Abertis Infraestructuras Finance B.V.
Annual report
2023

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Annual report for the year ended 31 December 2023

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Directors’ report

Directors of Abertis Infraestructuras Finance B.V. (the ‘Company’) hereby presents its directors report for the financial year ended on 31 December 2023.

General information

The Company is a private limited liability company domiciled in the Netherlands. The Company was incorporated in the Netherlands. The Company’s registered office is at Rapenburgerstraat 177 C, 1011VM, Amsterdam, the Netherlands. The Company was founded on 4 November 2004 and is registered in the Trade Register at the Chamber of Commerce under number 34215458.

100% of the shares of the Company are held by Abertis Infraestructuras S.A., Madrid, Spain (the ‘Parent’), whose main activity focuses on construction, upkeep and operation of toll roads and service areas under concession arrangements. The ultimate parent of the Company is Mundys S.p.A., Rome, Italy. The financial information of the Company is included in the consolidated financial statements of Abertis Infraestructuras S.A. which are available at http://www.abertis.com.

The primary activity of the Company is to operate as a finance company, and it has obtained official registration as such with the Dutch Central Bank.

The Company has issued private placements in EUR and in Japanese yen, and all funds are on-lent in EUR to its parent company, Abertis Infraestructuras S.A., by contracting cross-currency interest rate swaps (“CCIRS”) with certain banks.

In addition, the Company has issued perpetual subordinated listed bonds (“hybrid bonds”), and the funds from these bonds are also on-lent in EUR to its parent company, Abertis Infraestructuras S.A. The private placements and perpetual subordinated bonds are secured by Abertis Infraestructuras S.A.

The hybrid bonds are listed on the Irish Stock Exchange plc, trading as Euronext Dublin, and are denominated at EUR 100,000 per bond.

Financial information

State of affairs during the financial year

Following the issuance of the JPY guaranteed notes and the corresponding cross-currency derivatives transaction with Barclays Bank, depending on the EUR / JPY currency exchange on agreed dates, Barclays Bank or the Company will pay to or receive certain amounts from each other.

During 2023, the deposit increased by EUR 16,840 thousand (2022: decreased by EUR 51,080 thousand) due to the deteriorated mark-to-mark value of the mentioned JPY-EUR CCIRS. The corresponding amount settled to Barclays Bank was received from Abertis Infraestructuras S.A.

As in previous years, interest payments were received and settled during the year, in accordance with the agreements.

Turnover and results achieved.

The Company’s interest income is equal to EUR 84,965 thousand (2022: EUR 84,016 thousand) and interest expenses to EUR 83,993 thousand (2022: EUR 83,285), resulting in a net finance income of EUR 972 thousand (2022: 731 thousand).

The result for the year ended 31 December 2023 amounts to a profit after tax of EUR 379 thousand (2022: EUR 263 thousand). Profit after tax increased by EUR 116 thousand mainly due to a slightly higher increase in interest income during 2023.

Financial position as at balance sheet date (solvency and liquidity).

The solvency ratio (total assets divided by total liabilities) as at 31 December 2023 is 1.01 (2022: 1.01).

The current ratio (current assets divided by current liabilities) as at 31 December 2023 is 1.03 (2022: 1.06).

Cash flows and financing requirements

The cash inflow from operating activities amounted to EUR 17,248 thousand (2022: a cash outflow of EUR 51,277 thousand) due to the partial collection of the collateral deposit of EUR 16,840 thousand, as disclosed in the 'State of affairs during the financial year'. As a result, cash and cash equivalents have also increased and amounted to EUR 54,651 thousand at 31 December 2023 (2022: EUR 37,403 thousand).

The Company has limited operating costs and has sufficient funds to cover them.

The hedge reserve is related to the JPY-EUR CCIRS, which has a remaining term until May 2039. The unpredictability of the hedge does not impact the ability of the Company to act under the going-concern assumption, primarily because operational results are positive and the loans are guaranteed by the parent company.

Significant risks and uncertainties

The Company's overall risk management policy focuses on mitigating the potential adverse effects of financial market unpredictability on the Company's financial performance. To achieve this, the Company utilizes derivative financial instruments to hedge currency risk exposures.

The Company establishes its risk appetite by setting risk taking and risk acceptance parameters, which are guided by applicable laws, Group policies, directives and guidelines, and core principles and values. Operating within a low overall risk range inherent to its financial activities and strategy, the Company accepts and manages risks effectively.

The risk management and internal control system incorporates a structured process that addresses individual risk categories, applying the defined risk appetite. The Company has implemented an internal control system that provides reasonable assurance of effective and efficient operations, as well as compliance with laws and regulations. Segregation of duties is applied in the financial reporting process, and management conducts a final review during board meetings. This internal control system ensures proper measurement and management of risks.

The Company has exposure to the following risks arising from financial instruments: credit risk; liquidity risk, market risk and fraud risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the loans to parent company, including interest, and cash and cash equivalents. The carrying amounts of financial assets and contract assets represents the maximum credit exposure.

The Company has significant loans to parent company balance from Abertis Infraestructuras S.A. with a total nominal value of EUR 2,255,610 thousand (2022: EUR 2,255,610 thousand). No impairment losses on financial assets were recognised for the years ended 31 December 2023 and 31 December 2022. Based upon management's knowledge of the Abertis Infraestructuras S.A., its activities and monitoring of the Abertis Infraestructuras S.A.'s financial performance, and its regular contact and communication with management at the Abertis Infraestructuras S.A., management does not anticipate any issues with the repayment of its outstanding loans and interest amounts due at the moment. As of the date of this report, the credit rating of Abertis Infraestructuras S.A. is "BBB-" investment grade-adequate credit quality (2022: "BBB-") according to Standard & Poor's Credit Market Services Europe Ltd. for the long term, and "A-3" (2022: "A-3") for the short term. According to Fitch Ratings Ltd., the long-term credit rating for Abertis

Infraestructuras S.A. is “BBB” (2022: “BBB”) and “F3” (2022: “F3”) for the short term. The cash and cash equivalents are held with banks, which are rated Aa3 - A1 based on rating agency Moody’s. The derivatives are entered into with bank, which is rated A1 (2022: A1), based on rating agency Moody’s.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation.

The Company maintains a stable financial foundation by holding sufficient liquidity as a buffer against changes in the economic or financial environment. Funds that the Company received from the borrowings are lent to its parent company, Abertis Infraestructuras S.A.

Market risk

Market risk is the risk that changes in market prices – e.g., as foreign exchange rates, interest rates and equity prices – will affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company uses derivatives to manage market risks. The Company seeks to apply hedge accounting to manage volatility in profit or loss.

Currency risk

The Company has issued private placements in EUR and in Japanese yen. The Company's foreign exchange risk arises from the issuance of notes with a total value of JPY 20,000,000 thousand. The Company manages the foreign exchange rate risk mainly by borrowing and lending using the same foreign currency and principal amounts and by contracting CCIRS. To eliminate its exposure, the Company swapped the Japanese yen into EUR 153,610 thousand and provided this amount as a loan to Abertis Infraestructuras S.A.

Besides these aforementioned balances JPY, all other financing activities of the Company are in euros.

Interest rate risk

The Company is not exposed to cash flow interest rate risk as financial income and expenses cash flows are fixed and are not dependent on changes in market interest rates of Euribor.

Fraud risk analysis

The primary fraud risk for the Company is the misuse of funds intended for interest payments. To prevent potential fraud, the Company adheres to a four-eyes principal for all bookings and payments. Additionally, internal control systems and the parent company's code of conduct are implemented to further reduce the risk. Due to the small number of transactions within the Company, the fraud risk is considered low, and no instances of fraud have been identified.

Environmental and personnel-related information

The Company's financing activities are not impacted by environmental laws and regulations.

The EU Corporate Sustainability Reporting Directive (CSRD) requires certain companies to report on a wide range of ESG metrics, including both the financial and non-financial impacts of their activities on sustainability. The Company, being a large company, will be required to report on ESG metrics for the financial year 2025, and this report will be due in 2026.

During the 2023 financial year, the Company employed 2 employees (2022: 2).

Research and development information

As a financial entity, the Company does not engage in research and development activities.

Information regarding social aspects of operating the business

As a finance entity, the Company contributes to the social welfare by providing responsible financial services, ensuring transparency in transactions, and adhering to ethical lending practices.

Information culture and behavior and the application of code of conduct

The Company is subject to the parent company's code of conduct, which is mandatory at the Company level. Directors are not aware of any reportable events at the Company level for the financial year.

Directors statement ex Article 5:25C Paragraph 2 sub c1-2 Financial Supervision Act ('Wet op het Financieel Toezicht')

We, as directors of the Company, acknowledge that the financial statements give a true and fair view of the assets and liabilities, the financial position and the profit or loss, the directors' report provides a true and fair view and the significant risks and uncertainties to which the Company is exposed have been described.

Diversity policy board of directors

At the end of 2021, a law was passed to amend Book 2 of the Dutch Civil Code in connection with better balancing the ratio of men to women on the Management board and the Supervisory board of large NVs and large BVs. This law entered into force on 1 January 2022.

The Company complies with the requirements of the new law amendment.

The Company does not have a Supervisory Board. The Board of Directors consists of 3 directors: a male and a female director, as well as a legal entity. The Board of Directors believes that better decision-making can be achieved by bringing together individuals with diverse backgrounds and perspectives.

There are no target figures, as the current figures and current ratio between men to women are considered appropriate by the Board of Directors to comply with the law requirements.

The Company has not yet filed the gender diversity report for the 2022 year on the SER portal due to delays in communication with the SER. However, it is currently in the process of submitting the reports.

Outlook

The directors are of the opinion that the present level of activities will be maintained during the next financial year.

Directors are not aware of any significant events that have occurred since the balance sheet date that were not included in the annual report.

Amsterdam, 29 April 2024

Intertrust (Netherlands) B.V.

Mr. J.L. Viejo Belón

Ms. S.R. Roger Vallés

Financial statements

- Statement of financial position as at 31 December 2023
- Statement of profit or loss and comprehensive income for the year ended 31 December 2023
- Statement of changes in equity for the year ended 31 December 2023
- Statement of cash flows for the year ended 31 December 2023
- Notes to the financial statements for the year ended 31 December 2023

Statement of financial position as at 31 December 2023

	Note	31 December 2023	31 December 2022
		EUR 1,000	EUR 1,000
Assets			
Loans to parent company	*6*	2,141,815	2,240,289
Non-current assets		**2,141,815**	**2,240,289**
Loans to parent company	*6*	103,349	2,000
Interest receivable on derivative financial instruments		698	626
Interest receivable on loans to parent company	*6*	50,055	49,996
Other receivables		8	7
Cash and cash equivalents	*7*	54,651	37,403
Current assets		**208,761**	**90,032**
Total assets		**2,350,576**	**2,330,321**

The notes on pages 14 to 48 are an integral part of these financial statements.

	Note	31 December 2023 EUR 1,000	31 December 2022 EUR 1,000
Equity			
Share capital		18	18
Share premium		1,982	1,982
Hedge reserve		9,228	23,570
Retained earnings		3,063	2,800
Result for the year		379	263
Total equity	*11*	**14,670**	**28,633**
Liabilities			
Borrowings	*8*	2,075,831	2,187,329
Deferred tax liabilities	*12*	2,165	4,160
Derivative financial instruments	*10*	54,599	25,236
Non-current liabilities		**2,132,595**	**2,216,725**
Borrowings	*8*	101,349	-
Current account with parent company	*9*	51,710	34,870
Interest payable on derivative financial instruments		1,343	1,186
Interest payable on borrowings	*8*	48,738	48,795
Current tax liabilities		101	25
Other payables		70	87
Current liabilities		**203,311**	**84,963**
Total liabilities		**2,335,906**	**2,301,688**
Total equity and liabilities		**2,350,576**	**2,330,321**

The notes on pages 14 to 48 are an integral part of these financial statements.

Statement of profit or loss and comprehensive income for the year ended 31 December 2023

		2023 EUR 1,000	2022 EUR 1,000
Interest income on loans to parent company	*6*	79,287	78,963
Interest income on derivative instruments		5,678	5,053
Interest income		**84,965**	**84,016**
Interest expense on borrowings	*8,13*	(72,641)	(73,041)
Interest expense on derivative instruments		(11,352)	(10,244)
Interest expenses		**(83,993)**	**(83,285)**
Net finance income		**972**	**731**
Operating costs		(434)	(422)
Profit before tax		**538**	**309**
Income tax expenses	*12*	(159)	(46)
Profit after tax		**379**	**263**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Cash flow hedges – effective portion of changes in fair value	*10*	(16,337)	50,548
Related tax	*12*	1,995	(7,582)
Other comprehensive (loss)/income for the period, net of tax		**(14,342)**	**42,966**
Total comprehensive (loss)/income for the period		**(13,963)**	**43,229**

The notes on pages 14 to 48 are an integral part of these financial statements.

Statement of changes in equity for the year ended 31 December 2023

	Share capital	Share premium	Hedge reserve	Retained earnings	Result for the year	Total
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Balance as at 1 January 2022	**18**	**1,982**	**(19,396)**	**2,318**	**482**	**(14,596)**
Income for the period						
• Appropriation of result	-	-	-	482	(482)	**-**
• Profit after tax	-	-	-	-	263	**263**
• Other comprehensive income for the period, net of tax	-	-	42,966	-	-	**42,966**
Balance as at 31 December 2022	**18**	**1,982**	**23,570**	**2,800**	**263**	**28,633**
Income for the period						
• Appropriation of result	-	-	-	263	(263)	**-**
• Profit after tax	-	-	-	-	379	**379**
• Other comprehensive loss for the period, net of tax	-	-	(14,342)	-	-	**(14,342)**
Balance as at 31 December 2023	**18**	**1,982**	**9,228**	**3,063**	**379**	**14,670**

The notes on pages 14 to 48 are an integral part of these financial statements.

Statement of cash flows for the year ended 31 December 2023

	Note	2023 EUR 1,000	2022 EUR 1,000
Cash flows from operating activities			
Profit after tax		379	263
Adjustments for:			
• Interest income on loans to parent company	*6*	(79,287)	(78,963)
• Interest income on derivative instruments		(5,678)	(5,053)
• Interest expenses	*8,13*	72,641	73,041
• Interest expense on derivative instruments		11,352	10,244
• Income tax expense		159	46
		(434)	**(422)**
Changes in:			
• Other receivables		(1)	-
• Other payables		(17)	29
• Current account with parent company		16,840	(51,080)
		16,388	**(51,473)**
Cash generated from operating activities			
• Interest received on loans to parent company	*6*	76,353	75,852
• Interest paid on borrowings	*8*	(65,307)	(65,307)
• Interest paid on derivatives		(10,103)	(10,187)
• Income taxes paid		(83)	(162)
Net cash from/(used in) operating activities		**17,248**	**(51,277)**
Net increase/(decrease) in cash and cash equivalents		**17,248**	**(51,277)**
Cash and cash equivalents at 1 January		37,403	88,680
Cash and cash equivalents at 31 December	*7*	**54,651**	**37,403**

The notes on pages 14 to 48 are an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2023

1 General

(a) Reporting entity and relationship with parent company

Abertis Infraestructuras Finance B.V. (the 'Company') is a private limited liability company domiciled in the Netherlands. The Company was incorporated in the Netherlands. The Company's registered office is at Rapenburgerstraat 177 C, 1011VM, Amsterdam, the Netherlands. The Company was founded on 4 November 2004 and is registered in the Trade Register at the Chamber of Commerce under number 34215458.

100% of the shares of the Company are held by Abertis Infraestructuras S.A., Madrid, Spain (the 'Parent'), whose main activity focuses on construction, upkeep and operation of toll roads and service areas under concession arrangements. The ultimate parent of the Company is Mundys S.p.A., Rome, Italy. The financial information of the Company is included in the consolidated financial statements of Abertis Infraestructuras S.A. which are available at http://www.abertis.com.

These financial statements contain the financial information of the Company.

The primary activity of the Company is to operate as a finance company, and it has obtained official registration as such with the Dutch Central Bank.

The Company has issued private placements in EUR and in Japanese yen, and all funds are on-lent in EUR to its parent company, Abertis Infraestructuras S.A., by contracting cross-currency interest rate swaps ("CCIRS") with certain banks. In addition, the Company has issued perpetual subordinated listed bonds ("hybrid bonds"), and the funds from these bonds are also on-lent in EUR to its parent company, Abertis Infraestructuras S.A. The private placements and perpetual subordinated bonds are secured by Abertis Infraestructuras S.A.

The hybrid bonds are listed on the Irish Stock Exchange plc, trading as Euronext Dublin and are denominated at EUR 100,000 per bond.

(b) Financial reporting period

These financial statements cover the year 2023, which ended at the balance sheet date of 31 December 2023.

(c) Going concern

The financial statements of the Company have been prepared on the basis of the going concern assumption.

2 Basis of preparation

(a) Statement of compliance

The financial statements of the Company are part of the statutory financial statements of the Company. These financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (EU-IFRSs) and with Section 2:362(9) of the Dutch Civil Code.

The financial statements were authorised for issue by the Board of Directors on 29 April 2024.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the derivative financial instruments that are measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in euro, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

(d) Use of judgements and estimates

In preparing these financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have an impact on the carrying amounts of assets and liabilities within the year ending 31 December 2023 is included in the following notes:

- Note 6 Loans to parent company – fair values and risk management: measurement of ECL (expected credit losses) allowance for Loans to parent company that are classified at amortized cost: key assumptions in determining the weighted-average loss rate.
- Note 14 - determining the fair value of derivative financial instruments

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

The fair value measurement is determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 14: Financial instruments – fair values and risk management

3 Material accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within operating costs, if any.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- qualifying cash flow hedges to the extent the hedges are effective.

(b) Financial instruments

(i) Recognition and initial measurement

Loans issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL (fair value through profit or loss), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified in the category: “as measured at amortised cost”.

A financial asset is classified in this category and after initial measurement at fair value subsequently measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Company's financial assets are represented by loans to parent company, interest receivable on loans to parent company, interest receivable on derivative financial instruments and cash and cash equivalents.

Loans to parent company

Loans are non-derivative financial assets with fixed payments that are not quoted in an active market. They arise when the Company provides money directly to a debtor with no intention of trading the receivable. Loans are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition or origination. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash in hand, deposits held call with banks, other short-term highly liquid financial assets and liabilities with original maturities of three months or less, and bank overdrafts.

Financial liabilities – Classification, subsequent measurement and gains and losses

The Company's financial liabilities are represented by borrowings, derivative financial instruments, interest payable on derivative financial instruments and interest payable on borrowings.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost unless they are part of a fair value hedge accounting relationship; any difference between the proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Those borrowings that are part of a fair value hedge accounting relationship are also recorded on an amortised cost basis, plus or minus the fair value attributable to the risk being hedged with a corresponding entry in the statement of comprehensive income.

Hybrid bonds

Hybrid bonds are recognised initially at fair value, net of transaction costs incurred. These bonds, based on their nature and contractual terms and conditions, are classified as borrowings.

Based on the fact that the Company is not in fully control over the clauses allowing the deferral of interest payment, the bond is recognised as a debt. Interest payments under the subordinated perpetual debentures are deferrable at the Company's and parent Company's discretion. Deferred interest payments bear interest. Payment of deferred interest is required, however, upon the occurrence of certain events, including resolution of a dividend payment to shareholder by the Company or by the parent Company. Accordingly, the cash outflow associated with interest payments is not fully at the discretion of the reporting entity, resulting in the presentation of the subordinated perpetual debentures as a liability and the coupon amount being recognised directly in the statement of profit or loss.

The interest, net of corporate income tax, in relation to the afore mentioned bond, based on the nature of the issue, is also recognised as an expense and a payable.

Other payables

Other payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest rate method.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Derivative financial instruments and hedge accounting

The Company applies IAS 39 Financial Instruments: Recognition and Measurement for hedge accounting purposes. The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. The Company does not use derivative financial instruments for speculative purposes. The use of leveraged instruments is not permitted.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(c) Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

(d) Impairment

(i) Non-derivative financial assets

Financial instruments

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company considers the financial assets to be in default when the debtor is unlikely to pay its credit obligations to the Company in full.

Cash and cash equivalents

The cash and cash equivalents are held with banks, which are rated Aa3 - A1, based on international credit rating agencies. Impairment on cash and cash equivalents is measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Loans to group companies, including interest

The Company's exposure to credit risk primarily arises from a default of the loans granted to Abertis Infraestructuras S.A. The Company considers the loans to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be Ba1 or higher based on international credit rating agencies.

Impairment on loans, including interest, is measured on a 12-month expected loss basis and reflects the low credit risk. In the case of a significant increase in credit risk since initial recognition, the loss amount will be measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

The Company assumes that the credit risk on loans has increased significantly when the credit rating is below the investment grade.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

— significant financial difficulty of the debtor;

— a breach of contract such as a default;

— it is probable that the debtor will enter bankruptcy

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(e) Interest income and interest expenses

Effective interest rate

Interest income and expenses are recognised in profit and loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the instruments to:

- The gross carrying amount of the financial assets; or
- The amortized cost of the financial liability

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Amortized cost and gross carrying amount

The 'amortized cost' of a financial assets or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the assets (when the asset is not credit-impaired) or to the amortised cost of the liability.

Interest expenses and similar charges are recognised in the period to which they belong.

Fees and commissions

Fee and commission income that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

(f) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

Interest and penalties related to income taxes, including uncertain tax treatments, are accounted for under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

(g) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received.

(h) Principle for the preparation of the cash flow statement

The cash flow statement is prepared according to the indirect method. Cash transactions involving lending and borrowing money to the parent company, including the current account, are presented as operating activities in the statement of cash flows. This classification aligns with the primary activities of the Company. The cash flow pertaining to equity transactions, bond issuances/redemptions or other borrowings are classified as financing activities in the statement of cash flows.

4 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

Classification of Liabilities as Current or Non-Current and Non-current liabilities with covenants (Amendments to IAS 1)

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024. The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual periods beginning on or after 1 January 2024. These published future amendments to standards are very limited relevant to the Company and/or do not have a material impact to the Company so they will not be discussed further in these financial statements.

The following new and amended standards are not expected to have a significant impact on the Company's financial statements:

- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Lack of Exchangeability (Amendments to IAS 21)

5 Operating segments

The Company has one strategic division, which is the reportable segment. This division offers one type of product and services, that being the financing of the Parent Company and related parties. The division is not managed separately because the type of services are the main operating activities of the Company.

Information related to the reportable segment does not differ from financial information disclosed further in notes and therefore we refer to notes to these financial statements.

Geographical information

The reportable segment is managed and operated in the Netherlands only. More information is disclosed in the Note 14.

6 Loans to parent company

	31 December 2023	31 December 2022
	EUR 1,000	EUR 1,000
Principal outstanding	2,245,164	2,242,289
Interest receivable	50,055	49,996
Balance as at 31 December	**2,295,219**	**2,292,285**
Non-current part - principal	2,141,815	2,240,289
Current part - principal	103,349	2,000
Current part – interest receivable	50,055	49,996
Balance as at 31 December	**2,295,219**	**2,292,285**

Funds that the Company received from private placements in EUR and JPY, and from perpetual subordinated listed bonds (Note 8), are lent to its parent company, Abertis Infraestructuras S.A.

The movements of the loans are as follows:

	2023	2022
	EUR 1,000	EUR 1,000
Balance as at 1 January	2,292,285	2,289,174
Interest income on loans to parent company	79,287	78,963
Interest received on loans to parent company	(76,353)	(75,852)
Balance as at 31 December	**2,295,219**	**2,292,285**

Loans schedule at 31 December 2023

Currency	Counterparty	Interest rate	Maturity date	Principal Nominal value EUR 1,000	Borrowing costs EUR 1,000	Principal Amortized cost EUR 1,000	Interest receivable EUR 1,000	Total Principal and interest EUR 1,000	Fair value EUR 1,000
Non-current:									
EUR	Abertis Infraestructuras S.A.	Fixed: 6.545%	19 May 2039	153,610	-	153,610	1,173	**154,783**	120,495
EUR	Abertis Infraestructuras S.A.	Fixed: 3.288%	24 February 2026	1,250,000	(3,478)	1,246,522	35,019	**1,281,541**	1,199,640
EUR	Abertis Infraestructuras S.A.	Fixed: 2.665%	26 April 2027	750,000	(8,317)	741,683	13,690	**755,373**	693,991
	Weighted- average interest rate	**3.303%**							
				2,153,610	**(11,795)**	**2,141,815**	**49,882**	**2,191,697**	**2,014,126**
Current:									
EUR	Abertis Infraestructuras S.A.	Fixed: 5.060%	21 December 2024	100,000	1,349	101,349	141	**101,490**	96,365
EUR	Abertis Infraestructuras S.A.	Variable: EURIBOR plus a margin [Note 1]	On demand	2,000	-	2,000	32	**2,032**	2,000
	Weighted- average interest rate	**4.962%**							
				102,000	**1,349**	**103,349**	**173`**	**103,522**	**98,365**
				2,255,610	**(10,446)**	**2,245,164**	**50,055**	**2,295,219**	**2,112,491**

Note 1: The parties agreed that the margin will be modified from time to time in accordance with and adapted to any new transfer pricing study, as set out in a Local file or any other transfer pricing document. During 2023, the margin was set at 4.00 basis points (2022: 4.00 basis points).

Loans schedule at 31 December 2022

Currency	Counterparty	Interest rate	Maturity date	Principal Nominal value	Borrowing costs	Principal Amortized cost	Interest receivable	Total Principal and interest	Fair value
				EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Non-current:									
EUR	Abertis Infraestructuras S.A.	Fixed: 5.060%	21 December 2024	100,000	2,736	102,736	141	**102,877**	93,115
EUR	Abertis Infraestructuras S.A.	Fixed: 6.545%	19 May 2039	153,610	-	153,610	1,145	**154,755**	113,959
EUR	Abertis Infraestructuras S.A.	Fixed: 3.288%	24 February 2026	1,250,000	(5,131)	1,244,869	35,020	**1,279,889**	1,149,284
EUR	Abertis Infraestructuras S.A.	Fixed: 2.665%	26 April 2027	750,000	(10,926)	739,074	13,690	**752,764**	658,803
	Weighted- average interest rate	**3.381%**							
				2,253,610	**(13,321)**	**2,240,289**	**49,996**	**2,290,285**	**2,015,161**
Current:									
EUR	Abertis Infraestructuras S.A.	Variable: EURIBOR plus a margin [Note 1]	On demand	2,000	-	2,000	-	**2,000**	2,000
	Weighted- average interest rate	**0.04%**							
				2,000	**-**	**2,000**	**-**	**2,000**	**2,000**
				2,255,610	**(13,321)**	**2,242,289**	**49,996**	**2,292,285**	**2,017,161**

Note 1: The parties agreed that the margin will be modified from time to time in accordance with and adapted to any new transfer pricing study, as set out in a Local file or any other transfer pricing document. During 2022, the margin was set at 4.00 basis points (2021: 4.00 basis points).

Credit and interest rate risks
Information about the Company's exposure to credit and interest rate risks is included in note 14.

Expected credit loss assessment

Information about the expected credit losses is included in note 14.

7 Cash and cash equivalents

	31 December 2023 EUR 1,000	31 December 2022 EUR 1,000
Deposits	51,710	34,870
Bank balances	2,936	2,528
ICS credit card	5	5
Cash and cash equivalents in the statement of financial position	**54,651**	**37,403**
Cash and cash equivalents in the statement of cash flows	**54,651**	**37,403**

According to the ISDA Master Agreement between the Company and Barclays Bank, the Company had deposited EUR 51,710 thousand (2022: EUR 34,870 thousand) in Barclays Bank's account as collateral by the end of the year. These funds were provided to the Company by Abertis Infraestructuras S.A. under the current account agreement established for this specific purpose. Therefore, the deposited funds are not freely available for use by the Company.

Bank balances are available on demand.

8 Borrowings

	31 December 2023 EUR 1,000	31 December 2022 EUR 1,000
Borrowings – Non-current	2,075,831	2,187,329
Borrowing - Current	101,349	-
Interest payable on borrowings – Current	48,738	48,795
Balance as at 31 December	**2,225,918**	**2,236,124**

The movements of the borrowings are as follows:

	2023 EUR 1,000	2022 EUR 1,000
Balance as at 1 January	2,236,124	2,243,472
Interest expense on borrowings	72,641	73,041
Interest paid on borrowings	(65,307)	(65,307)
Revaluation of borrowings due to changes in EUR / JPY exchange rates	(13,026)	(10,095)
Interest rate swap payments	(4,514)	(4,987)
Balance as at 31 December	**2,225,918**	**2,236,124**

Borrowings schedule at 31 December 2023

Currency	Counterparty	Interest rate	Maturity date	Principal Nominal value EUR 1,000	Borrowing costs EUR 1,000	Principal Amortized cost EUR 1,000	Interest payable EUR 1,000	Total Principal and interest EUR 1,000	Fair value EUR 1,000
Current:									
EUR	Bonds - EUR private placement	Fixed	21 December 2024	100,000	1,349	101,349	139	**101,488**	101,236
	Weighted- average interest rate	**5.02%**		**100,000**	**1,349**	**101,349**	**139**	**101,488**	**101,236**
Non Current:									
JPY	Bonds - JPY private placement	Fixed	19 May 2039	153,610	(65,991)*	87,619	520	**88,139**	142,267
EUR	Bonds - Perpetual Subordinated listed bonds	Fixed	Perpetual	1,250,000	(3,476)	1,246,524	34,594	**1,281,118**	1,237,266
EUR	Bonds - Perpetual Subordinated listed bonds	Fixed	Perpetual	750,000	(8,312)	741,688	13,485	**755,173**	699,689
	Weighted- average interest rate	**3.163%**		**2,153,610**	**(77,779)**	**2,075,831**	**48,599**	**2,124,430**	**2,079,222**
				2,253,610	**(76,430)**	**2,177,180**	**48,738**	**2,225,918**	**2,180,458**

Borrowings schedule at 31 December 2022

Currency	Counterparty	Interest rate	Maturity date	Principal Nominal value EUR 1,000	Borrowing costs EUR 1,000	Principal Amortized cost EUR 1,000	Interest payable EUR 1,000	Total Principal and interest EUR 1,000	Fair value EUR 1,000
Non Current:									
EUR	Bonds - EUR private placement	Fixed	21 December 2024	100,000	2,736	102,736	139	**102,875**	101,528
JPY	Bonds - JPY private placement	Fixed	19 May 2039	153,610	(52,966)*	100,644	578	**101,222**	147,841
EUR	Bonds - Perpetual Subordinated listed bonds	Fixed	Perpetual	1,250,000	(5,129)	1,244,871	34,593	**1,279,464**	1,095,496
EUR	Bonds - Perpetual Subordinated listed bonds	Fixed	Perpetual	750,000	(10,922)	739,078	13,485	**752,563**	594,477
	Weighted- average interest rate	**3.264%**		**2,253,610**	**(66,281)**	**2,187,329**	**48,795**	**2,236,124**	**1,939,342**

* includes revaluation due to changes in EUR / JPY exchange rates

Bonds - EUR private placement: Series E Guaranteed Senior Notes

Notes with a total amount of EUR 100,000 thousand was placed on 21 December 2004 and have a legal term until 21 December 2024. These notes carry a fixed interest rate of 5.020% and interest is payable annually in arrears. The notes are guaranteed by Abertis Infraestructuras S.A. and represent direct, general, unconditional, and unsecured obligations of the issuer.

Bonds - JPY private placement: JPY notes

Notes with a total value of JPY 20,000,000 thousand (swapped into EUR 153,610 thousand) was placed on 19 May 2009 and have a legal term until 19 May 2039. These notes carry a fixed interest rate of 3.405% and interest is payable semi-annually in arrears. The notes are guaranteed by Abertis Infraestructuras S.A. and represent direct, general, unconditional, and unsecured obligations of the issuer. The notes are hedged through a CCIRS with Barclays Bank as disclosed in note 10.

Bonds - Perpetual Subordinated listed bonds: EUR 1,250,000 thousand

On 17 November 2020, the Company issued perpetual subordinated bonds ("hybrid bonds") with a nominal amount of EUR 1,250,000 thousand which are guaranteed by Abertis Infraestructuras, S.A. The hybrid bonds are considered undated securities as they do not have a specified maturity date.

The Company has the option to redeem the hybrid bonds after the fifth anniversary of their issuance, subject to the occurrence of specific events as defined in the terms of the hybrid bonds. Alternatively, the Company may redeem the hybrid bonds before the fifth anniversary, taking into consideration an additional sum to be paid to the bondholders due to the early redemption.

The bonds bear interest on their principal amount:

(i) from (and including) 24 November 2020 to (but excluding) 24 February 2026: 3.248% per annum payable annually in arrears on 24 February in each year; and

(ii) from (and including) 24 February 2026, at the applicable 5 year swap rate in respect of the relevant reset period, plus:

- from 24 February 2026 to (but excluding) 24 February 2031: 3.694% per annum;
- from 24 February 2031 to (but excluding) the 24 February 2046 (or 24 February 2041, if on the thirtieth day preceding 24 February 2026 Abertis Infraestructuras S.A., acting as a guarantor, receives a rating of “BB+” or lower from S&P): 3.944% per annum; and
- from and including 24 February 2046 (or 24 February 2041, if on the thirtieth day preceding 24 February 2026 Abertis Infraestructuras S.A., acting as a guarantor, receives a rating of “BB+” or lower from S&P): 4.694% per annum, payable annually in arrears on each 24 February, commencing on 24 February 2027.

In this issuance of perpetual subordinated bonds, the Company has the discretion to defer the payment of coupons, and they are, therefore non-claimable by the bondholders. The repayment of coupons is dependent on the decision-making process the Company's shareholder and guarantor, Abertis Infraestructuras, S.A., as well as its management. In these financial statements the perpetual subordinated bonds are considered as borrowings and are presented under the "Borrowings" category in the balance sheet.

Furthermore, these bonds are listed on the Irish Stock Exchange plc trading as Euronext Dublin.

Bonds - Perpetual Subordinated listed bonds: EUR 750,000 thousand

On 19 January 2021, the Company issued perpetual subordinated bonds ("hybrid bonds") with a nominal value of EUR 750,000 thousand which are guaranteed by Abertis Infraestructuras S.A. The hybrid bonds are considered undated securities as they do not have a specified maturity date.

The Company has the option to redeem the hybrid bonds after the sixth anniversary of their issuance, subject to the occurrence of specific events as defined in the terms of the hybrid bonds. Alternatively, the Company may redeem the hybrid bonds before the sixth anniversary, taking into consideration an additional sum to be paid to the bondholders due to the early redemption.

The bonds bear interest on their principal amount:

(i) from (and including) 26 January 2021 to (but excluding) 26 April 2027: 2.625% payable in arrears on 26 April in each year; and

(ii) from (and including) 26 April 2027, at the applicable 5 year swap rate in respect of the relevant reset period, plus:

- from 26 April 2027 to (but excluding) 26 April 2032: 3.269%;
- from 26 April 2032 to (but excluding) 26 April 2042 (or 26 April 2047, if on the thirtieth day preceding 26 April 2027 Abertis Infraestructuras S.A., acting as a guarantor, receives a rating of “BB+” or lower from S&P): 3.519%; and
- from and including 26 April 2042 (or 26 April 2047, if on the thirtieth day preceding 26 April 2027 Abertis Infraestructuras S.A., acting as a guarantor, receives a rating of “BB+” or lower from S&P): 4.269%, payable annually in arrears on each 26 April, commencing on 26 April 2028.

In this issuance of perpetual subordinated bonds, the Company has the discretion to defer the payment of coupons, and they are, therefore, non-claimable by the bondholders. The repayment of coupons is dependent on the decision-making process the Company's shareholder and guarantor, Abertis Infraestructuras, S.A., as well as its management. In these financial statements the perpetual subordinated bonds are considered as borrowings and are presented under the "Borrowings" category in the balance sheet.

Furthermore, these bonds are listed on the Irish Stock Exchange plc trading as Euronext Dublin.

Interest rate, foreign currency and liquidity risk

Information about the Company’s exposure to interest rate, foreign currency and liquidity risk is included in Note 14.

9 Current account with parent company

	31 December 2023	31 December 2022
	EUR 1,000	EUR 1,000
Current account with parent company	51,710	34,870
	51,710	**34,870**

Current account with the parent company schedule

Currency	Counterparty	Interest rate	Maturity	31 December 2022	Movement during the year	31 December 2023
				EUR 1,000	EUR 1,000	EUR 1,000
Current:						
EUR	Abertis Infraestructuras S.A.	Variable: Euro Overnight Index average	On demand, at exposure swap	34,870	16,840	51,710
				34,870	**16,840**	**51,710**

In 2009, the Company issued JPY 20,000,000 thousand fixed-rate guaranteed notes and entered into a cross-currency derivatives transaction with Barclays Bank. Under the transaction depending on the EUR / JPY currency exchange on agreed dates, Barclays Bank or the Company will pay to or receive certain amounts from each other. Furthermore, the Company and Abertis Infraestructuras S.A. entered into a current account agreement in order to ensure that the Company will at all times be able to meet its obligations under that derivative transaction.

In 2023, the deposit increased by EUR 16,840 thousand due to deteriorated mark-to-mark value of JPY-EUR CCIRS. Following the ISDA Master Agreement between the Company and Barclays, the corresponding increase in the deposit was received from Abertis Infraestructuras S.A.

10 Derivative financial instruments

	31 December 2023	31 December 2022
	EUR 1,000	EUR 1,000
Balance as at 1 January	25,236	65,689
Revaluation of derivatives due to changes in EUR / JPY exchange rates	13,026	10,095
Cash flow hedges – effective portion of changes in fair value	16,337	(50,548)
Balance as at 31 December	**54,599**	**25,236**

Derivative financial instruments represented by a cross-currency derivatives transaction that were entered by the Company with Barclays Bank to hedge the issued JPY 20,000,000 thousand fixed-rate guaranteed notes that are due on 19 May 2039. The agreement involved the exchange of JPY 20,000,000 thousand for EUR 153,610 thousand on 19 May 2009 and EUR 153,610 thousand for JPY 20,000,000 thousand on 19 May 2039, which is the due date of the JPY notes. Barclays Bank pays 3.405% on JPY 20,000,000 thousand, and the Company pays 6.505% on EUR 153,610 thousand.

The Company designated the swap as a cash flow hedge of the interest payments on the JPY notes. The swap is measured at fair value with changes recognized in other comprehensive income.

11 Equity

Share capital and share premium

	Ordinary shares	
	2023	**2022**
Number of shares in issue at 1 January	180	180
Number of shares in issue at 31 December – fully paid	**180**	180
Authorised number of shares – par value EUR 100	**900**	900

Ordinary shares

All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends, and are entitled to one vote per share at general meetings of the Company.

The authorised share capital of the Company amounts to EUR 90 thousand, divided into 900 shares of EUR 100 each. As at 31 December 2023, 180 shares of EUR 100 each were paid up and issued (2022: 180). All issued and paid-up shares are held by Abertis Infraestructuras S.A.

Share premium

The share premium concerns the income from the issuing of shares in so far as this exceeds the nominal value of the shares (above par income) and additional capital contributions.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss. The hedge reserve recognized in equity is shown net of the related tax effect.

Retained earnings

Retained earnings represent the cumulative profits and losses of the Company incurred in prior years after dividend payments if any.

Unappropriated result

Appropriation of profit of 2022

The financial statements for the reporting year 2022 have been adopted by the Annual Meeting of shareholders on 26 October 2023. The Annual Meeting has adopted the appropriation of profit after tax for the reporting year 2022 as proposed by the Board of Directors by adding the amount of EUR 263 thousand to retained earnings.

Proposal for profit appropriation 2023

The Board of Directors proposes to the Annual Meeting to appropriate the profit after tax for 2023 in the amount of EUR 379 thousand by adding to retained earnings.

Dividends

No dividends were declared and paid in the years ended 31 December 2023 and 31 December 2022.

12 Income taxes

Amounts recognised in profit or loss

	2023	2022
	EUR 1,000	EUR 1,000
Current tax expense		
Current year	(125)	(46)
Previous year	(34)	-
Income tax expenses	**(159)**	**(46)**

In the Netherlands in 2023 the corporate income tax rate was 19% (2022: 15%) on the first EUR 200,000 of taxable profits (2022: EUR 395,000) and 25.8% (2022: 25.8%) for taxable profits exceeding EUR 200,000 (2022: EUR 395,000).

Amounts recognised in OCI:

	2023			2022		
	Before tax	Tax benefit	Net of tax	Before tax	Tax expense	Net of tax
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Items that are or may be reclassified subsequently to profit or loss						
Cash flow hedge reserves						
Effective portion of changes in fair value	(16,337)	1,995	(14,342)	50,548	(7,582)	42,966
	(16,337)	**1,995**	**(14,342)**	**50,548**	**(7,582)**	**42,966**

Reconciliation of effective tax rate:

	2023		2022	
	%	EUR 1,000	%	EUR 1,000
Profit before tax		**538**		**309**
Tax using the Company's domestic tax rate	23.3%	(125)	15%	(46)
From previous year		(34)		-
		(159)		**(46)**

Movement in deferred tax balances

2023	Net balance at 1 January	Recognised in OCI	Net balance at 31 December	Deferred tax assets	Deferred tax liabilities
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Derivative financial instruments	(4,160)	1,995	(2,165)	-	(2,165)
Tax assets (liabilities) before set-off	(4,160)	1,995	(2,165)		
Set off of tax				-	(2,165)
Net tax assets (liabilities)				**-**	**(2,165)**

	Net balance at 1 January	Recognised in OCI	Net balance at 31 December	Deferred tax assets	Deferred tax liabilities
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Derivative financial instruments	3,423	(7,583)	(4,160)	-	(4,160)
Tax assets (liabilities) before set-off	3,423	(7,583)	(4,160)		
Set off of tax				-	(4,160)
Net tax assets (liabilities)				**-**	**(4,160)**

In December 2022 the European Union approved Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union, which is expected to come into force from the 2024 tax year. In this respect, the Abertis Group has explicitly committed to applying the associated OECD guidelines known as Pillar Two. It also declares that it is aligned with the principles and actions proposed by the OECD and it is working to review its actual tax position jurisdiction by jurisdiction to establish a group compliance, control and management system that allows it to duly comply with the regulations on a timely basis. At the date of preparation of the consolidated annual accounts of Abertis Group, taking into account the estimations made, the Abertis Group does not expect any material impact from this regulation in any jurisdiction, including the Netherlands for Abertis Infraestructuras Finance B.V.

13 Interest expense on borrowings

	2023	2022
	EUR 1,000	EUR 1,000
Bonds - EUR private placement	(3,633)	(3,681)
Bonds - JPY private placement	(4,458)	(4,940)
Bonds - Perpetual Subordinated listed bonds 1,250M	(42,253)	(42,199)
Bonds - Perpetual Subordinated listed Bonds 750M	(22,297)	(22,221)
	(72,641)	**(73,041)**

14 Financial instruments – fair values and risk management

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The financial instruments of the Company have been classified into levels 1 and 2, with no inclusion in level 3, as illustrated in the table provided below.

31 December 2023

	Carrying amount			Fair value		
	Fair value OCI – hedging instruments	**Financial assets at amortised cost**	**Total**	**Level 1**	**Level 2**	**Total**
	EUR 1,000	**EUR 1,000**	**EUR 1.000**	**EUR 1,000**	**EUR 1,000**	**EUR 1,000**
Financial assets not measured at fair value						
Loans to parent company –current		103,349	**103,349**	-	98,365	**98,365**
Loans to parent company – non-current		2,141,815	**2,141,815**	-	2,014,126	**2,014,216**
		2,145,164	**2,145,164**		**2,112,491**	**2,112,491**
Financial liabilities measured at fair value						
Derivative financial instruments – Cross-currency interest rate swaps used for hedging	54,599	-	**54,599**		54,499	**54,599**
	54,599	**-**	**54,599**		**54,599**	**54,599**
Financial liabilities not measured at fair value						
Borrowings – current		101,349	**101,349**		101,236	**101,236**
Borrowings – non-current		2,075,831	**2,075,831**	1,936,955	142,267	**2,079,222**
		2,177,180	**2,177,180**	**1,936,955**	**243,503**	**2,180,458**

31 December 2022

	Carrying amount			Fair value		
	Fair value OCI – hedging instruments	**Financial assets at amortised cost**	**Total**	**Level 1**	**Level 2**	**Total**
	EUR 1,000	**EUR 1,000**	**EUR 1.000**	**EUR 1,000**	**EUR 1,000**	**EUR 1,000**
Financial assets not measured at fair value						
Loans to parent company – non-current	-	2,240,289	**2,240,289**	-	2,015,161	**2,015,161**
	-	**2,240,289**	**2,240,289**	**-**	**2,015,161**	**2,015,161**
Financial liabilities measured at fair value						
Derivative financial instruments – Cross-currency interest rate swaps used for hedging	25,236	-	**25,236**	-	25,236	**25,236**
	25,236	**-**	**25,236**	**-**	**25,236**	**25,236**
Financial liabilities not measured at fair value						
Borrowings	-	2,187,329	**2,187,329**	1,689,973	249,369	**1,939,342**
	-	**2,187,329**	**2,187,329**	**1,689,973**	**249,369**	**1,939,342**

The fair value measurements categorized within level 2 of the fair value hierarchy utilize the following valuation techniques and inputs for the fair value measurement:

- Loans to the parent company are evaluated by an independent valuation agency using discounted cash flows. The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate
- Derivative financial instruments are evaluated by an independent valuation agency using derivative swap models. The fair value is calculated as the present value of estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices, and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources, reflecting the relevant benchmark interbank rate used by market participants for pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Abertis Group and the counterparty. This adjustment is calculated based on credit spreads derived from current credit default swap or bond prices.
- Borrowings are evaluated by an independent valuation agency using discounted cash flows. The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.

Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk;
- market risk.

Risk management framework

The directors follow the guidelines stated in the policies and risk management procedures of its parent company, Abertis Infraestructuras S.A.

The Company is supported by General Financial Department of Abertis Infraestructuras S.A., who controls the financial risk management, subject to authorization from the CEO. The corresponding risk policy of the Abertis group is approved by its Board of Directors.

The Abertis Risk Management and Control Policy lays down basic norms for identifying the main risk factors to which the Abertis group is exposed and charts a common methodology for identifying and assessing risks, along with a systematic approach to monitoring those risks, with the goal of implementing the most appropriate actions for achieving the company's objectives. It is designed to ensure the dissemination of an appropriate risk culture in the Abertis group to ensure the importance of risk management at all levels of the organization. In this regard, the role of risk management is to inspire and be integrated into the main business processes: strategic planning process and internal audit.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the loans to parent company, including interest, and cash and cash equivalents.

Management monitors the development and performance of Abertis Infraestructuras S.A. by reviewing the quarterly analysis, audited financial statements and by communicating with the Abertis group finance team. Based on that review, management of the Company management assessed the performance of Abertis group as stable.

The carrying amounts of financial assets and contract assets sets the maximum credit exposure.

There are no impairment losses on financial assets for the years ended 31 December 2023 and 31 December 2022.

Loans to parent company

Loss allowances for loans to parent company are measured at 12-month ECLs as the financial instruments are considered to have low credit risk at the reporting date. The Company monitors changes in credit risk by tracking published external credit ratings. As of the date of this report, the credit rating of Abertis Infraestructuras S.A. is “BBB-“investment grade-adequate credit quality according to Standard & Poor’s Credit Market Services Europe Ltd. for the long term, and “A-3” for the short term. According to Fitch Ratings Ltd., the long-term credit rating for Abertis Infraestructuras S.A. is “BBB” and “F3” for the short term. ECLs are calculated by applying the expected default and recovery rates, based on data supplied by Moody's for each credit rating, to the amount of loans as per the year-end.

No impairment was recognised at 31 December 2023 (2022: nil).

The exposure to credit risk for debt securities at amortized cost at the reporting date by geographic region was as follows:

	Net carrying amount	
	31 December 2023	**31 December 2022**
	EUR 1,000	**EUR 1,000**
Spain	2,295,219	2,292,285
	2,295,219	**2,292,285**

The following table presents an analysis of the credit quality of loans to parent company at amortised cost. It indicates whether assets measured at amortised cost were subject to a 12-month ECL or lifetime ECL allowance and, in the latter case, whether they were credit-impaired:

Credit rating		
	31 December 2023	**31 December 2022**
	At amortized cost	**At amortized cost**
	12-month ECL	**12-month ECL**
	EUR 1'000	**EUR 1'000**
BBB- (S&P's)	2,295,219	2,292,285
Gross carrying amounts	2,295,219	2,292,285
Loss allowance	-	-
Amortised cost	2,295,219	2,292,285
Carrying amount	**2,295,219**	**2,292,285**

Cash and cash equivalents

The Company held cash and cash equivalents of EUR 54,651 thousand at 31 December 2023 (2022: EUR 37,403 thousand). The cash and cash equivalents are held with banks, which are rated Aa3 - A1 based on rating agency Moody's.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

No impairment was recognized at 31 December 2023 (2022: nil).

Derivatives

The derivatives are entered into with bank, which is rated A1 (2022: A1), based on rating agency Moody's.

Exposure to credit risk

The Company's gross maximum exposure to credit risk in the event that counterparties fail to perform their obligations in relation to each class of recognised financial assets is as follows:

Credit risk exposure

	31 December 2023	31 December 2022
	EUR 1'000	EUR 1'000
Loans to parent company	2,245,164	2,242,289
Interest receivable on loan to parent company	50,055	49,996
Interest receivable on derivative financial instruments	698	626
Cash and cash equivalents	54,651	37,403
Carrying amount	**2,350,568**	**2,330,314**

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company maintains a stable financial foundation by holding sufficient liquidity as a buffer against changes in the economic or financial environment.

The Company's borrowings are disclosed in notes 8 and 9. Funds that the Company received from these borrowings are lent to its parent company, Abertis Infraestructuras S.A. The net liquidity risk exposure is presented below.

Exposure to liquidity risk

31 December 2023

	Carrying amount	Contractual cash flows				
		Total	On demand	2 -12 months	1 - 5 years	More than 5 years
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Non-derivative financial assets						
Loans to parent company	2,245,164	**2,245,164**	2,000	101,349	1,988,205	153,610
Interest receivable on loans to parent company	50,055	**50,055**	-	50,055	-	-
Cash and cash equivalents	54,651	**54,651**	54,651*		-	-
	2,349,870	**2,349,870**	**56,651**	**151,404**	**1,988,205**	**153,610**
Derivative financial assets						
Interest receivable on derivative financial instruments	698	**698**	**-**	698	**-**	**-**
	698	**698**	**-**	**698**	**-**	**-**
Subtotal	**2,350,568**	**2,350,568**	**56,651**	**152,102**	**1,988,205**	**153,610**

Non-derivative financial liabilities						
Borrowings	2,177,180	**2,177,180**	-	-	101,349	2,075,831
Current account with parent company	51,710	**51,710**	51,710	-	-	-
Interest payable on borrowings	48,738	**48,738**	-	48,738	-	-
	2,277,628	**2,277,628**	**51,710**	**48,738**	**101,349**	**2,075,831**
Derivative financial liabilities						
Derivative financial instruments	54,599	**54,599**	-	-	-	54,599
Interest payable on derivative financial instruments	1,343	**1,343**	-	1,343	-	-
	55,942	**55,942**	**-**	**1,343**	**-**	**54,599**
Subtotal	**2,333,570**	**2,333,570**	**51,710**	**50,081**	**101,349**	**2,130,430**
Net liquidity exposure	**16,998**	**16,998**	**4,941**	**102,021**	**1,866,856**	**(1,976,820)**

* Refer to the Note 7 Cash and cash equivalents for further information

31 December 2022

	Carrying amount	**Total**	**Contractual cash flows On demand**	**2 -12 months**	**1 - 5 years**	**More than 5 years**
	EUR 1,000	**EUR 1,000**	**EUR 1,000**	**EUR 1,000**	**EUR 1,000**	**EUR 1,000**
Non-derivative financial assets						
Loans to parent company	2,242,289	**2,242,289**	2,000	-	2,086,679	153,610
Interest receivable on loans to parent company	49,996	**49,996**	-	49,996	-	-
Cash and cash equivalents	37,403	**37,403**	37,403*	-	-	-
	2,329,688	**2,329,688**	**39,403**	**49,996**	**2,086,679**	**153,610**
Derivative financial assets						
Interest receivable on derivative financial instruments	626	**626**	-	626	-	-
	626	**626**	**-**	**626**	**-**	**-**
Subtotal	**2,330,314**	**2,330,314**	**39,403**	**50,622**	**2,086,679**	**153,610**

Non-derivative financial liabilities						
Borrowings	2,187,329	**2,187,329**	-	-	102,736	2,084,593
Current account with parent company	34,870	**34,870**	34,870	-	-	-
Interest payable on borrowings	48,795	**48,795**	-	48,795	-	-
	2,270,994	**2,270,994**	**34,870**	**48,795**	**102,736**	**2,084,593**
Derivative financial liabilities						
Derivative financial instruments	25,236	**25,236**	-	-	-	25,236
Interest payable on derivative financial instruments	1,186	**1,186**	-	1,186	-	-
	26,422	**26,422**	**-**	**1,186**	**-**	**25,236**
Subtotal	**2,297,416**	**2,297,416**	**34,870**	**49,981**	**102,736**	**2,109,829**
Net liquidity exposure	**32,898**	**32,898**	**4,533**	**641**	**1,983,943**	**(1,956,219)**

* Refer to the Note 7 Cash and cash equivalents for further information

Market risk

Market risk is the risk that changes in market prices – e.g. as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company uses derivatives to manage market risks. The Company seeks to apply hedge accounting to manage volatility in profit or loss.

Currency risk

The Company is exposed to foreign exchange risk arising from issuing notes with a total value of JPY 20,000,000 thousand. To manage this risk, the Company swapped Japanese yen into EUR 153,610 thousand and provided this amount as a loan to Abertis Infraestructuras S.A. The accrued interest payable to the noteholders and accrued interest receivable from the swap bank equal to JPY 81,342 thousand (EUR 520 thousand) at 31 December 2023 and JPY 81,342 thousand (EUR 578 thousand) as per 31 December 2022. The total exposure is hedged at year-end, and the hedge effectiveness at year-end ranged from 90% to 100%

Besides these aforementioned balances JPY, all other financing activities of the Company are in euros.

Exposure to currency risk

The summary of quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

In thousand	31 December 2023	31 December 2022
	JPY	JPY
Borrowings (due on 19 May 2039)	20,000,000	20,000,000
Net exposure	**20,000,000**	**20,000,000**

The following significant exchange rates have been applied during the year:

	Average rate		Year-end spot rate	
	2023	**2022**	**2023**	**2022**
	EUR	**EUR**	**EUR**	**EUR**
JPY 1	153.07	138.06	156.33	140.66

Sensitivity analysis

A reasonably possible strengthening (weakening) of the EUR against JPY at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss	
	Strengthening	**Weakening**
	EUR 1,000	**EUR 1,000**
31 December 2023		
EUR (10% movement)		
Borrowings	(11,630)	14,215
Derivative financial instruments	(16,340)	19,971
31 December 2022		
EUR (10% movement)		
Borrowings	(13,440)	16,427
Derivative financial instruments	(18,314)	22,384

Interest rate risk

The Company manages its interest rate risk but mainly entering into fixed-rate instruments.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to management of the Company is as follows:

	Carrying amount	
	2023	2022
	EUR 1,000	EUR 1,000
Fixed-rate instruments		
Loans to parent company	2,243,164	2,240,289
Borrowings	(2,177,180)	(2,187,329)
	65,984	**52,960**
Variable rate instruments		
Loans to parent company	2,000	2,000
Current account with parent company	(51,710)	(34,870)
	(49,710)	**(32,870)**

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at FVTPL, and the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

An increase of 100 basis points in interest rates would have increased equity by EUR 2,989 thousand after tax (2022: EUR 488 thousand). A decrease of 100 basis points in interest rates would have decreased equity by EUR 3,209 thousand after tax (2022: EUR 844 thousand). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Cash flow hedges

At 31 December 2023, the Company held the following instruments to hedge exposures to changes in foreign currency and interest rates:

	31 December 2023	31 December 2022
	More than 5 years	More than 5 years
	EUR 1,000	EUR 1,000
Foreign currency risk		
Cross-currency interest rate swaps: • Net exposure (in thousands of euro)	54,599	25,236

The amounts at the reporting date relating to items designated as hedged items were as follows:

	31 December 2023 EUR 1,000	31 December 2022 EUR 1,000
Foreign currency risk		
Borrowings:		
• Bonds - JPY private placement	87,619	100,644

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

	2023 Hedge reserve EUR 1,000	2022 Hedge reserve EUR 1,000
Balance at 1 January	**23,570**	**(19,396)**
Effective portion of changes in fair value: Foreign currency risk – borrowings	(16,337)	50,548
Tax on movements on reserves during the year	1,995	(7,582)
Balance at 31 December	**9,228**	**23,570**

15 Capital management

The Company's objective in relation to capital management is to safeguard its ability to continue operating as a going concern so that it can continue to generate returns for its parent and profits for other holders of equity instruments, maintain an optimum capital structure and reduce the cost of capital.

The Company monitors capital on the basis of its leverage ratio, which is in line with the industry norm. This ratio is calculated by dividing net Borrowings and Current account with parent company by total capital. Net borrowings are calculated as total borrowings (including current and non-current) less cash and cash equivalents. Total capital is calculated as equity, as disclosed in the annual accounts, plus net debt.

	Total 2023 EUR 1,000	Total 2022 EUR 1,000
Borrowings	2,177,180	2,187,329
Current account with parent company	51,710	34,870
Interest payable on borrowings	48,738	48,795
Interest payable on derivative financial instruments	1,343	1,186
Cash and cash equivalents	(54,651)	(37,403)
	2,224,320	**2,234,777**
Equity	14,670	28,633
	2,238,990	**2,263,410**
Leverage ratio	**0,993**	**0,987**

16 Auditor's fees

The following fees were charged by KPMG Accountants N.V. to the company as referred to in Section 2:382a(1) and (2) of the Dutch Civil Code.

	KPMG Accountants N.V.	Total
	EUR 1,000	EUR 1,000
Audit of the financial statements 2023	58	58
Audit of the financial statements 2022	49	49

The fees mentioned in the table for the audit of the financial statements are related to the work performed during the reporting period by the external auditor.

17 Number of employees

During the 2023 financial year, the Company employed 2 employees in the Netherlands (2022: 2).

18 Remuneration of managing directors

The emoluments as referred to in Section 2:383(1) of the Dutch Civil Code, charged in the financial year to the Company amounted to EUR 141 thousand (2022: EUR 144 thousand) for managing directors. The amount comprises regularly paid remuneration and there are no other forms of renumeration. The Company does not have any supervisory directors.

19 Related parties

Transactions with the parent company, Abertis Infraestructuras S.A., are disclosed in the following notes:

- Note 6 Loans to parent company
- Note 9 Current account with parent company
- Note 11 Equity
- Note 18 Remuneration of managing directors

21 Subsequent events

There were no other significant subsequent events occurring between the balance sheet date and the date of issuance of these financial statements that require recognition or disclosure in the financial statements.

Amsterdam, 29 April 2024

Intertrust (Netherlands) B.V.

Mr. J.L. Viejo Belón

Ms. S.R. Roger Vallés

Other information

Provisions in the Articles of Association governing the profit appropriation

In accordance with the article 19 Profits of the Articles of Association, the general meeting determines the allocation of accrued profits. Dividends may be paid up to an amount which does not exceed the amount of the distributable part of the net assets.

Dividends shall be paid after adoption of the annual accounts from which it appears that payment of dividends is permissible. The management board resolve to pay an interim dividend. The general meeting may resolve to make payments to the charge of any reserve which need not be maintained by virtue of the law. A claim of a shareholder for payment of dividend shall be barred after five years have elapsed.

Auditor's report of the independent auditor

Reference is made to the independent auditor's report as included on the following pages.

Independent auditor's report

To: the General Meeting of Shareholders and the Board of Directors of Abertis Infraestructuras Finance B.V.

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Abertis Infraestructuras Finance B.V. as at 31 December 2023 and of its result and its cash flows for the year then ended, in accordance with IFRS Accounting Standards as endorsed by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2023 of Abertis Infraestructuras Finance B.V. (the ‘‘Company’’) based in Amsterdam.

The financial statements comprise:

1 the statement of financial position as at 31 December 2023;

2 the following statements for the year ended 31 December 2023: the statements of profit or loss and comprehensive income, changes in equity and cash flows; and

3 the notes comprising material accounting policy information and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the ‘Our responsibilities for the audit of the financial statements’ section of our report.

We are independent of Abertis Infraestructuras Finance B.V. in accordance with the ‘Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten’ (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the ‘Verordening gedrags- en beroepsregels accountants’ (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon.

The information in respect of going concern, fraud and non-compliance with laws and regulations, and the key audit matter was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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

Information in support of our opinion

Summary

Materiality
• Materiality of EUR 23.3 million • 0.99% of Total assets

Risk of material misstatements related to Fraud, NOCLAR and Going concern
• Fraud risk: presumed risk of management override of controls was identified and further described in the section 'Audit response to the risk of fraud and non-compliance with laws and regulations'. • Non-compliance with laws and regulations (NOCLAR) risks: no reportable risk of material misstatements related to NOCLAR risks identified. • Going concern related risks: no going concern risks identified.

Key audit matter
• Recoverability of the loans to parent company and (accrued) interest receivable on loans to parent company

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 23.3 million (2022: EUR 23.3 million). The materiality is determined with reference to 0.99% of total assets (2022: 1%). We consider total assets as the most appropriate benchmark given the activities of Abertis Infraestructuras Finance B.V. as a group financing company. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Board of Directors that misstatements identified during our audit in excess of EUR 1.2 million (2022: 1.2 million) would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Audit response to the risk of fraud and non-compliance with laws and regulations

In chapters 'Significant risks and uncertainties', 'Fraud risk analysis' and 'Information culture and behaviour and the application of code of conduct' of the directors' report, the Board of Directors describes their procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment and assessed the Company's risk management in relation to fraud and non-compliance. Our procedures included, among other things:

— assessing the Group's code of ethics and its procedures to investigate indications of possible fraud and non-compliance including relevant inquiries with the directors;

— evaluating correspondence with supervisory authorities (such as tax authorities) and regulators, if any;

— evaluating legal confirmation letters.

We have also incorporated elements of unpredictability in our audit such as: external news analysis (negative news search) and haphazard selection and testing of business expenses of directors of the Company.

As a result from our risk assessment, we did not identify laws and regulations that likely have a material effect on the financial statements in case of non-compliance.

We assessed the presumed fraud risk on revenue recognition as irrelevant. The Company's sole significant source of income is finance income and such finance income is derived from long term loan agreements with the parent company Abertis Infraestructuras, S.A including fixed terms and conditions in respect of interest. Consequently, we did not identify an incentive nor pressure for the Board of Directors to achieve certain results or specific finance income targets and there appears to be limited perceived opportunity to commit a material fraud in this area.

Based on the above and on the auditing standards, we identified the following presumed fraud risk laid down in the auditing standards, and responded as follows:

Management override of controls (a presumed risk)

Risk:

- Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

- We evaluated the design and the implementation of internal controls that mitigate fraud risks, such as controls related to journal entries and estimates;
- We performed a data analysis to identify high-risk journal entries and performed procedures for any identified risk. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.

Our evaluation of procedures performed related to fraud did not result in an additional key audit matter.

We communicated our risk assessment, audit responses and results to the Board of Directors.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern

The Board of Directors has performed its going concern assessment and has not identified any going concern risks. To assess the Board of Directors' assessment, we performed, inter alia, the following procedures:

- we considered whether the Board of Directors' assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we inspected the financing agreements in terms of conditions that could lead to significant going concern risks, including the terms of the agreements and any covenants;
- we analysed the Company's financial position, result of the year and cashflow as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks;
- we considered whether the outcome of our audit procedures, to determine the recoverability of the intercompany loans, as described in the key audit matter on recoverability of the loans to parent company, could indicate a going concern risk;
- we considered whether the geographical volatility, the effect of increasing interest rates, and inflation indicate a going concern risk.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on the Board of Directors' going concern assessment.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the Board of Directors. The key audit matter is not a comprehensive reflection of all matters discussed.

Recoverability of the loans to parent company and (accrued) interest receivable on loans to parent company

Description

The carrying amount of the Company's receivables (long-term and short-term loans and (accrued) interest receivable) from its parent company Abertis Infraestructuras, S.A as at 31 December 2023 amounts to EUR 2,295 million (2022: EUR 2,292 million) and represents approximately 98% of the total assets of the Company (2022: 98%).

In the event that Abertis Infraestructuras S.A. can no longer fulfill its financial obligations towards the Company this would have a significant impact on the Company. The Company's ability to meet its financial obligations depends on the cash flows generated from the repayment of (accrued) interest and principal by Abertis Infraestructuras S.A. As the intercompany loans to the parent company and interest receivables are material to the Company's balance sheet and the risk of a financial loss of the Company is elevated, we consider the recoverability of the loans provided to Abertis Infraestructuras S.A. to be a key audit matter.

Our response

We evaluated the recoverability of the Company's receivables from the parent company Abertis Infraestructuras, S.A, by carrying out the following procedures:

- Inquiry with the Board of Directors about its assessment of the recoverability, based on its knowledge of the recent developments in the financial position and cash flows of Abertis Infraestructuras S.A., considering the impact, if any, of the geographical volatility, increasing interest rates, and inflation and about their evaluation with respect to the recoverability of the long-term and short-term loans and interest receivables from Abertis Infraestructuras S.A.;
- We inspected and analyzed Abertis Infraestructuras, S.A.'s ability to meet its obligations under its loan agreements and financial position by evaluating its audited consolidated financial statements for the year 2023 and determined that an unqualified audit opinion was issued on 27 February 2024 with regard to these consolidated financial statements;
- We checked that there were no changes in the terms and conditions of the loan agreements between Abertis Infraestructuras S.A. and the Company;
- We evaluated the long-term credit ratings and outlook of Abertis Infraestructuras, S.A. from Standard & Poor's, Fitch and Moody's;
- In addition, we evaluated the reasonableness of the management's key judgments and estimates made in respect of IFRS 9 (specifically the expected credit loss calculation), including selection of methods, models, assumptions, and data sources.

Finally, we evaluated the appropriateness of the accounting principles applied based on IFRS 9's requirements and the adequacy of the Company's disclosure in relation to credit risk included in Note 5 and Note 13 of the financial statements.

Our observation

The results of our audit procedures relating to the valuation of the long-term and short-term loans and interest receivables from group companies were satisfactory and we consider the related disclosures in relation to credit risk as included in note 5 and note 13 of the financial statements to be adequate.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were initially appointed by the Company as its auditor on 21 June 2021, as of the audit for the year 2021 and have operated as statutory auditor ever since that financial year.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In that respect the Board of Directors is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is located at the website of de ‘Koninklijke Nederlandse Beroepsorganisatie van Accountants’ (NBA, Royal Netherlands Institute of Chartered Accountants) at eng_beursgenoteerd_01.pdf (nba.nl). This description forms part of our auditor’s report.

Amsterdam, 29 April 2024

KPMG Accountants N.V.

E.D.H. Vinke-Smits RA