Audit Report on the Consolidated Financial Statements
issued by an Independent Auditor

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

Building a better
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AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of FERROVIAL, S.A.:

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of FERROVIAL, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position at December 31, 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated of cash flow statement, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2021 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

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

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

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

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Key audit matters

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

Recognition of revenue from long-term contracts

Description

A considerable amount of the Ferrovial Group's revenue relates to long-term construction contracts, in which revenue is recognized over time in accordance with the stage of completion method. Revenue recognition for these contracts requires that management make significant estimates, among others, of the costs to be incurred and, where applicable, the amount of any modifications, claims or disputes arising in connection with the initial contract that will ultimately be accepted by the customer. The disclosures pertaining to this revenue can be found in Notes 1.3.3.4, 2.1 and 4.4 to the accompanying consolidated financial statements.

Due to the complexity of making the aforementioned estimates, which requires that Ferrovial Group management make judgments when determining the assumptions considered and the fact that changes in these assumptions could give rise to material differences in the revenue recognized, we determined this to be a key audit matter.

Our response

In relation to this matter, our Audit procedures included:

- Understanding the policies and procedures the Group applies to revenue recognition, including an evaluation of the design and implementation of key controls related to revenue recognition using the stage-of-completion method and to budget planning, assessing methodology and monitoring the assumptions used in the preparation of contract budgets.
- Selecting a sample of contracts to assess the most significant estimates affecting revenue recognition, obtaining supporting documentation for these estimates as well as evidence of the judgments made; identifying relevant contractual clauses such as penalties or discounts, and assessing whether such clauses have been adequately reflected in the amounts recognized in the consolidated financial statements.
- Conducting a comparative analysis of budgeted vs actual revenue from contracts completed during the year, and analyzing Ferrovial Group management's monitoring of contract risks.
- Evaluating the reasonableness of the estimate of completed construction pending certification recognized as revenue at year-end, checking the status of negotiations with customers for the main contracts and reviewing the reasonableness of the documentation substantiating the probability of recovery, taking into account our own expectations based on our knowledge of the client and our experience in the sector as well as in the countries where the Ferrovial Group operates.
- Determining whether the provisions recognized at year-end reasonably reflect the main obligations and the level of risk of the contracts in question.
- Checking that the disclosures made in the notes to the consolidated financial statement comply with the applicable financial reporting framework.

Recognition and recoverability of investments in infrastructure projects operated under concession arrangements

Description

As explained in Note 1.3.3.2 to the accompanying consolidated financial statements, concession arrangements for which the resulting consideration consists of an unconditional contractual right to receive cash or other financial assets from the grantor (or on the grantor's behalf) as compensation for construction and operating services and for which the grantor has little or no discretion to avoid payment, are classified as a financial asset. In addition, concession agreements in which the consideration received consists of the right to charge the corresponding tariffs based on the degree of use of the public service are classified as intangible assets. Both models are recorded in accordance with IFRIC12 "Service Concession Arrangements." "Fixed assets in infrastructure projects" in the consolidated statement of financial position at December 31, 2021 includes 11,185 million euros for this item, of which 11,016 million euros correspond to concessions considered as financial assets and 169 million euros to concessions considered as intangible assets. The disclosures pertaining to these assets can be found in Note 3.3 to the accompanying consolidated financial statements.

Ferrovial Group management makes estimates regarding concession models which include forecasts of operating expenses, investments, and the internal rate of return. In addition, Ferrovial Group management tests its most significant operating concession assets annually when there are indications of impairment.

Given the complexity associated with making the aforementioned estimates and determining the related assumptions considered, as well as the material impact that changes in these assumptions could have on the accompanying consolidated financial statements, and given the significance of the amounts of investments in infrastructure projects carried out under concession, we determined the recognition and recoverability of these assets to be a key audit matter.

Our response

In this regard, our audit procedures included:

- Understanding the policies and procedures applied to concession assets, including evaluation of the design and implementation of key controls related to the process.
- Reviewing the terms and conditions of concession arrangements to determine whether they have been correctly recorded.
- Reviewing and assessing, for a sample of concession assets, the reasonableness of the methodologies used by the Group to estimate payments and collections and their effect on the internal rate of return.
- Performing substantive tests based on financial economic models of infrastructure projects, verifying the arithmetical accuracy of the calculations made, and assessing the reasonableness of the main projected operating assumptions (mainly related to traffic, tariffs, operating costs, and investment disbursements) and their consistency with the terms and conditions of the concession.
- Reviewing, in collaboration with valuation specialists, the reasonableness of the methodology used by the Group, and the construction of discounted cash flows, focusing on the discount rate and long-term growth rate applied, as well as the related sensitivity analyses carried out.
- Checking that the disclosures made in the notes to the consolidated financial statement comply with the applicable financial reporting framework.

Classification and valuation of assets and liabilities held for sale and income and expenses from discontinued operations

Description	As explained in Notes 1.1.3, 1.3.3.5, 1.3.3.6 and 2.9 to the accompanying consolidated financial statements, the Group records as non-current assets and liabilities as held for sale and as discontinued operations the main assets and liabilities and income and expenses, respectively, linked to the services business line since the conditions set forth in IFRS 5 "Non-current assets held for sale and discontinued operations" are met. Accordingly, net assets corresponding to discontinued operations are measured at the lower of carrying amount and fair value less costs to sell and are not subject to amortization/depreciation. The Group has recorded as of December 31, 2021, under "Assets classified as held for sale and from discontinued activities" and "Liabilities classified as held for sale and from discontinued activities" of the consolidated statement of financial position 1,761 and 1,478 million euros, respectively, relating to assets and liabilities linked to the services business line and under "Results from discontinued operations" in the consolidated profit and loss account 361 million euros in profits corresponding to said business line. We have considered this area as a key audit matter in our audit due to the fact that the determination of the short-term probability of disposal of the services division in the different geographical areas, as well as the estimation of the fair value less costs to sell of the affected net assets require using valuation techniques that include making assumptions and that the Group make judgments to determine them.
Our response	In this regard, our audit procedures included: ▶ Understanding of the process established by the Group Management for the classification of assets and liabilities as held for sale and income and expenses as results of discontinued operations and their valuation, and evaluation of the design and implementation of the relevant controls established in the aforementioned process. ▶ Reviewing the documentation supporting the Group's decision to continue classifying the assets and liabilities of the services line as discontinued operations. ▶ Evaluating the methodology and valuation hypotheses used by Group´s Management and review, where appropriate, of the acquisition offers received from third parties. ▶ Reviewing the results of the comparison made by Ferrovial Group management of the carrying amounts and fair values less costs to sell of discontinued operations, ensuring that they were correctly recorded. ▶ Reviewing the correct accounting of the disposal operations of the Services division carried out in the year 2021. ▶ Checking that the disclosures made in the notes to the consolidated financial statement comply with the applicable financial reporting framework.

Recoverability of the investment held in 407 International Inc. and goodwill

Description

As explained in Note 3.5 to the accompanying consolidated financial statements, at December 31, 2021, the Group had an investment in the associate 407 International Inc. amounting to 1,181 million euros, respectively.

Moreover, as explained in Note 3.1, the Group has goodwill on consolidation amounting to 208 million euros at December 31, 2021 related to certain investments, associated primarily with cash generating units of the Construction and Toll roads Divisions.

Where required, the Group tests these assets for impairment at least annually. The disclosures pertaining to these assets can be found in Notes 3.1.2 and 3.5 to the accompanying consolidated financial statements.

The assessment of possible impairment is a key audit matter as it requires estimates that involve the application of judgments both when determining the valuation method used and when evaluating key assumptions related to the future results of the cash generating units to which the goodwill belongs, as well as determining the recoverable amount of equity method investments in which discount rates, business plans, and tariffs are also involved.

Our response

In this regard, our audit procedures included:

- Understanding the policies and procedures the Group applies to assessing goodwill and investments in associates for impairment to determine the recoverable amount of its non-current assets, including evaluation of the design and implementation of related key controls.
- Analyzing internal and external factors taken into account by Ferrovial Group management to conclude on the existence or non-existence of objective indicators of impairment.
- Assessing the reasonableness of the methodology used by Group management to determine the recoverable amount of the assets, involving our valuation specialists in the review of the valuation method used and the uniformity with which it is applied, verifying arithmetical calculations and evaluating the discount rates and long-term growth rates used.
- Reviewing projected financial information, analyzing the congruency among the various assumptions and their reasonableness.
- Verifying that the financial projections used to calculate value in use agree with the latest financial information available to management.
- Analyzing the sensitivity of profit and loss to certain key assumptions.
- Checking that the disclosures made in the notes to the consolidated financial statement comply with the applicable financial reporting framework.

Recognition and valuation of the business combination related to I66 Express Mobility Partners Holdings, LLC.

Description	As explained in Note 1.1.4 to the consolidated financial statements, Cintra, a subsidiary of Ferrovial Group that indirectly owner of 50% of the share capital of the concessionaire I-66 Express Mobility Partners Holdings, LLC acquired on December 17, 2021 an additional 5.704% of the share capital of said company for 182 million dollars (approximately 162 million euros). As a result, Ferrovial's Group total share in the concessionaire company is 55.704%, giving Ferrovial control of the company. Consequently, the share in the concessionaire, which was formally accounted for using the equity method, is currently accounted for using the full consolidation method. This transaction has led the Group to the recognition of an income in the consolidated income statement amounting to 1,101 million euros since it valued the pre-existing interest at fair value in accordance with IFRS 3 "Business combinations". The determination of the fair values of the identifiable assets acquired and the liabilities assumed in this business combination requires making complex estimates, which entails the application of judgments in the establishment of the assumptions considered by the Group's Management in relation to said estimates, which include, among others, the allocation of the price paid to the concession assets and the valuation of the financial debt assumed. We have considered this area as a key audit matter in our audit due to the complexity inherent in the estimation process, as well as the significant impact that changes in the assumptions made could have on the accompanying consolidated financial statements, together with the relevance of the amounts involved. The disclosures related to the valuation standards of this transaction, as well as its related impacts, are included in Note 1.1.4 in the accompanying consolidated financial statements.
Our response	In this regard, our audit procedures included: ▶ Understanding of the process followed by the Group's Management for the registration and valuation of the business combination. ▶ Reviewing the purchase-sale contract as well as the related documentation supporting the amount paid. ▶ Reviewing the acquired concessionaire company's financial information substantiating the main consolidated balance sheet headings. ▶ Reviewing the valuation method used by Group management to determine the fair values of the assets and liabilities assumed, involving our valuation specialists in the review of the mathematical uniformity and the evaluation of the reasonableness of the discount and long-term growth rates used, as well as involving our financial instruments experts in calculating the fair value of the debt. ▶ Review, in collaboration with our valuation specialists, of the calculation of the fair value of the 50% stake that the Ferrovial Group holds in I-66 Express Mobility Partners Holding, LLC prior to the business combination. ▶ Reviewing the accounting and tax impacts derived from the business combination and verification of its proper registration in the consolidated financial statements. ▶ Checking that the disclosures made in the notes to the consolidated financial statement comply with the applicable financial reporting framework.

Other information: consolidated management report

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

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

a. Checking only that the consolidated non-financial statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Remuneration of Directors, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.

b. Assessing and reporting on the consistency of the remaining information included in the consolidated management report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated management report is consistent with that provided in the 2021 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the parent company´s directors and the audit and control committee for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

We also provide the audit and control committee of the parent company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of FERROVIAL, S.A. and subsidiaries for the 2021 financial year, which include the XHTML file containing the consolidated financial statements for the year, and the XBRL files as labeled by the entity, which will form part of the annual financial report.

The directors of FERROVIAL S.A. are responsible for submitting the annual financial report for the 2021 financial year, in accordance with the formatting and mark-up requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation). In this regard, the Annual Corporate Governance Report and the Annual Report on Remuneration of Directors have been incorporated by reference in the consolidated management report.

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

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

Additional report to the audit and control committee

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