decision 2015/314 of the European Commission of 15 October 2014 (Third Decision), in connection with corporate income tax for 2016 to 2018, ended in January 2021 with the notification of the settlement resolution stating a tax liability of EUR 3.8 million. A claim has been lodged against the settlement resolutions in the economic-administrative courts and are currently being processed pending a ruling.

Ferrovial S.A. is also undergoing a partial inspection of corporate income tax for 2014 to 2017 that affects other Group companies and that is currently in the document submission stage, so the final outcome is not yet known.

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.

14. 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 2020 year end, Ferrovial, S.A. had furnished guarantees amounting to EUR 6,729 million (EUR 6,165 million in 2019). They include:

- Guarantees given by Ferrovial, S.A. in favour of Ferrovial Emisiones, S.A. covering corporate bond issues for a total nominal amount of EUR 3,080 million (EUR 1,800 million in 2019). All bond issues completed by Ferrovial Emisiones are secured by Ferrovial. However, with regard to this transaction, Ferrovial records two intercompany loans to Ferrovial Emisiones, S.A. (Note 9), amounting to EUR 2,070 million (EUR 1,570 million long-term and EUR 500 million classified as short-term), which relate to the issues completed in 2013, 2014 and 2020, while the EUR 1,000 million issued in 2018 and 2019 were transferred to Ferrofin, S.L., a subsidiary of Ferrovial S.A.
- Guarantee given by Ferrovial, S.A. in favour of its subsidiary Ferrovial Netherlands B.V. in relation to the issuance of a corporate bond completed on 14 November 2018, for a total nominal amount of EUR 500 million. With regard to this corporate bond, Ferrovial S.A. records an intercompany loan to its subsidiary for the same total nominal amount (Note 9).
- Guarantees given in favour of customers of other Group companies in the Construction Division in the amount of EUR 2,997 million, of which EUR 2,545 million relates to bonding lines.
- Guarantees given in favour of customers of other Group companies in the Services Division amounted to EUR 138 million (EUR 104 million at 31 December 2019), of which EUR 91 million relates to bonding lines granted in North America.
- Guarantees given to the Toll Roads Division amounting to EUR 5 million (EUR 5 million at 31 December 2019).
- Other guarantees furnished to other Group companies in the amount of EUR 9 million (EUR 26 million at 31 December 2019).

Bank guarantees

In addition to the above, at the 2020 year end the Company had given bank guarantees amounting to EUR 826 million (EUR 945 million in 2019) under guarantee facilities, of which EUR 776 million relates to equity contribution guarantees in favour of subsidiaries (EUR 868 million at 31 December 2019). Regarding guarantees given in tax proceedings, the company amount EUR 297 million (EUR 292 million at 31 December 2019).

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 11, Ferrovial, S.A. is involved in various tax claims for which it has recognised a provision of EUR 166 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 2006 to 2012.

SH-130

On 1 March 2018, "SH-130 Concession Company, LLC" filed an initial statement of case at the United States Bankruptcy Court Western District of Texas against Ferrovial, S.A, Cintra Infraestructuras SE, Ferrovial Agroman, S.A. and other companies of the Ferrovial Group, and against the partner in the SH-130 toll road project.

SH-130 Concession Company, LLC was 65% owned by Cintra TX 56, LLC until 28 June 2017, when ownership of its share capital was transferred to the current shareholders as the result of the completion of the voluntary insolvency process (Chapter 11) filed on 2 March 2016.

The complaint is based on the claim that some of the payments made by the concession operator to the construction company in 2011 and 2012, during the toll road's design and construction phase, were allegedly made in a way that defrauded the creditors, since, in the claimant's opinion: (i) the works were completed incorrectly and should not, therefore, have been paid for; and (ii) the concession operator was insolvent.

The claimant is demanding the refund of these payments, which amount to USD 329 million.

It also accuses Ferrovial, S.A., Cintra Infraestructuras SE and other Group companies of having caused SH-130 Concession Company, LLC to make such payments, thus breaching the fiduciary duties that it should have observed under the State of Delaware's commercial legislation, as well as accusing them of aiding and abetting the breach of such duties.

In an amendment to the initial statement of case filed on 28 September 2018, the claimant sought additional damages consisting of the refund of the profits earned under the agreements for services for which the defendants had invoiced the claimants over the said period. The claimant is yet to specify the amount required for this item. It has also extended the initial complaint in relation to fulfilment of fiduciary duties.

The Ferrovial Group's defendant companies presented various motions to dismiss on the initial legal action. On 7 September 2018, the court allowed the motions to dismiss relating to the Group companies Ferrovial Internacional, S.L.U. and Ferrovial International Ltd. (which have been excluded from the legal action). The proceeding continues with respect to the other defendants.

On 5 August 2019, the claimant filed a third amendment to the complaint, in which it extended its accusations of an infringement of fiduciary duties to events that had occurred in 2007 as a result of the financial closure of the project.

At the time of closing of these financial statements, this lawsuit is in the discovery phase, which once completed will be followed by the submission and argument phases. The timetable for this process has undergone several reviews, the most recent on 10 February 2021, when the court handed down a new order extending the time periods allocated to the proceedings. A final ruling is expected by Q3 2021.

Due to legal advisers of Ferrovial, it is reasonable for the companies of the Ferrovial group to be able to obtain a dismissal of the actions brought against them. On the basis of the foregoing, no provision has been recorded regarding this claim.

15. INCOME AND EXPENSES

A) Operating profit/(loss)

The Company's operating profit/(loss) totalled EUR 30 million in 2020.

As for operating income, 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 14, form part of the Company's revenue.

Accordingly, in 2020 net revenue of EUR 95 million was generated, of which EUR 53 million related to dividends received by Ferrovial S.A. from its subsidiaries Ferrovial Construcción (EUR 52 million) and Autovía de Aragón, Sociedad Concesionaria S.A. (EUR 1 million).

	SHAREHOLDERS' FUNDS DISTRIBUTED BY THE SUBSIDIARY	DIVIDEND INCOME RECOGNISED	SHAREHOLDINGS IN GC	TOTAL RECEIPTS/PAY-OUTS BY SUBSIDIARIES				
				CASH	CURRENT ACCOUNT WITH FERROF IN (NOTE 8)	CURRENT ACCOUNT WITH FERROVIAL INTERNAT. (NOTE 8)	OTHER CURRENT ACCOUNTS /LOANS	EQUITY
Ferrovial Internacional SE	494	0	494	79	0	126	289	0
Ferrovial Construcción SA	52	52	0	0	52	0	0	0
Ferrovial Inversiones, S.A.	20	0	20		20	0	0	20
Autovía de Aragón, Sociedad Concesionaria SA	1	1	0	0	0	0	1	0
TOTAL	567	53	514	79	52	126	291	20

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 Construcción and Autovía de Aragón, Sociedad Concesionaria, S.A, the portion attributable to the results of those subsidiaries or their investees since the contribution date was recognised as income for the year. The carrying amount of the shareholding was reduced by the reimbursed balance of the contributions made by Ferrovial Internacional SE and Ferrovial Inversiones S.A. by distributing unrestricted reserves, based on the criteria set out in the consultation published in BOE No 123 of the Institute of Accounting and Audit of Accounts, September 2020 (Note 4.9 and 5).

The above-mentioned distributions of reserves were received as follows:

- By cash payments (EUR 79 million)
- Payment in kind by offsetting intercompany loans for EUR 289 million (see Note 5 and footnote 8),
- For the remaining EUR 126 million outstanding, the Company has withheld this amount in current account with Ferrovial Internacional SE, see table above.

Other income received from subsidiaries (EUR 10 million) relates to:

- Accrued interest on loans granted to Group companies, amounting to EUR 2 million (EUR 2 million in 2019).
- Amounts invoiced in relation to bank and other guarantees issued by the Company in favour of other Group companies, totalling EUR 8 million (EUR 8 million at 31 December 2019), as described in Note 14.

Amounts invoiced for services rendered to Group companies and associates, totalling EUR 32 million (EUR 44 million at 31 December 2019).

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.

B) Net financial income/(expense)

Net financial income/(expense) for the year amounted to EUR -29 million (EUR -49 million at 31 December 2019).

Financial income totalled EUR 7 million, primarily comprising:

- Income from cross-currency swaps as a result of the fixed rate secured (Notes 6 and 12) amounting to EUR 4 million.
- Income from ECP (Euro Commercial Paper) (Note 12) issues amounting to EUR 2 million.

Financial expenses amounted to EUR -67 million, as analysed below:

- Interest accrued on borrowings received from various Group companies in the amount of EUR -51 million (EUR -51 million at 31 December 2019), as broken down in section D of this note.
- Interest accrued on financing drawn on the credit line in the amount of EUR 3 million (EUR 6 million at 31 December 2019), as well as commitment fees associated with the undrawn credit line in the amount of EUR 2 million (EUR 4 million in 2019).
- Guarantee costs amounting to EUR 6 million (EUR 8 million in 2019), 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 12, in the amount of EUR 4 million (EUR 4 million in 2019).

Fair value adjustments to financial instruments amount to EUR 10 million, which primarily relate to:

- The fair value adjustment to equity swaps contracted resulted in an expense of EUR -10 million.
- The fair value adjustment to regularise the interest rate swaps (IRS) cancelled and settled during the year, having a net impact of EUR 0.3 million.
- The effect of foreign exchange derivatives and options contracted by the Company amounts to net income of EUR 20 million.

Profits from disposals and impairment of financial instruments amounted to EUR 19 million, essentially relating to the value adjustment to shareholdings explained in Note 5.

C) Corporate income tax expense

The corporate tax income in the year amounts to EUR 22 million (see Note 13)

D) Transactions with Group companies

A breakdown of these transactions is set out below:

Transactions with Group companies and associates at 31 December 2020

GROUP COMPANIES	DIVIDENDS	PROVISION OF SERVICES	INTEREST	OP. FINANCIAL EXPENSES	EXPENSES
Ferrovial Construcción S.A.	52	8	0	0	0
Ferrovial Holding US Corp	0	1	0	0	0
Ferrovial Servicios, S.A.	0	3	0	0	0
Ferrovial Aeropuertos España, S.A.	0	5	0	0	0
Cintra Servicios de Infraestructuras, S.A.	0	7	0	0	0
Cintra Infraestructuras, SE	0	0	5	0	0
Ferrovial Mobility	0	0	0	0	0
Autovía de Aragón, SL	1	0	0	0	0
Ferrofin, S.L.	0	5	2	0	0
Cintra Global	0	0	2	0	0
Ferrovial Emisiones	0	0	0	0	-33
Ferrovial Corporación	0	0	0	-11	0
Ferrovial Netherlands BV	0	1	2	0	-12
GROUP COMPANIES TOTAL	53	32	10	-11	-51

Other transactions with Group companies and associates at 31 December 2019

GROUP COMPANIES	DIVIDENDS	PROVISION OF SERVICES	INTEREST	OP. FINANCIAL EXPENSES	EXPENSES
Ferrovial Internacional SE	444	0	0	0	0
Cintra Infraestructuras España, S.L.	234	0	0	0	0
Ferrovial Servicios, S.A.	79	12	0	0	0
Ferrovial Construcción, S.A.	0	13	0	0	0
Ferrovial Aeropuertos España, S.A.	0	7	0	0	0
Cintra Servicios de Infraestructuras, S.A.	0	11	0	0	0
Cintra Infraestructuras, SE	0	0	5	0	0
Cintra Global, LTD	0	0	1	0	0
Autovía de Aragón, SL	1	0	0	0	0
Ferrofin, S.L.	0	0	1	0	-13
Ferrovial Emisiones, S.A.	0	0	0	-3	-25
Ferrovial Corporación, S.A.	0	0	0	-1	0
Ferrovial Netherlands BV	0	0	0	0	-12
Other	0	1	2	0	0
GROUP COMPANIES TOTAL	758	44	10	-4	-51

16. OPERATING LEASES

On 23 December 2009, Ferrovial, S.A. entered into an agreement for the sale and leaseback of the property where head office is located.

Ferrovial S.A. currently leases 15% of the building, 85% being occupied by its subsidiary Ferrovial Corporación, S.L. Annual rent amounts to EUR 3 million and is updated annually in line with Spain's Consumer Price Index (CPI). The initial term expires in 2022 and Ferrovial has the right but not the obligation to extend the lease for a further 10 years. If the initial lease term is extended, the rent in force at that time must be updated in line with market rates.

Operating lease expenditure recognised in the income statement during 2020 totals EUR 1 million (EUR 1 million in 2019), of which EUR 660 thousand relates to the above-mentioned lease and the remainder (EUR 330 thousand) to vehicle leases. Future non-cancellable minimum payments as lessee amount to EUR 1 million (EUR 1 million in 2019).

17. EMPLOYEES

The average workforce during 2020 and 2019 breaks down as follows:

	31.12.2020			31.12.2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Executives	34	5	39	37	5	42
Managers / Professionals / Supervisors	14	13	27	13	13	26
Clerical Staff / Support technicians	1	10	11	1	11	12
Manual workers	0	0	0	0	0	0
TOTAL	49	28	77	51	29	80

The headcount at year-end 2020 and 2019 breaks down as follows:

	31.12.2020			31.12.2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Executives	34	4	38	36	5	41
Managers / Professionals / Supervisors	15	12	27	13	14	27
Clerical Staff / Support technicians	1	9	10	1	10	11
Manual workers	0	0	0	0	0	0
TOTAL	50	25	75	50	29	79

Ferrovial, S.A. has no employees 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.

18. REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

18.1. Bylaw-stipulated Board of Directors' remuneration

The Company's current remuneration scheme, regulated by Article 56 of its bylaws, consists in the establishment - by the Annual General Meeting- of the maximum annual remuneration for all the members of the Board of Directors. The Directors' Remuneration Policy approved by General meeting of Shareholders on April 17, 2020,

determined the maximum and the set of annual amount of Directors' remuneration for the term of that Policy (years 2020, 2021 and 2022), setting it as a fixed amount.

The remuneration of Directors in its condition comprises (i) a fixed allocation, a part of which is paid in quarterly instalments and the remainder (the additional fixed allocation) by means of 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 authorised for issue, the Board of Directors issues and makes available to the shareholders the Annual Report on Directors' Remuneration referred to in Article 54.1 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 the remuneration policy was applied in 2020 and a breakdown of the individual remuneration accrued to each director in 2020. The table below shows the itemised bylaw-stipulated remuneration of the members of the Board of Directors accrued during 2020 and 2019.

Should more meetings be held than initially envisaged or, for any other reason, should the amount of the per diems plus fixed allocations exceed the total maximum remuneration payable to directors for the year in question, the difference is deducted from the amount of the additional fixed allocation proportionally for each director on the basis of Board status. This adjustment was made in 2019.

The decrease in the remuneration of the Directors in their capacity as such during 2020 is due to the reduction of part of their fixed allowance agreed by the Board of Directors of the Company on the occasion of covid-19. The Board of Directors also decided to partially reduce the amount of the fixed supplementary allowance. The difference in this remuneration item between 2020 and 2019 is due to the fact that in 2019 an adjustment was made (as mentioned above), as the amount of the fixed components added to the amount of the per diems exceeded the maximum annual amount determined by the General Meeting.

This table does not include remuneration received by the executive directors for discharging executive duties at the Company, as described in Note 18.2.

2020				
DIRECTOR (a)	FIXED ALLOCATION	PER DIEMS	ADDITIONAL FIXED REMUNERATION	TOTAL
Rafael del Pino Calvo-Sotelo	33	122	86	241
Oscar Fanjul Martín	33	83	70	186
Ignacio Madrdejos Fernández	33	61	43	137
María del Pino y Calvo-Sotelo	33	61	43	137
Santiago Fernández Valbuena	33	69	43	145
José Fernando Sánchez-Junco Mans	33	81	43	157
Joaquín del Pino y Calvo-Sotelo	33	48	43	124
Philip Bowman	33	59	43	135
Hanne Birgitte Breinbjerg Sorensen	33	56	43	132
Bruno Di Leo	33	58	43	134
Juan Hoyos Martínez de Irujo	33	61	43	137
Gonzalo Urquijo Fernández de Araoz	33	59	43	135
TOTAL	394	819	587	1,800

(a) Continuance in the post. Full year, unless otherwise stated.

2019				
DIRECTOR (a)	FIXED ALLOCATION	PER DIEMS	ADDITIONAL FIXED REMUNERATION	TOTAL
Rafael del Pino y Calvo-Sotelo	35	143	74	252
Santiago Bergareche Busquet (to 19/12/2019)	34	77	63	174
Joaquín Ayuso García (to 30/09/2019)	26	55	35	116
Ignacio Madrdejos Fernández (to 30/09/2019)	9	14	9	32
Íñigo Meirás Amusco (to 30/09/2019)	26	57	28	111
María del Pino y Calvo-Sotelo	35	72	37	144
Santiago Fernández Valbuena	35	88	37	160
José Fernando Sánchez-Junco Mans	35	88	37	161
Joaquín del Pino y Calvo-Sotelo	35	54	37	126
Oscar Fanjul Martín	35	80	37	152
Philip Bowman	35	59	37	131
Hanne Birgitte Breinbjerg Sorensen	35	58	37	130
Bruno Di Leo	35	54	37	126
Juan Hoyos Martínez de Irujo (as from 2/10/2019)	9	12	9	30
Gonzalo Urquijo Fernández de Araoz (as from 19/12/2019)	1	0.00	1	3
TOTAL	420	912	515	1,848

18.2. Individual executive directors' remuneration

a) Remuneration accrued in 2020 and 2019.

In 2020, the following remuneration accrued to the executive directors for the performance of their functions, irrespective of the remuneration referred to in the preceding section.

The decrease in the fixed remuneration of executive directors is due to the reduction approved as a result of COVID-19.

2020			
EXECUTIVE DIRECTORS' REMUNERATION *	RAFAEL DEL PINO	IGNACIO MADRIDEJOS (as from 30/9/19)	TOTAL
Fixed remuneration	1,405	937	2,342
Variable remuneration	1,620	810	2,430
Life insurance premiums	8	4	12
Share plans (1)	1,602	0	1,602
TOTAL 2020	4,635	1,751	6,386

*Remuneration for their role as Executive Directors.

(1) In March 2020, a number of shares equivalent to the level of completion of the units allocated in 2017 were delivered, after the relevant withholdings had been made. The CNMV was notified on 16/03/2020

2) During 2020, Mr. Ignacio Madrdejos has been charged the amount of EUR 8 thousand as remuneration in kind corresponding to a company car.

The 2019 information is shown in the following table:

2019				
EXECUTIVE DIRECTORS' REMUNERATION *	RAFAEL DEL PINO	IGNACIO MADRIDEJOS (as from 30/9/19)	ÍÑIGO MEIRÁS** (as from 30/9/19)	TOTAL
Fixed remuneration	1,455	250	969	2,674
Variable remuneration	1,608	250	188	2,046
Life insurance premiums	8	0	5	13
Share plans (1)	1,097	0	1,097	2,194
Other (2)	0	600	725	1,325
TOTAL 2019	4,168	1,100	2,984	8,252

*Remuneration as executive directors

** In addition to the information set out above, to compensate for losing his status as executive director of the Company and the subsequent termination of his senior manager contract, the Company paid a gross amount of EUR 8,167 thousand to Íñigo Meirás (the entire amount being subject to personal income tax); amount covered by the group savings insurance policy mentioned in Note 18.7.

(1) In March 2019, a number of shares equivalent to the level of completion of the units allocated in 2016 were delivered, after the relevant withholdings had been made. The CNMV was notified on 19/3/2019.

2) An appointment bonus was awarded to Ignacio Madrdejos in the form of Ferrovial shares. The figure for Íñigo Meirás relates to the final monetary settlement.

b) Share-based remuneration schemes

There follows a breakdown of the performance-based remuneration schemes linked to share price performance, entitlement to which has not yet vested:

EXECUTIVE DIRECTORS' PLAN AT 31.12.2020		UNITS	NO. OF VOTING RIGHTS	% OF VOTING RIGHTS
Rafael del Pino y Calvo-Sotelo	2018 allocation	73,900	73,900	0.01 %
	2019 allocation	70,000	70,000	0.01 %
	2020 allocation	46,500	46,500	0.00 %
Ignacio Madrdejos Fernández	2019 allocation	14,468	14,468	0.00 %
	2020 allocation	46,500	46,500	0.00 %

18.4. Pension funds and plans or insurance premiums

As in 2019, no contributions were made in 2020 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 obligations were acquired during the year.

As regards life insurance premiums, the Company has insurance policies covering death (for which premiums totalling EUR 12 thousand were paid in 2020; EUR 13 thousand in 2019) 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, the parent company of which is the Company. Those insureds include the Company's Directors. The premium paid in 2020 under the aforementioned insurance policy amounted to EUR 1,059 thousand.

18.5. Advances and loans

At 31 December 2020, 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.

18.6. Senior management remuneration

The overall remuneration accrued to the Company's senior managers in 2020 is analysed below:

(Thousands of euros)	2020	2019
Fixed remuneration	5,317	4,714
Variable remuneration	3,657	3,202
Performance-based share plan	4,528	3,090
Exercise of stock option plans and/or other financial instruments (see description)	0	0
Remuneration as members of administrative bodies of other Group companies, jointly-controlled entities or associates	30	35
Insurance premiums	5,317	18
Other (1)	2,291	0
TOTAL	15,840	11,059

(1) Removal of three senior managers (figure subject to personal income tax) and a joining bonus.

SENIOR MANAGEMENT REMUNERATION

(Thousands of euros)	2019	2018
Fixed remuneration	4,714	5,237
Variable remuneration	3,202	3,803
Performance-based share plan	3,090	5,083
Exercise of stock option plans and/or other financial instruments (see description)	0	0
Remuneration as members of administrative bodies of other Group companies, jointly-controlled entities or associates	35	35
Insurance premiums	18	19
Other (1)	0	8,924
TOTAL	11,059	23,101

(1) Removal of two senior managers (figure subject to personal income tax).

The remuneration indicated relates to the following posts: General Secretary, Chief Financial Officer, HR General Manager, Construction General Manager, Services General Manager, Airports General Manager, Toll Roads General Manager, Information Systems and Innovation General Manager, Internal Audit Director, Communications and Corporate Responsibility Director, Corporate Strategy Director, Risk and Compliance Director, Mobility Director and Sustainability Director. This does not include remuneration for senior managers who were also executive directors, which was addressed in Note 18.2.

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 48 thousand from the Company, replacing the remuneration shown in the table above (EUR 58 thousand in 2019).

18.7. Other disclosures on remuneration

The agreements between the Company and the senior managers, including one executive director, 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.

The agreements between the Company and the senior managers, including one executive director, 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 any 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 2020 amounted to EUR 2,006 thousand (EUR 1,991 thousand at 31 December 2019), of which EUR 401 thousand relates to two executive directors. The figure of Other in the footnote (EUR 2,291million) corresponds mainly to the amounts received by two members of senior management who left the company in 2020. This amount does not affect the income statement for the year, as the company recognises as an expense each year the amounts contributed in the year to the group savings insurance, regardless of when these amounts are received.

19. SHARE-BASED REMUNERATION SCHEMES

The share-based remuneration schemes for the executives of all the Group companies are granted directly by the parent company Ferrovial, S.A.

The following information relates to all the remuneration schemes covering the Group companies' executives. However, there is a distribution agreement whereby Ferrovial, S.A. passes on the impact of these systems to the subsidiaries.

Performance-based share plan

At year-end 2020, Ferrovial has three remuneration schemes in place for the Group's executive directors, senior managers and managers, consisting of a performance-based share plan.

- Plan approved by the Board of Directors on 29 October 2015. It covers the financial years 2016, 2017 and 2018. The annual cost of the plan may not exceed EUR 22 million for each of the three

years, the plan being conditional upon employees remaining at the Company for at least three years as from the moment it is granted (barring special circumstances) and upon the achievement during the vesting period of ratios calculated on the basis of EBITDA in relation to net productive assets, and total shareholder return with respect to a comparable group. As mentioned, the plan is intended for executive directors, senior managers and managers. The application of this plan to executive directors was authorised by the Company's Annual General Meeting held on 4 May 2016.

- Long-term incentive plan approved by the Board of Directors on 28 February 2019. This plan will have a one-year term and the annual cost of the plan may not exceed EUR 22 million. The plan is tied to employees remaining at the Company for at least three years as from the grant date (barring special circumstances) and upon the achievement during the vesting period of ratios calculated on the basis of profitability and total shareholder return in relation to a comparable group. The plan is intended for executive directors, senior managers and managers. The application of this plan to executive directors was authorised by the Company's Annual General Meeting on 5 April 2019, as the CNMV was notified on the same day. Units were allocated for 2019 to the executive directors for the purposes of calculating plan duration and terms on 15 February 2019.
- Lastly, on 19 December 2019 the Board of Directors approved a new long-term incentive plan. The plan will be in force for three years (from 2020 to 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 submitted for approval by the Annual General Meeting.

There were 2,468,724 shares outstanding at 31 December 2020 relating to these plans.

Changes to the above-mentioned remuneration schemes in 2020 and 2019 are summarised below:

	2020	2019
Number of shares at beginning of year	3,125,747	3,274,816
Plans granted	622,004	1,005,040
Plans settled	-930,106	-724,787
Shares surrendered and other	-307,068	-408,762
Shares exercised	-41,853	-20,560
Number of shares at the end	2,468,724	3,125,747

This share award plan includes the plans described above in Note 18 on remuneration of executive directors and senior managers.

In 2020, staff expenses recognised in the Company in relation to these remuneration schemes amounted to EUR 4,037 thousand (EUR 4,031 thousand at 31 December 2019), with a balancing entry in equity.

Measurement of performance-based share plan

These plans are accounted for as a future and therefore the present value of expected dividends up to the delivery date is discounted to the share price at the grant date, using a rate of return equal to the average cost of borrowings over the share award period. They are equity settled, so they are measured when initially granted and the initially calculated value is not re-estimated, the relevant amount being recognised in staff cost, with a balancing entry in reserves.

20. 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) completed with related parties, Ministry of Economy and Finance Order EHA/3050/2004 of 15 September on related-party transactions that must be disclosed by issuers of securities listed on official secondary markets must be taken into consideration.

Article 1.1 of the order requires the inclusion in half-yearly financial reports of quantified information on all the transactions effected by the Company with related parties. In addition, Article 3.1 of the Order considers related-party transactions to include any transfer of resources, services or obligations between related parties, regardless of whether or not any consideration is paid.

Related-party transactions

Commercial transactions between the Company (or the Group companies) and related parties completed in 2020 are disclosed below, in three separate categories: a) transactions between Ferrovial, S.A. and its significant shareholders, directors and senior executives; b) transactions between subsidiaries of Ferrovial, S.A. and its significant shareholders, directors and senior executives, and c) Transactions between Group Companies.

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

a) Transactions between Ferrovial, S.A. and its significant shareholders, directors or senior managers

This heading includes transactions effected (i) between Ferrovial, S.A. and its significant shareholders, their close family members or entities in which the latter can exercise significant influence; and (ii) between Ferrovial S.A. and its directors, senior managers, their close family members or entities in which the latter can exercise significant influence. 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.

(Thousands of euros)	TRANSACTIONS	2020			2019		
		AMOUNT	PROFIT OR LOSS	BALANCE	AMOUNT	PROFIT OR LOSS	BALANCE
Bankia	Balance drawn on guarantee facilities				-56,000	0	-56,000
Bankia	Services received				-368	0	0
Marsh	Insurance services received	-7	0	0	-0	0	0

Information on remuneration and loans granted to directors and senior managers can be consulted in Note 18.

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

This heading includes transactions effected (i) between the Company's subsidiaries and their significant shareholders, close family members or entities in which the latter can exercise significant influence; and (ii) between the Company's subsidiaries and their directors, senior managers, close family members or entities in which the latter can exercise significant influence.

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.

NAME/COMPANY NAME (Thousands of euros)	TRANSACTIONS	2020			2019		
		AMOUNT	PROFIT OR LOSS	BALANCE	AMOUNT	PROFIT OR LOSS	BALANCE
Rafael del Pino y Calvo - Sotelo	Services rendered	7	0	1	8	1	1
María del Pino y Calvo - Sotelo	Services rendered	8	1	0	12	2	0
Ana María Calvo - Sotelo y Bustelo	Services rendered	45	2	4	97	7	0
Joaquín Ayuso García	Services rendered	0	0	0	6	1	0
Altamira Asset Management	Services received	0	0	0	-12	0	0
	Services rendered	0	0	0	4,743	152	812
Criu, S.L.	Services rendered	19	1	2	80	4	2
Cummins and Group companies	Services received	-1,129	0	0	-16	0	0
Maxam Holdings and Group companies	Goods purchased / services received	0	0	0	-6	0	0
	Services rendered	1	0	0	0	0	0
Marsh and its Group companies	Receipt of insurance services	-6,877	0	13	-8,951	0	-16
Bankia	Financial services received	0	0	0	-1,490	0	0
	Financing agreements. Guarantees.	0	0	0	-69,509	0	-69,509
	Interest received	0	0	0	30	30	0
	Interest paid	0	0	0	-882	0	0
	Balance drawn on guarantee facilities	0	0	0	-100,700	0	-100,700
	Derivatives transactions				-871	0	0
Polá, S.A.	Services rendered	152	2	42	185	6	62
Centro de Innovación de Infraestructuras Inteligentes Foundation	Collaboration agreements	-800	0	0	-1,559	0	-44
	Services rendered	18	0	0	37	0	0
Haya Real Estate, S.A.	Services rendered	0	0	1	38	4	47
Lafarge Holcim and Group companies	Purchase of cement and related materials	-1,724	0	-53	-2,616	0	-375
	External services	0	0	0	-51	0	-2
	Waste collection	52	1	18	37	2	12
Sidecu, S.A.	Services rendered	1	0	0	1	0	0

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 15.

21. CONFLICTS OF INTEREST

For most of 2020, the director Gonzalo Urquijo was the executive chairman of Abengoa, S.A. and/or its group companies, which engage in power transmission activities that could on occasions overlap Ferrovial's activities in this non-core business segment. Mr. Urquijo left the Board meetings during deliberations on those activities and has not accessed the relevant Board information.

With the exception of the above, in accordance with legislation in force (Article 229 of the Spanish Companies Act), there were no direct or indirect conflicts of interest with the Company, notwithstanding the Company's transactions (or those of the Group companies) with related parties disclosed in the notes to the accounts or, where applicable, resolutions relating to remuneration or appointments.

22. 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.

23. AUDIT FEES

Set out below are details of the total fees for the audit of Ferrovial S.A.'s 2020 and 2019 financial statements. A breakdown of fees billed for those years for audit-related services is also provided:

- Fees billed to Ferrovial, S.A. for audit services: EUR 251 thousand (EUR 140 thousand in 2019).
- Fees billed to Ferrovial, S.A. for audit-related services: EUR 234 thousand (EUR 108 thousand in 2019).

The auditor has not provide other services the Company in 2020 (EUR 47 thousand in 2019).

24. EVENTS AFTER THE REPORTING DATE

There are no significant post-balance sheet events to report at the date these financial statements are authorised for issue.

25. 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 contains a list of Group companies, distinguishing between fully-consolidated companies and equity-consolidated companies.

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 27/2014 of 27 November 2014 (CIT Act), applicable as from 1 January 2014 and therefore throughout 2020. 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 or an acquisition value of over EUR 20 million) are exempt from 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 an entity subject to Spanish corporate income tax, the dividends received will qualify for the double taxation exemption for resident entities provided by Article 21 of the CIT Act ("subject but exempt income"), assuming that the relevant requirements are met.
 - iii. 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 qualifying for the international double taxation deduction under PIT legislation, with respect to the taxes paid abroad by Ferrovial.

In 2020, all dividends were paid by Ferrovial out of "subject but exempt income".

1. 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 or acquisition cost of over EUR 20 million, 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 Article 21 and 22 of the CIT Act obtained by Ferrovial in 2020 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 2020, no foreign-source dividends were obtained.

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 2020, as was the case in 2019, 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 amounting to 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 euros)

Ferrovial, SA	2,355,071,717.55
Cintra Infraestructuras Irlanda, SLU	6,143,952.38
TOTAL	2,361,215,669.93

In order 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 92.6% of Ferrovial's total market value at 31 December 2020. At 31 December 2019, this percentage amounted to 90.8%.

Tax treatment of Ferrovial's scrip dividend

In 2020, Ferrovial S.A. implemented two shareholder remuneration schemes named "Ferrovial Scrip Dividend", allowing shareholders to choose (i) to 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 responses 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, the shareholders should consult their tax advisers 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 does 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 that the sale occurs. The amount obtained will be subject to personal income tax withholdings, at the applicable rate 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 supply related tax information to its shareholders. Shareholders are therefore advised to contact the relevant custodians in this regard.

2. Shareholders who pay personal income tax, without a permanent establishment in Spain.

In the case of non-resident shareholders, the amount obtained on the sale to the market of the bonus issue rights is also subject to the same rules established in tax legislation for pre-emption rights, therefore the transferring shareholder will be considered to have made a capital gain in the tax period that the sale occurs, subject to non-resident income tax at a 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 State 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 personal 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, the Ruling Request Responses and, if appropriate, the 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 regime 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 regime applied to the distribution of a cash dividend, and will therefore be subject to the corresponding withholding tax and taxation.

Where shareholders provide evidence of non-resident income taxpayer status, no permanent establishment in Spain and non-residence in Spain or in a territory classed as a tax haven, the dividends paid by Ferrovial and therefore the amounts received from the sale of free allotment rights to Ferrovial will not be subject to tax or tax withholdings in Spain, since for tax purposes they are paid out of the exempt income from non-resident entities envisaged in Articles 21 and 22 of CIT Law 27/2014 of 27 November.

Appendix II

SUBSIDIARIES (FULLY-CONSOLIDATED COMPANIES). 2020:

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

COMPANY	LOCATION	AUDITOR	% OWNERSHIP PARTICIPACION	GROSS INVESTMENT	IMPAIRMENTS	CARRYING AMOUNT	SHARE CAPITAL	SHARE PREMIUM AND RESERVES	OTHER CHANGES IN EQUITY	NET PROFIT/(LOSS) FOR THE YEAR	TOTAL EQUITY
Ferrovial International SE	Amsterdam, Netherlands	EY	100,00%	6,372	0	6,372	743	5,243	-494	495	5,987
Ferrovial Agroman, S.A.	Madrid,España	EY	99,99%	711	0	711	234	563	0	-17	779
Cintra Infraestructuras España, S.L.	Madrid,España	EY	99,99%	654	0	654	58	613	0	-104	566
Ferrofin S.L. (i)	Madrid,España		47,99%	241	-91	150	49	376	0	-112	313
Landmille Ireland DAC	Dublin, Irlanda	BDO	100,00%	445	-253	193	94	115	-115	99	193
Ferrovial Aeropuertos España, S.A.	Madrid,España		99,99%	101	-76	25	2	38	0	-14	25
Krypton RE	Luxemburgo	EY	99,97%	8	0	8	4	10	0	1	15
Ferrovial Corporación, S.A.	Madrid,España	EY	99,99%	5	0	5	5	-2	0	1	5
Temaury, S.L.	Madrid,España		99,97%	10	-7	2	0	4	0	-2	2
Autovía de Aragón, Sociedad Concesionaria, S.A.	Madrid,España	EY	15%	3	0	3	19	4	0	6	29
Can-am, S.A.	Madrid,España		100%	3	-2	2	0	1	0	0	2
Ferrocop UK Ltd.	Oxford, Reino Unido	EY	100%	1	0	1	1	0	0	0	1
Pilum, S.A. (a)	Madrid,España		15%	1	-1	0	0	5	0	-5	0
Ferrovial Services Netherlands BV (a)	Amsterdam, Netherlands	EY	100%	333	-332	1	33	-30	0	1	3
Ferrovial Inversiones, S.A.	Madrid,España		99,58%	67	0	67	1	66	0	0	67
Ferrovial Emisiones, S.A.	Madrid,España	EY	99,99%	0	0	0	0	23	-51	0	-27
Ferrovial Mobility, S.A.	Madrid,España		100%	14	-4	10	0	14	0	0	14
Ferrovial 001, S.A.	Madrid,España		100%	0	0	0	0	0	0	0	0
Ferrovial 002, S.A.	Madrid,España		100%	0	0	0	0	0	0	0	0
Ferrovial 003, S.L.	Madrid,España		100%	0	0	0	0	0	0	0	0
Ferrovial Aravia, S.A. (a)	Madrid,España		15%	0	0	0	0	1	0	-1	0
INVESTMENTS IN GROUP COMPANIES				8,971	-767	8,204	1,242	7,045	-660	346	7,973

SUBSIDIARIES (FULLY-CONSOLIDATED COMPANIES). 2019:

COMPANY	LOCATION	AUDITOR	% OWNERSHIP PARTICIPACION	GROSS INVESTMENT	IMPAIRMENTS	CARRYING AMOUNT	SHARE CAPITAL	SHARE PREMIUM AND RESERVES	OTHER CHANGES IN EQUITY	NET PROFIT/(LOSS) FOR THE YEAR	TOTAL EQUITY
Ferrovial International SE	Amsterdam, Netherlands		100,00 %	6.492	0	6.492	743	5.280	-444	53	5.632
Ferrovial Agroman, S.A.	Madrid, España	Deloitte	99,99 %	711	0	711	234	543	-1	36	812
Cintra Infraestructuras España, S.L.	Madrid, España	Deloitte	99,00 %	654	0	654	58	639	-234	249	712
Ferrofin S.L.	Madrid, España		47,99 %	241	-37	204	49	347	0	29	425
Landmille Ireland DAC	Dublin, Irlanda	BDO	100,00 %	445	-347	99	86	11	0	2	99
Ferrovial FISA, S.L.			99,99 %	215	-155	60	18	40	0	2	60
Ferrovial Aeropuertos España, S.A.	Madrid, España	Deloitte	99,00 %	74	-62	12	2	24	0	-14	12
Krypton RE	Luxemburgo	Deloitte	99,97 %	8	0	8	4	6	2	2	14
Ferrovial Corporación, S.A.	Madrid, España	Deloitte	99,99 %	5	0	5	5	10	1	-11	5
Betonial, S.A.	Madrid, España		99,00 %	8	-4	4	4	1	0	0	5
Temauri, S.L.	Madrid, España		99,97 %	10	-5	4	0	6	0	-2	4
Autovía de Aragón, Sociedad Concesionaria, S.A.	Madrid, España	Deloitte	15,00 %	3	0	3	19	4	0	9	31
Can-am, S.A.	Madrid, España		100,00 %	3	-2	2	0	1	0	0	2
Triconitex, S.L.	Madrid, España		99,99 %	12	-10	1	1	0	0	0	1
Ferrocop UK Ltd.	Oxford, Reino Unido	Deloitte	100,00 %	1	0	1	1	0	0	0	1
Pilum, S.A.	Madrid, España		15,00 %	1	0	1	0	5	0	0	5
Ferrovial Services Netherlands BV	Amsterdam, Netherlands		100,00 %	331	-331	1	35	-34	0	0	1
Ferrovial Inversiones, S.A.	Madrid, España		99,58 %	0	0	0	1	0	0	0	1
Ferrovial Emisiones, S.A.	Madrid, España	Deloitte	99,00 %	0	0	0	0	19	0	5	23
Ferrovial Mobility, S.A.	Madrid, España		100,00 %	4	0	4	0	4	0	0	4
Ferrovial 001, S.A.	Madrid, España		100,00 %	0	0	0	0		0	0	0
Ferrovial 002, S.A.	Madrid, España		100,00 %	0	0	0	0		0	0	0
Ferrovial 003, S.L.	Madrid, España		100,00 %	0	0	0	0		0	0	0
Ferrovial Aravia, S.A.	Madrid, España		15,00 %	0	0	0	0	0	0	1	2
INVESTMENTS IN GROUP COMPANIES				9.218	-952	8.266	1.260	6.906	-676	361	7.851

EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These Individual Annual Accounts are presented on the basis of the regulatory financial reporting framework applicable to the Company in Spain (see Note 2.1.). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Translation of consolidated financial statements originally. In the event of a discrepancy, the Spanish-language version prevails.



AUDITOR'S REPORT

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, 2020, 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, 2020 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	<p>As explained in Notes 4.1 and 5 to the accompanying financial statements, the Company has recorded investments in group companies and associates in its balance sheet at December 31, 2020 amounting to 8.200 million euros.</p> <p>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.</p> <p>Given the risk of impairment of some 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.</p>
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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 Company's 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 questions

On February 27, 2020 other auditors issued their audit report on the 2019 annual accounts, in which they expressed an unmodified opinion.

Other information: management report

Other information refers exclusively to the 2020 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 Corporate Governance Report, 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 2020 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 2020 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 2020 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).

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 25, 2021.

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 25, 2021