



Ferrovial, S.A.

Separate Directors' Report
And Financial Statements

2021

CONTENTS

INDIVIDUAL MANAGEMENT REPORT:

1 PROFIT/(LOSS) FOR 2021	3
2 NON-FINANCIAL INDICATORS	3
3 OTHER RELEVANT INFORMATION	3
3.1 FINANCIAL RISKS	3
3.2 SHAREHOLDER REMUNERATION AND TREASURY SHARE TRANSACTIONS	3
3.3 BUSINESS OUTLOOK	3
3.4 EVENTS AFTER THE REPORTING PERIOD	3
3.5 NON-FINANCIAL INFORMATION	3
4 ANNUAL CORPORATE GOVERNANCE REPORT AND OTHER RELEVANT INFORMATION	3
5 AVERAGE PAYMENT PERIOD	4

INDIVIDUAL ANNUAL ACCOUNTS:

A	BALANCE SHEET AS AT 31 DECEMBER 2021 AND 2020	6
B	INCOME STATEMENT FOR 2021 AND 2020	7
C	STATEMENT OF CHANGES IN EQUITY FOR 2021 AND 2020	8
D	CASH FLOW STATEMENT FOR 2021 AND 2020	9
1	COMPANY ACTIVITIES	10
2	BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS	10
3	DISTRIBUTION OF PROFIT	11
4	ACCOUNTING POLICIES	11
5	INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES	13
6	OTHER NON-CURRENT FINANCIAL ASSETS	14
7	CASH AND CASH EQUIVALENTS	14
8	BORROWINGS	15
9	DERIVATIVES	15
10	BALANCES AND TRANSACTIONS WITH GROUP COMPANIES AND ASSOCIATES	16
11	TRADE PAYABLES	18
12	SHAREHOLDERS' FUNDS	18
13	PROVISIONS FOR LIABILITIES AND CHARGES	19
14	TAX MATTERS	19
15	GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES	20
16	INCOME AND EXPENSES	21
17	OPERATING LEASES	22
18	EMPLOYEES	23
19	DIRECTORS' REMUNERATION	23
20	SHARE-BASED REMUNERATION SCHEMES	25
21	RELATED-PARTY TRANSACTIONS	25
22	CONFLICTS OF INTEREST	26
23	ENVIRONMENTAL POLICY	26
24	AUDIT FEES	26
25	EVENTS AFTER THE REPORTING DATE	26
26	COMMENTS ON APPENDICES	27
	EXPLANATION ADDED FOR TRANSLATION TO ENGLISH	30

AUDITOR'S REPORT:

REPORT OF THE AUDITORS ON THE ANNUAL ACCOUNTS



Informe de Gestión Individual

1. PROFIT/(LOSS) FOR 2021

In 2021 the net loss amounted to EUR -32 million (EUR 23 million in 2020). The difference is explained by the fact that the company received a dividend of EUR 1 million in 2021 from its subsidiaries, as compared with EUR 53 million in the previous year.

The main component of the profit/(loss) for the year is net financial income/(expense) amounting to EUR -37 million, primarily relating to financial expense on loans received by Ferrovial S.A. from other Group companies, expenses reaching EUR -45 million, as explained in Note 16 of the accompanying notes to the accounts and is offset by the fair value change in financial instruments, among other items, giving rise to income of EUR 21 million.

Finally, corporate tax income amounts to EUR 6 million. More detailed information can be found in Note 14 to the accompanying annual accounts.

2 NON-FINANCIAL INDICATORS

2.a Environment

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

2.b Innovation

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

2.c Human capital

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

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

At year-end 2021 Ferrovial S.A. has 68 employees, 37% of whom are women. As regards professional categories, 46% are executives, 34% managers, professionals and supervisors and 21% clerical staff and support technicians.

3. OTHER RELEVANT INFORMATION

3.1 Financial risks

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

3.2 Shareholder remuneration and treasury share transactions

Dividend policy

The shareholder remuneration policy is based on a scrip dividend scheme, which allows shareholders to opt to receive new shares or sell the corresponding subscription rights to the Company. The Company paid out EUR -31 million to purchase these rights.

This scheme is combined with the systematic purchase and redemption of treasury shares. In 2021, treasury shares purchased for this purpose amounted to EUR -432 million. The sum of both items entailed total shareholder remuneration of EUR -463 million.

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

Treasury share transactions

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

TRANSACTION COMPLETED/PURPOSE	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES APPLIED TO PURPOSE	TOTAL NUMBER OF SHARES
Balance at 31.12.2020			634,034
Share capital reduction	16,990,379	-12,659,166	4,331,213
Remuneration schemes	345,000	-371,702	-26,702
Shares received - scrip dividend	133,473	0	133,473
Balance at 31.12.2021	17,468,852	-13,030,868	5,072,018

(*) 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 2021 amounts to EUR 140 million.

3.3. Business outlook

The Company's activity in 2022 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 could have on Ferrovial's businesses, particularly Airports and Toll roads. It should be noted that at year-end 2021, the Group had an all-time high position of liquidity.

Results for 2022 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 and the Annual Report on Directors' Remuneration forms an integral part of the Management Report as per the Spanish Companies Act. to which they are incorporated by reference through separate documents. Both Reports are available on the website of the CNMV (www.cnmv.es) and on the website of Ferrovial, S.A. (www.ferrovial.com).

5. AVERAGE PAYMENT PERIOD

In compliance with the obligation to disclose the average supplier payment period laid down by Article 539 and Additional Provision Eight of the Spanish Companies Act (in accordance with the new wording of Final Provision Two of Law 31/2014 reforming the Act), the Company hereby states that the average supplier payment period in 2021 was 22 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:

Days	2021	2020
Average supplier payment period	22	42
Ratio of transactions settled	23	44
Ratio of transactions not yet settled	4	11

Amount (euros)	2021	2020
Total payments settled	12,014,611	11,764,181
Total outstanding payments	630,897	755,498



Cuentas Anuales
Individuales

Ferrovial, S.A. Balance sheet at 31 December 2021 and 2020

ASSETS (Millions of euros)	2021	2020
NON-CURRENT ASSETS	9,196	8,336
Long-term investments in Group companies and associates	9,170	8,200
Equity instruments (Note 5)	9,170	8,200
Other non-current financial assets (Note 6)	9	1
Long-term derivatives (Note 9)	11	0
Deferred tax assets (Note 14)	6	135
CURRENT ASSETS	129	1,101
Financial assets held for sale (Note 5)	1	4
Receivables	85	135
Receivables, Group companies and associates (Note 10)	21	50
Current tax assets	13	36
Public administrations	51	49
Short-term investments in Group companies and associates (Note 10)	6	311
Short-term prepayments and accrued income	2	1
Cash and cash equivalents (Note 7)	35	650
TOTAL ASSETS	9,325	9,437
LIABILITIES (Millions of euros)	2021	2020
EQUITY	3,925	4,437
Shareholders' funds (Note 12)	3,915	4,434
Share capital	147	147
Share and merger premium	218	647
Reserves	3,706	3,630
Legal reserve	30	30
Reserves subject to but exempt from Articles 21 and 22 of the Spanish Companies Act (SCA)	2,321	2,355
Other reserves	1,355	1,245
Treasury shares and own equity interests	-124	-13
Profit/(loss) for the year	-32	23
Measurement adjustments	10	3
NON-CURRENT LIABILITIES	3,052	3,324
Long-term provisions (Note 13)	178	166
Long-term payables (Note 8)	91	356
Bank borrowings	60	284
Derivatives (Note 9)	31	72
Long-term payables to Group companies and associates (Note 10)	2,779	2,773
Deferred tax liabilities (Note 13)	4	29
CURRENT LIABILITIES	2,348	1,676
Short-term provisions	1	1
Short-term payables	491	1,091
Debentures and bonds	250	1,091
Bank borrowings	241	0
Derivatives (Note 9)	8	0
Short-term payables to Group companies and associates (Note 10)	1,831	548
Trade and other payables	17	36
Trade payables	1	3
Trade payables, Group companies and associates (Note 10)	0	11
Trade and other payables	16	22
TOTAL LIABILITIES	9,325	9,437

The accompanying Notes 1 to 26 and Appendices I and II form an integral part of the balance sheet at 31 December 2021

Ferrovial, S.A. Income statement for 2021 and 2020

(Millions of euros)	2021	2020
Revenue (Note 16)	37	95
Dividends received from subsidiaries	1	53
Services rendered	30	32
Other returns received from subsidiaries	6	10
Other operating income	0	0
Staff costs (Note 18)	-21	-32
Wages, salaries and similar remuneration	-20	-31
Staff welfare expenses	-1	-1
Other operating expenses (Note 16)	-17	-33
OPERATING PROFIT/(LOSS)	-1	30
Financial income from marketable securities and other financial instruments (Note 16)	4	7
Financial expenses (Note 16)	-57	-67
On payables to Group companies and associates	-45	-51
On payables to third parties	-12	-16
Change in fair value of financial instruments (Notes 9 and 14)	21	10
Foreign exchange differences	2	2
Impairment and profit/(loss) on disposals of financial instruments	-7	19
Impairment and losses (Note 16)	-7	19
Portfolio provision movements	-7	18
Loan provision movements	0	1
NET FINANCIAL INCOME/(EXPENSE) (Note 16)	-37	-29
PROFIT/(LOSS) BEFORE TAX	-38	1
Corporate income tax (Note 14)	6	22
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	-32	23

The accompanying Notes 1 to 26 and Appendices I and II form an integral part of the 2021 income statement.

Statement of changes in equity for 2021 and 2020

A. STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR 2021 AND 2020

(Thousands of euros)	2021	2020
Total profit/(loss) for the year	-32	23
<u>Income and expenses attributed directly to equity</u>	7	3
On cash flow hedges	13	3
Tax effect	-3	-1
Financial assets at fair value	-4	0
Tax effect	1	0
<u>Transferred to the income statement</u>	0	0
On cash flow hedges	0	0
Tax effect	0	0
TOTAL RECOGNISED INCOME AND EXPENSES	-25	26

The accompanying Notes 1 to 26 and Appendix I and II form an integral part of the statement of recognised income and expenses as at 31 December 2021

B. TOTAL STATEMENT OF CHANGES IN EQUITY FOR 2021 AND 2020

(Thousands of euros)	SHARE CAPITAL	SHARE/MERGE R PREMIUM	RESERVES	TREASURY SHARES	PROFIT/(LOSS) FOR THE YEAR	OTHER EQUITY INSTRUMENTS	MEASUREMENT ADJUSTMENTS	TOTAL
Balance at 31/12/2020	147	647	3,630	-13	23	0	3	4,437
Total recognised income and expenses			0		-32	.	7	-25
Shareholder remuneration	0	-429	77	-111	0	0	0	-463
Scrip dividend agreement	3	3	-34					-29
Treasury share transactions	-3	-432	111	-111				-434
Other transactions	0	0	-1	0	-23	0	0	-24
Distribution of profit/(loss)			23		-23			0
Share-based remuneration schemes			-23					-23
Other changes in equity			-1			0		-1
Balance at 31/12/2021	147	218	3,706	-124	-32	0	10	3,925

(Thousands of euros)	SHARE CAPITAL	SHARE/MERGE R PREMIUM	RESERVES	TREASURY SHARES	PROFIT/(LOSS) FOR THE YEAR	OTHER EQUITY INSTRUMENTS	MEASUREMENT ADJUSTMENTS	TOTAL
Balance at 31/12/2019	147	995	3,036	-75	672	0	0	4,775
Total recognised income and expenses			0		23	.	3	26
Shareholder remuneration	0	-348	-92	62	0	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	0	21
Merger reserve Ferrovia Inversiones			21					21
Other shareholder contributions			0					0
Other transactions	0	0	665	0	-672	0	0	-7
Distribution of profit/(loss)			672		-672			0
Share-based remuneration schemes			-7					-7
Other changes in equity						0		0
Balance at 31/12/2020	147	647	3,630	-13	23	0	3	4,437

The accompanying Notes 1 to 26 and Appendices I and II form an integral part of the total statement of changes in equity for the year ended 31 December 2021

Cash flow statement for 2021 and 2020

(Millions of euros)	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES	-32	-7
Profit/(loss) before tax	-38	1
Profit/(loss) adjustments:	31	22
Financial results	30	28
Other adjustments (accrual / cash correction)	1	-6
Changes in working capital	-13	-15
Other cash flows from operating activities:	-12	-15
Interest payments	-53	-40
Interest receipts	3	3
Income tax receipts/(payments) and tax consolidation	38	22
CASH FLOWS FROM INVESTING ACTIVITIES	-888	162
Payments on investments:	-908	-394
Group companies, associates and business units (Note 5)	-908	-394
		0
Receipts from divestments:	20	556
Group companies, associates and business units (Note 5)	20	556
CASH FLOWS FROM FINANCING ACTIVITIES	306	435
Receipts and (payments) from financial liability instruments:	762	785
Change in Group company cash pooling accounts	1,602	618
Issuance, repayment and redemption	-840	167
Payments of dividends and returns on other equity instruments	-463	-377
Scrip dividend	-31	-122
Treasury share purchases	-432	-255
Receipts and (payments) on equity instruments:	7	27
Effect of foreign exchange fluctuations	-1	-17
Net increase/(decrease) in cash and cash equivalents	-615	573
Cash and cash equivalents at beginning of the year	650	77
Cash and cash equivalents at end of the year	35	650

The accompanying Notes 1 to 26 and Appendices I and II form an integral part of the cash flow statement at 31 December 2021.

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 2021 consolidated annual accounts were authorised for issue by the directors during the Board meeting held on 24 February 2022. The 2020 Consolidated Annual Accounts were approved by Ferrovial, S.A.'s Annual General Meeting held on 9 April 2021 and were filed at the Madrid Commercial Registry. Ferrovial, S.A.'s shares are traded on the continuous market and form part of the IBEX-35 index.

2. BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS

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

2.1. Fair presentation and regulatory framework of reference

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

- Spanish Code of Commerce and other commercial legislation introduced under Royal Decree 1514/2007.
- Spanish Chart of Accounts introduced under Royal Decree 1514/2007 and industry-specific adaptations, which has been amended several times since publication, the latest under Royal Decree 1/2021 of 12 January and relating implementing regulations.
- Mandatory rules approved by the Spanish Institute of Accounting and Auditing in order to implement the Chart of Accounts and related supplementary legislation.
- All other applicable Spanish accounting 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 (Note 5). These annual accounts do not reflect any equity increases or reductions that would result from the full consolidation of majority shareholdings and the equity consolidation of other significant shareholdings. The Company also issues consolidated annual accounts under international accounting standards (IFRS-EU) as the parent company of the Ferrovial Group.

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

(Millions of euros)	2021
Equity	5,839
Net profit for the year attributable to the parent company	1,197
Total assets	24,896
Revenue	6,778

2.2 Comparability

In accordance with commercial legislation, each of the 2021 items in the balance sheet, income statement, statement of changes in equity and cash flow statement is presented together with the previous-year figures, for purposes of comparison. The notes to the accounts also include quantitative information for the previous year, unless an accounting standard specifies that it is not necessary.

On 30 January 2021, Royal Decree 1/2021 of 12 January was published, amending the Chart of Accounts introduced under Royal Decree 1514/2007 of 16 November. The changes to the Chart of Accounts apply to financial years beginning on or after 1 January 2021 and relate primarily to the recognition, measurement and disclosure of revenue and financial instruments, as explained below:

a. Financial instruments

The changes made do not significantly affect these annual accounts as they consist solely of nomenclature changes to the former categories, as explained below:

- Financial assets at fair value through profit or loss
- Financial assets at amortised cost
- Financial assets at fair value through equity
- Financial assets at cost

b. Revenue recognition

The application at 1 January 2021 of the Spanish Institute of Accounting and Auditing's Resolution on the recognition, measurement and preparation of annual accounts to recognise revenue from the supply of goods and provision of services, and of the latest amendment to the Spanish Chart of Accounts and related supplementary provisions brought in under RD 1/2021, entailed changes to Accounting Standard 14 "Revenue from sales and provision of services", as well as to the disclosures on these transactions to be included in the notes to the accounts.

The new standard is based on the principle that revenue is recognised when control of a good or service is transferred to the customer in an amount that reflects the consideration to which the entity expects to be entitled - thus the concept of control, as a fundamental principle, replaces the current concept of risks and rewards.

The changes made by Royal Decree 1/2021 do not significantly affect these annual accounts.

2.3. Critical measurement issues and estimates of uncertainty

Estimates have been made when preparing the 2021 annual accounts to measure some of the assets, liabilities, income, expenses and commitments recognised. They basically refer to:

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

The company has applied the going concern principle in the preparation of these financial statements. The analysis of the application of this principle is made in the consolidated financial statements.

Although these statements have been made on the basis of the best information available at year-end 2021, future events might lead to adjustments to these estimates (upwards or downwards) in the coming years, which would be applied prospectively.

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

The international pandemic declared by the World Health Organization (WHO) on 11 March 2020 and the ensuing unprecedented health crisis have impacted the macroeconomic environment and business trends. The evolution of the pandemic is having consequences for the general economy, although there have been no material effects on the Company's business to the presentation date of these annual accounts and, according to the directors' estimates, no relevant effects are envisaged in 2022.

3. DISTRIBUTION OF PROFIT

The Company posted a loss for the year of EUR -31,614,831.01.

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

	2021
Profit/(loss) of FERROVIAL, S.A. (individual company) (euros)	-31,614,831.01
Distribution (euros):	
To prior year losses	-31,614,831.01

The legal reserve is fully funded.

The Company is obliged to transfer 10% of its net income for the year to the legal reserve until such reserve reaches at least 20% of its capital stock. This reserve is not distributable to shareholders until it exceeds 20% of capital stock.

Once the provisions stipulated by law or the bylaws have been met, dividends may only be distributed out of the profit for the year, or out of unrestricted reserves, if the value of the shareholders' equity is not less than the share capital or, as a result of the distribution, is not less than the share capital. For these purposes, profits charged directly to equity may not be distributed, either directly or indirectly. If there are losses from previous years that cause the value of the Company's equity to be less than the amount of the share capital, the profit shall be used to offset such losses.

4. ACCOUNTING POLICIES

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

4.1. Financial assets

Classification and measurement

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

- Financial assets at fair value through profit or loss
- Financial assets at amortised cost
- Financial assets at fair value through equity
- Financial assets at cost

A) Financial assets at cost

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

- For corporate companies without productive assets, the underlying book value of the shareholdings.

- For operating companies, the present value of cash flows derived, in turn, from the investees.

B) Financial assets at amortised cost

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

C) Financial assets at fair value through equity

It includes financial assets that meet the following conditions:

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

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

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

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

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

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

4.2. Financial derivatives

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

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

4.3. Cash and cash equivalents

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

4.4. Equity

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

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

4.5. Provisions and contingent liabilities

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

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

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

4.6. Financial liabilities

Classification and measurement

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

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit or loss

Financial liabilities at amortised cost

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

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

4.7. Income tax and deferred taxes

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

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

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

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

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

The main revenues recognized by the company correspond to income from services rendered to subsidiaries and dividends.

Revenues from services are recognized when control of the services is transferred. At that time, the Company measures revenue at the amount that reflects the consideration to which it expects to be entitled in exchange for those services.

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

- Identify the contract(s) with a customer.
- Identify the performance obligation(s) in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.

- Recognise revenue when (or as) the entity satisfies a performance obligation.

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

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

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

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

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

4.10. Share-based remuneration

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

4.11. Leases

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

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

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

4.12. Related-party transactions

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

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 98% of the total (87% in 2020).

Set out below is an analysis of this heading showing movements in 2021:

(Millions of euros)	BALANCE AT 31/12/2020	ADDITIONS/ CHARGES/ TRANSFERS	DISPOSALS/RE VERSALS	BALANCE AT 31/12/2021
Ferrovial International, SE	6,372	963	0	7,335
Landmille, Ireland DAC	445	0	-20	425
Ferrofin, S.L.	241	0	0	241
Ferrovial Construcción S.A.	711	0	0	711
Cintra Infraestructuras España, S.L.	654	3	0	657
Ferrovial Aeropuertos España, S.A.	101	0	0	102
CanAm	3	1	0	4
Ferrovial Mobility	14	8	0	22
Ferrovial Inversiones	67	0	0	67
Ferrocop UK, Ltd	1	0	0	1
Ferrovial Corporación	5	0	0	5
Temauri, S.L.U.	10	9	0	18
Ferrovial Infraestructuras Energéticas, S.A.U.	0	11	0	11
Autovía de Aragón, Sociedad Concesionaria, S.A. (a)	0	3	0	3
Pilum, S.A. (a)	0	1	0	1
Krypton	8	0	0	8
Shareholdings in Group companies	8,633	998	-20	9,611
Landmille, Ireland DAC	-253	0	14	-238
Ferrofin, S.L.	-91	0	2	-89
Ferrovial Aeropuertos España, S.A.	-76	-16	0	-92
CanAm	-2	-2	0	-4
Temauri	-7	-2	0	-9
Pilum, S.A. (a)	0	-1	0	-1
Ferrovial Infraestructuras Energéticas, S.A.U.	0	0	0	0
F. Mobility	-4	-4	0	-8
Provision for shareholdings in Group companies	-433	-25	17	-441
Equity instruments, net	8,200	973	-3	9,170

Movements in shareholdings held for sale are as follows:

(Millions of euros)	BALANCE AT 31/12/2020	ADDITIONS/ CHARGES	DISPOSALS/ REVERSALS/ TRANSFERS	BALANCE AT 31/12/2021
Autovía de Aragón, Sociedad Concesionaria, S.A. (a)	3	0	-3	0
Pilum, S.A. (a)	0	0	0	0
Ferrovial Services Netherlands BV	1	0	0	1
Financial assets held for sale	4	0	-3	1

(a) Movements during the year in the companies Pilum, S.A. and Autovía de Aragón, Sociedad Concesionaria (0 and 3 million euros of net investment respectively) relate to a reclassification between the heading Financial assets held for sale and Investments in Group companies, as the Company has decided not to dispose of these shares.

Ferrovial International SE

During 2021, the Company made shareholder contributions to its subsidiary Ferrovial International SE in the total amount of EUR 864 million, to provide the subsidiary with the necessary funds to undertake new projects in the United States. These contributions were fully paid up in cash.

Cintra Infraestructuras España, S.L.

On 18 May 2021, the shares in Cintra Infraestructuras España, S.L. held by the subsidiary Can-Am, S.A., representing approximately 0.59% of capital, were purchased for EUR 3 million. Following this transaction, Ferrovial S.A. holds a 100% ownership interest in Cintra Infraestructuras España, S.L.

Landmille Ireland DAC

On July 20, 2021, the company Landmille Ireland DAC approved a dividend distribution charged to distributable reserves in the amount of 20 million euros which, in accordance with the criteria established in the consultation published in the Official Bulletin of the Spanish Accounting and Auditing Institute of September 2020 (see note 4.9), should be recorded as a reduction of the shareholding in the subsidiary. The dividend has been collected by the Company in cash.

On 2 September 2021, a contribution of EUR 11 million was made to

Ferrovial Infraestructuras Energéticas, S.A.

On 2 September 2021, a contribution of EUR 11 million was made to Ferrovial Infraestructuras Energéticas, S.A. (formerly Ferrovial, O02, S.A.U.) to provide it with the funds needed to acquire all the shares in the company Parque Solar Castilla, S.L.U.

Temauri, S.L.U.

On 20 May 2021, the Company made a shareholder contribution to its subsidiary Temauri, S.L.U. in the amount of EUR 9 million. This contribution was fully paid up by means of cash transfers.

Ferrovial Mobility, S.A.

During 2021, the Company made shareholder contributions to its subsidiary Ferrovial Mobility S.A. in the total amount of EUR 8 million. These contributions were fully paid up by means of cash transfers.

Portfolio provisions

The net movement in portfolio provisions during 2021 totalled EUR -7 million.

Appropriations during the financial year amounted to EUR -25 million and consisted of measurement adjustments to subsidiaries, mainly to Ferrovial Aeropuertos España, S.A. in the amount of EUR -16 million and to other corporate companies without productive assets for which the impairment of the shareholding is calculated based on the underlying book value. These have all been recognised in impairment losses on and disposals of financial instruments in the income statement (Note 16). A description of the main variations is set out in the previous table.

Reversals totalled EUR 17 million, relating mainly to the subsidiary Landmille Ireland DAC (EUR 14 million) and Ferrofin S.L. (2 million euros).

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 2021. The information on subsidiaries that are not controlled reflects total assets, liabilities, income and profit/(loss).

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

QUOTED PRICE (Euros)	BUDIMEX, S.A. (PLN)	FERROVIAL, S.A. (EUR)
At year end	227	27.56
Last-quarter average	274.4	26.385

For comparability, there follows a breakdown of movements during 2020:

(Millions of euros)	BALANCE AT 31/12/2019	ADDITIONS/ CHARGES	DISPOSALS/ REVERSALS	BALANCE AT 31/12/2020
Shareholdings in Group companies	8,945	479	-791	8,634
Provision for shareholdings in Group companies	-622	-74	262	-433
EQUITY INSTRUMENTS	8,323	405	-528	8,200

6. OTHER NON-CURRENT FINANCIAL ASSETS

The balance of "Other non-current financial assets" includes financial assets at fair value through equity. It relates essentially to the 0.4% ownership interest in the company Liliun which was acquired on September 8, 2021 for USD 15 million (EUR 13 million). This company's shares are listed on the Nasdaq Stock Exchange. The value of the interest reflects the number of shares (1.5 million) multiplied by the quoted price at 31 December 2021 (USD 6.93), which is equivalent to EUR 9 million at the year-end exchange rate (1.137 EUR/USD).

The change in the fair value of the shares has a balancing item in equity, entailing a net impact of EUR -3 million during the financial year (Note 12).

7. CASH AND CASH EQUIVALENTS

Set out below is a breakdown for 2021 and 2020:

(Millions of euros)	BALANCE AT 31/12/21	BALANCE AT 31/12/20
Cash and banks	35	160
Other cash equivalents	0	490
TOTAL	35	650

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. BORROWINGS

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

Short-term payables

- **Debentures and bonds:** Euro Commercial Paper Notes: In the first quarter of 2018, the Company arranged an issue of Euro Commercial Paper Notes for a maximum of EUR 1,000 million on the Irish Stock Exchange. Through this programme, Ferrovial is able to issue commercial paper notes maturing between 1 and 364 days as from the issue date so as to diversify funding sources in capital markets and manage cash surpluses more efficiently. In the second half of 2019, this programme was extended up to a maximum drawable amount of EUR 1,500 million. Notes amounting to approximately EUR 250 million had been drawn down at 31 December 2021, giving rise to a EUR 841 million decrease compared to the prior year-end, at an average interest rate of -0.47% as of 12/31/2021, with an average rate during 2021 of -0.29%, entailing income of EUR 2 million for the Company (Note 16).

- **Bank borrowings:** 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 2025. EUR 250 million had been drawn down on the facility at 31 December 2021. 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 (Note 9).

Long-term payables

TYPE OF INSTRUMENT (Millions of euros)	FAIR VALUE		NOTIONAL MATURITIES					
	BALANCE AT 31/12/2021	BALANCE AT 31/12/2020	2022	2023	2024	2025	2026 and beyond	TOTAL
Equity swaps	11	0	65	0	0	0	0	65
TOTAL ASSET BALANCES	11	0	65	0	0	0	0	65
Equity swaps	0	-3	0	0	0	0	0	0
Interest rate swaps	-31	-44	0	0	0	0	350	350
Cross Currency Swaps	-8	-26	250	0	0	0	0	250
ILS (USD inflation)	0	0	0	0	0	0	0	0
TOTAL LIABILITY BALANCES	-39	-72	250	0	0	0	350	600
NET BALANCES	-28	-72	315	0	0	0	350	665

Derivative cash flows mature as follows:

TYPE OF INSTRUMENT (millions of euros)	FAIR VALUE		CASH FLOW MATURITY					
	BALANCE AT 31/12/2021	BALANCE AT 31/12/2020	2022	2023	2024	2025	2026 and beyond	TOTAL
Equity swaps	11	-3	11	0	0	0	0	11
Interest rate swap	-31	-44	-1	-5	-3	-3	-19	-31
Cross Currency Swaps	-8	-26	-8	0	0	0	0	-8
ILS (USD inflation)	0	0	0	0	0	0	0	0
TOTAL FINANCIAL INSTRUMENTS	-28	-72	2	-5	-3	-3	-19	-28

There follows an explanation of hedge fair value changes from 2021 to 2020 and of the effects of such changes on the balance sheet and income statement for the year (thousands of euros).

- **Bank borrowings.** The Company also records a loan of EUR 60 million maturing in 2027 at an average rate of 0.43%.

The borrowing limits, balances drawn down and amounts drawable at 31 December 2021 and 2020 were as follows:

(Millions of euros)	2021			
	BORROWING LIMIT	DRAWN DOWN (*)	DRAWABLE	CARRYING AMOUNT
Corporate Debt	900	250	650	241
ECP (Euro Commercial Paper)	250	250	0	250
Other	60	60	0	60
TOTAL	1,210	560	650	551

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

(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	340	60	280	60
TOTAL	2,331	1,401	930	1,375

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

9. DERIVATIVES

Set out below is a breakdown of derivatives and related fair values at 31 December 2021 and 31 December 2020, 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 2021. Accordingly, the maturities are presented with a positive sign and future increases, the amount of which has already been arranged, are shown with a negative sign.

TYPE OF INSTRUMENT (millions of euros)	FAIR VALUE			BREAKDOWN OF CHANGES					
	BALANCE AT 31/12/2021	BALANCE AT 31/12/2020	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	11	-3	14	0	14	1	-1	0	14
Interest rate swap	-31	-44	13	13	0	0	0	0	13
Cross Currency Swaps	-8	-26	18	0	0	2	-2	18	18
ILS (USD inflation)	0	0	0	0	7	0	-7	0	0
TOTAL FINANCIAL INSTRUMENTS	-28	-72	45	13	21	3	-10	18	45

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

Equity swaps

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

These equity swap contracts are described below:

- The calculation base is a given number of Ferrovia shares and a reference price, which is usually the share price on the swap arrangement date.
- During the swap term, Ferrovia 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, Ferrovia will receive the difference between the share price and the reference price in cash. If the share price has fallen, Ferrovia 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 increase in the Ferrovia share price from EUR 22.60 at 31 December 2020 to EUR 28 at 31 December 2021, entailing an impact of EUR 14 million under the income statement heading "Changes in the fair value of financial instruments". In the column "Impact on Net financial income/(expense)" includes the remuneration as income and the finance cost of these instruments as an expense in the amount of EUR 1 million (Note 16). The total impact of these instruments on cash resources amounted to EUR 1 million.

At the 2021 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 2021 amounted to EUR 11 million, which reflects the difference between the strike price of the equity swaps and the year-end share price.

Interest rate derivatives

The Company has contracted interest rate derivatives for a total notional amount of EUR 350 million, in order to secure the rate applicable in the event of issuance of corporate bonds issued by the Company. At 31 December 2021, these derivatives had a fair value of EUR -31 million and are designated as cash flow hedges, the value change being recognised with a balancing entry in reserves.

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 2021, USD 274 million had been utilised (Note 8). In order to cover possible interest rate and foreign exchange fluctuations affecting the amount drawn, the Company has arranged cross-currency swaps maturing in 2022, for an agreed equivalent value of EUR 250 million, the fair value of which amounts to EUR -8 million.

Accordingly, foreign exchange fluctuations during the year had an impact of EUR 18 million on the total notional amount recognised in the income statement ("other impacts" column), offsetting changes in the value of the above-mentioned loan. A cash effect of EUR 2 million was also recognised ("Cash" column), together with an impact on net financial income/(expense) from financing of EUR 2 million.

US Index-linked derivatives

During the year, the Company carried United States inflation-linked derivatives that were classed as speculative and therefore the fair value change was taken to the income statement in the amount of EUR 7 million. The settlement of these derivatives had a cash effect of EUR 7 million ("Cash" column).

10. BALANCES WITH GROUP COMPANIES AND ASSOCIATES

10.1. Financial balances with Group companies:

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

(Millions of euros)	2020	CHANGES IN LOANS, FERROFIN	CHANGE IN LOANS, FERROVIA EMISIONES	OTHER MOVEMENTS	2021
Long-term loans	0	0	0	0	0
Short-term loans	311	-179	0	-125	6
ASSET BALANCES	311	-179	0	-125	6
Long-term loans	2,773	3	4	0	2,779
Short-term payables	548	1,795	-510	-2	1,831
LIABILITY BALANCES	3,321	1,798	-506	-2	4,611
NET BALANCE OF FINANCING GC	-3,010	-1,977	506	-123	-4,605
Long term	-2,773	-3	-4	0	-2,779
Short term	-237	-1,974	510	-124	-1,825

Movements in balances with Group companies

With regard to movements in the net balance of Group company financing, as shown in the table above, the Company records a net balance of EUR -4,605 million payable to subsidiaries. The net financing position rose by EUR -1,595 million during the year, due essentially to the following variations:

- Increase of EUR -2,098 million in the balance of current accounts with Group companies, relating mainly to the subsidiary Ferrofin, S.L. (EUR -1,974 million).
- Reduction of EUR 510 million in the balance of short-term loans, relating to the subsidiary Ferrovia Emisiones, S.A. (EUR 500 million) corresponding to the maturity of the loan that this company had granted to Ferrovia S.A. and which was the mirror image of the corporate bond formalized by Ferrovia Emisiones S.A. on May 29, 2013 and which matured this year.

Breakdown of long-term balances with Group companies.

The Company records long-term loans payable in the amount of EUR 2,779 million. The main loans received from the Company's subsidiaries are analysed below:

LONG-TERM LOANS (Millions of euros)	2021	2020	VAR.
Ferrovial Emisiones, S.A.	1,574	1,570	4
Ferrofin, S.L.	700	697	3
Ferrovial Netherlands B.V.	499	499	1
Pilum S.A.	0	1	-1
Ferrovial Aravia, S.A.	7	7	0
TOTAL LONG-TERM LOANS	2,779	2,773	7

• Intercompany loans of EUR 1,574 million with the subsidiary Ferrovial Emisiones S.A., comprising:

† EUR 299 million (face value of EUR 300 million), received from Ferrovial Emisiones, the funds having been obtained by the corporate bond issued on 15 July 2014, with a fixed interest rate of 2.5% and maturing in 2024;

† EUR 1,275 million (nominal amount of EUR 1,280 million) received from Ferrovial Emisiones through the issuance of corporate bonds in 2020, EUR 780 million of which, accruing an annual coupon of 1.382%, matures in 2026; and EUR 500 million, at an annual coupon of 0.54%, matures in 2028. These funds were transferred to Ferrovial S.A. on the same terms as the bonds.

• An intercompany credit line arranged with the subsidiary Ferrofin, S.L. on 30 November 2017 for a limit of up to EUR 3,000 million, maturing on 31 December 2025. The balance drawn down at 31 December 2021 amounted to EUR 700 million. The movement to this credit line, which accrues an interest rate of 0.61%, is detailed in the previous table.

• Intercompany loan received from Ferrovial Netherlands B.V. in the amount of EUR 499 million (face value of EUR 500 million), transferring funds obtained by the subsidiary by issuing a hybrid bond on 14 November 2017. This loan accrues an interest rate of 2.249% and matures in 2023.

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)	31.12.2021	31.12.2020	Change
Current accounts	6	311	-305
Short-term loans	0	-0	0
CURRENT ASSET BALANCES	6	311	-305
Current accounts	1,801	8	1,793
Short-term loans	12	512	-500
Short-term interest accrued	18	28	-10
CURRENT LIABILITY BALANCES	1,831	548	1,284
NET BALANCE OF FINANCING GC	-1,825	-237	-1,588
Via current accounts	-1,795	302	-2,098
Via short-term loans	-30	-540	510

The Company holds financial current accounts with its subsidiaries for a net amount of EUR -1,795 million (EUR 302 million at 31 December 2020). The current accounts break down as follows:

CURRENT ACCOUNTS WITH GROUP COMPANIES (Millions of euros)	2021	2020	VAR.
Ferrofin, S.L.	-1,795	179	-1,974
Ferrovial International S.E.	-6	126	-133
407 Toronto Highway BV	1	0	1
Budimex	3	2	0
Hubco Netherlands BV	0	1	-1
Ferrovial Netherlands BV	0	-4	4
Other	3	-3	5
TOTAL SHORT-TERM CURRENT ACCOUNTS (NET)	-1,795	302	-2,098

At Ferrofin, S.L. there was a net change of EUR -1,974 million in the current account, which bears interest at a rate similar to the market rate (0.03%) and derives from the Group's cash-pooling arrangement.

In addition, the change of EUR -133 million relating to Ferrovial International S.E. reflects the collection during the year of the receivable from the Company's subsidiary pending receipt since the 2020 dividend pay-out.

As regards short-term loans, the Company records EUR -30 million at 31 December 2021 (EUR -540 million at 31 December 2020). There follows a breakdown of short-term accrued and unmatured interest at year-end:

(Millions of euros)	2021	2020	VAR.
Ferrovial Emisiones, S.A.	0	-500	500
Ferrovial Services UK, Ltd.	-10	-10	0
Other	-2	-2	1
TOTAL Short-term loans	-12	-512	500
			0
Ferrovial Emisiones, S.A.	-11	-20	10
Ferrovial Netherlands B.V.	-7	-7	0
Other	0	0	0
TOTAL Interest accrued	-18	-28	10
TOTAL SHORT TERM LOANS AND INTEREST	-30	-540	510

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

For comparability, balances and movements in borrowings at 31 December 2020 are as follows:

(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 GC	-2,437	551	-1,280	156	-3,010
Long term	-2,675	642	-772	34	-2,773
Short term	238	-90	-507	122	-237

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

10.2. Trade receivables from Group companies:

The Company records trade receivables from Group companies amounting to EUR 21 million (EUR 39 million at 31 December 2020) in respect of receivables and payables for the provision of services rendered and received. A breakdown of these balances is shown below:

TRADE RECEIVABLES FROM GROUP COMPANIES (Millions of euros)	2021	2020	VAR.
Ferrovial Servicios, S.A.	0	9	-9
Ferrovial Construcción S.A.	5	8	-3
Cintra Servicios	2	8	-6
Cintra Infraestructuras SE	0	6	-6
Ferrovial Aeropuertos España, S.A.	1	2	-1
Cintra Global SE	1	2	-1
Ferrovial Agromán Southeast, LLC	1	0	1
Ferrovial Corporación, S.A.	2	-5	7
Budimex	1	0	1
Ferrovial Holding US Corp.	2	1	1
Ferrofin, S.L.	0	5	-5
Acadia Servicios de Medioambiente, S.L.	2	0	2
Amey Group	2	0	2
Ferrovial Construction UK Limited	1	0	1
Other	1	3	-2
TOTAL SHORT-TERM TRADE BALANCES (NET)	21	39	-18

11. TRADE PAYABLES

In compliance with the obligation to disclose the average supplier payment period laid down by Article 539 and Additional Provision Eight of the Spanish Companies Act (in accordance with the new wording of Final Provision Two of Law 31/2014 reforming the Act), the Company hereby states that the average supplier payment period in 2021 was 22 days.

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

Days	2021	2020
Average supplier payment period	22	42
Ratio of transactions settled	23	44
Ratio of transactions not yet settled	4	11

Amount (euros)	2021	2020
Total payments settled	12,014,611	11,764,181
Total outstanding payments	630,897	755,498

12. SHAREHOLDERS' FUNDS

A breakdown of the main impacts, net of taxes, on equity in 2021 and 2020 is as follows:

(Millions of euros)	2021	2020
BALANCE AT 31.12.2020	4,437	4,775
Profit/(loss) for the year	-32	23
Recognised income and expenses	7	3
Impact on hedge reserves	10	3
Effect of other financial assets on reserves	-3	0
Transfer to income statement	0	0
Hedging instruments	0	0
TOTAL RECOGNISED INCOME AND EXPENSES	-25	26
Scrip dividend/Dividends	-31	-119
Treasury share transactions	-431	-258
SHAREHOLDER REMUNERATION	-463	-377
Share-based remuneration schemes	-23	-8
Corporate restructuring operations	0	21
Other movements	-1	0
Other transactions	-24	13
BALANCE AT 31.12.2021	3,925	4,437

Shareholders' funds decreased by EUR -512 million in 2021. The main impacts relate to:

- Profit for the year of EUR -32 million.
- Effect of the change in fair value of hedging derivatives in the amount of EUR 10 million (Note 9) and in the fair value of other non-current financial assets in the amount of EUR -3 million (Note 6).
- Shareholder remuneration:
 - Scrip dividend: refers to the impact of the flexible remuneration scheme approved by Ferrovial, S.A.'s Annual General Meeting held on 9 April 2021 (see section G. Reserves).
 - Treasury share transactions: relates to the impact of the purchase of treasury shares for subsequent redemption and share capital reduction (see section d. Treasury shares).
- Share-based remuneration schemes: mainly reflects the impact of the accrual and payment of staff costs associated with performance shares for executives mentioned in Note 19, as well as the impact of share-based payments to employees (stock bonus).

The main equity items are as follows:

A) Share capital

At 31 December 2021, share capital stood at EUR 146,720,496.20 and was fully subscribed and paid up. Share capital consists of 733,602,481 ordinary shares in a single class with a par value of twenty euro cents (EUR 0.20) each. Movements during the year, broken down in the following table, relate to the share capital increase and reduction transactions mentioned in the preceding section.

SHARES	NUMBER	PAR VALUE
Opening balance	732,902,376	146,580,475
Scrip dividend	13,359,271	2,671,854
Share capital reduction	-12,659,166	-2,531,833
CLOSING SHARES	733,602,481	146,720,496

At 31 December 2021, the only company with an ownership interest of over 10% is Rijn Capital BV, which holds 20.248% 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

At 31 December 2021, the share premium and merger premium, which arose as a result of the merger of Grupo Ferrovial, S.A. with Cintra Concesiones de Infraestructuras de Transporte, S.A. (currently Ferrovial, S.A.) in 2009, totalled EUR 218 million. Both line items are 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 2021, 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 2020, 634,034 treasury shares were held. Movements during 2021 were as follows:

TRANSACTION COMPLETED/PURPOSE	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES APPLIED TO PURPOSE	TOTAL NUMBER OF SHARES
Balance at 31.12.2020			634,034
Share capital reduction	16,990,379	-12,659,166	4,331,213
Remuneration schemes	345,000	-371,702	-26,702
Shares received - scrip dividend	133,473	0	133,473
Balance at 31.12.2021			5,072,018

The Annual General Meeting of Ferrovial, S.A. held on 9 April 2021 approved a treasury share Buy-Back Programme for a maximum amount of EUR 320 million, the purpose of which was a subsequent capital reduction by redeeming the shares. Over the course of 2021 16,990,379 treasury shares were acquired at an average price of EUR 25.39 per share, giving rise to a payment totalling EUR 434 million. Subsequently, it was resolved to reduce share capital by 12,659,166 shares, giving rise to a share capital reduction of EUR 3 million and an impact of EUR -432 million, which was recognised against unrestricted reserves (merger premium) and related to the difference between the acquisition price and the par value of the retired shares.

The market value of the treasury shares held by Ferrovial at 31 December 2021 (5,072,018 shares) was EUR 140 million.

E) Share-based remuneration schemes

In 2021 a total of 345,000 shares were acquired, representing 0.047% 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 7.3 million and the total gain on these remuneration schemes recognised in the Company's equity amounts to EUR -22 million, mainly derived from the partial reversal of the provision recorded in previous years, since in both the plan that expired in 2021 and the one that expires in 2022, the degree of compliance with the conditions that entitle the Company to receive the remuneration has been lower than initially considered.

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 14 million on net financial income/(expense) (Note 9).

F) Profit/(loss) for the prior year

Profit for 2020 was taken to voluntary reserves in the amount of EUR 23 million.

G) Reserves

- The application of 2020 profits amounting to EUR 23 million, as indicated above.
- Scrip dividend: The Ferrovial, S.A.'s Annual General Meeting held on 9 April 2021 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 2021 as follows:
 - In May 2021, 5,615,714 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 1.1 million (no impact on cash), and free allotment rights were purchased in the amount of EUR 12 million, representing a price per share of EUR 0.197.
 - In November 2021, 7,743,557 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 1.5 million (no impact on cash), and free allotment rights were purchased in the amount of EUR 20 million, representing a price per share of EUR 0.305.

Therefore, the cash flow impact of shareholder remuneration in 2021 amounted to EUR -463 million. The difference between the scrip dividend of EUR -29 million and the treasury share purchase of EUR -434 million reflected as an effect on shareholders' funds, and the scrip dividend of EUR -31 million and the treasury share purchase of EUR -432 million disclosed in the cash flow statement, is explained by the above-mentioned issuance of new shares against reserves referred to above in the amount of EUR 2.5 million.

- Recognition of EUR -23 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 2,321 million at 31 December 2021.

13. PROVISIONS FOR LIABILITIES AND CHARGES

Movements in 2021 are set out below:

(Millions of euros)	Balance at 01/01/2021	Appropriation	Application	Other	Balance at 31/01/2021
Provision for liabilities and charges	166	2	0	9	177
TOTAL	166	2	0	9	177

The provision of EUR 177 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 118 million (EUR 115 million in 2020);
- 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 27 million (EUR 20 million in 2020).
- 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 23 million in 2020).
- 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 2020).
- Provision for other tax litigation in the amount of EUR 2 million (EUR 1 million in 2020).

The main movement in 2021 relates to the increase of EUR 9 million in provisions due to the Company taking charge of the litigation relating to Cespa, S.A. ("other movements" column), which was sold during the year. These provisions have a balancing item in cash and banks and no impact on the income statement. In addition, the restatement based on the interest rate applicable to these provisions entails a EUR 4 million increase, which are carried in "Financial expenses" in the income statement (Note 16).

14. TAX MATTERS

Ferrovial, S.A. has filed consolidated tax returns since 2002. The companies comprising the tax consolidated group in 2021, 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.

14.1. Reconciliation of the reported results and taxable income

The reconciliation between the profit/loss before tax (EUR -38 million) and the taxable income is as follows:

Thousands of	2021			2020		
	Increase	Decrease	TOTAL	Increase	Decrease	TOTAL
Profit/(loss) before tax			-38			1
Permanent differences:						
	22	-17	6	4	-77	-73
Temporary differences:						
			-4	0	0	2
Arising during the year	2		2	9	0	9
Arising in prior years		-6	-6	0	-6	-6
Taxable income			-36	0	0	-70

Permanent differences relate basically to the net movement in provisions described in Note 5, in the amount of EUR -7 million.

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

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

The reconciliation between the profit/loss before tax (EUR -38 million) and the income tax expense recognised (EUR 6 million) is as follows:

(Millions of euros)	2021	2020
Tax rate	25%	25%
PROFIT/(LOSS) BEFORE TAX	-38	1
Permanent differences	6	-73
TAXABLE INCOME	-32	-72
Tax at 25% (income)	8	18
Regularisation of tax-loss carryforwards and tax credits	0	0
Change to prior-year tax evaluation	-3	2
Other regularisations	1	2
TOTAL TAXABLE EXPENSE/(INCOME)	6	22

By adjusting the Company's pre-tax profit in the amount of the permanent differences described previously, we arrive at a taxable result of EUR -32 million, on which taxable income of EUR 8 million has been recognised.

In addition, adjustments totalling EUR -3 million were made to that income, reflecting changes to prior-year tax estimates and the outcome of the corporate income tax inspection of 2014 to 2017.

The breakdown of accrued tax for 2021 and 2020, distinguishing between current tax and deferred tax, is as follows:

Thousands of euros	2021	2020
Tax expense for the year	8	18
Current tax payment	9	24
Deferred tax expense	-1	-5
Prior-year regularisations and other	-2	-50
Total taxable expense/(income)	6	-31

14.3. Deferred taxes

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

2021 (millions of euros)	Assets	Liability	Net
Balance at 31.12.20	135	29	106
With a balancing entry in the income statement	(1)	0	(1)
Regularisation of prior-year tax and other	0	0	0
Generated	0	0	0
Reversed	(1)	0	(1)
With a balancing entry in shareholders' funds	(3)	3	(6)
Generated	1	3	(2)
Reversed	(4)	0	(4)
With a balancing item in investments in Group companies	(126)	(29)	(97)
Transfers	(126)	(29)	(97)
Balance at 31.12.21	6	4	2

At December 31, 2021, the net balance of deferred taxes amounts to €2 million (€6 million of assets and €4 million in liabilities), as a result of temporary differences, mainly corresponding to accounting provisions not deductible for tax purposes.

Movements in deferred taxes in 2020 were as follows:

2020 (millions of euros)	Assets	Liabilities	Net
Balance at 01.01.20	145	39	106
With a balancing entry in the income statement	1	0	1
Regularisation 2018 and other	0	0	0
Generated	1	0	1
Reversed	0	0	0
With a balancing entry in shareholders' funds	(11)	(10)	(1)
Generated	(11)	(10)	(1)
Balance at 31.12.20	135	29	106

14.4. Years open to tax inspection

In accordance with prevailing legislation, taxes may not be deemed to be finally settled until the returns filed have been inspected by the tax authorities or the four-year limitation period has elapsed. The tax authorities have a period of 10 years to verify and investigate tax-loss carryforwards and certain deductions pending offset.

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

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

15. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

a) Bank and other guarantees given to third parties

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

Guarantees given to third parties

At the 2021 year end, Ferrovia, S.A. had furnished guarantees amounting to EUR 6,971 million (EUR 6,729 million in 2020). They include:

- Guarantees given by Ferrovia, S.A. in favour of Ferrovia Emisiones, S.A. covering corporate bond issues for a total nominal amount of EUR 2,580 million (EUR 3,080 million in 2020). All bond issues completed by Ferrovia Emisiones are secured by Ferrovia. However, with regard to this transaction, Ferrovia records two intercompany loans to Ferrovia Emisiones, S.A. (Note 10), amounting to EUR 1,574 million, which relate to the issues completed in 2014 and 2020, while the EUR 1,000 million issued in 2018 and 2019 were transferred to Ferrofin, S.L., a subsidiary of Ferrovia S.A.
- Guarantee given by Ferrovia, S.A. in favour of its subsidiary Ferrovia 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, Ferrovia S.A. records an intercompany loan to its subsidiary for the same total nominal amount (Note 10).
- Guarantees given in favour of customers of other Group companies in the Construction Division in the amount of EUR 3,829 million, of which EUR 3,401 million relates to bonding lines.
- Guarantees given to the Toll Roads Division amounting to EUR 36 million (EUR 5 million at 31 December 2020).
- Other guarantees furnished to other Group companies in the amount of EUR 44 million (EUR 10 million at 31 December 2020).

Bank guarantees

In addition to the above, at the 2021 year end the Company holds bank guarantees amounting to EUR 620 million (EUR 826 million in 2020) under guarantee facilities, of which EUR 282 million relates to equity contribution guarantee commitments made to its various subsidiaries (EUR 483 million at 31 December 2020). The Company has given EUR 313 million (EUR 297 million at 31 December 2020) in financial guarantees relating to tax proceedings.

b) Litigation and other contingent liabilities

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

Tax-related litigation

As indicated in Note 14, Ferrovial, S.A. is involved in various tax claims for which it has recognised a provision of EUR 177 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 2017.

SH-130

As indicated in the Group's six-monthly accounts, the two claims filed by the current shareholders of the project concession company (a lawsuit before the courts of Texas against companies owned by Ferrovial, Cintra and Ferrovial Construcción; and an arbitration proceeding before the International Chamber of Commerce against companies owned by Ferrovial Construcción) had been suspended, since the claimant and defendants had reached an initial agreement.

This initial arrangement led to the signing of an agreement on the 3rd September, putting an end to the two lawsuits.

This agreement has had no impact on the Company as it has been assumed by the Group companies directly involved in the litigation.

16. INCOME AND EXPENSES

A) Revenue

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

Accordingly, in 2021 net revenue of EUR 37 million was generated, of which EUR 1 million related to dividends received by Ferrovial S.A. from Autovía de Aragón, Sociedad Concesionaria S.A.

The detail of revenues by geographic location of the companies to which services are rendered is as follows:

Million EUR	2021	2020
Spain	29	81
Netherlands	4	7
US	1	1
UK	1	2
Others	2	3
Total	37	95

a.1) Dividends received break down as follows:

	Shareholders' funds distrib. by subsidiary	Dividend income recognised	Shareholdings in Group companies	Total receipts, pay-outs by subsidiaries		
				Cash	Other current accounts or loans	Reserves
Landmille Ireland DAC	20	0	20	20	0	0
Autovía de Aragón, Sociedad Concesionaria S.A.	1	1	0	0	1	0
TOTAL	21	1	20	20	1	0

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 subsidiary Autovía de Aragón, the portion attributable to the results of the subsidiary or their investees since the acquisition date was recognised as income for the year. Dividends received by Landmille Ireland have been recorded against the value of the shareholding of this subsidiary (see note 5).

For comparative purposes, dividends received in 2020 break down as follows:

	Shareholders' funds distrib. by subsidiary	Dividend income recognised	Shareholdings in Group companies	Total receipts, pay-outs by subsidiaries				
				Cash	Current account Ferrofin (Note 10)	Current account Ferrovial Intern. (Note 10)	Other current accounts or loans	Reserves
Ferrovial International SE	494	0	494	79	0	126	289	0
Ferrovial Construcción S.A.	52	52	0	0	52	0	0	0
Ferrovial Inversiones, S.A.	20	0	20	0	0	0	0	20
Autovía de Aragón, Sociedad Concesionaria S.A.	1	1	0	0	0	0	1	0
TOTAL	567	53	514	79	52	126	291	20

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

- Accrued interest on loans granted to Group companies, amounting to EUR 2 million (EUR 2 million in 2020).
- Amounts invoiced in relation to bank and other guarantees issued by the Company in favour of other Group companies, totalling EUR 4 million (EUR 8 million in 2020), as described in Note 15.

a.3) Amounts invoiced for services rendered to Group companies and associates, totalling EUR 30 million (EUR 32 million in 2020).

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

Given the type of sales made, the judgments and changes in judgments used in determining the timing of fulfillment of the obligations assumed and the transaction price are not considered significant.

B) Personnel expenses

Personnel expenses amounted to EUR -21 million for the year (EUR -32 million as of December 31, 2020).

A further breakdown of these expenses and of the Company's personnel is presented in note 18.

C) Other operating expenses

Other operating expenses represent an expense in 2021 of -17 million euros (-33 million euros in 2020).

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

Million EUR	2021	2020
Total other operating expenses	-17	-33
a) External services	-17	-31
Independent professional services	-5	-2
Group company services	-2	-17
Insurance premiums	-3	-4
Other external services	-3	-7
b) Taxes	-1	0
c) Impairments and variation of provisions	0	-1

D) Net financial income/(expense)

Net financial income/(expense) for the year amounted to EUR -37 million (EUR -29 million at 31 December 2020).

Financial income totalled EUR 4 million, primarily comprising:

- Income from cross-currency swaps as a result of the fixed rate secured (Notes 6 and 12) amounting to EUR 2 million.
- Income from ECP (Euro Commercial Paper) (Note 8) issues amounting to EUR 2 million.

Financial expenses amounted to EUR -57 million, as analysed below:

- Interest accrued on borrowings received from various Group companies in the amount of EUR -45 million (EUR -51 million at 31 December 2020), as broken down in section D of this note.
- Interest accrued on financing drawn on the credit line in the amount of EUR 1 million (EUR 3 million at 31 December 2020), as well as commitment fees associated with the undrawn credit line in the amount of EUR 2 million (EUR 2 million in 2020).
- Guarantee costs amounting to EUR 4 million (EUR 6 million in 2020), which are sometimes given for certain projects in which the Company has an indirect interest and are charged to such projects as indicated previously.
- Appropriations to provisions for liabilities and charges in connection with the update of interest on the tax assessments related to the tax contingencies described in Note 13, in the amount of EUR 4 million (EUR 4 million in 2020).

Fair value adjustments to financial instruments amount to EUR 21 million, which primarily relate to:

- The fair value adjustment to equity swaps contracted resulted in income of EUR 14 million.
- The effect of index linked swaps contracted by the Company amounts to net income of EUR 7 million.

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

E) Corporate income tax expense

The corporate tax income in the year amounts to EUR 6 million (Note 14)

F) Transactions with Group companies

A breakdown of these transactions is set out below:

Transactions with Group companies and associates at 31 December 2021

GROUP COMPANIES	DIVIDENDS	PROVISION OF SERVICES	INTEREST	OP. EXPENSES	FINANCIAL EXPENSES
Ferrovial Construcción S.A.	0	8	0	-0	0
Ferrovial Holding US Corp.	0	1	0	0	0
Ferrovial Servicios, S.A.	0	2	0	0	-0
Ferrovial Aeropuertos España, S.A.	0	8	0	0	0
Cintra Servicios de Infraestructuras S.A.	0	7	1	0	0
Autovia de Aragon SL	1	0	0	0	-0
Ferrofin S.L.	0	0	0	0	-3
Cintra Global	0	0	2	0	0
Ferrovial Emisiones, S.A:	0	0	0	-0	-30
Ferrovial Corporación, S.A.	0	0	1	-2	0
Ferrovial Netherlands BV	0	0	0	0	-12
Acadia Servicios de Medioambiente, S.L.	0	1	0	0	0
Amey Group	0	1	0	0	0
Ferrovial Holding US Corp - Corporation	0	0	1	0	0
Other	0	1	1	0	0
GROUP COMPANIES TOTAL	1	30	6	-2	-45

Transactions with Group companies and associates at 31 December 2020 were:

GROUP COMPANIES	DIVIDENDS	PROVISION OF SERVICES	INTEREST	OP. EXPENSES	FINANCIAL 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, S.L.	0	0	0	0	0
Autovia de Aragon SL	1	0	0	0	0
Ferrofin, S.L.	0	5	2	0	-6
Cintra Global	0	0	2	0	0
Ferrovial Emisiones, S.A:	0	0	0	0	-33
Ferrovial Corporación, S.A.	0	0	0	-11	0
Ferrovial Netherlands BV	0	0	0	0	-12
Other	0	3	1	0	0
GROUP COMPANIES TOTAL	53	32	10	-11	-51

17. OPERATING LEASES

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

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

Operating lease expenditure recognised in the income statement during 2021 totals EUR 1 million (EUR 1 million in 2020), of which EUR 625 thousand relates to the above-mentioned lease and the remainder (EUR 338 thousand) to vehicle leases. Future non-cancellable minimum payments as lessee amount to EUR 1 million (EUR 1 million in 2020).

18. EMPLOYEES

Personnel expenses during the 2021 financial year amount to EUR -21 million (-32 million in 2020), with the following breakdown:

Million EUR	2021	2020
Total Personnel Expenses	-21	-32
Wages and salaries	-23	-27
Share based remuneration	3	-4
Social Charges	-1	-1

More information on share-based remuneration is provided in note 20.

The average workforce during 2021 and 2020 breaks down as follows:

	31/12/2021			31/12/2020		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Executives	29	4	33	34	5	39
Managers / Professionals / Supervisors	11	12	23	14	13	27
Clerical staff / Support technicians	4	11	15	1	10	11
Manual workers	0	0	0	0	0	0
TOTAL	45	27	72	49	28	77

The headcount at year-end 2021 and 2020 breaks down as follows:

	31/12/2021			31/12/2020		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Executives	27	4	31	34	4	38
Managers / Professionals / Supervisors	13	10	23	15	12	27
Clerical staff / Support technicians	3	11	14	1	9	10
Manual workers	0	0	0	0	0	0
TOTAL	43	25	68	50	25	75

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.

19. DIRECTORS' REMUNERATION

19.1. Bylaw-stipulated Board of Directors' remuneration

Under the Company's current remuneration scheme, regulated by Article 56 of its bylaws, the Annual General Meeting determines the maximum annual remuneration for all the members of the Board of Directors. The Directors' Remuneration Policy approved by the Company's General Shareholders' Meeting on 9 April 2021 defined the overall maximum annual amount of directors' remuneration for the duration of the policy (2021, 2022 and 2023), as a fixed sum.

Directors' remuneration comprises (i) a fixed allowance, a part of which is paid in quarterly instalments and the remainder (supplementary fixed allowance) in a single payment at the end of the financial year; and (ii) per diems for actual attendance at Board and committee meetings. Remuneration is linked to the functions and responsibilities assigned to each director, membership of Board committees and other objective circumstances that the Board of Directors deems relevant, thereby ensuring their long-term independence and commitment.

On the same date these annual accounts are authorised for issue, the Board of Directors issues and makes available to the shareholders the Annual Report on Directors' Remuneration referred to in Article 541 of the Spanish Companies Act. The report describes in greater detail aspects of the Company's remuneration policy applicable in the current year, providing an overview of how was applied in 2021 and a breakdown of the individual remuneration accrued to each director in this year. The table below shows the itemised bylaw-stipulated remuneration of the members of the Board of Directors accrued during 2021 and 2020.

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.

The difference in the amounts of the fixed allowance and the supplementary fixed allowance of the Directors between fiscal years 2021 and 2020 is due to the fact that in the latter there was a partial reduction of both components, agreed by the Board of Directors of the Company due to the health crisis resulting from the expansion of covid-19.

This table does not include remuneration received by the executive directors for discharging executive duties at the Company, as described in Note 19.2.

DIRECTOR (a) (Thousands of euros)	FIXED ALLOWANCE	PER DIEMS	ADDITIONAL FIXED REMUNERATION	2021
				TOTAL
Rafael del Pino Calvo-Sotelo	35	122	92	249
Oscar Fanjul Martín	35	83	81	199
Ignacio Madridejos Fernández	35	61	46	142
María del Pino y Calvo-Sotelo	35	61	46	142
Santiago Fernández Valbuena (up to and including 4/5/2021)	12	18	16	46
José Fernando Sánchez-Junco Mans	35	76	46	157
Joaquín del Pino y Calvo-Sotelo (up to and including 4/5/2021)	12	12	16	40
Philip Bowman	35	59	46	140
Hanne Birgitte Breinbjerg Sorensen	35	50	46	131
Bruno Di Leo	35	58	46	139
Juan Hoyos Martínez de Irujo	35	61	46	142
Gonzalo Urquijo Fernández de Araoz	35	59	46	140
Hildegard Wortmann (from 6/5/2021)	23	36	30	89
Alicia Reyes Revuelta (from 6/5/2021)	23	36	30	89
TOTAL	420	792	633	1,845

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

DIRECTOR (a) (Thousands of euros)	2020			TOTAL
	FIXED ALLOWANCE	PER DIEMS	ALLOCATION	
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 past. Full year, unless otherwise stated.

19.2. Individual executive directors' remuneration

a) Remuneration accrued in 2021 and 2020.

In 2021, the following remuneration accrued to the executive directors for the performance of their functions, irrespective of the remuneration referred to in the preceding section.

EXECUTIVE DIRECTORS' REMUNERATION * (Thousands of euros)	2021		TOTAL
	RAFAEL DEL PINO	IGNACIO MADRIDEJOS (2)	
Fixed remuneration	1,500	1,100	2,600
Variable remuneration	2,275	1,283	3,558
Life insurance premiums	9	4	13
Share plans (1)	490	0	490
Total 2021	4,274	2,387	6,661

*Remuneration for their role as Executive Directors.

(1) In March 2021, a number of shares equivalent to the level of completion of the units allocated in 2018 were delivered, after the relevant withholdings had been made. The CNMV was notified on 22/3/2021.

(2) In 2021, the amount of EUR 8 thousand was assigned to Ignacio Madrdejos as remuneration in kind relating to a company car.

The 2020 information is shown in the following table:

EXECUTIVE DIRECTORS' REMUNERATION * (Thousands of euros)	2020		TOTAL
	RAFAEL DEL PINO	IGNACIO MADRIDEJOS	
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 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 16/3/2020.

(2) In 2020, the amount of EUR 8 thousand was assigned to Ignacio Madrdejos as remuneration in kind relating to a company car.

b) Share-based remuneration schemes

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

EXECUTIVE DIRECTORS' PLAN AT 31.12.2021		UNITS	NO. OF VOTING RIGHTS	NO. OF VOTING RIGHTS
Rafael del Pino y Calvo-Sotelo	2019 allocation	70,000	70,000	0.01%
	2020 allocation	46,500	46,500	0.00%
	2021 allocation	67,500	67,500	[*]
Ignacio Madrdejos Fernández	2019 allocation	14,468	14,468	0.00%
	2020 allocation	46,500	46,500	0.00%
	2021 allocation	67,500	67,500	[*]

19.3. Pension funds and plans or life insurance premiums

As in 2020, no contributions were made in 2021 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 13 thousand were paid in 2021; EUR 12 thousand in 2020) 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 2021 under the aforementioned insurance policy amounted to EUR 1.300 thousand.

19.4. Advances and loans

At 31 December 2021, no advances or loans had been granted by the Company to the directors in their capacity as such or as members of other Boards of Directors or senior managers of Group companies or associates.

19.5. Senior management remuneration

The overall remuneration accrued to the Company's senior managers in 2021 is analysed below:

SENIOR MANAGEMENT REMUNERATION (Thousands of euros)	2021	2020
Fixed remuneration	5,636	5,317
Variable remuneration	5,033	3,657
Performance-based share plan	1,494	4,528
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	31	30
Insurance premiums	17	17
Other (1)	6,990	2,291
Total	19,201	15,840

(1) Separation (i) in 2021 of three members of Senior Management (amount subject to personal income tax), and an incorporation bonus; and (ii) in 2020 of two members of Senior Management (amount subject to personal income tax), and an incorporation bonus.

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, Energy Infrastructure and Mobility General Manager, Information Systems and Innovation General Manager, Internal Audit Director, Communications and Corporate Responsibility Director, Chief Strategy Officer, Compliance and Risk Director, Mobility Director and Sustainability Director. This does not include remuneration for senior managers who were also executive directors, which was addressed in Note 19.2.

The Company has also implemented a "Flexible Remuneration Scheme", which allows employees to voluntarily change their remuneration package based on personal needs, replacing a portion with certain benefits in kind. These products include a life and retirement savings group insurance scheme. Participants may request that a portion of their gross annual remuneration be paid by the Company in the form of a premium under a life and retirement savings group insurance policy. The senior managers requested contributions totalling EUR 131 thousand from the Company, replacing the remuneration shown in the table above (EUR 48 thousand in 2020).

19.6. Other disclosures on remuneration

The agreements between the Company and the Senior Managers, specifically provide for the right to receive the indemnities referred to in Article 56 of the Spanish Labour Statute in the event of unfair dismissal.

In order to encourage loyalty and continuity, a deferred remuneration scheme was granted to thirteen senior managers, including one executive director. The scheme consists of extraordinary remuneration that will only be paid in 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 2021 amounted to EUR 2,187 thousand (EUR 2,006 thousand in 2020), of which EUR 441 thousand relate to the executive director. EUR 6,912 million in "Other" in table 19.5 relates mainly to the amounts received by three Senior Managers who left the Company in 2021. This amount does not affect the 2019 income statement, as the company expenses the amounts contributed during the year to the group savings insurance policy, regardless of when the amounts are received.

20. SHARE-BASED REMUNERATION SCHEMES

Performance-based share plan

At year-end 2021, Ferrovial has two remuneration schemes in place for the Group's executive directors, senior managers and managers, consisting of a performance-based share plan.

Long-term incentive plan approved by the Board of Directors on 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 the relation between operating profit/(loss) and net productive assets 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 at the Company's Annual General Meeting held on 5 April 2019, as communicated to the CNMV 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.

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 Executives and Executives. 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 Company's Annual General Meeting.

There were 2,054,531 shares outstanding at 31 December 2021 relating to these plans.

Changes to the share-based remuneration schemes in 2021 and 2020 are summarised below:

	2021	2020
Number of shares at beginning of year	2,468,724	3,125,747
Plans granted	909,578	622,004
Plans settled	-292,413	-930,106
Shares surrendered and other	-954,346	-307,068
Shares exercised	-77,012	-41,853
Number of shares at year-end	2,054,531	2,468,724

This share award plan includes the plans described above in Note 19 on remuneration of executive directors and senior managers.

The impact on the income statement of the Company in relation to these remuneration schemes in 2021 was an income of EUR3 million (EUR -4 million of expenses in 2020) with a balancing entry in equity. The recognition of this income is due to the partial reversal of the provision recorded in previous years, since in both the plan that expired in 2021 and the one that expires in 2022, the degree of compliance with the conditions entitling to receive the remuneration has been lower than initially considered.

Measurement of performance-based share plan.

These plans were accounted for as futures and, therefore, the value of the foreseeable dividends up to the delivery date is discounted to the value of the shares at the grant date, using a rate of return equal to the average cost of borrowings over the share award period, and they are equity settled and, therefore, they are measured when granted and the initially calculated value thereof is not re-estimated. The related amounts are recognised under "staff expenses" with a balancing entry in reserves.

21. RELATED-PARTY TRANSACTIONS

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

Legislation

With regard to information on transactions that the Company (or its group companies) carries out with its related parties, International Accounting Standard 24 (the "IAS 24") must be taken into account.

Section 3 of IAS 24 establishes the requirement to include information on related party transactions, transactions, and outstanding balances (including commitments) in the consolidated and separate financial statements of a parent company, as well as in the individual financial statements. Its Section 9 defines related party transactions as any transfer of resources, services or obligations between a reporting entity and a related party, whether a price is charged.

Related-party transactions

The commercial transactions between the Company (or its Group Companies) and related parties carried out in 2021 are disclosed below, in three separate categories: a) transactions between Ferrovial, S.A and its directors and senior executives; b) transactions between subsidiaries of Ferrovial, S.A and its 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 (*).

[1] Note: The regulations applicable as of December 31, 2021 are described. Until the entry into effect on July 3, 2021 of Law 5/2021, of April 12, amending the revised text of the Capital Companies Law and other financial regulations, regarding the promotion of long-term shareholder involvement in listed companies, Order EHA 3050/2004, of September 15, 2004, on the information on related-party transactions to be provided by companies issuing securities admitted to trading on official secondary markets (the "EHA Order") has been considered.

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

This heading includes transactions between Ferrovial, S.A. and its directors, senior executives, their close relatives, or entities in which one or the other has control or joint control. The 2020 information also includes transactions between Ferrovial, S.A. and entities in which its directors, senior executives and their close relatives may exercise significant influence (Order EHA), If the party related to the Company was considered as such during part of the year, the transactions carried out during that period are indicated.

NAME/COMPANY NAME	TRANSACTIONS	2021			2020		
		AMOUNT	PROFIT OR LOSS	BALANCE	AMOUNT	PROFIT OR LOSS	BALANCE
Marsh	Receipt of insurance services	0	0	0	-7	0	0

Information on remuneration and loans granted to directors and senior managers can be consulted in Note 19.

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

This heading includes transactions between subsidiaries of the Company and their directors, senior executives, their close relatives, or entities in which they have control or joint control. The 2020 information also includes transactions between subsidiaries of Ferrovial, S.A. and entities in which directors, senior executives of the Company and their close relatives may exercise significant influence (Order EHA). If the party related to the Company was considered as such during part of the year, the transactions carried out during that period are indicated.

NAME/COMPANY NAME	TRANSACTIONS	2021			2020		
		AMOUNT	PROFIT OR LOSS	BALANCE	AMOUNT	PROFIT OR LOSS	BALANCE
D. Rafael del Pino y Calvo-Sotelo	Prestación de servicios	7	0	1	7	0	1
D ^a . María del Pino y Calvo-Sotelo	Prestación de servicios	6	1	0	8	1	0
D ^a . Ana María Calvo-Sotelo y Bustelo	Prestación de servicios	0	0	0	45	2	4
Criu, S.L.	Prestación de servicios	17	1	2	19	1	2
Cummins y sociedades del grupo	Recepción de servicios	0	0	0	-1,129	0	0
Maxam Holding y sociedades de su grupo	Prestación de servicios	0	0	0	1	0	0
Marsh y sociedades de su grupo	Recepción de servicios de seguros	0	0	0	-6,877	0	13
Polan, S.A.	Prestación de servicios	159	1	59	152	2	42
Fundación Centro de Innovación de Infraestructuras Inteligentes	Contratos de colaboración	0	0	0	-800	0	0
	Prestación de servicios	0	0	0	18	0	0
Haya Real Estate, S.A.	Prestación de servicios	0	0	0	0	0	1
Halcim Ltd. y sociedades del grupo	Adquisición cemento y materiales relacionados	0	0	0	-1,724	0	-53
	Recogida de residuos	0	0	0	52	1	18
Sidecu, S.A.	Prestación de servicios	0	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 16.

22. CONFLICTS OF INTEREST

In accordance with legislation in force (Articles 229 and 231 of the Spanish Companies Act), there were no direct or indirect conflicts of interest with the Company in 2021, notwithstanding the Company's related transactions (or those of the Group companies) disclosed in the notes to the accounts or, where applicable, resolutions relating to remuneration or appointments.

23. ENVIRONMENTAL POLICY

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

24. AUDIT FEES

Set out below are details of the total fees for the audit of Ferrovial S.A.'s 2021 and 2020 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 543 thousand (EUR 251 thousand in 2020).
- Fees billed to Ferrovial, S.A. for other services other services required to be provided by statutory auditors under applicable regulations EUR 350 thousand (EUR 234 thousand in 2020).

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

25. 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.

26. COMMENTS ON APPENDICES

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

Appendix II contains a list of Group companies, directly owned by Ferrovial, S.A. in 2021 and 2020.

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 2021. Under this tax scheme:

1. Dividends and capital gains obtained by Ferrovial from equity investments in non-resident operating companies (representing at least 5% of the share capital of these companies) are 95% 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 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.
 - 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 2021, all dividends were paid by Ferrovial out of "subject but exempt income".

4. Capital gains obtained by Ferrovial's shareholders by transferring their shares are treated as follows:
 - i. Where the shareholder is a non-resident in Spain (and does not operate through tax havens or a permanent establishment in Spain), the portion of the capital gain that relates to reserves charged by Ferrovial to the above-mentioned "subject but exempt income", or to value differences attributable to Ferrovial's equity interests in non-resident entities that meet the requirements to apply the foreign-source income exemption provided by Articles 21 and 22 of the Spanish Corporate Income Tax Act (CIT Act), will not be subject to tax in Spain.
 - ii. Where the shareholder is an entity subject to Spanish corporate income tax and has a qualifying equity interest in Ferrovial (5% of share capital and held for one year), the exemption provided by Article 21 of the CIT Act may be applied.
 - iii. Where the shareholder is a natural person resident in Spain and subject to personal income tax, it will be taxed for capital gains obtained under the general scheme.

The amount of subject but exempt income pursuant to Articles 21 and 22 of the CIT Act obtained by Ferrovial in 2021 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 2021, 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 2021, as was the case in 2020, 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	2,321,000,901.55
Cintra Infraestructuras Irlanda, SLU	6,143,952.38
TOTAL	2,327,144,853.93

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% of Ferrovial's total market value at 31 December 2021. At 31 December 2020, this percentage amounted to 90.8%.

Tax treatment of Ferrovial's scrip dividend

In 2021, 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). 2021:

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

COMPANY	ADDRESS	AUDITOR	% SHAREHOLDING	GROSS INVESTMENT	IMPAIRMENT	CARRYING AMOUNT	SHARE CAPITAL	SHARE PREMIUM AND RESERVES	OTHER EQUITY	NET PROFIT/(LOSSES) FOR THE YEAR	TOTAL EQUITY
Ferrovial International SE	Amsterdam, Netherlands	EY	100.00 %	7,335	0	7,335	743	6,502	-494	-447	6,303
Ferrovial Construcción, S.A.	Madrid, Spain	EY	99.99 %	711	0	711	234	539	0	33	805
Cintra Infraestructuras España, S.L.	Madrid, Spain	EY	99.99 %	657	0	657	58	512	0	2	572
Ferrofin S.L. (i)	Madrid, Spain	unaudited	47.99 %	241	-89	152	49	264	0	5	318
Landmille Ireland DAC	Dublin, Ireland	BDO	100.00 %	425	-238	187	94	194	-103	3	187
Ferrovial Aeropuertos España, S.A.	Madrid, Spain	Unaudited	99.99 %	102	-92	9	2	23	0	-16	9
Krypton RE	Luxembourg	EY	99.97 %	8	0	8	4	11	0	0	15
Ferrovial Corporación, S.A.	Madrid, Spain	EY	99.99 %	5	0	5	5	0	0	5	11
Temauri, S.L.	Madrid, Spain	Unaudited	99.97 %	18	-9	9	0	11	0	-2	9
Autovía de Aragón, Sociedad Concesionaria, S.A.	Madrid, Spain	EY	15.00 %	3	0	3	19	4	3	6	32
Can-am, S.A.	Madrid, Spain	Unaudited	100.00 %	4	-4	0	0	2	0	-2	0
Ferrocop UK Ltd.	Oxford, United Kingdom	EY	100.00 %	1	0	1	1	0	0	0	1
Pilum, S.A.	Madrid, Spain	Unaudited	15.00 %	1	-1	0	0	0	0	0	0
Ferrovial Services Netherlands BV (a)	Amsterdam, Netherlands	EY	100.00 %	333	-332	1	33	-29	0	0	4
Ferrovial Inversiones, S.A.	Madrid, Spain	Unaudited	99.58 %	67	0	67	1	66	0	1	68
Ferrovial Emisiones, S.A.	Madrid, Spain	EY	99.99 %	0	0	0	0	23	-45	-9	-30
Ferrovial Mobility, S.A.	Madrid, Spain	Unaudited	100.00 %	22	-8	15	0	23	0	-1	22
Ferrovial 001, S.A.	Madrid, Spain	Unaudited	100.00 %	0	0	0	0	0	0	0	0
Ferrovial Infraestructuras Energéticas, S.A.U. (b)	Madrid, Spain	Unaudited	100.00 %	11	0	11	0	11	0	0	11
Ferrovial Aravia, S.A.	Madrid, Spain	Unaudited	15.00 %	0	0	0	0	0	0	1	1
Ferrovial 004, S.L.U	Madrid, Spain	Unaudited	100.00 %	0	0	0	0	0	0	0	0
Ferrovial 005, S.L.U	Madrid, Spain	Unaudited	100.00 %	0	0	0	0	0	0	0	0
Ferrovial 006, S.A	Madrid, Spain	Unaudited	100.00 %	0	0	0	0	0	0	0	0
Ferrovial Ventures, S.A.U.	Madrid, Spain	Unaudited	100.00 %	0	0	0	0	0	0	0	0
Thalia Waste Treatment B.V.	Amsterdam, Netherlands	Unaudited		0	0	0	0	0	0	0	0
Shareholdings in Group companies				9,945	-774	9,171	1,242	8,156	-640	-421	8,337

(a) Held for sale. See Note 2.4.

(b) Ferrovial 002, S.A. in 2020

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

SUBSIDIARIES (FULLY-CONSOLIDATED COMPANIES). 2020:

COMPANY	ADDRESS	AUDITOR	% SHAREHOLDING	GROSS INVESTMENT	IMPAIRMENT	CARRYING AMOUNT	SHARE CAPITAL	SHARE PREMIUM AND RESERVES	OTHER EQUITY	NET PROFIT/(LOSSES) 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 Construcción, S.A.	Madrid, Spain	EY	99.99 %	711	0	711	234	563	0	-17	779
Cintra Infraestructuras España, S.L.	Madrid, Spain	EY	99.99%	654	0	654	58	613	0	-104	566
Ferrofin S.L. (i)	Madrid, Spain	Unaudited	47.99 %	241	-91	150	49	376	0	-112	313
Landmille Ireland DAC	Dublin, Ireland	BDO	100.00 %	445	-253	193	94	115	-115	99	193
Ferrovial Aeropuertos España, S.A.	Madrid, Spain	Unaudited	99.99%	101	-76	25	2	38	0	-14	25
Krypton RE	Luxembourg	EY	99.97 %	8	0	8	4	10	0	1	15
Ferrovial Corporación, S.A.	Madrid, Spain	EY	99.99 %	5	0	5	5	-2	0	1	5
Temauri, S.L.	Madrid, Spain	Unaudited	99.97 %	10	-7	2	0	4	0	-2	2
Autovía de Aragón, Sociedad Concesionaria, S.A.	Madrid, Spain	EY	15.00 %	3	0	3	19	4	0	6	29
Can-am, S.A.	Madrid, Spain	Unaudited	100.00 %	3	-2	2	0	1	0	0	2
Ferrocop UK Ltd.	Oxford, United Kingdom	EY	100.00 %	1	0	1	1	0	0	0	1
Pilum, S.A. (a)	Madrid, Spain	Unaudited	15.00 %	1	-1	0	0	5	0	-5	0
Ferrovial Services Netherlands BV (a)	Amsterdam, Netherlands	EY	100.00 %	333	-332	1	33	-30	0	1	3
Ferrovial Inversiones, S.A.	Madrid, Spain	Unaudited	99.58 %	67	0	67	1	66	0	0	67
Ferrovial Emisiones, S.A.	Madrid, Spain	EY	99.99%	0	0	0	0	23	-51	0	-27
Ferrovial Mobility, S.A.	Madrid, Spain	Unaudited	100.00 %	14	-4	10	0	14	0	0	14
Ferrovial 001, S.A.	Madrid, Spain	Unaudited	100.00 %	0	0	0	0	0	0	0	0
Ferrovial 002, S.A.(b)	Madrid, Spain	Unaudited	100.00 %	0	0	0	0	0	0	0	0
Ferrovial 003, S.L.	Madrid, Spain	Unaudited	100.00 %	0	0	0	0	0	0	0	0
Ferrovial Aravia, S.A. (a)	Madrid, Spain	unaudited	15.00 %	0	0	0	0	1	0	-1	0
Shareholdings in Group companies				8,971	-767	8,204	1,242	7,045	-660	346	7,973

(a) Held for sale. See Note 2.4.

(b) Ferrovial Infraestructuras Energéticas, S.A.U. in 2021

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

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.

FERROVIAL, S.A.

The financial statements –balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the financial statements- and the management report of Ferrovial, S.A. for the year ended 31 December 2021, have been drafted following the European Single Electronic Format (ESEF), according to Delegated Regulation (EU) 2019/815, with identifier number 03A90054E4060B3B64C641082D113E4BBD70F186852BEE5879486A1D8CF68B72. The Annual Report on Corporate Governance 090C394D256341F325112765D70E46F227E00C74953F0724E1C6C745308654B0 and the Annual Report on Directors' Remuneration C6721E5F4178B3C64BBD39C5680091CBA74C6E2FE5A7D4B0161BC32ADC2D9A23 form part of the management report, to which these Reports are incorporated by reference.

The financial statements and the management report have been prepared by the Board of Directors of Ferrovial, S.A. at its meeting held in Madrid on 24 February 2022 and, for the purposes of article 253 of the Spanish Capital Companies Act, the Directors sign below.

Mr. Rafael del Pino y Calvo-Sotelo
Chairman

Mr. Óscar Fanjul Martín
Vice-Chairman

Mr. Ignacio Madridejos Fernández
Chief Executive Officer

Ms. María del Pino y Calvo-Sotelo
Director

Mr. José Fernando Sánchez-Junco Mans
Director

Mr. Philip Bowman
Director

Ms. Hanne Birgitte Breinbjerg Sørensen
Director

Mr. Bruno Di Leo
Director

Mr. Juan Hoyos Martínez de Irujo
Director

Mr. Gonzalo Urquijo Fernández de Aroz
Director

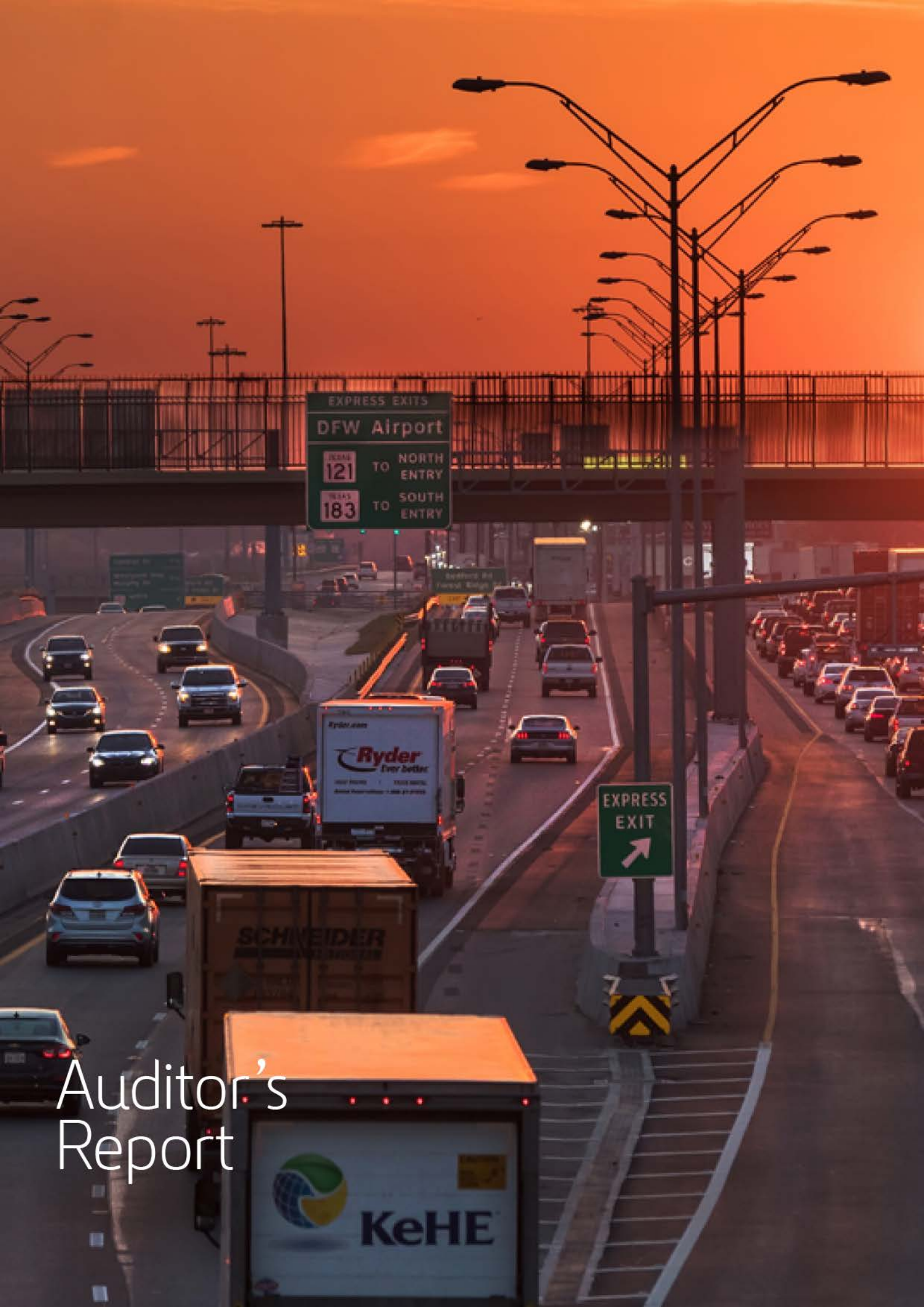
Ms. Hildegard Wortmann
Director

Ms. Alicia Reyes Revuelta
Director

The Secretary of the Board of Directors states for the record that the Director Ms. Hanne Birgitte Breinbjerg Sørensen has not signed this document as she is outside Madrid due to unavoidable professional commitments. I am not aware of Ms. Sørensen's disagreement with the preparation of the financial statements and the management report of Ferrovial, S.A. for the year ended 31 December 2021.

Mr. Santiago Ortiz Vaamonde
Secretary of the Board of Directors

Mr. Santiago Ortiz Vaamonde
Secretary of the Board of Directors



Auditor's Report

Audit Report on Financial Statements
issued by an Independent Auditor

FERROVIAL, S.A.
Financial Statements and Management Report
for the year ended
December 31, 2021



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, 2021, 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, 2021 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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

Key audit matters

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

Valuation of investments in group companies and associates

Description As explained in Notes 4.1 and 5 to the accompanying financial statements, the balance sheet at December 31, 2021 includes investments in group companies and associates amounting to 9,170 million euros.

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

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

Our response

With regard to this matter, our audit procedures included:

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

Other information: management report

Other information refers exclusively to the 2021 management report, the preparation of which is the responsibility of the Company's directors and is not an integral part of the financial statements.

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

- a. Checking only that the non-financial statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Remuneration of Directors, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.
- b. Assessing and reporting on the consistency of the remaining information included in the management report with the financial statements, based on the knowledge of the entity obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the management report is consistent with that provided in the 2021 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 2021 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 2021 financial year, in accordance with the formatting requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation). In this regard, the Annual Corporate Governance Report and the Annual Report on Remuneration of Directors have been incorporated by reference in the management report.

Our responsibility consists of examining the digital file prepared by the directors of the Company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the financial statements included in the aforementioned digital file correspond in their entirety to those of the financial statements that we have audited, and whether the financial statements and the aforementioned file have been formatted, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital file examined corresponds in its entirety to the audited financial statements, which are presented, in all material respects, in accordance with the ESEF Regulation.

Additional report to the audit and control committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit and control committee on February 23, 2022.

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 24, 2022

STATEMENT OF RESPONSIBILITY ON THE ANNUAL FINANCIAL REPORT 2021

The members of the Board of Directors of Ferrovial, S.A. state that, to the best of their knowledge, the individual financial statements of Ferrovial, S.A. and the consolidated financial statements of Ferrovial, S.A. and its subsidiaries, for the financial year ended on 31 December 2021 that have been prepared by the Board of Directors at its meeting held on 24 February 2022, have been drafted in accordance with the applicable accounting standards and provide a true and fair view of the assets, the financial situation and results of Ferrovial, S.A. and of its subsidiaries including within its scope of consolidation taken as a whole, and that the management reports, individual and consolidated, contain an accurate analysis of the corporate performance, results and position of Ferrovial, S.A. and of its subsidiaries included within its scope of consolidation taken as a whole, together with the description of the main risks and uncertainties they face.

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

Madrid, 24 February 2022.

Mr. Rafael del Pino y Calvo-Sotelo
Chairman

Mr. Óscar Fanjul Martín
Vice-Chairman

Mr. Ignacio Madrdejós Fernández
Chief Executive Officer

Ms. María del Pino y Calvo-Sotelo
Director

Mr. José Fernando Sánchez-Junco Mans
Director

Mr. Philip Bowman
Director

Ms. Hanne Birgitte Breinbjerg Sørensen
Director

Mr. Bruno Di Leo
Director

Mr. Juan Hoyos Martínez de Irujo
Director

Mr. Gonzalo Urquijo Fernández de Aroz
Director

Ms. Hildegard Wortmann
Director

Ms. Alicia Reyes Revuelta
Director

The Secretary of the Board of Directors states for the record that the Director Ms. Hanne Birgitte Breinbjerg Sørensen have not signed this document as she is outside Madrid due to unavoidable professional commitments. I am not aware of Ms. Sørensen's disagreement with the statement of responsibility for the content of the individual and consolidated financial statements and management report of Ferrovial, S.A. for the year ended 31 December 2021.

Mr. Santiago Ortiz Vaamonde
Secretary of the Board of Directors