



**Entidad Pública Empresarial
ADIF – Alta Velocidad**

**INTERIM FINANCIAL STATEMENTS 30 SEPTEMBER 2021,
TOGETHER WITH THE LIMITED REVIEW REPORT**

Limited Review Report for the interim financial statements

To The Board of Directors of ADIF-Alta Velocidad

Introduction

We have carried out a Limited Review of the attached Interim financial statements of ADIF - Alta Velocidad (Hereinafter ADIF-Alta Velocidad, the Entity or the Company), which comprise the balance sheet as of September 30, 2021, the profit and loss account, the statement of changes in equity, the statement of cash flows and the notes to the financial statements corresponding to the nine-month period ended on the mentioned date. The president of the Entity is responsible for the preparation of these interim financial statements in accordance with the financial reporting framework applicable to the Entity in Spain (identified in note 2 of the accompanying notes), and of the internal control that they deem necessary to allow the preparation of the intermediate financial statements free of material misstatement due to fraud or error. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

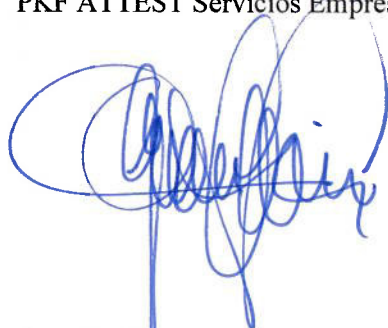
Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independence Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit carried out in accordance with the regulations governing the auditing of accounts in force in Spain and therefore, it does not allow us to ensure that all important matters that may have been identified in an audit have come to our attention. Therefore, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

Based on our review, which at no time can be understood as an audit of accounts, no matter has come to our attention that leads us to conclude that the accompanying interim financial statements do not express, in all material respects, true and fair view of the financial situation of ADIF-Alta Velocidad as of September 30, 2021, as well as of the results and cash flows for the nine-month period then ended, in accordance with the applicable financial information regulatory framework and, in particular, with the accounting principles and criteria contained therein.

PKF ATTEST Servicios Empresariales, S.L.



Alfredo Ciriaco

January 20, 2022

**Entidad Pública
Empresarial
ADIF-Alta
Velocidad**

30 September 2021



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Interim Financial Statements

30 September 2021

Balance Sheet
at 30 September 2021 and 31 December 2020

Expressed in thousands of Euros

ASSETS	NOTE	30/09/2021	31/12/2020
Intangible assets	4	72,829	73,586
Property, plant and equipment	4	46,700,433	46,353,823
Land and buildings		3,870,583	3,867,484
Technical installations, machinery, equipment, furniture and other items		29,038,500	28,354,380
Under construction and advances	4	13,791,350	14,131,959
Investment property	4	287,310	194,149
Non-current investment in Group companies and associates	5	531,357	433,383
Equity instruments		7,977	8,443
Loans to companies		523,380	424,940
Non-current investments		121,160	77,037
Equity instruments	6	1,754	1,754
Public entities	12	118,530	74,407
Other financial assets	6	876	876
Deferred tax assets	11 and 12	249	613
Non-current trade receivables	6	278	368
Total non-current assets		47,713,616	47,132,959
Trade and other receivables		297,735	245,676
Trade receivables	6	78,881	51,861
Trade receivables, from Group companies and associates	6	39	271
Other receivables	6	186,090	135,218
Personnel	6	13	12
Current tax assets	12	-	26
Public entities, other	12	32,712	58,288
Current investments in Group companies and associates	5	124,356	189,921
Loans to companies		124,356	189,921
Short-term financial investments	6	-	29
Cash and cash equivalents	7	67,758	353,335
Cash		67,758	278,335
Cash equivalents		-	75,000
Total current assets		489,849	788,961
TOTAL ASSETS		48,203,465	47,921,920



Balance Sheet
at 30 September 2021 and 31 December 2020

Expressed in thousands of Euros

EQUITY AND LIABILITIES	NOTE	30/09/2021	31/12/2020
Equity	8	13,564,357	13,894,657
Equity contributions		15,617,836	15,617,836
Reserves		29,730	29,730
Retained earnings		(1,752,909)	(1,292,048)
Loss for the year		(330,300)	(460,861)
Valuation adjustments	11	(748)	(1,840)
Grants, donations and bequests received	9	11,015,202	11,051,280
Total equity		24,578,811	24,944,097
Non-current provisions	10	924,157	947,827
Long-term employee benefits		895	836
Other provisions		923,262	946,991
Non-current payables	11	15,667,410	16,314,726
Bonds and other marketable securities		4,390,379	5,580,261
Loans and borrowings		10,737,115	10,379,775
Derivatives		997	2,453
Other financial liabilities		538,919	352,237
Long-term debts with group companies and associates	11	53,911	53,911
Deferred tax liabilities	12	3,671,734	3,683,759
Non-current accruals	14	512,157	433,082
Total non-current liabilities		20,829,369	21,433,305
Current provisions	10	55,659	52,154
Short-term employee benefits		757	698
Other provisions		54,902	51,456
Current payables	11	2,421,497	969,999
Bonds and other marketable securities		1,222,936	57,375
Loans and borrowings		708,565	681,309
Derivatives		26	47
Other financial liabilities		489,970	231,268
Current payables, to Group companies and associates	11	75,099	77,195
Trade and other payables		215,378	417,518
Other suppliers and payables	11	199,468	416,130
Suppliers, Group companies and associates	11	360	542
Personnel	11	388	278
Current tax liabilities		(23)	(23)
Public entities, payables	12	15,185	591
Current provisions	14	27,652	27,652
Total current liabilities		2,795,285	1,544,518
TOTAL EQUITY AND LIABILITIES		48,203,465	47,921,920



Income Statement
30 September 2021 and 2020

Expressed in thousands of Euros

	NOTE	30/09/2021	30/09/2020
Revenue	13	272,573	253,701
Self-constructed assets		7,459	7,549
Other operating income	14	353,932	251,360
Personnel expenses	15	(11,216)	(12,146)
Other operating expenses	16	(598,452)	(490,447)
External services		(587,513)	(488,045)
Taxes		(3,875)	(2,956)
Losses, impairment and changes in trade provisions		(7,064)	554
Amortisation and depreciation		(281,695)	(276,802)
Non-financial and other capital grants	17	90,568	87,767
Provision surpluses		2,326	-
Impairment and result on disposal of fixed assets		(390)	(709)
Results from operating activities		(164,895)	(179,727)
Finance income	19	82,224	90,126
From equity instruments		2,308	4,586
From marketable securities and other financial instruments		4,531	2,858
Capitalised finance costs	19 and 4	72,596	79,864
Other		2,789	2,818
Finance costs	18	(241,301)	(244,260)
On third party loans		(241,290)	(244,257)
Provision adjustments		(11)	(3)
Change in fair value of financial instruments		(1,393)	(1,895)
Impairment and losses on disposal of financial instruments	10.b.1	(4,935)	(2,817)
Net finance expense		(165,405)	(158,846)
Loss before income tax		(330,300)	(338,573)
Income tax	12.c	-	-
Loss for the year		(330,300)	(338,573)



Statement of Changes in Equity
30 September 2021

A. Statement of Recognized Income and Expense corresponding for the nine month period ended 30 September 2021 and full year 2020

Expressed in thousands of Euros

	NOTE	30/09/2021	31/12/2020
Loss for the year		(330.300)	(460.861)
Income and expense recognised directly in equity			
Grants, donations and bequests	9	42,465	426,973
Cash flow hedges	11	1,456	1,842
Actuarial gains and losses and other adjustments		-	209
Grants tax effect	9 and 12	(10,617)	(106,743)
Cash flow hedges tax effect	11	(364)	(460)
Total income and expense recognised directly in equity		32,940	321,821
Amounts transferred to the income statement			
Grants, donations and bequests	17	(90,568)	(120,588)
Tax effect	12	22,642	30,147
Total amounts transferred to the income statement		(67,926)	(90,441)
Total recognised income and expense		(365,286)	(229,481)



Statement of Changes in Equity
Corresponding to the year ended 30 September 2021

B) Statement of Total Changes in Equity corresponding for the nine month period ended 30 September 2021 and full year 2020

Expressed in thousands of Euros

	Equity contributions (Note 8a)	Reserves	Retained earnings	Loss for the year	Grants, donations and bequests received (Note 9)	Valuation adjustments (Note 11.a.1)	Total
Balance at 31 December 2019	15,306,262	29,521	(1,112,806)	(179,242)	10,821,491	(3,222)	24,862,004
Recognised income and expense	-	209	-	(460,861)	229,789	1,382	(229,481)
Transactions with shareholders or owners	-	-	-	-	-	-	-
Increase in equity contributions (note 8.c)	311,574	-	-	-	-	-	311,574
Other changes in equity	-	-	(179,242)	179,242	-	-	-
Balance at 31 December 2020	15,617,836	29,730	(1,292,048)	(460,861)	11,051,280	(1,840)	24,944,097
Recognised income and expense	-	-	-	(330,300)	(36,078)	1,092	(365,286)
Transactions with shareholders or owners	-	-	-	-	-	-	-
Increase in equity contributions	-	-	-	-	-	-	-
Other changes in equity	-	-	(460,861)	460,861	-	-	-
Balance at 30 September 2021	15,617,836	29,730	(1,752,909)	(330,300)	11,015,202	(748)	24,578,811



Cash Flow Statement corresponding to the nine-month period ended 30 September 2021

Expressed in thousands of Euros

	30/09/2021	30/09/2020
Cash flows from/(used in) operating activities		
Loss for the period before tax	(330,300)	(338,573)
Adjustments for:	355,955	344,521
Depreciation and amortisation (+)	281,695	276,802
Impairment (+/-)	11,999	2,263
Change in provisions (+/-)	(573)	4,034
Grants recognised in the income statement (-)	(90,568)	(87,767)
Proceeds from disposals of fixed assets (+/-)	390	709
Finance income (-)	(82,224)	(90,126)
Finance costs (+)	241,302	244,260
Change in fair value of financial instruments (+/-)	1,393	1,895
Other income and expenses (-/+)	(7,459)	(7,549)
Changes in operating assets and liabilities	(385,223)	38,865
Trade and other receivables (+/-)	268,765	41,564
Trade and other payables (+/-)	(355,289)	38,406
Other current liabilities (+/-)	(345,036)	(6,073)
Other non-current assets and liabilities (+/-)	46,337	(35,032)
Other cash flows from/(used in) operating activities	(250,606)	(258,334)
Interest paid (-)	(246,738)	(249,417)
Dividends received (+)	2,307	4,585
Interest received (+)	-	1
Payments (collections) by tax of benefits (- / +)	26	-
Other amounts paid (received) (-/+)	(6,201)	(13,503)
Cash flows from/(used in) operating activities	(610,174)	(213,521)



Cash Flow Statement corresponding to the nine-month period ended 30 September 2021

	30/09/2021	30/09/2020
Cash flows from/(used in) investing activities		
Payments for investments (-)	(614,118)	(648,749)
Group companies and associates	(32,877)	(46,992)
Property, plant and equipment, intangible assets and investment property	(581,241)	(601,757)
Other financial assets	-	-
Proceeds from disposals (+)	-	195
Group companies and associates	-	195
Cash flows from/(used in) investing activities	(614,118)	(648,554)
Cash flows from/(used in) financing activities		
Proceeds from and payments for equity instruments	72	354,384
Issue of equity instruments	-	233,680
Grants, donations and bequests received	72	120,704
Europe	4	120,669
Others	68	35
Proceeds from and payments for financial liability instruments	938,643	302,056
Issue	1,656,941	879,000
Bonds and other marketable securities	-	600,000
Loans and borrowings (+)	1,108,000	279,000
Other payables (+)	548,941	-
Europe	26,250	-
A.G.E	192,691	-
Others	330,000	-
Redemption and repayment of	(718,298)	(576,944)
Loans and borrowings (-)	(713,349)	(571,371)
Other payables (-)	(4,949)	(5,573)
Cash flows from/(used in) financing activities	938,715	656,440
Net increase in cash and cash equivalents	(285,577)	(205,635)
Cash and cash equivalents at beginning of year	353,335	366,221
Cash and cash equivalents at 30 September of year end	67,758	160,586





Notes to the Interim Financial Statements

30 September 2021

Notes to the Interim Financial Statements
30 September 2021**(1) Activity of the Entity and Legal Status**

The state-owned enterprise Entidad Pública Empresarial ADIF-Alta Velocidad (hereinafter ADIF-AV or the Entity) was created on 31 December 2013 following the approval of Royal Decree-Law 15/2013 of 13 December 2013 on the restructuring of the state-owned enterprise Administrador de Infraestructuras Ferroviarias (hereinafter ADIF) and other urgent economic measures.

ADIF-AV was created by spinning off the branch of activity involving the construction and running of ADIF's high-speed railway infrastructures, as well as other activities attributed to the new entity and entrusted to ADIF until this Royal Decree-Law entered force. ADIF retained the construction and running of conventional network rail infrastructures.

Due to the entry into force of this Royal Decree-Law 15/2013, Order PRE/2443/2013 of the Office of the Prime Minister was published on 27 December (hereinafter the Order or Order PRE/2443), identifying which of ADIF's assets and liabilities were to be transferred to the ownership of ADIF-AV. These assets and liabilities were to be integrated into and recognised by ADIF-AV at their carrying amounts, as indicated in the mentioned Order. Pursuant to this Order and the aforementioned Royal Decree-Law, for accounting purposes this spin-off was to take effect retrospectively from 1 January 2013.

Moreover, article 2 of Royal Decree-Law 15/2013, and Order PRE/2443/2013, governs the allocation to ADIF-AV of certain assets comprising the state-owned network, which were allocated to ADIF following the entry into force of Royal Decree-Law 4/2013, of 22 February 2013. This article stipulates that the transfer to ADIF and ADIF-AV of the title to these assets will be considered a free-of-charge transfer of assets associated with railway infrastructure administration, and should be carried out at the values taken from the financial information system and the records of the Ministry of Public Works, less any depreciation. The transfer of these assets took place at the moment Royal Decree-Law 4/2013, of 22 February 2013, came into force.

ADIF was established as a state-owned entity under the Basic Law of 24 January 1941 under the name Red Nacional de los Ferrocarriles Españoles (hereinafter RENFE). On 31 December 2004, Rail Sector Law 39/2003 of 17 November 2003 (hereinafter the RSL) entered into force, with the objective of incorporate various EU directives establishing a new framework for this sector in Spanish legislation and to completely re-organise the State rail sector, laying the foundations for new players to progressively enter this market. To achieve these objectives, rail infrastructure administration was regulated and entrusted to RENFE. Consequently, RENFE became Administrador de Infraestructuras Ferroviarias (ADIF), retaining its legal status as a state-owned entity. The RSL also foresaw the creation of a new state-owned entity, RENFE Operadora, to provide rail transport services, with this entity assuming the resources and assets used by RENFE to render rail transport services. Like ADIF, ADIF-AV and RENFE Operadora are subject to the RSL.

Through a modification to the ADIF statute set forth in Royal Decree 1044/2013 of 27 December 2013, ADIF-AV's statute was passed and its functions and responsibilities established, the main ones being the following:

- Construction of high-speed rail infrastructure forming part of the public service rail network, with a charge to equity and in accordance with provisions set out by the Ministry of Public Works, today known as the today Ministry of Transport, Mobility and Urban Agenda.



Notes to the Interim Financial Statements
30 September 2021

- Construction of high-speed rail infrastructure with third-party funds, in accordance with the corresponding agreement.
- Running of the rail infrastructure owned by it.
- Allocation of capacity to requesting rail companies.
- Control and inspection of rail infrastructure, the protection areas and the railway circulation occurring thereon.
- Operation of owned assets.
- Additional services and, where the case may be, supplementary and auxiliary services for rail transportation in the infrastructures owned by it.
- Acquisition of electrical power to provide power supply to the rail system.

Pursuant to Royal Decree-Law 15/2013 and the RSL, the main sources of funding for ADIF-AV's activities include:

- State equity contributions, which are to make up ADIF-AV's own funds.
- Funds obtained from the management and operation of its assets and provision of services to third parties.
- Any EU funding it is allocated.
- Any grants that it may be allocated in the General State Budgets, as well as current transfers or capital contributions from the General State Administration (hereinafter AGE) and other government authorities.
- Borrowings, up to the annual limit set by the General State Budget Laws for each year.

1.a) ADIF-Alta Velocidad statute

ADIF-AV's statute was approved through Royal Decree 1044/2013 of 27 December 2013, which entered into force on 31 December 2013. The main aspects of the statute are as follows:

- ADIF-AV is a state-owned entity as provided for in article 43.1.b) of Law 6/1997 of 14 April 1997 on Organisation and Functioning of the General State Administration. This law primarily regulates the regime, organisation and operation criteria for the state administrative scheme within which state-owned entities are included. The Entity is part of this regime, falling under the Ministry of Public Works, today known as the today Ministry of Transport, Mobility and Urban Agenda.
- ADIF-AV, as a state-owned entity, is subject to provisions set forth in the General Budget Law 47/2003. As a result, it keeps separate accounting records for its different activities (rail infrastructure construction and administration activities, and additional, supplementary and auxiliary services) and is subject to financial oversight by the Spanish General State Comptroller (hereinafter IGAE) pursuant to the terms of Law 47/2003.



Notes to the Interim Financial Statements
30 September 2021

- ADIF-AV was created by spinning off the branch of activity involving the construction and running of high-speed railway infrastructures, as well as other activities attributed to the entity and entrusted to Administrador de Infraestructuras Ferroviarias (ADIF) until its creation.
- ADIF-AV will assume all the functions assigned to ADIF by virtue of Rail Sector Law 38/2015 of 29 September 2015 (Law 39/2003 of 17 November 2003, previously) in respect of those infrastructures it has been assigned ownership of, as well as in connection with those infrastructures allocated in the future.
- The Ministry of Economy and Finance and Public Works, today known as the today Transport, Mobility and Urban Agenda, may entrust ADIF-AV with administration of state-owned infrastructures through the corresponding agreements or public-private partnerships.
- In order to fulfil its objectives, ADIF-AV may have its own equity other than that of the General State Administration, comprising the assets, rights and obligations held in its name.
- Management, administration and operation of the assets and rights held by ADIF-AV are subject to the terms of the regulations creating the entity, to Rail Sector Law 38/2015 of 29 September 2015 and to the present statute, and, for all other aspects not regulated therein, to Law 33/2003 of 3 November 2003, on Public Authority Assets.
- In any event, the following assets and rights are considered to be held by ADIF-AV:
 - a. All assets (moveable and immovable) and rights that, at the date of its incorporation are owned by or assigned to Administrador de Infraestructuras Ferroviarias (ADIF), are assigned thereto by virtue of an order issued by the Ministry of Public Works and the Ministry of Finance and Public Administrations, in accordance with article 1.5 of Royal Decree 15/2013 of 13 December 2013.
 - b. All assets, whether they are inalienable property in the public domain or privately-owned assets, comprising the railways and that at the date of creation of ADIF-AV were owned by Administrador de Infraestructuras Ferroviarias (ADIF), where ownership thereof is allocated to the former.
 - c. All stations and terminals serving the high-speed lines, where ownership has been attributed to it, and other property assets that are permanently necessary for providing the services constituting its activity.
 - d. In addition, ADIF-AV will own the rail infrastructures that it builds or acquires with its own funds and those that fall to it by virtue of future agreements.
- At any point ADIF-AV may exercise, with respect to public assets it holds, the powers of administration, defence, policing, investigation, division and recovery of possession as granted to the General State Administration by Law 33/2003 of 3 November 2003, on Public Authority Assets. With respect to the aforementioned assets, ADIF-AV is entrusted with establishing the system of use and with granting the concessions, authorisations, leases and other titles that enable potential use by third parties.



Notes to the Interim Financial Statements
30 September 2021**1.b) Service arrangements between ADIF and ADIF-Alta Velocidad**

Article 22 of Rail Sector Law 38/2015 of 29 September 2015 foresees that administration of the rail infrastructure and, where applicable, construction thereof, will correspond, within the framework of state responsibility, to one or more state-owned entities falling under the Ministry of Public Works, having their own legal identity, full capacity to operate and their own assets. These entities will be governed by the Rail Sector Law, by Law 6/1997 of 14 April 1997 on the Organisation and Functioning of the General State Administration, by its statute and by any other applicable regulations.

ADIF-AV assumes all the functions assigned to ADIF by virtue of the Rail Sector Law 38/2015 of 29 September, in respect of those rail infrastructures it has been assigned ownership of, as well as those infrastructures allocated in the future.

Article 1.7 of Royal Decree-Law 15/2013, of 13 December, establishes that ADIF-AV and ADIF may entrust the performance of certain activities to each other by signing the appropriate agreement. These agreements must necessarily contemplate the financial compensation that would correspond to the entity in favour of which the entrustment is made, for the provision of the entrusted services.

In particular, both entities may entrust each other with the management of infrastructure capacity and, due to the interconnection of the networks whose administration is attributed to both entities, and as an exception to the provisions of Article 23.5 of the Rail Sector Act, also with the management of control, traffic and safety systems.

By virtue of resolutions issued by the chairmen of ADIF and of ADIF-AV on 31 December 2013, these entities mutually commissioned the performance of certain tasks. According to the subject resolutions, the conditions of the service arrangement will be set out in the corresponding agreements to be entered into by ADIF and ADIF-AV.

By virtue of the foregoing, the documents "Agreement between Administrador de Infraestructuras Ferroviarias (ADIF) and ADIF-AV to commission the latter to provide certain services" and "Agreement between ADIF-AV and Administrador de Infraestructuras Ferroviarias (ADIF) to commission the latter to provide certain services" were prepared.

As a result of these agreements, the corresponding addenda were drawn up and signed, which determined the services entrusted.

Given the time that has elapsed since the adoption of the management assignment agreements approved by the Boards of Directors of ADIF and ADIF AV, as well as the signing of the aforementioned agreement on 31 January 2014, and the Addenda signed, both entities considered it appropriate and necessary to update the activities assigned up to the current date, and to assign new technical and material activities, as they are necessary to perform the functions and meet the objectives of ADIF and ADIF AV.

By Agreement of the Board of Directors of the public business entity Administrador de Infraestructuras Ferroviarias (ADIF) of 26 June 2019, it was agreed to approve and authorize the signing of the Service Agreement between the public business entity Administrador de Infraestructuras Ferroviarias (ADIF) and the public business entity ADIF-AV, which entrusts the E.P.E. ADIF-AV with the execution of activities of a material or technical nature.

In addition, this Board of Directors Agreement also supersedes the Board of Directors Agreement of 31 January 2014, which ratified the President Resolution of the public business entity Administrador de Infraestructuras Ferroviarias (ADIF) of 31 December 2013, to



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entrust certain tasks to the public business entity Administrador de Infraestructuras Ferroviarias ADIF- Alta Velocidad, published in Official State Gazette (BOE) No. 52 of 1 March 2014.

In execution of the ADIF Board of Directors Agreement of 26 June 2019 and having signed on 9 July 2019 the Service Agreement between ADIF and ADIF-AV that entrusts the E.P.E. ADIF-AV is responsible for material and technical activities, in compliance with the provisions of article 11, paragraph 3.a) of Law 40/2015 of 1 October on the Legal Regime of the Public Sector, on the formalization of management assignments, published in the Official State Gazette (BOE) of 8 August 2019.

The most relevant activities of a material or technical nature subscribed to in this Agreement are:

- integral environmental management
- reception, testing, from material quality control laboratories, audits and monitoring of quality and final work documentation, load tests and building inspections and processing of expenditure files,
- Processing of compulsory purchase cases where ADIF is the beneficiary,
- drafting of supervision reports for conventional line projects,
- Non-traction power supply-UDT

In accordance with the provisions of clause XVII of the Agreement of 9 July 2019, the Service Agreement and its annexes may be modified by mutual agreement between the parties, through the subscription of the corresponding addendum to the same.

Accordingly, the first addendum to the Service Agreement between ADIF and ADIF-AV, is published in the Official State Gazette (BOE) of 20 December 2019, for activities of a material or technical nature related to telecommunications.

Similarly, the second addendum to the Service Agreement between ADIF and ADIF-AV, was published in the BOE of 12 February 2020, for activities of a material or technical nature in functional planning and within the scope of the technical and working commissions of European international economic interest groups.

The Board of Directors of the public business entity ADIF AV, on 20 December 2019, agreed to approve and authorize the signing of the Service Agreement between the public business entity ADIF AV and the public business entity ADIF, which entrusts the E.P.E. ADIF with the execution of activities of a material or technical nature.

The "Agreement of the Board of Directors of ADIF-AV of 17 January 2014", published in the Official State Gazette (BOE) of 11 February 2014, is also voided, as is the "Agreement of the Board of Directors of ADIF-AV of 28 March 2014", published in the BOE of 26 April 2014, which entrusts certain tasks to the public business entity ADIF.

In execution of the Agreement of the Board of Directors of the public business entity ADIF AV of 20 December 2019, and having been signed on 20 December 2019, the Service Agreement between ADIF AV and ADIF, which entrusts ADIF with the execution of activities of a material or technical nature, is published in the BOE of 10 February 2020.



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The activities of a material or technical nature subscribed to in this agreement are:

- Comprehensive maintenance management of the operating lines owned by ADIF-AV
- Comprehensive management of stations assigned to ADIF-Alta Velocidad
- Traffic Safety
- TIC Services. Information and Communication Systems and Technologies.
- Telecommunications, voice and data
- Integral management of protection and security
- ADIF AV Comprehensive Risk Management
- Design, implementation and monitoring of the environmental sustainability strategy and policy
- Comprehensive brand management
- Management, promotion and coordination of corporate responsibility policies and strategies
- Innovation
- Telecommunications
- Management Control in the areas of Electrical Energy and Fibre Network Management of ADIF-AV
- Integral attention to the regulatory compliance and personal data protection function (DPD)
- Asset management
- Capacity allocation and traffic management, as well as all associated activities
- Legal advice
- Human resources
- Internal audit
- International scope
- Occupational risk prevention, health and safety at work
- Communication and corporate reputation of ADIF-Alta Velocidad
- Comprehensive management of assets owned by ADIF-Alta Velocidad
- Construction of the Air Contact Line, Installations, Piloting, Opening of Stations, Materials Logistics and Management of Rolling Stock for Testing



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- Contractual management of ADIF-Alta Velocidad files
- Management of general services and the buildings and spaces destined for offices of Adif-Alta Velocidad, as well as for the management of singular architectural actions of Adif-Alta Velocidad
- Economic-Financial and Corporate Services of the Entity
- Construction of substations, signalling installations, stations and commissioning of lines entrusted to ADIF-Alta Velocidad
- Comprehensive management and coordination of urban integration operations of the railway and the companies and other entities in which ADIF-Alta Velocidad participates
- Preparation and processing of the declaration document on the ADIF-Alta Velocidad network

In accordance with the provisions of clause XIX of the Agreement of December 20, 2019, the Management Entrustment Agreement and its annexes may be amended by mutual agreement between the parties, through the subscription of the corresponding Addendum thereto.

By virtue of which, the first addendum to the Management Entrustment Agreement between ADIF AV and ADIF, is published in the BOE of 29 April 2020, for the performance of activities of a material or technical nature in the field of technical-economic analysis of contractual incidents and audits of internal controls.

1.c) AGE Agreement 2021-2025

On 26 July 2021 (published in the BOE on 29 July), the General State Administration and ADIF Alta Velocidad signed an Agreement for the Economic Sustainability of the Railway Infrastructures comprising its Network for the period from 1 January 2021 to 31 December 2025, the main characteristics of which are described below.

The purpose is to regulate the economic contributions of the AGE to ADIF-Alta Velocidad in accordance with the priorities established in the MITMA Mobility Strategy, the Indicative Strategy for the development, maintenance and renewal of rail infrastructures forming part of the General Interest Rail Network owned by ADIF-Alta Velocidad and the common European rail transport policy. These contributions are broken down into three main parts: investments financed through the Recovery and Resilience Facility (RRF-EU), operating subsidies to compensate for fare reductions, and equity contributions to finance the entity's own investments and other activities to fulfil its functions.

The aim is to give stability to the financial contributions of the AGE and define the commitments and obligations of ADIF-Alta Velocidad, in return for the AGE's contribution, in relation to the development and improvement of the network under its ownership, its administration and the rest of the functions entrusted to ADIF-Alta Velocidad.

The obligations acquired by ADIF Alta Velocidad are as follows:

- to execute during the term of the agreement (2021-2025) the total amount of investment defined in the agreement as shown below:



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ADIF-Alta Velocidad (Thousands of euros)	2021	2022	2023	2024	2025	Accumulated
INVESTMENTS (exclusive of VAT)	2,543,497	1,935,074	1,932,006	1,764,481	2,040,244	10,215,302
MRR -UE	1,284,337	630,873	239,213	-	-	2,154,423
Own Investments	1,259,161	1,304,201	1,692,793	1,764,481	2,040,244	8,060,879

- to optimize the operation management of the administration of the railway network under its ownership and the results of the rest of the activities entrusted to the entity.
- to achieve the target values of the service provision indicators included in the agreement and which affect train performance (reliability of facilities and punctuality index), network capacity (availability of facilities), asset management (compliance with preventive maintenance plans), track quality, safety levels (train accidents under the manager's responsibility) and environmental protection (reduction of GHG emissions).

The AGE (through the Ministry of Transport, Mobility and Urban Agenda) must make the following financial contributions, in accordance with the provisions of the Agreement:

(thousands of euros)	Item in PGE 2021	2021	2022	2023	2024	2025	Accumulated 2021-2025
Operating subsidies (cap- IV)		50,000	40,000	30,000	20,000	10,000	150,000
- For tariff reduction compensation	17.40.453A.444	50,000	40,000	30,000	20,000	10,000	150,000
Capital transfers (Cap. VII)		1,284,337	630,873	239,213	-	-	2,154,423
- Recovery and resilience mechanism	17.50.20.450S.746	1,284,337	630,873	239,213	-	-	2,154,423
Capital contributions (Cap. VIII)	17.40.453A.871	466,174	311,574	311,574	311,574	311,574	1,712,470
Total contributions from the AGE		1,800,511	982,447	580,787	331,574	321,574	4,016,893

- Actions associated with the RRF-EU to finance investments in the development and renovation of railway infrastructure and service facilities forming part of the General Interest Railway Network, eligible for this type of financing. They will be charged to budget item 17.50.20.450A.746 "To ADIF-Alta Velocidad for the Recovery and Resilience Facility", of the PGE approved for the year 2021 or its equivalent in subsequent years.
- Equity contribution to finance investments and other activities of the entity for the fulfilment of its functions. It will be charged to budget item 17.40.453A.871 "ADIF-Alta Velocidad", of the PGE approved for 2021 or its equivalent in subsequent years.

The planning of the entity's investment actions, including those financed by the contributions included in points a) and b), will be included in the Activity Program, which will be reviewed annually according to the evolution of its execution, adapting it to the financing framework established in this Agreement.

- Coverage for the compensation of the reduction in fees. It will be charged to budget item 17.40.453A.444 "ADIF-Alta Velocidad for network administration", of the PGE approved for 2021, or its equivalent in subsequent years.



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The contributions defined above represent the maximum amount of expenditure to be assumed by the AGE, through the Ministry of Transport, Mobility and Urban Agenda.

An Agreement Monitoring Committee is established whose main functions will be:

- a) review and follow-up of the actions included in the Agreement, proposing, as the case may be, the adjustments or modifications deemed necessary, as well as any other measure that may result in the successful conclusion of the Agreement and favour the fulfilment of the commitments or obligations of the parties.
- b) to resolve any problems of interpretation that may arise during the execution of this Agreement.
- c) approve the annual proposals for settlement of the financial contributions and keep track of the balance resulting from the annual activity of ADIF Alta Velocidad and the approved settlements.
- d) approve the final settlement proposal of the Agreement at the end of its term.
- e) To include in an annual report the main management results of the Agreement for each year, mainly in relation to compliance with deficit, investment and debt repayment targets.

A payment on account of the contributions of the AGE provided for in the Agreement signed is established. Thus, the AGE, through MITMA, will pay the annual contribution shown in the table above as a payment on account of the settlement of the fiscal year. Monthly payments will be made for the appropriations of Chapters IV and VII and quarterly payments for the appropriations of Chapter VIII (patrimonial contributions) once the mandatory report of the Secretary of State for Budgets and Expenditures foreseen in Law 62/2003, of 30 December 2003, has been obtained. In the case of the annuity corresponding to the year 2021, the corresponding payments will be regularized after the signing of this Agreement.

Likewise, a procedure for the provisional and final settlement of the financial contributions of the AGE is established, with the Monitoring Committee being responsible for approving the annual proposals for the settlement of the contributions.

ADIF Alta Velocidad will prepare and submit to the Monitoring Committee the provisional settlement proposal for the previous year, once the annual accounts have been approved. This liquidation proposal will show a breakdown of the differences between the forecasts and the values actually achieved in terms of compensation for fare reduction, the Entity's Profit and Loss Account, volume of own investments and those financed by RRF-EU, net debt limit, and the amounts of other sources of financing.

The specific settlement procedures for each of these items are described below:

- Compensation for fare reductions: ADIF Alta Velocidad will separately calculate the compensation derived from the fare difference included in the PGE Law for 2021, and, if applicable, in subsequent budgets if a reduction in fares over those established for said fiscal year is established for future fiscal years.

ADIF-Alta Velocidad will determine the revenues accrued in each year from the application of the tariffs included in the respective budget laws for each year, or the regulatory instruments that replace them, subject to settlement, and will compare them



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with the revenues settled to rail operators in application of the transitional provisions established in the aforementioned laws or other regulatory standards.

The contributions to be received by ADIF Alta Velocidad for this item will be the difference between the revenues accrued and those actually paid to rail operators in each year, as indicated in the preceding paragraph.

- ADIF Alta Velocidad will provide the total Income Statement of the Entity, including compensation for fare reductions as income. In the event that ADIF-Alta Velocidad obtains exceptional income not included in table 5.1 of the annex to the Agreement signed, such exceptional income will not be reflected in the income statement for settlement purposes, so that such exceptional income does not form part of the amount to be financed as a subsidy.
- ADIF Alta Velocidad will contribute its own investments eligible for settlement in accordance with the amount executed and recorded in the approved annual accounts for the year, after deduction of EU Structural Funds, application of taxes and other subsidies. In addition, the liquidation proposal will include the participating loans or credits to investee companies disbursed in the year and reduced by the amount of the repayments of such credits.

Settlements of own investments will be made on a cumulative basis from 1 January 2021 to 31 December of the year being settled.

- ADIF Alta Velocidad will provide for information purposes in the provisional settlement the investments executed and recorded in the annual accounts, linked to the RRF funds (Recovery and Resilience Facility). These investments will be settled cumulatively from 1 February 2020 according to the criteria and indicators approved for the same and governed by its specific regulations.
- ADIF Alta Velocidad will provide the quantification of the net indebtedness for the year, which must be lower than the limit authorized for each of the years in the respective General State Budget Laws.

As established in section 3.2 of Clause Nine of the Agreement, the equity contribution included as Chapter VIII and which finances the Entity's deficit and its own investments will not be subject to liquidation, except for what, if applicable, is derived from section 3.3 of the aforementioned clause referring to the contribution for investments.

The Monitoring Committee will decide within one month on the provisional approval of the liquidation proposal submitted by ADIF Alta Velocidad. Once provisionally approved, it will be sent to the IGAE to issue the definitive financial control report, establishing a maximum period of two months to issue its provisional report.

The Monitoring Committee will decide on the approval of the final annual settlement, which may not be approved for an amount different from that resulting from the IGAE report.

1.d) Other provisions

- The second additional provision of Royal Decree-Law 22/2012 of 20 July 2012 assigned ADIF ownership of the connection of the Mediterranean Corridor with the Madrid-Barcelona-French border high-speed line (Vandellós-Tarragona area) and the A Coruña-Vigo stretch of the Atlantic Axis, which had been built by the state prior to the commissioning of ADIF for completion of both infrastructures. By virtue of Order



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PRE/2443/2013 of 27 December 2013, ADIF-AV was assigned ownership of the high-speed Atlantic Axis (Santiago de Compostela-Vigo stretch).

- Article 34 of Royal Decree-Law 4/2013 of 22 February 2013 established the transfer to ADIF of ownership of the state rail network, as well as administration of the same. Section 1 of the article states that:

"ownership of the rail infrastructures and stations comprising the state-owned network whose administration is entrusted to ADIF will be transferred to the state-owned entity Administrador de Infraestructuras Ferroviarias (ADIF) upon entry into force of the present Royal Decree-Law", namely on 23 February 2013.

In addition, article 2 of Royal Decree-Law 15/2013 of 13 December 2013 on the restructuring of the state-owned enterprise Administrador de Infraestructuras Ferroviarias (ADIF) establishes the allocation to ADIF-AV of the infrastructures delivered to ADIF by the state by virtue of Order PRE/2443/2013 of 27 December 2013 identifying the assets and liabilities forming part of the Entity.

Based on the above, in 2013 ADIF-AV was allocated ownership of the infrastructures, stations and other installations in use or under construction delivered by the State to ADIF in 2013, as follows:

- High-speed Madrid-Cuenca-Valencia line and high-speed link with Albacete and Alicante
- Valencia-Vandellós stretch of the Mediterranean Corridor
- Santiago de Compostela-Vigo stretch of the high-speed Atlantic Axis
- Castellón de la Plana Station
- The fibre optic network, as well as repeater towers and auxiliary installations located along the Orense-Santiago stretch of the high-speed Galicia line.
- Order FOM/2438/2013 of 17 December 2013 establishes the list of personnel of the state-owned entity Administrador de Infraestructuras Ferroviarias that will form part of the state-owned entity ADIF-AV.
- In resolutions dated 27 June 2014, the Council of Ministers approved the transfer from ADIF to ADIF-AV of ownership of the following assets:
 - a) Stretches of the Iberian gauge rail network linking the cities of Plasencia, Cáceres, Mérida and Badajoz
 - Monfragüe-Plasencia stretch: from km 0/00 to km 16/700
 - Monfragüe-AG stretch km 44-Monfragüe Ag. km 255.4: from km 0/000 to km 2/700
 - Madrid-Valencia de Alcántara line: from km 251/625 to km 332/833
 - Aljucén-Cáceres line: from km 0/000 to km 65/443
 - Ciudad Real-Badajoz line: from km 453/000 to km 512/351



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- b) Bobadilla-Granada stretch of the Iberian gauge rail network
- c) Loja Station

The Council of Ministers determined that the transfer would be made free of charge, as the assets were used in the administration of rail infrastructures, and would be valued at the net book value in ADIF of the assets subject to transfer, recognising the gross cost and the depreciation accumulated at the transfer date. The net book value of the assets transferred to ADIF-AV in June 2014 amounted to 71,321 thousand euros.

- The Council of Ministers, in its agreements dated November 24, 2017 approved the transfer of ADIF to ADIF AV from the ownership of the network segment railway between León and La Robla. The agreement establishes a free transfer by registering ADIF AV the assets received by its gross cost and its accumulated depreciation until the transfer date, being its Net book value of 47,892 thousand euros. The formal delivery certificate was subscribed by ADIF and ADIF AV on November 30, 2017.
- In 2018, the Council of Ministers approved the assignment of different sections of the RFIG from ADIF to ADIF AV, free of charge. These transfers were motivated by the high-speed adaptation works that ADIF AV will undertake. The detail of the transfers is as follows:
 1. La Encina - Xátiva section: with a length of 38 km. The agreement of the Council of Ministers took place on 23 February 2018, formalizing its delivery through a formal document signed between ADIF and ADIF AV on 25 May 2018 for a net book value of 116,123 thousand euros.
 2. Taboadela - Ourense section: with a length of 14 km. In a meeting held on 6 April 2018, the Council of Ministers agreed to transfer this section, formalizing its ADIF delivery note to ADIF AV on 25 May 2018 for a net book value of 9,945 thousand euros.
 3. El Reguerón - Cartagena - Escombreras section: with a length of 67 km. The agreement of the Council of Ministers was signed on 25 May 2018, signing its formal delivery of ADIF to ADIF AV on 26 September, 2018 for a net book value of 30,395 thousand euros.
 4. Section Astigarraga - Irún: with a length of 25 km. At the meeting of the Council of Ministers held on 25 May 2018, the transfer of the aforementioned section of ADIF to ADIF AV was formalized and its delivery was formalized by means of a signed document on 26 September, 2018 with a net book value of 82,875 thousand euros.
- The resolution of the Secretary of State for Infrastructure, Transport and Housing, dated 23 May 2014, entrusts ADIF and ADIF-AV, in their respective areas of responsibility, with construction and works for the public service rail network, as put to tender and awarded by the Ministry of Public Works, determining that the construction will be made using ADIF or ADIF-AV's resources, as applicable.
- On 21 December 2009, the Ministry of Public Works, the Catalonia Regional Government, the Barcelona City Council, ADIF and RENFE Operadora signed an addenda to the collaboration agreement entered into on 12 June 2002 in connection with the high-speed network in the city of Barcelona and the corresponding remodelling of railway infrastructures. The addenda establishes the contribution from the General State



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Administration to ADIF of a total of 255,000 thousand euros, to finance the Sagrera Station, distributed in annual payments of 51,000 thousand euros from 2009 to 2013.

- In 2020, by virtue of Article 134.4 of Title VII of the Spanish Constitution, Law 6/2018 of 3 July on the General State Budget for 2018 and 2019 was extended. Consequently, for 2020, an equity contribution for ADIF-AV of 311,573.95 thousand euros was appropriated and an authorisation for a net increase in indebtedness of 1,890,000 thousand euros was established. In addition, on 14 December 2020, the Minister of Finance authorised a budget modification that has led to the collection in December 2020 of 118,847 thousand euros as a subsidy for investments in Trans-European Transport Network (TEN-T) corridors. (See note 8.a).
- Law 11/2020 of 30 December 2021 General State Budget Act 11/2020 appropriated a capital contribution of 466,173.95 thousand euros for ADIF AV in 2021. Likewise, a current transfer to finance the administration of the network under its ownership of 50,000 thousand euros has been included in the 2021 General State Budget for 2021. In addition, an authorisation for a net increase in indebtedness of 1,500,000 thousand euros has been established.

1.e) Charges and fees

Law 38/2015, of 29 September, on the Railway Sector (LSF) incorporates into Spanish law the rules contained in Directive 2012/34/EU of the European Parliament and of the Council of 21 November 2012, which cover almost all areas of railway legislation, including those relating to the transparency and sustainability of railway infrastructure financing, a new and more complete classification of railway-related services and the establishment of new and more precise rules on charging for access to railway infrastructure.

Title VI of the LSF regulates the economic and taxation system of the railway sector in an attempt to strike a balance between the economic viability of the system and the promotion of rail transport. The aim is to provide incentives to improve the operation of the network, reduce disturbances, optimise the use of the infrastructure and reduce the costs of making it available.

It regulates the legal structure of charges for the use of railway lines, for the use of service facilities and revises the fee system for the provision of services, advancing towards free access to service activities without compromising the sustainability of the railway infrastructure.

It also establishes the criteria for classifying lines in order to link the railway fee to the potential profitability of the market; it establishes the criteria for classifying passenger transport stations in order to take into account the economic capacity of the associated services to determine the amount of the fee; and it regulates the bonuses and discounts on the amount of fees payable by operators with the aim of promoting the development of railway services and the more efficient operation of lines.

Article 23 of the LSF establishes the functions of the general managers of railway infrastructures, including the determination, revision and collection of railway infrastructure charges in accordance with the applicable legal and regulatory regime.

For its part, Article 100 of the LSF establishes that the proposal for modification or revision of the amounts of fees shall be prepared by the rail infrastructure manager, that this proposal shall be subject to consultation with railway undertakings and to a report by the National Commission for Markets and Competition, and that it shall establish the specific values of the



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parameters of the fees which shall be sent to the Ministry of Public Works for inclusion in the preliminary draft of the General State Budget Law.

Although the general rail infrastructure manager ADIF-Alta Velocidad prepared a proposal for the 2020 fees, which was submitted for consultation with the railway companies and a report by the National Commission for Markets and Competition, the fees applied in 2020 were approved by Law 6/2018 on the General State Budget for 2018, as this law was extended until the approval of the General State Budget Law for 2020, which has not been approved.

On 30 December 2020, Law 11/2020 of the General State Budget for 2021 was approved, which includes in its article 80, the unit rates of railway charges prepared by the infrastructure manager, applicable from 1 January 2021 and with indefinite validity.

However, in order to mitigate the effects of the crisis caused by COVID-19 on rail transport, the sixth transitional provision temporarily modifies the unit rates of railway charges, leaving without effect the unit rates provided in Article 80 during the period between 1 January and 31 December 2021, during which the rail infrastructure manager will apply the unit rates included in the sixth transitional provision itself.

The following is a list of the current charges in force.

Fees for the Use of Railway Lines of the RFIG managed by ADIF - Alta Velocidad.

It constitutes the taxable event of the charge for the use of the railway lines for the members that make up the RFIG, as well as the provision of services inherent to said use, in the following modalities:

- a) Charge for Use of Charge for allocation of capacity (Module A): for the assignment service of those time slots, defined in the declaration on the network, to the corresponding candidates so that a train can circulate between two points during a certain period of time. The costs of the process of capacity allocation, traffic management, security in the circulation and the replacement of the security and control facilities of the traffic, directly attributable to the operation of the rail service. The amount will be determined by each train-kilometre awarded, distinguishing by type of affected line and type of service.
- b) Charge for the use of railway lines (Module B): for the action and effect of using a railway line. The costs of maintenance and conservation of railway infrastructure, directly attributable to the operation of the rail service. The amount will be determined by each train-kilometre circulated distinguishing by type of line and type of service.
- c) Charge for the use of the transformation and distribution facilities of the electric power of traction (Module C), by the action or effect of using the electrification installations of a railway line. The costs will be passed on maintenance and conservation of electrification facilities and their Replacement costs, directly attributable to the operation of the service railway. The amount will be determined by each train-kilometre circulated by lines electrified railways distinguishing by type of line, type of service and type of traction.

Fee for the use of the Service Facilities owned by the general managers of railway infrastructures.



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It constitutes the taxable event of the charge for the use of the service facilities and infrastructure referred to in Article 98 of the LSF, as well as the provision of public services or activities inherent to said use, in the following modalities:

- A. Charge for the use of passenger transport stations (Module A). The costs associated with the maintenance and conservation of stations, their replacement and the provision of the minimum basic services of the stations, financial expenses in the case of stations classified in the category 6, as well as the monitoring service of the stations and the control of access of travellers and their luggage. The amount is determined according to the category of the station, type of stop, type of train and number of travellers.

- B. Charge for passage through width changers (Module B). It is calculated according to of the steps of each train by a width changer.

The costs associated with the maintenance and replacement of the gauge changers shall be passed on.

- C. Charge for the use of platforms in parking stations of trains for commercial passenger services and other operations (Module C).

The costs associated with the maintenance and upkeep of the facilities used will be passed on.

For the purposes of this fee, the following two rates are established:

- C.1) By parking of trains for commercial services of travellers without other operations.

- C.2) By parking trains for other operations.

- D. Charge for the use of roads in other service facilities: section, of formation of trains and manoeuvres, maintenance, washing and cleaning, fuel supply (Module D).

The costs chargeable under this type of charge are those directly attributable to the use of the tracks for the maintenance and replacement of the facilities.

- E. Charge for the use of loading points for merchandise (Module E).

The costs chargeable under this type of charge are those directly attributable to the use of the tracks for the maintenance and replacement of the facilities.

(2) Basis of Presentation of the Financial Statements

2.a) Fair presentation

The Interim financial statements have been prepared in accordance with the accounting records of the Entity, in order to show the true image of the assets and the financial situation as of 30 September 2021 and the results of its operations, changes in the net equity and cash flows for the period from 1 January 2021 to 30 September 2021.

ADIF-AV presents the interim financial statements in accordance with the accounting principles and measurement standards set out in Royal Decree 1514/2007 of 16 November 2007, approving the General Chart of Accounts and applying, among other aspects, the going concern basis in accordance with the legal and statutory regime described in Note 1, as well as the modifications to the General Chart of Accounts incorporated by virtue of Royal Decree 1159/2010 of 17 September 2010, and Royal Decree 602/2016 of 2 December 2016 and on



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the basis of the accounting principles and criteria set by the Spanish General State Comptroller (IGAE) through the resolution dated 30 December 1992 (hereinafter the Resolution), which continues in force in all aspects not in opposition to the provisions of the subject General Chart of Accounts. In addition, in preparing the financial statements the Entity has taken into account Order EHA/733/2010 of 25 March 2010, published in the Official State Gazette of 26 March 2010, approving accounting practices for state-owned companies operating in certain circumstances.

Furthermore, in the preparation of these interim financial statements the Entity also considered the IGAE opinion relating to accounting policies as expressed through answers to questions presented by ADIF in accordance with Law 47/2003, of 26 November 2003. Significant accounting policies are disclosed in Note 3.

2.b) Comparative information

The Entity's Management presents, for comparative purposes, with each of the items in the balance sheet, the profit and loss account, the statement of changes in equity, the statement of cash flows and in the notes to the interim financial statements, in addition to the figures for the nine-month period ended 30 September 2021, the figures for the previous year that formed part of the 2020 financial statements approved by the Board of Directors of ADIF AV on 30 March 2021.

In addition to the figures for the nine-month period ended 30 September 2021, the Entity's Management presents for comparative purposes the profit and loss account and cash flow statement for the previous nine-month period ended 30 September 2020, which were included in the profit and loss account for 2020 and the cash flow statements for 2020 included in the annual accounts for the year ended 31 December 2020.

2.c) Critical issues regarding the valuation and estimation of relevant uncertainties and judgements used when applying accounting principles

Preparation of the interim financial statements requires that certain estimates be made, based on past experience, the assessment of certain risks (see note 22) and other factors considered reasonable in the current circumstances, which serve as a basis to establish the value of assets and liabilities where this cannot be easily determined using other sources. The Entity revises its estimates continuously. However, in light of the inherent uncertainty, there is a considerable risk that the assets and liabilities involved could require significant adjustments in the future, in the event of a major change in the assumptions, facts and circumstances on which the estimates are based.

Key assumptions concerning the future and other relevant data on the uncertainty of estimates and important judgements in the application of accounting policies at year end, which entail a considerable risk of significant changes in the value of assets and liabilities in coming years, are as follows:

- Depreciation of high-speed rail infrastructure: depreciation of property, plant and equipment included in the high-speed railway infrastructure requires the use of estimates to determine the useful life and impairment deriving from normal activity and usage. Management of the Entity has had to estimate depreciation based on the use of these installations over their useful life, considering different assumptions regarding fluctuations in rail traffic in line with expected demand.



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- Deferred tax assets: when determining the amount of deferred tax assets and tax credits to be recorded, Management of the Entity measures the probability of generating future tax profits, as well as the amount and timing of such profits (see Note 12.a).
- Impairment of non-financial assets (see Note 3.b)).
- Property, plant and equipment for railway infrastructures executed by various integration companies in which the Entity participates under the Integration Agreements of which they bring cause (see notes 3.b and 3.i). The infrastructures put into service are recorded as property, plant and equipment even if their formal delivery has not occurred, provided that future economic returns are expected through their exploitation and a reliable valuation of their cost is available. The realization of these estimates requires the application of relevant professional judgments to classify the infrastructures executed, which are complex in nature, such as railways or urban development, as well as to allocate certain costs necessary for the development of the global project entrusted to the aforementioned companies. The final allocation to the partners must be agreed within each of them, so there is uncertainty about the final attribution of the various assets to each of its shareholders.
- Determination of the commercial or non-commercial nature of the non-financial fixed asset swaps.
- Impairment of the value of the credits granted to group companies and associates, (see note 3.i))
- Provisions for liabilities and charges: provisions are recognised when it is probable that a present obligation resulting from a past event will give rise to an outflow of resources and the amount of the obligation can be reliably estimated. Entity Management makes estimates based on an evaluation of all relevant information and events, of the probability that a contingency will materialise, and of the amount of the liability to be settled in the future. (see Note 3.i).

These estimates have been made on the basis of the best information available up to the date of preparation of these interim financial statements. Any future events not known at the date of preparation of these estimates could lead to modifications (up or down), which would be carried out, where appropriate, prospectively.

2.d) Functional and presentation currency

The interim financial statements are presented in thousands of Euros, which is the functional and presentation currency of the Entity, rounded to the nearest thousand, unless otherwise stated.

(3) Significant Accounting Policies

3.a) Intangible assets

Intangible assets basically comprise the rights of use of space owned by ADIF AV acquired from Renfe Operadora in 2020 and 2015, the origin of which comes from the OM FOM/2909/2006, of 19 September, which established a right of use without consideration to RENFE-Operadora of certain spaces located, principally in passenger stations. The aforementioned Ministerial Order established that these rights of use would be replaced at a later date by the properties that it was agreed to assign to the company's assets. For this purpose, ADIF AV had recognised a provision for contingencies and expenses amounting to



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21,952 thousand euros up to 2014, corresponding to the estimated replacement costs of these spaces to be delivered in usable condition.

The Entity values the rights of use acquired in the aforementioned years at the present value of the acquisition price from RENFE Operadora. In the case of the rights of use acquired in 2015, the provision for risks and expenses that the Entity had set up to meet the replacement costs for the delivery of the properties that should replace these spaces in suitable conditions of use was deducted from this value. These fixed assets are presented net of the related accumulated depreciation provided on a straight-line basis over their respective useful lives. To calculate the useful life of these assets, the Entity has based itself on business plans prepared for this purpose for the rights acquired in 2015 and for those relating to 2020, which consider the cash flows generated by the leases agreed with RENFE Operadora and its group of companies, as well as those that it considers likely to be obtained from other third parties. These business plans consider various assumptions of variations in space occupancy, variations in price indices and interest rates in line with current real estate and financial market conditions. The Entity has estimated a useful life of 75 years for rights of use acquired in 2015 and 30 years for rights of use acquired in 2020.

In addition, the Entity has included in the section of intangible assets, computer software and research and development, specifically the technology platform linked to rail traffic management "Da Vinci". This technology platform has been assigned a useful life in line with those of the security and signalling installations it supports, namely 25 years. Intangible assets are stated at cost of acquisition or production, net of accumulated amortisation, which is calculated on a straight-line basis or, in the case of assets linked to high-speed lines, using the increasing balance method, in accordance with the following estimated useful lives:

	YEARS
R&D expenses	25
Computer software	5

R&D expenses are recognised as intangible assets of the Entity when the following conditions are met:

- They are segregated by project, and the cost is established so that it can be distributed over time
- There is evidence of the project's technical success and the economic profitability of the project.

3.b) Property, plant and equipment

The fixed assets attributed to ADIF-AV can be classified into the following categories:

- Publicly owned railway assets: these assets include railway lines, the land on which they are located and installations built in the public property zone (article 27 of the RSL). According to article 13 of the RSL, the public property zone includes the land on which the lines forming part of the public service rail network are laid, as well as an eight-metre strip of land on either side of the track bed, with special rules depending on the associated infrastructures (tunnels, bridges, etc.). Most of the assets contributed to ADIF-AV are considered to be publicly owned assets. In order to dispose of these assets, their legal status would first need to be amended through delisting from this category by way of a resolution from the Entity's board of directors declaring them to be unnecessary [article 16, section 1, point q) and article 31 of Royal Decree



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1044/2013]. As a result of this delisting, the assets in question would be included among the Entity's own assets (under the Entity's private ownership) and could then be disposed of or exchanged.

- Privately-owned assets: those not covered by the legal definition of publicly owned railway assets. ADIF-AV's privately-owned assets comprise stations, terminals or other buildings or installations used for passenger services, except for the railway lines and land mentioned above. Nevertheless, if any of these assets (stations, terminals or other buildings or installations for services linked to rail transport) were acquired as a result of a compulsory purchase order, despite being included among the Entity's own assets under the Rail Sector Law and Regulation, in the interests of legal certainty such assets would undergo the same category delisting procedure foreseen for publicly owned assets, as set forth in article 66.2 c) of Law 33/2003 of 3 November 2003, on Public Authority Assets. Finally, this category could also comprise all buildings associated with railway lines that have been closed down or abandoned.

- ***Cost of property, plant and equipment***

Items of property, plant and equipment are presented in the balance sheet at cost, less any accumulated depreciation or impairment allowances. The general criteria used for valuing these items is the cost of acquisition or the cost of production, including materials, direct labour and costs incurred.

Borrowing costs related with the loans extended by the European Investment Bank (hereinafter EIB) and by other financial institutions, as well as those derived from fixed-income securities issues, to finance railway infrastructure under construction that requires more than one year to become operational are recognised as an increase in the cost of these assets. In cases where a high-speed line is in partial use, the Entity has estimated and capitalised borrowing costs relating only to the stretches under construction in proportion to the total cost of the investment therein. The capitalisation of the cost of production is made through the heading "Capitalised financial expenses" in the profit and loss account.

The cost of expansion, modernisation or improvements that increase productivity, capacity or efficiency, or extend the useful lives of the assets, are capitalised as an increase in the cost of these assets. Repair and maintenance costs are expensed when incurred.

Funds earmarked for maintenance and conservation of Spanish heritage sites, as established in Law 16/1985, Royal Decree 111/1986 and Instruction No. 43 from the Sub-Secretary for Public Works of 16 May 2014, are also capitalised as an increase in the cost of the associated assets. The aforementioned laws stipulate that the budget for each public project entirely or partially financed by the State should include an item equivalent to 1.5% of the funds contributed by the State to finance this type of work.

Work carried out by the Entity to improve or extend the useful lives of its assets is treated as an investment and recognised at the accumulated cost, which is the sum of external costs (based on suppliers' invoices), internal costs (determined on the basis of in-house consumption of materials in warehouses) and all other costs incurred. Capitalised production costs are recognised under self-constructed assets in the income statement.

Where applicable, the initial cost of property, plant and equipment is corrected when differences arise between the non-deductible input VAT initially recognised by the Entity



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as cost and that which is finally applicable when an interpretation of tax legislation is amended or is established by a court of law or the tax authorities.

The Entity classifies acquisitions of property, plant and equipment through barter exchange, entailing the acquisition of an item of property, plant and equipment in exchange for non-monetary assets or a combination of monetary and non-monetary assets, in commercial or non-commercial barter exchange transactions, using the following criteria:

- a) Barter exchange in which the cash flows from the assets received differ significantly from the cash flows from the asset delivered, or when the present value of the post-tax cash flows deriving from the activities affected by the transaction changes as a result of the barter exchange, are considered commercial barter exchange.
- b) Other barter exchange is considered non-commercial barter exchange.

In the case of non-commercial barter exchange, the Entity measures the asset received at the net carrying amount of the asset delivered, plus any monetary consideration received, up to the fair value of the asset received.

In the case of commercial barter, the asset received is measured at the fair value of the asset delivered, increased, if applicable, by the amount of monetary consideration received, unless there is clearer evidence of the fair value of the asset received and subject to the limit of the latter.

According to the Order PRE/2443/2013 mentioned in note 1, assets and liabilities transferred from ADIF to ADIF-AV have been integrated into and recognised by ADIF-AV at those carrying amounts as accounted for in ADIF at the spin-off date.

The criteria used to value rail infrastructure by ADIF-AV are as follows:

- a) Infrastructure constructed by the Entity was measured using the cost of construction plus the cost of preparing directly-related reports, blueprints, drafts, studies, technical assistance, surveillance, etc., the cost of supplementary studies and reports necessary for planning and designing lines, work carried out for assets and non-deductible input VAT. Also included, as a higher cost of infrastructure, is the best estimate available at the closing date, of the current amounts claimed by contractors of works or expropriated, which the Entity considers likely to generate a future outflow of resources, and which correspond inter alia to differences in the measurements of works and to claims of costs linked with increases in execution times over those originally planned.
- b) Other infrastructures received from the seconding State were valued at an amount equal to that contained in the corresponding subrogation certificates, at the purchase price or production cost incurred by the Ministry of Development, in accordance with the data contained in its Accounting Information System and in its accounting records, deducting its accumulated amortization on the date of transfer. However, if subsequent to the initial valuation, changes are shown in the values included in the corresponding delivery documents or other provisions by which railway infrastructures are transferred to ADIF-AV or new investments related to the lines or sections are identified previously assigned, these adjustments are recorded in the year in which the new values are known and the



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corresponding rectifying minutes are signed or the aforementioned provisions are modified.

- c) The assets relating to Madrid-Sevilla high-speed rail line, transferred by the State to RENFE through the Submission and Receipt Agreement, were valued by the Ministry of Public Works at cost, less accumulated depreciation at 31 December 2004, calculated using the depreciation criteria applied by RENFE based on the type of asset and the date of its entry into service.
- d) Investments underway and in operation on the high-speed Atlantic Axis and the Mediterranean corridor connection were allocated to ADIF for no consideration, in accordance with the second additional provision of Royal Decree-Law 22/2012 of 20 July 2012, and were spun off to ADIF-AV as per the Spin-Off Order. These assets were constructed by the State before ADIF was commissioned to operate both sets of infrastructure through respective rulings issued by the Secretary of State for Infrastructure on 11 May 2012. These items and work in progress were recognised at the amount of 2,476,419 thousand euros, which corresponds to the acquisition price or cost of production incurred by the Ministry of Public Works based on data contained in its financial information system and accounting records, less accumulated depreciation at the transfer date. This amount is equivalent to the fair value of these assets, since it was defined in the context of the tenders provided for under legislation applicable to the General State Administration and results from a public tender process conducted between knowledgeable independent parties.
- e) In respect to the infrastructures built by the Sociedad Estatal de Infraestructuras del Transporte Terrestre, S.A. (Hereinafter SEITTSA) on the L.A.V. Madrid – Galicia, these were delivered to ADIF AV in accordance with the provisions of the Agreement signed on 25 August 2015 by the mentioned Entity, ADIF and the Ministry of Public Works (hereinafter referred to as the Recast Convention or the Convention). The aforementioned agreement establishes that the delivery of these assets will be considered as a free transfer of assets assigned to the activity of railway infrastructure management. ADIF AV would recorded these assets at the acquisition price or the cost of production for which SEITTSA had valued them in its books and which were previously paid by the AGE to the Company.
- f) Land and natural assets are valued on the basis of the amounts paid for expropriations. In the event that this is not available due to very old expropriations or without sufficient supporting documentation, they are valued at the acquisition value of adjoining land expropriated in similar years.
- g) The assets transferred by ADIF to ADIF-AV under the Agreements of the Council of Ministers mentioned in note 1 are valued in accordance with the provisions of these agreements for the book value for which they were posted in ADIF, recognizing in ADIF AV by their gross cost and accumulated depreciation up to the date of transfer (see note 1.d).
- h) The infrastructures executed within the framework of the Agreements for the integration of the railroad in the cities, which are carried out either by commercial companies created for this purpose or directly by one or more of the entities that have signed the aforementioned agreement, are valued with the best estimation of the construction costs incurred and that have been necessary for putting it into operating conditions.



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In those cases in which the Agreement establishes the obligation to finance all the actions through monetary contributions of all or some of the entities that are subscribed to them, the costs corresponding to certain provisional works or to urban integration infrastructures, such as the walls and slabs derived from the execution of burials or coverings, whose basic purpose is to achieve permeability between different areas of a city, are included in the value of railway infrastructures, by means of reasonable imputation criteria, up to the limit of the contributions assumed by the Entity. In the event that the agreement does not foresee that the Entity will assume the financing of the infrastructures contemplated therein through monetary contributions, the aforementioned burials or coverings, considered as urban infrastructures, are not, in general, integrated into the ADIF Alta Velocidad's asset.

ADIF-AV records in its fixed assets both the railway infrastructures received by means of delivery and / or through a standard with the rank of Law, Royal Decree, agreement of the Council of Ministers or Ministerial Order, as well as any other railway infrastructures and stations that, forming part of the network of its ownership whose administration is entrusted, have entered into service, although they are not subject to formal delivery by means of a Minute, Royal Decree or Ministerial Order, provided that economic returns are expected through exploitation and a reliable valuation is available of its cost.

- **Transfers from work in progress:**

The Entity reclassifies work in progress to fixed assets according to the nature of the asset at the date on which the works become operative state.

- **Depreciation of property, plant and equipment**

- Depreciation of high-speed rail infrastructure

High-speed rail infrastructure is generally depreciated using an increasing balance method at an annual geometric progression of 3%, over the following estimated useful lives:

	Years
Track bed	
- Earthmoving	100
- Stone and brick works	100
- Tunnels and bridges	100
- Drainage	25
- Enclosures	50
Track superstructure	30-60
Electric installations	
- Overhead lines	20
- Supporting elements for overhead contact system	60
- Electric substations	60
- Signalling, safety and communications installations	25
Buildings and other constructions	50
Rolling stock	10-20



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- Depreciation of other property, plant and equipment.

Depreciation of other property, plant and equipment is provided on a straight-line basis over the estimated useful lives of the assets, as follows:

	Years
Buildings and constructions	50
Transport elements	10 – 30
Other items of property, plant and equipment	5 – 40

The Entity reassesses the useful lives of its property, plant and equipment every year.

• **Impairment**

In application of Ministry of Economy and Finance Order EHA/733/2010 of 25 March 2010, the Entity has considered that its property, plant and equipment should be fundamentally classified as non-cash-generating assets, considering that these are part of the public interest rail network infrastructure and essentially held for the socioeconomic benefit of the public and, therefore, not for commercial gain. In cases where it is not clear whether assets are held for the main purpose of generating cash flows, rule two from the above-mentioned Order is applied whereby, given the general objectives of the Entity, these assets are assumed to be non-cash-generating.

In accordance with rule two of the aforementioned Ministerial Order, at least at year end, management of the Entity assesses its property, plant and equipment, intangible assets and investment property for indications of impairment, in which case should estimate the recoverable amount.

When assessing whether there are any significant indications that an asset is impaired, the Entity takes the following circumstances into account:

- Significant changes in the technological, regulatory or legal environment in which the Entity operates, either during the year or which are expected to arise in the short term, which will adversely affect the Entity.
- Significant decline in the asset's market value, if one exists and is available, in excess of that expected due to the passage of time or normal use.
- Evidence of obsolescence or physical deterioration of the asset.
- Significant changes in the method of or scope for using the asset, either during the year or which are expected to arise in the short term, which will adversely affect the Entity.
- There are reasonable doubts as to whether the technical performance of the asset can be maintained in the future, on the basis of the forecasts considered at the date of its recognition by the Entity.
- Suspension of the asset's construction before it is ready to enter into service.
- Cessation of or significant reduction in demand or need for the services rendered with the asset. Nevertheless, a mere reduction in demand does not



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necessarily indicate that these assets are impaired, as the demand or need for these services may fluctuate over time.

In that regard, the Entity has categorised its assets into operating units which can be assessed for indications of impairment. These units are essentially the railway lines or axes forming the public service rail network in which the assets are utilised. The different operating units considered are listed below:

- Axis 11 of AV Madrid Chamartín - Valladolid - León.
- Axis 12 of AV Madrid Atocha - Barcelona - French border.
- Axis 13 of AV Madrid Atocha - Levante.
- Axis 14 of AV Madrid Atocha - Toledo - Seville Santa Justa - Málaga María Zambrano - Granada.
- Axis 16 of AV Olmedo - Medina del Campo - Zamora - Galicia.

According to rule four from the above-mentioned Ministerial Order, at least at year end the Entity should recognise impairment losses if the carrying amount of operating units exceeds their recoverable amount on the date the analysis is carried out. Recoverable amount is the higher of fair value less costs to sell and the value in use, which is the depreciated replacement cost.

After this impairment loss or reversal of an impairment loss is recognised, the depreciation charge for the asset is adjusted in future periods based on its new carrying amount. If the specific circumstances of the assets indicate an irreversible loss, this is recognised directly in losses on the disposal of fixed assets in the income statement.

3.c) Investment property

Investment property comprises property which is earmarked totally or partially to earn rentals or for capital appreciation or both. Property that is being constructed for future use as investment property is classified as property, plant and equipment under development until construction is complete. The Entity measures and recognises investment property following the policy for property, plant and equipment.

Investment property is generally depreciated on a straight-line basis over an estimated useful life of 50 years.

Income from real estate operating leases is recognised in the income statement in the year in which it is earned. Rent received in advance are recognised as accruals under liabilities in the balance sheet and taken to profit and loss over the term of the contract signed with the lessee.

3.d) Financial assets

- Equity investments in Group companies and associates

They include equity investments in companies over which control, joint control or significant influence is exercised. Significant influence is the power to intervene in the financial and operating policy decisions of a company, without the existence of control or joint control over the company. In assessing the existence of significant influence, the potential voting rights exercisable or convertible at the closing date of each



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financial year are considered, also considering the potential voting rights held by the Company or by another company.

Long-term investments in the capital of group and associated companies are initially valued at cost, which is equal to the fair value of the consideration paid plus directly attributable transaction costs. After initial recognition, these financial assets are measured at cost, less any accumulated impairment losses, which are recognized when there is evidence that the carrying amount of an investment will not be recoverable. The amount of the valuation adjustment is the difference between the carrying amount and the recoverable amount, understood as the higher of value in use or fair value less costs to sell. In this sense, the value in use is calculated based on the Company's share of the present value of the estimated cash flows from ordinary activities and the final disposal or the estimated cash flows expected to be received from the distribution of dividends and the final disposal of the investment. However, in certain cases, in estimating possible impairment, the Entity takes into consideration, unless there is better evidence, the equity of the investee adjusted by the unrealized gains existing at the measurement date, which correspond to identifiable items in its balance sheet.

Nonetheless, when the carrying amount of an investment has been reduced to zero, the additional losses and the corresponding liability are recognised to the extent that the Entity has incurred a legal, contractual, constructive or tacit obligation, or if ADIF-AV has made payments on behalf of this Group company, jointly-controlled entity or associate. (see Note 3.i)

- Loans and receivables

This category includes trade and non-trade receivables with fixed or determinable payments, which are not traded in an active market and for which the Entity expects to recover the full amount recognised, except in the event of customer arrears.

These financial assets are initially measured at fair value, which, in the absence of evidence to the contrary, is the transaction price, i.e. the fair value of the consideration given plus costs directly attributable to the transaction. After initial recognition, these assets are measured at amortised cost calculated using the effective interest method, which is the discount rate that exactly matches the initial amount of a financial instrument to its total estimated cash flows in respect of all items over the remaining useful life. Accrued interest is accounted for in the income statement using the aforementioned method.

Trade and non-trade receivables falling due within one year that do not have a contractual rate of interest are initially and subsequently measured at their nominal amount when the effect of not updating the cash flows is immaterial.

The Entity tests these financial assets for impairment at least at each year end. Objective evidence of impairment is considered to exist when the carrying amount of the financial asset exceeds the recoverable amount. The Entity determines the recoverable amount based on historical default rates, classifying receivables into groups with similar risk characteristics. Impairment is recognised in the income statement when it arises.



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3.e) Financial liabilities

- Debts and payables

This category comprises financial liabilities arising on the Entity's acquisition of goods and services, or non-trade goods and services that do not meet the criteria for consideration as derivative financial instruments.

Debts and payables are initially measured at the fair value of the consideration received, adjusted for any directly attributable transaction costs. These liabilities are subsequently measured at amortised cost calculated using the effective interest method. Accrued interest is accounted for in the income statement using the aforementioned method.

Nevertheless, financial liabilities which have no established interest rate, which mature or are expected to be settled in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

- Financial guarantee contracts

If no payments from the associate to the Entity are agreed for such a guarantee, then the Entity has provided the guarantee in its capacity as a shareholder and accounts for the issuance of the guarantee as a capital contribution to the associate. After initial recognition, financial guarantee contracts are measured at the higher of:

- the amount determined in accordance with the accounting policy for provisions in section i), and
- the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the accounting policy for revenue recognition in section m).

- Derivative financial instruments

Derivative financial instruments which qualify for hedge accounting are initially measured at fair value, plus any transaction costs that are directly attributable to the acquisition, or less any transaction costs directly attributable to the issue of the financial instruments.

The Entity contracts cash flow hedges. At the inception of the hedge, the Entity formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. Hedge accounting is only applicable when the hedge is expected to be highly effective at the inception of the hedge and in subsequent years in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, throughout the period for which the hedge was designated (prospective analysis) and the actual effectiveness, which can be reliably measured, is within a range of 80%-125% (retrospective analysis).

The Entity records the gain or loss on the measurement at fair value of a hedging instrument that is determined to be an effective hedge in recognised income and expense. The ineffective portion and the specific component of the gain or loss or cash flows on the hedging instrument, excluding the measurement of the hedge effectiveness, are recognised under change in fair value of financial instruments in the income statement.



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When the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting, the corresponding cumulative amount in equity is recognised in the income statement.

3.f) Cash and cash equivalents

This item includes cash in hand, current bank accounts, deposits and resale agreements that meet the following conditions:

- They may be converted into cash.
- They have a maturity of three months or less upon acquisition.
- They are not subject to a significant risk of changes in value.
- They form part of the Entity's usual cash management policy.

3.g) Grants, donations and bequests received

This item forms part of the Entity's equity and mainly comprises non-refundable capital grants awarded for the construction of state-owned assets, principally from European funds (Cohesion Fund, Trans-European Networks Transport (TEN-T), European Regional Development Fund (ERDF)). The Entity recognises these grants at the amount awarded, net of tax, when, in accordance with recognition and measurement standard 18 of the Spanish General Chart of Accounts, a grant award agreement has been reached, the conditions of award have been met and there is no reasonable doubt that the grant will be received.

In application of the single additional provision of Ministry of Economy and Finance Order EHA/733/2010 of 25 March 2010, for accounting purposes only, grant conditions are considered to be met when, at the date of authorisation for issue of the financial statements, the works have been partially or fully completed, quantified in the proportion of works financed that have been completed. This item also includes grants received in kind from the State through the conveyance of certain railway lines in operation or under construction, for no consideration.

According to corresponding subrogation documents and in line with the reply given by the IGAE's Sub-Directorate General for Planning and Accounting Guidance on 22 April 2013, to the consultation put forth by the Delegate Comptroller in ADIF regarding the accounting application of Royal Decree Law 22/2012 of 20 July 2012, Entity management has considered the assignment to ADIF-AV of finished assets and work in progress corresponding to the connection between the Mediterranean Corridor and the high-speed Madrid-Barcelona-French border line and the high-speed Santiago-Vigo stretch of the high-speed Atlantic Axis to be a free-of-charge title of assets used in an activity of public interest. Article 19, section 2 of the RSL stipulates that rail infrastructure administration is an essential public service.

As a result of the foregoing and applying recognition and measurement standard 18, and in accordance with regulation 6, section 1 of Order EHA/733/2010 of 25 March 2010, the Entity recognised a capital grant in the amount of 2,476,419 thousand euros, reflecting the fair value of the items received calculated as the depreciated replacement cost of those items pursuant to the aforementioned ministerial order (see Note 3.b)). This grant will be taken to income each year in proportion to the depreciation of the assets received.



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Similarly, in application of Royal Decree-Law 4/2013 of 22 February 2013, the Entity has recognised a grant for the value of the works delivered by the State to ADIF-AV for no consideration in 2013 (see Note 1).

The Entity recognises any amounts received in advance, and balances relating to grants awarded and receivable for which not all the above conditions have been met, as payables convertible into grants, under other financial liabilities.

The Entity recognises grants as operating income from non-financial grants, in line with the depreciation for the year of the fixed assets for which the grants have been received.

3.h) Long-term employee benefits (liabilities)

The Entity classifies long-term employee benefit commitments as defined contribution plans and defined benefit plans, accordingly. Defined contribution plans are those whereby the Entity undertakes to make contributions of a specified amount to a separate entity, provided that there is no legal, contractual or constructive obligation to make additional contributions were the separate entity unable to meet the commitments undertaken. Plans other than defined contribution plans are considered as defined benefit plans.

- Defined benefit plans

Long-term defined benefit commitments are recognised at the present value of the committed remuneration, which is estimated using actuarial calculation methods and financial and actuarial assumptions that are unbiased and mutually compatible.

The Entity recognises these provisions as and when employees render their services. The contributions payable are recognised as an expense for employee remuneration in the income statement, and as a liability after deducting any contribution already paid.

Variations in the calculation of the present value of this remuneration due to actuarial gains and losses are directly taken to equity in the year in which they arise, recognised as reserves.

- Defined contribution plans

Long-term contributions payable are recognised as a liability, where applicable, at the amount of the accrued contributions payable at year end.

Obligations accrued as a result of changes in the actuarial assumptions used to determine the contributions made by the Entity are recorded directly under equity in the year in which they arise, recognised as reserves.

3.i) Provisions

The Entity recognises as provisions those present obligations arising from past events of which settlement is likely to give rise to an outflow of resources, but for which the amount or date of settlement is uncertain.

All the obligations mentioned in the preceding paragraph are disclosed in these interim financial statements, provided that it is more likely than not that the obligation will require settlement.



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Provisions are measured at the present value of the best estimate of the amount required to settle or transfer the obligation, taking into account available information on the event and its consequences, and recognising any adjustments arising on the discounting of these provisions as a finance cost when accrued. Provisions maturing in one year or less are not discounted when the financial effect is immaterial. Provisions are reviewed at each year end and adjusted to reflect the best present estimate of the liability at each given time.

The Entity records, as provisions, the best estimate available at the closing date of the obligations assumed by the participation in various integration companies whose cancellation is likely to result in an outflow of resources, but which are indeterminate as to their amount or date. For the quantification of the aforementioned obligations, estimates of the expected cash flows to be obtained in each case are considered, provided by the Management of each of the Companies, analysing their capacity to obtain income from the sale of land that allows them to face the obligations contracted with third parties to develop the project entrusted to them, as well as the needs for contributions of funds by the shareholders and their capacity to reimburse the financing provided and pending contribution. In the cases in which it is estimated that there will be a deficit to be assumed by the shareholders, the final risk assumed by the Entity is determined, taking into account, in addition, the best estimate of the value of the railway infrastructures that the Company must deliver to ADIF AV. As a result, the loss assumed by the Entity and recognized as a provision for risks and expenses and as a provision for impairment of financial assets is quantified as the difference between the present value of the aforementioned deficit and the estimated cost of the infrastructures that the Entity (See note 3.b).

In quantifying the estimation of the cash flows that the Companies intend to obtain in the future, the residual dynamic method is generally used, for the valuation of soils, for reasons of prudence excluding duly justified exceptions. This method uses techniques to discount cash flows and therefore takes into account the evolution of the value of money over time.

3.j) Classification of assets and liabilities as current and non-current

Assets and liabilities are classified as current and non-current on the balance sheet. Assets and liabilities are classified as current when they are connected with the Entity's normal operating cycle of less than one year and are expected to be recovered, consumed or settled within twelve months after the balance sheet date.

3.k) Foreign currency balances and transactions

Foreign currency transactions are recognised at the exchange rate prevailing at the transaction date.

Loans in foreign currency are reflected at the effect exchange rate at the balance sheet date and exchange differences are recorded at the time they occur.

3.l) Income taxes

The income tax expense or tax income for the year comprises current tax and deferred tax.

Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date.



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Current and deferred tax are recognised as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity, or from a business combination.

(i) Recognition of taxable temporary differences

Taxable temporary differences are recognised in all cases except where they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

(ii) Recognition of deductible temporary differences

Deductible temporary differences are recognised provided that it is probable that sufficient taxable income will be available against which the deductible temporary difference can be utilised, unless the differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

Tax planning opportunities are only considered when assessing the recoverability of deferred tax assets and if the Entity intends to use these opportunities or it is probable that they will be utilised.

(iii) Measurement

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted. The tax consequences that would follow from the manner in which the Entity expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities.

(iv) Offset and classification

Deferred tax assets and liabilities are recognised in the balance sheet under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

3.m) Recognition of income and expenses

Revenues and expenses are recorded on an accrual basis, i.e., when the actual flow of goods and services they represent occurs, regardless of when the resulting monetary or financial flow arises.

Revenue is measured at the fair value of the consideration received or receivable, less any interest on the nominal amount of loans. Nevertheless, the Entity includes interest incorporated in trade balances maturing in less than one year that do not have a contractual rate of interest, when the effect of not discounting the cash flows is immaterial.

3.n) Related party transactions

Related party transactions, except those related to mergers, spin-offs and non-monetary contributions, are recognised at the fair value of the consideration given or received. The



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difference between this value and the amount agreed is recognised in line with the underlying economic substance of the transaction.

3.o) Leases

Lease contracts, which at the outset transfer, substantially all the inherent risks in ownership of the assets to the Entity, are classified as finance leases and, if they are not, are classified as operating leases. The leases in force at the closing date of these financial statements, all of which are classified as operating leases, consist mainly of the assignment of optical fibre not required for rail traffic, and the rental of commercial space.

(4) Property, Plant and Equipment, Intangible Assets and Investment Property

Details of the balances of property, plant and equipment, intangibles and investment property and their corresponding depreciation and impairment and movement at 30 September 2021 and full year 2020 are shown in Appendix 1.

By virtue of a Council of Ministers Resolution or Resolutions of the Secretary of State for Planning and Infrastructure, ADIF-AV is entrusted with the following:

- Construction and administration of the Madrid-Zaragoza-Barcelona-French border high-speed rail line. The Figueras-French border sub-stretch was excluded from this service arrangement as it is part of the Figueras-Perpignan stretch by virtue of the agreement between the Spanish and French governments signed on 10 October 1995 (Agreement 9/04/99).
- Construction of a new North-Northwest rail access: Madrid-Segovia-Valladolid/Medina del Campo.
- Construction and administration of the new Córdoba-Málaga rail access.
- Construction and administration of the new Levante high-speed rail access: Madrid-Castilla la Mancha-Valencia Autonomous Community-Murcia Region.
- Construction and administration of the León-Asturias high-speed line (La Robla-Pola de Lena stretch/Pajares alternate route) of the North-Northwest Corridor.
- Construction and administration of the new Toledo high-speed rail access.
- Construction and administration of the Basque Country high-speed line of the North-Northwest Corridor.
- Construction and administration of the Navalmoral de la Mata-Cáceres stretch of the Madrid-Cáceres / Mérida-Badajoz high-speed line of the Extremadura Corridor.
- Construction and administration of the stretch between Almeria and the Murcia region border of the Murcia-Almeria high-speed line of the Mediterranean Corridor.
- Completion of construction work on the Bobadilla-Granada high-speed line, including track bed and track.
- Drafting and execution of the basic projects and construction of the Madrid-Asturias high-speed line. Stretch: Venta de Baños-León-Asturias (excluding the Pajares alternate route) (Resolution of 28/12/06).
- Drafting and execution of the basic projects and construction of the Madrid-Basque Country/French border high-speed line. Stretch: Valladolid-Burgos-Vitoria. (Resolution of 28/12/2006).



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- Drafting and execution of the basic projects and construction of the Mediterranean Corridor high-speed line. Stretch: Murcia region-Murcia border. (Resolution of 28/12/2006).
- Drafting and execution of the basic projects and construction of the Madrid-Extremadura/Portuguese border high-speed line. Stretch: Cáceres-Mérida-Badajoz. (Resolution of 28/12/2006).
- Construction of the Olmedo-Medina-Zamora-Puebla de Sanabria-Lubián-Orense stretch of the Madrid-Galicia high-speed line, in the North-Northwest Corridor. (Resolution of 4/12/2009).
- Construction of the Castejón-Pamplona region stretch of the Zaragoza-Pamplona high-speed line in the Navarre territory. (Resolution of 30/3/2010).
- Construction of the connection of the Mediterranean Corridor with the Madrid-Barcelona-French border high-speed rail line: Vandellós-Tarragona area. (Resolution of 11/5/2012).
- Construction of the Santiago de Compostela-Vigo section of the A Coruña-Vigo stretch of the high-speed Atlantic Axis. (Resolution of 11/5/2012).
- Construction of the update for the link between the Medina del Campo siding and the Medina del Campo-Salamanca line.
- The drafting and execution of the projects and maintenance of the overhead lines installations, telecommunications systems, GSM-R mobile radio system and items related with the high-speed Bobadilla-Granada line.

Up to 30 September 2021, as explained in note 3.b), the Entity has recorded the best estimate of railway works executed by various investees whose corporate purpose is the integration of railways in urban areas according to the following breakdown:

	Thousands of euros	
	30/09/2021	31/12/2020
Valencia Parque Central Alta Velocidad 2003, S.A.	61,266	61,266
Valladolid Alta Velocidad 2003, S.A.	54,378	54,378
Zaragoza Alta Velocidad 2002, S.A.	5,457	5,457
AV Alicante Nodo de Transporte S.A.	53,167	53,167
León Alta Velocidad AV, S.A.	9,686	9,686
TOTAL	183,954	183,954

The Entity has recorded, in the financial statements, the best estimate available of the railway works executed to date by the integration companies Zaragoza Alta Velocidad 2002 S.A., Valencia Parque Central Alta Velocidad 2003, S.A., Alta Velocidad Alicante Nodo Transportes S.A., Valladolid Alta Velocidad 2003, S.A. and León Alta Velocidad 2003, S.A., in which it participates and which are put into operation.

The railway works executed by Zaragoza Alta Velocidad were delivered to ADIF AV through a formal act signed on 1 February 2016 and its valuation amounted to 5,457 thousand euros, which were recorded in the annual accounts for 2015.

In the case of Valencia Parque Central 2003, S.A., the Entity has recorded at the date of these interim financial statements, the best estimate of the railway works executed by the aforementioned investee company, amounting to 61,266 thousand euros. At the date of preparation of these financial statements, the Entity and Valencia Parque Central Alta Velocidad 2003, S.A. had not formalised a deed of handover for the transfer of ownership.



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On 12 November 2018 ADIF-AV and ADIF subscribed with the investee Valladolid Alta Velocidad 2003, SA, hereinafter VAV, an agreement for the transfer of railway assets in which a total value was established, excluding VAT of 53,911 thousand euros. In said agreement it is established that the consideration to be paid for this delivery will consist of the delivery of ADIF AV to VAV of the lands that are unaffected or that may be affected in the future of the railway use and that are owned by them. As of the closing date of these interim financial statements, ADIF AV has recorded a long-term liability for this concept with the company VAV.

The railway works recorded at the end of these financial statements delivered by the investee León Alta Velocidad 2003, S.A. are those deriving from the delivery agreement signed between ADIF-AV and the aforementioned company on 3 June 2018 for a total value, excluding VAT, of 9,686 thousand euros.

In addition, it should be noted that, with the exception of Alta Velocidad Alicante Nodo Transportes S.A., the other investee companies have executed other works or ancillary costs that have not been recorded in these financial statements and which are pending attribution to their shareholders, depending on their final classification as railway or urban infrastructure and the allocation of certain costs necessary to carry out the overall project entrusted to the aforementioned companies. The final allocation of these works to the shareholders must be the subject of an agreement within each company, which is considered complex at the date of these financial statements.

Pursuant to Royal Decree-Law 4/2013 of 22 February and the recasting agreement (see note 3.b), the General State Administration and SEITTSA have transferred to ADIF AV free of charge since 2015 the land and platform works associated with various sections of the Madrid-Galicia high-speed railway line, basically between Medina and Lubián (Zamora). At the date of issue of these financial statements, the Entity has recognised these assets as property, plant and equipment in progress or completed, when the infrastructures have been brought into operation, for an accumulated value of 814,150 thousand euros, recognising the corresponding capital grant as a balancing entry. Of this amount, a total of 773,643 thousand euros correspond to assets that have been transferred by SEITTSA. Included in this figure are assets recognised by ADIF AV in 2019 as property, plant and equipment under construction amounting to 252,475 thousand euros. These investments are focused on the high-speed railway line to Galicia and although in 2020 and 2021 this amount has not changed, the Entity is aware that a platform work in progress by SEITTSA on the aforementioned high-speed line is pending acceptance. Below is a summary, in thousands of euros, of the situation at 30 September 2021 and 31 December 2020 of the works received by the Entity free of charge and relating exclusively to the Madrid-Galicia High-Speed Line, in application of Royal Decree-Law 4/2013 and the aforementioned recasting agreement:

ORIGIN	Land Valuation and works received for free platform in operation Madrid- Galicia High Speed Line	
	30/09/2021	31/12/2020
A.G.E. Real Decreto ley 4/2013	40,507	40,507
SEITTSA, Convenio Refundido	773,643	773,643
	814,150	814,150

4.a) Operating property, plant and equipment

The following is a breakdown of the acquisition or production cost at 30 September 2021 and at 31 December 2020 of the Entity's property, plant and equipment by high speed network line:



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30/09/2021 Thousands of Euros

	Land and natural resources	Buildings and other constructions	Track and other technical installations	Other property, plant and equipment	Total
Madrid-Barcelona-Figueras	784,907	646,059	10,342,280	14,470	11,787,716
Mediterranean Corridor	52,846	25,181	1,181,776	186	1,259,989
Madrid-Levante	887,271	215,661	7,424,485	1516	8,528,933
Madrid-Sevilla y ramal a Toledo	76,797	448,788	2,479,486	9,743	3,014,814
Córdoba-Málaga	117,349	67,369	2,276,569	1284	2,462,571
Antequera-Granada	65,218	42,638	1,258,960	125	1,366,941
Madrid-Valladolid	44,852	62,849	3,803,545	520	3,911,766
Valladolid – León	102,352	33,329	1,155,763	235	1,291,679
Olmedo – Zamora	78,625	30,071	1,324,110	233	1,433,039
Santiago de Compostela-Vigo Atlantic axis	124,419	66,099	1,867,715	492	2,058,725
Others	248,089	68,338	872,440	13,501	1,202,368
	2,582,725	1,706,382	33,987,129	42,305	38,318,541

31/12/2020 Thousands of Euros

	Land and natural resources	Buildings and other constructions	Track and other technical installations	Other property, plant and equipment	Total
Madrid-Barcelona-Figueras	784,132	645,853	10,342,613	14,520	11,787,118
Mediterranean Corridor	52,846	25,181	1,181,509	186	1,259,722
Madrid-Levante	879,074	205,820	6,574,396	1360	7,660,650
Madrid-Sevilla y ramal a Toledo	76,797	445,999	2,476,873	9,743	3,009,412
Córdoba-Málaga	117,347	67,223	2,276,350	1284	2,462,204
Antequera-Granada	61,318	42,466	1,255,762	125	1,359,671
Madrid-Valladolid	43,934	62,849	3,803,163	467	3,910,413
Valladolid – León	101,350	33,329	1,155,368	235	1,290,282
Olmedo – Zamora	72,612	25,309	1,264,346	223	1,362,490
Santiago de Compostela-Vigo Atlantic axis	124,405	66,141	1,867,608	492	2,058,646
Others	270,102	62,339	851,207	12,582	1,196,230
	2,583,917	1,682,509	33,049,195	41,217	37,356,838

4.b) Work in progress

Work in progress at 30 September 2021 and 31 December 2020 is detailed in the table below:



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	Thousands of Euros	
	30/09/2021	31/12/2020
Madrid - Zaragoza - Barcelona – Figueras	436,692	434,592
Zaragoza - Pamplona, Tramo Castejón - Comarca de Pamplona	141,898	124,815
Madrid - Castilla la Mancha - Com. Valenciana - Región de Murcia	1,215,433	2,046,717
Corredor Mediterráneo de AV	16,406	15,306
Enlace Corredor Mediterráneo, Área Tarragona	92,076	81,781
L.A.V. Pulpí – Murcia	105,361	89,755
L.A.V. Murcia – Almería	634,145	609,419
Córdoba – Málaga	10,197	7,527
L.A.V. Bobadilla – Granada	99,900	87,342
L.A.V. Madrid - Cáceres, tramo Navalmoral de la Mata - Cáceres	842,198	812,085
L.A.V. Madrid - Extremadura - F. portuguesa, tramo Cáceres - Mérida – Badajoz	536,132	470,857
Madrid - Segovia – Valladolid	5,245	5,176
Valladolid - Burgos – Vitoria	717,637	707,306
L.A.V. País Vasco	1,672,518	1,577,375
Palencia – León	180,859	165,717
L.A.V. León – Asturias	3,185,247	3,140,649
L.A.V. Galicia (Olmedo - Lubián)	452,658	507,208
L.A.V. Galicia (Lubián - Ourense)	2,064,860	2,016,553
High Speed Atlantic Axis	47,823	52,920
Madrid Atocha - Madrid Chamartín	831,425	811,004
Atocha Station complex expansion	7,931	7,931
Other High Speed investments,	171,390	116,942
Investments in asset replacement and improvement	323,319	242,982
TOTAL	13,791,350	14,131,959

The Entity recognized, in previous years, as a greater value of work in progress, the best available estimate of those executed and outstanding works pending certification at 30 September 2021 and 31 December 2020 arising from outstanding contractual issues pending formalization worth 8,802 and 13,159 thousand euros, respectively. ADIF AV continues with a process of regularization of these situations and is working on the development of instruments to avoid such incidents in the future.

Work in progress at 30 September 2021 and 31 December 2020 includes 157,080 and 156,277 thousand euros, respectively, for advances to suppliers. As an integral part of this item, at 31 December 2020, advances granted to suppliers that have not been contractually formalized amounting to 1,950 thousand euros, and there is no amount at 30 September 2021. This heading also includes advances for the future delivery of railway works arising from agreements entered into by the Entity with its associates, as follows at 30 September 2021 and 31 December 2020:



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	Thousands of Euros	
	30/09/2021	31/12/2020
Valencia Parque Central Alta Velocidad 2003, S.A.	48,084	48,084
Valladolid Alta Velocidad 2003, S.A.	1,529	1,529
Zaragoza Alta Velocidad 2002, S.A.	11,165	11,165
Almería Alta Velocidad, S.A.	10,169	10,169
TOTAL	70,947	70,947

Under the act of formal delivery of signed works on 1 February 2016 between Zaragoza Alta Velocidad 2002, SA, ADIF and ADIF-AV, in 2015, the Entity has partially cancelled the advances for outstanding works to be received from Zaragoza Alta Velocidad 2002, SA, pending at 31 December 2014. The value of the works received and recorded in 2015 amounted to 5,457 thousand euros. In addition, the Entity, in light of the best available estimate at year end, valued the railway projects likely to receive in future years, registered in the 2015 income statement a loss of 2,157 thousand euros (see Note 3.b).

Applying the same criteria used by the State for its real estate and infrastructure works, ADIF-AV has not taken out any insurance coverage for these assets, except as regards extraordinary infrastructure risks, which do not include stations, tunnels, bridges and other buildings.

Also ADIF-AV, like the State, has not listed its buildings and infrastructure works in the Property Register, except for housing and commercial premises.

At 30 September 2021, the Entity has firm commitments with third parties to make future investments of 3,113,547 thousand euros, excluding VAT. At year end 2020, the Company had firm commitments with third parties to make future investments of 2,981,341 thousand euros, excluding VAT.

4.c) Capitalised borrowing costs

During the third quarter of 2021, the Entity capitalised borrowing costs totalling 72,596 thousand euros, comprising the cost of the loans received from the EIB or other institutions, and the cost of the liabilities and Green Bonds emissions, which were primarily allocated to finance the construction of various high-speed lines. Among other items, this amount comprises 13,858 thousand euros in relation to the Levante line; 19,257 thousand euros reflecting the cost of the high-speed rail network of the Basque Country, called "Y Vasca"; 4,696 thousand euros representing the costs of the Valladolid-Vitoria stretch of the Madrid-Basque Country/French border high-speed line; and 8,195 thousand euros for the costs of the Pajares alternate route of the Madrid-Asturias high-speed line and 11,322 thousand euros for the railway connection between Madrid Atocha station and Madrid Chamartín station; and 8,819 thousand euros of the Galicia high-speed line.

During the third quarter of 2020, the Entity capitalised borrowing costs totalling 79,864 thousand euros, comprising the cost of the loans received from the EIB or other institutions, and the cost of the liabilities and Green Bonds emissions, which were primarily allocated to finance the construction of various high-speed lines. Among other items, this amount comprises 17,152 thousand euros in relation to the Levante line; 19,739 thousand euros reflecting the cost of the high-speed rail network of the Basque Country, called "Y Vasca"; 5,290 thousand euros representing the costs of the Valladolid-Vitoria stretch of the Madrid-



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Basque Country/French border high-speed line; and 8,622 thousand euros for the costs of the Pajares alternate route of the Madrid-Asturias high-speed line and 11,861 thousand euros for the railway connection between Madrid Atocha station and Madrid Chamartín station; and 11,649 thousand euros of the Galicia high-speed line (see note 19).

4.d) Fully depreciated/amortised assets

Details of the cost of fully depreciated or amortised items of property, plant and equipment, intangible assets and investment property in use at 30 September 2021 and 31 December 2020 are as follows:

	Thousands of Euros	
	30/09/2021	31/12/2020
Intangible assets	11,323	8,441
Property, plant and equipment	838,600	843,196
Investment property	103	103
TOTAL	850,026	851,740

4.e) Government grants received

The construction of property, plant and equipment for railway infrastructure has partly been financed by non-refundable capital grants, among which some come from European Funds (Cohesion Funds, TEN-T, ERDF) (see Note 9).

Current and on-going investments delivered by the State to ADIF in 2012 and 2013, mainly the works on the Atlantic Hub and the link to the Valencia-Vandellós section of the Mediterranean Corridor. In 2015 and following by the State and SEITTSA in relation to the platform works of various sections of the Madrid-Galicia line, they have been registered with a counterpart being the recognition of a capital grant (see Notes 3.b) and 3.g)).

According to the agreement signed with MITMA last July, the Entity will participate in the National Recovery, Transformation and Resilience Plan for the period from February 2020 to 2026 with amounts (excluding VAT) of 141 million euros in Component C1 Sustainable, Safe and Connected Mobility in urban environments and 2,887 million euros in Component C6 Sustainable, Safe and Connected Mobility.

4.f) Intangible assets

Details of intangible assets at 30 September 2021 and 31 December 2020 are as follows:



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30/09/2021 Miles de euros			
	Cost	Accumulated amortisation	Total
Operating intangible assets			
Computer software	7,237	(6,524)	713
Rights of use space RENFE 2015	50,831	(3,897)	46,934
Rights of use Torreones Atocha RENFE 2020	19,195	(480)	18,715
Research and development expenses	12,335	(6,529)	5,806
Other intangible assets	6,713	(6,689)	24
Total operating intangible assets	96,311	(24,119)	72,192
Intangible assets in progress			
Computer software	39	-	39
Research and development expenses	217	-	217
Rights of use Torreones Atocha RENFE 2020	381	-	381
Other intangible assets	-	-	-
Total intangible assets in progress	637	-	637
Total intangible assets	96,948	(24,119)	72,829

31/12/2020 Thousands of Euros			
	Cost	Accumulated amortisation	Total
Operating intangible assets			
Computer software	6,555	(6,417)	138
Rights of use space RENFE 2015	50,831	(3,389)	47,442
Research and development expenses	12,032	(5,977)	6,055
Other intangible assets	6,713	(6,526)	187
Total operating intangible assets	76,131	(22,309)	53,822
Intangible assets in progress			
Computer software	237	-	237
Research and development expenses	48	-	48
Other intangible assets	284	-	284
Rights of use Torreones Atocha RENFE 2020	19,195	-	19,195
Total intangible assets in progress	19,764	-	19,764
Total intangible assets	95,895	(22,309)	73,586

The intangible asset called "rights of use Torreones Atocha Renfe 2020" corresponds to the acquisition value agreed between ADIF AV, RENFE-Operadora and RENFE Viajeros SME S.A. in July 2020 for the rights of use of spaces located at Atocha Station in Madrid recognised in Order FOM/2909/2006 in favour of RENFE-Operadora.

The Board of Directors of ADIF-AV approved at its meeting of 30 June 2020, a proposed agreement between RENFE-Operadora, RENFE Viajeros SME S.A. and ADIF Alta Velocidad for the acquisition by ADIF Alta Velocidad of the rights of use in favour of RENFE Operadora at Atocha Station and lease of a part by RENFE Viajeros SME S. A. In July 2020, an agreement



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was signed with Renfe Operadora and Renfe Viajeros SME, S.A. for this acquisition, which will take effect in December 2020.

The aforementioned agreement of July 2020 includes the obligation of ADIF AV to pay a price of 19,195 thousand euros (excluding VAT) for the recovery of the spaces that RENFE-Operadora had been occupying in the Atocha station towers. With this disbursement made in December 2020, all ADIF AV obligations relating to the replacement of spaces originating in Order FOM/2909/2006 are cancelled.

In application of the above paragraph, ADIF AV has cancelled the impairment provision it had made for these properties up to 2019, totalling 4,875 thousand euros.

The acquisition agreement signed in 2020 provides for the lease of space to Renfe Viajeros S.M.E. for a period of four years.

In addition to the above, the Entity has recognised an intangible asset called "rights to use Renfe 2015 spaces" which corresponds to the current acquisition value of the aforementioned rights after deducting the provision for contingencies and expenses that the Entity had set up to meet the replacement costs for the delivery in suitable conditions of use of the properties that should replace the aforementioned spaces, which is included in the purchase price.

On December 28, 2015, the Entity, together with RENFE Operadora, signed with RENFE Operadora, Renfe Viajeros, S.A., Renfe Fabricación y Mantenimiento, S.A. y Renfe Alquiler de Material Ferroviario, S.A an agreement for partial acquisition of the rights of use in spaces owned by the Entity for a current value of 50,831 thousand euros, once applied the provision for risks and expenses cited in the preceding paragraph which the Entity carried on its balance sheet amounting to 21,952 thousand euros.

The purpose of this agreement is to extinguish the rights of use without financial compensation recognized in the Order FOM/2909/2006 to RENFE-Operadora in diverse administrative and operational spaces located in buildings owned by the Railway Infrastructure Administrator. The mentioned Order established the obligation of ADIF to replace, within a maximum period of three years, these spaces for their property that can be capitalized by RENFE Operadora.

As a result of the creation of ADIF AVE, in the Order PRE-2443/2013 of 27 December, the assets, rights and obligations of ADIF which became owned by ADIF AV established the subrogation from the Entity in its obligations for the replacement of the rights of use corresponding to the spaces located in buildings attributed to ADIF AV, for a total of 20,947.76 net square meters.

Given the legal complexity and practice in the execution of Order FOM/2909/2006, and since ADIF and ADIF AV did not have sufficient property to replace all the rights recognized for RENFE-Operadora's use, it has been necessary to reach an agreement that allows, first partially to replace a portion of the surface subject to such rights of use, by incorporating it in the equity of the mentioned company of certain properties owned by ADIF and ADIF AV and, secondly, the termination of other rights not replenished, recognizing the corresponding RENFE-Operadora consideration.

In order to extinguish the totality of the commitments assumed by ADIF-AV (see note 10.b.2) derived from the aforementioned FOM Order, the Entity acquired from RENFE Operadora in 2015, the usage rights corresponding to a total of 17,826.35 net useful squares meters and



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committed to deliver in a maximum period of one year, office space located in the Atocha historic station equivalent to 3,121.41 useful square meters.

The amount payable to RENFE Operadora for the rights of use acquired in 2015 has been quantified at 77,434 thousand euros, excluding VAT. Of that amount the Entity has paid in January 2016 to Renfe Operadora a figure of 50,831 thousand euros and agrees to pay 2,660 thousand euros each year until the year 2025, inclusive. (See notes 10.b.2 and 11.d))

Additionally, the agreement reached with RENFE Operadora includes leasing, by the mentioned entity and the Group companies, in accordance with the conditions shown in the following table:

Metres squared	Period	Annual income (euros)
15,887.49 m ²	Ten years	2,406,491.64

After the 10-year period, the lease may be extended by mutual agreement between the parties, updating the lease income according to the general index of competitiveness. As the leased assets have a great relationship with the activity undertaken by Renfe Operadora, it is understood that these leases will be extended for the very long term.

4.g) Impairment of property, plant and equipment, intangible assets and investment property

At 30 September 2021 and 31 December 2020, the Entity assessed the operating units forming its property, plant and equipment, intangible assets and investment property for indications of impairment. From this analysis it was concluded that the operating units forming the Entity's non-financial assets showed no indications of impairment except that indicated in Annex I (see Note 3.b)).

4.h) Investment property

The breakdown at 30 September 2021 and 31 December 2020 is as follows:

	30/09/2021 Thousands of Euros		
	Cost	Accumulated depreciation	Total
Urban sites	12,410	-	12,410
Shopping centres at passenger rail stations	99,932	(27,142)	72,790
Commercial car parks	78,596	(14,798)	63,798
Buildings and hotels at intermodal stations	61,683	(20,078)	41,605
Housing, premises and garages	228	(217)	11
Investment property in progress	96,696	-	96,696
Total	349,545	(62,235)	287,310



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	31/12/2020 Thousands of Euros		
	Cost	Accumulated depreciation	Total
Urban sites	12,410	-	12,410
Shopping centres at passenger rail stations	99,932	(25,642)	74,290
Commercial car parks	78,596	(13,925)	64,671
Buildings and hotels at intermodal stations	61,683	(19,320)	42,363
Housing, premises and garages	228	(216)	12
Investment property in progress	403	-	403
Total	253,252	(59,103)	194,149

4.i) Sale commitments (land associated with Chamartín Station rail complex)

In the case of the railway-urban development transaction, the "Chamartín Transaction", the rights and obligations of ADIF arising from the agreement entered into between ADIF, RENFE Operadora and "Desarrollo Urbanístico Chamartín, S.A." on 23 June 2009 will be split between ADIF-AV and ADIF based on the area pertaining to each entity and the price per square metre established in the agreement.

Under this contract, ADIF and RENFE Operadora signed a Revised Text of the Contract with Desarrollo Urbanístico de Chamartín, S.A. (DUCH), which stipulated that ADIF and RENFE Operadora agree to give priority to DUCH to complete the urban planning of the land included in both the PPRI (Partial Interior Reform Plan) of the APR (Area planned for development to be defined at a later stage) 08.03 "Extension of the Castellana" and the APE (Special Planning Area) 05.27 "Colonia Campamento" and that affects the Chamartín and Fuencarral railway station complexes. In accordance with the terms of the Revised Text of the Contract, DUCH agreed to pay a consideration, part in cash and part in kind (through the transfer of developed land classified for government-supported residential properties) up to the limits established and for specific amounts, in exchange for the transfer of the title to land and building rights included in the APR 08.03 and the APE 05.27, which comprises the Chamartín and Fuencarral station complexes.

Pursuant to the agreement, on 29 July 2014 DUCH petitioned ADIF and RENFE Operadora to formally open renegotiations, since more than five years had elapsed since the last section of the agreement was signed and the PPRI had not been approved on the foreseen terms.

On 22 January 2015, the parties signed a Framework Agreement whereby DUCH undertook to pay the public entities a cash amount of 984,225 thousand euros, over a 20-year payment period and subject to 3% annual interest, and an in-kind payment comprising use of 100,000 m² of government-supported residential area. The validity and effectiveness of this agreement is subject to definitive approval of the modification of the PPRI.

In accordance with the Framework Contract, ADIF and ADIF-AV may receive 84.027% of the price foreseen of 1,245,460 thousand euros (including delay interest), namely 1,046,523 thousand euros. A priori, this is the maximum amount receivable, given that if ADIF/ADIF-AV is not allocated ownership of an area in the corresponding urban development re-parcelling, this price would be reduced in accordance with a predetermined unit price. Of the total of 1,046,523 thousand euros, 20.430% corresponds to ADIF-AV (254,447 thousand euros), while 63.507% (792,075 thousand euros) corresponds to ADIF.



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In addition, both state-owned entities will receive a payment in kind through the delivery of plots on which 84,027 m² can be built for government-supported residential use (53,438.65 m² for ADIF and the remaining 30,588.35 m² for ADIF-AV).

On 9 June 2015, the High Court of Madrid issued a new ruling on the PPRI, declaring the nullity of the determinations that allowed more than 3 heights plus attic space for buildings in this area. This provision makes the operation technically and economically unfeasible.

Motivated by the new situation of urban development, DCN, ADIF and RENFE-Operadora subscribed, on 28 December 2016, an extension of the Basis Agreement, until August 31, 2018. DCN must pay to Public Entities for this reason an amount of 4,350,274 euros derived from the extension of the Basis Agreement until 31 August 2018. Of this amount, ADIF AV is due the amount of 444,380 euros fully charged in 2017 and 444,380 euros in 2018.

The Technical Subcommittee created for this purpose, reached a principle of agreement between the parties, reflected in the document "*Bases para la ordenación urbanística del área Estación de Chamartín – sur de Calle 30/Fuencarral – norte de Calle 30, Acuerdo ADIF/DCN/Ayuntamiento de Madrid*", calling the urban action whose bases are agreed, Madrid Nuevo Norte (MNN).

On 28 December 2018, the Boards of Directors of the ADIF and ADIF-ALTA VELOCIDAD have authorized a modification of the contract they have signed with the company DISTRITO CASTELLANA NORTE, S.A. (DCN), on the preferential adjudication of their rights in relation to the urban development of the Chamartín and Fuencarral rail precincts, in Madrid (the so-called "Operation Chamartín").

On 20 September 2018, the Madrid City Council agreed to the Initial Approval of the Specific Modification of the Madrid General Plan (MPPGOUM) "Madrid Nuevo Norte". This document constitutes the new urban framework of reference for the parties to this Contract and, consequently, it has had to adapt the content thereof to the determinations of this new modification of the Plan.

The most relevant information in this contractual amendment is that, despite the fact that the area to be transferred to DCN by the railway entities has been reduced by 798,366 m² and that the net buildable area attributable to the railway spaces has been reduced by 575,246 m² t (31.02%), both the price established in the current contract and the agreed form of payment remain unchanged, a fixed canon of 1,245,459,973 euros to be paid in 20 years plus the delivery of urbanized plots subject to some regime of public protection with a buildable area of 100,000 m².

On 22 July 2020, the Community of Madrid approved, definitively and unconditionally, the Specific Modification of the General Plan of Madrid (MPG), which will allow the urban development of the Madrid Nuevo Norte Project to be carried out, and on 31 July 2020, the Madrid City Council published the urban development regulations of the MPG in the BOCM (Official Journal of the Madrid City Council).

On 23 December 2020, the Secretary of State for Transport, Mobility and Urban Agenda resolved to approve the public information and hearing file and definitively approved the "Information Study of the New Railway Complex of the Madrid-Chamartín station".

On 29 July 2021, a Collaboration Agreement was signed between the railway entities, the Community of Madrid and the Madrid City Council for the coordination, financing and execution of the singular actions foreseen in the modification of the General Urban Development Plan of Madrid in the areas APE 05.27 Colonia Campamento and APR 08.03



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Prolongación de la Castellana, constituting the Monitoring Commission and the Technical Committee on 27 September and 6 October respectively.

Likewise, the Management Commission of APE 05.31 "Business Center" was constituted on June 30 and that of APE 08.20 "Malméa, San Roque Tres Olivos" is scheduled to be constituted on November 4.

(5) Investments in Group Companies and Associates

5.a) Non-current equity instruments in Group companies and associates

The movements for the 9-month period ended 30 September 2021 and full year 2020, in thousands of euros, in the accounts composing this caption are detailed in the tables below:

30/09/2021 Thousands of Euros				
	Investments in Group companies and associates	Uncalled equity holdings	Provisions	Total
Balance at 1 January 2021	10,026	-	(1,583)	8,443
Additions	-	-	(466)	(466)
Withdrawals	-	-	-	-
Balance at 30 September 2021	10,026	-	(2,049)	7,977

31/12/2020 Thousands of Euros				
	Investments in Group companies and associates	Uncalled equity holdings	Provisions	Total
Balance at 1 January 2020	10,026	-	(1,583)	8,443
Additions	-	-	-	-
Withdrawals	-	-	-	-
Balance at 31 December 2020	10,026	-	(1,583)	8,443

Appendix II contains a detail of the main investees domiciled in Spain and related information.

Within the shareholdings in associated companies, it is worth highlighting those corresponding to companies whose corporate purpose is the integration of the railroad in various cities. The aforementioned companies were incorporated under the agreements signed between the Ministry of Public Works, currently MITMA, the Public Business Entities assigned to it with competencies in railway matters and the Public Administrations involved in each of the cities affected (Autonomous Community and City Council) with competencies in land and urban planning, distributing the participation in their capital 50/50 between the General State Administration and the local and Autonomous Community Administrations. This model aims to unite all the parties with interests in the project, achieving the integration of the railroad in various cities with the contributions of the partners and, where appropriate, with the placing on the market of the urban developments derived from land released from railway use that are unnecessary for the railroad. Throughout 2019, new agreements or addenda to pre-existing agreements were signed with certain integration companies. Specifically, agreements were signed for the cities of Alicante, Gijón and Murcia, which respectively affect the integration companies Alta Velocidad Alicante Nodo de Transporte, S.A., Gijón al Norte, S.A., and Murcia AV, S.A. Additionally, at the date of



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preparation of these financial statements, the agreement for the financing of the Access Channel Phase 3 within the framework of the Valencia Parque Central Company and the cooperation agreement signed in 2019 is pending to be agreed with the signatories and signed. On the other hand, during 2020 and throughout 2021 no new agreement has been subscribed that modifies or updates the agreements subscribed since 2002 of which the Integration Companies are the cause; however, it is planned to subscribe a new agreement for the integration of the railroad in Gijón that will replace the one subscribed in 2019, a protocol to promote the integration of the railroad in Vitoria and subsequently a new agreement for the integration of the railroad in Vitoria, and a new agreement is being negotiated for the integration of the railroad in the city of Logroño.

Additionally, on 4 December 2012, the Extraordinary and Universal General Meeting of the company León Alta Velocidad 2003, S.A., agreed to dissolve the company in order to proceed to liquidation as soon as possible. At the aforementioned Meeting, it was also agreed that ADIF would acquire the railway infrastructure works carried out by the Company. The Entity's Management considers that as a result of this process, ADIF-AV will not have to assume significant liabilities.

5.b) Non-current loans to Group companies and associates

Details of non-current loans to Group companies and associates at 30 September 2021 and 31 December 2020 are as follows:

Concept	Thousands of Euros	
	30/09/2021	31/12/2020
Zaragoza Alta Velocidad 2002, S.A.	113,256	113,256
Cartagena AVE, S.A.	1,080	1,080
Murcia AVE, S.A.	96,678	69,694
Barcelona Sagrera AV, S.A.	71,270	-
Valladolid Alta Velocidad, 2003, S.A.	267,510	267,510
Alta Velocidad Alicante Nodo del Transporte, S.A.	601	415
Total non-current loans to Group companies and associates	550,395	451,955
Provision for impairment	(27,015)	(27,015)
	523,380	424,940

These amounts correspond to loans granted by the Entity from 1 January, 2013 and those that were assigned to it in the segregation process and that were not impaired as of 31 December, 2012. At that date, ADIF-AV was assigned loans granted by ADIF to the Integración Zaragoza Alta Velocidad 2002, S.A. for a nominal value of 30,279 thousand euros and to Palencia Alta Velocidad for a nominal value of 410 thousand euros. These were totally impaired and therefore in compliance with the accounting regulations and were allocated to ADIF-AV for its net amount, i.e. for zero euros. Therefore, they are not reflected in the above table. The impaired amount of 27,015 thousand euros as of 30 June 2021 and 27,015 thousand euros as of 31 December 2020 correspond to loans granted to the company Zaragoza Alta Velocidad 2002, S.A and Palencia Alta Velocidad, S.A.

The situation at 30 September 2021 and 31 December 2020 in relation to loans granted to its long-term investees at nominal value is shown in the table below:



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Company	Thousands of Euros	
	30/09/2021	31/12/2020
Zaragoza Alta Velocidad 2002, S.A.	143,535	143,535
Cartagena Alta Velocidad, S.A.	1,080	1,080
Murcia Alta Velocidad, S.A.	96,678	69,694
Barcelona Sagrera Alta Velocitat S.A.	71,270	-
Valladolid Alta Velocidad 2003 S.A.	267,510	267,510
Alta Velocidad Alicante Nodo del Transporte, S.A.	601	415
	580,674	482,234

71,270 thousand of Barcelona Sagrera Alta Velocitat S.A. is due to reclassification from short term (see note 5.c).

The company Valladolid Alta Velocidad 2003, S.A, as a result of its financial situation, has not been able to meet its obligations with the creditors in the framework of the financing agreements signed. Consequently, on 27 June 2017, the Board of Directors of ADIF Alta Velocidad authorized the signing of the agreement for the cancellation of the syndicated line of credit agreement and the interest rate hedging agreements of the Participated Company Valladolid Alta Velocidad 2003, S.A. In said agreement, the accrediting entities would waive the collection of 11,760 thousand euros for the definitive cancellation of the credit and of the coverage and ADIF, ADIF-Alta Velocidad and RENFE Operadora would pay a maximum of 341,205 thousand euros.

Additionally, and derived from the subscription of the aforementioned new agreement, ADIF AV has disbursed a total of 118.16 million euros on 23 November 2017 for the total cancellation of the Company's debt derived from the credit agreement with banking entities.

As established in the new agreement, the contributions already made by ADIF AV as well as those that it undertakes to make will be reimbursed by Valladolid Alta Velocidad with the capital gains generated in the land transfer process and according to the priority of collections established in the signed Agreement. The first amounts obtained were allocated to the cancellation of the debt acquired by the Company with the three EPEs assigned to the Ministry of Public Works as a result of the cancellation of the loan and of the hedge contracts subscribed by Valladolid Alta Velocidad 2003, SA.

Likewise, ADIF, ADIF AV and Renfe Operadora in order to guarantee the return of the amounts contributed for the cancellation of the credit agreement and the interest rate hedging contracts may expressly reserve ownership of the land freed from the railway use and that they could be contributed to the Company or constitute an explicit resolution condition thereon. In the case of having been land released for rail use contributed to Valladolid Alta Velocidad 2003, SA will be constituted by the Company a pledge of chattel mortgage, or if applicable, real estate in favour of the three SPEs on any Project assets included in the balance of that, being granted to ADIF, ADIF AV and RENFE Operadora irrevocable power for the constitution of mortgage or pledge on assets for a value equivalent to the total amount paid for the cancellation of the aforementioned contracts.

In relation to the loans granted by the Entity to various investees related in the previous tables, in addition to the loan impairments included in the first breakdown, the amounts have been recorded under Provisions for risks and expenses (see note 10) that the Entity estimates it will have to pay in the future derived from the comfort letters or letters of commitment assumed by ADIF AV or loans or contributions already granted or committed



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by the Entity to various companies and for which there is a probability of non-recovery based on current estimates of future cash flows expected by the investee as explained in notes 2.c, 3.i and note 23.

Derived from the recent subscription of agreements with integration companies in urban environments or from modifications or addenda to existing agreements, ADIF-AV has assumed commitments of estimated future financial contributions based on the best available estimate of the actions to be undertaken at the time of their subscription. These contributions committed in certain agreements, such as the one signed with Murcia AV, have materialised in the form of loans granted to these companies, which are recorded in the Entity's current or non-current assets depending on their maturity (see note 5.c). The amount of the monetary contribution commitments assumed by ADIF-AV at the date of preparation of these interim financial statements is shown below. These contributions may be formalized as advances for future works to be received or as participating loans.

Company	31 December 2020 - Thousands of Euros						TOTAL
	2021	2022	2023	2024	2025	Resto	
Alta Velocidad Alicante Nodo del Transporte, S.A	723	540	244	4,344	4,344	9,120	19,315
Almería A.V, S.A.	800	2,400	16,062	46,394	46,393	16,062	128,111
Cartagena A.V, S.A.	-	-	-	-	-	82,200	82,200
Logroño Integración del Ferrocarril 2002, S.A.	5,702	-	-	-	-	-	5,702
Murcia Alta Velocidad, S.A.	125,300	99,929	36,999	11,106	1,985	312	275,631
Valencia Parque Central A.V. 2003, S.A.	26,378	52,756	52,756	26,378	-	-	158,268
Valladolid Alta Velocidad 2003, S.A.	20,814	10,461	9,903	9,840	6,678	7,520	65,216
Total	179,717	166,086	115,964	98,062	59,400	115,214	734,443

During the first three quarters of 2021, disbursements have been made for participating loans to the companies Murcia Alta Velocidad, S.A. and Alta Velocidad Alicante Nodo de Transporte, S.A. amounting to 26,984 and 186 thousand euros respectively, and to Logroño Integración del Ferrocarril 2002 S.A., amounting to 5,707 with short-term maturity. With these disbursements and the revision and updating as of the date of these interim statements, the monetary contribution commitments assumed by ADIF AV as of 30 September 2021 are as follows

Company	30 September 2021 - Thousands of Euros						TOTAL
	2021	2022	2023	2024	2025	Resto	
Alta Velocidad Alicante Nodo del Transporte, S.A	537	540	244	4,344	4,344	9,120	19,129
Almería A.V, S.A.	-	4,609	23,294	38,586	30,600	40,732	137,821
Cartagena A.V, S.A.	-	-	-	-	-	82,200	82,200
Murcia Alta Velocidad, SA	-	9,570	46,427	138,562	1,985	52,104	248,648
Valencia Parque Central AV 2003, SA	-	21,937	40,838	36,518	22,869	64,626	186,788
Valladolid Alta Velocidad 2003,SA	-	10,461	9,903	9,840	9,800	25,213	65,217
Logroño Integración del Ferrocarril 2002, SA .	-	-	-	-	-	-	-
Total	537	47,117	120,706	227,850	69,598	273,995	739,803

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5.c) Current investments in Group companies and associates

The balance at 30 September 2021 and 31 December 2020 is as follows:

Concept	Thousands of Euros	
	30/09/2021	31/12/2020
Short-term loans to group companies and associates	126,943	192,507
Loans for disposal of fixed assets	22,770	28,760
Other financial assets	(25,357)	(31,346)
	124,356	189,921

The heading of short-term loans to group and associated companies corresponds to loans granted to investees maturing in the short term, at face value. 71,270 thousand of the company Barcelona Sagrera Alta Velocitat S.A. (see note 5.b) was reclassified to long-term and the detail is as follows:

Concept	Thousands of Euros	
	30/09/2021	31/12/2020
Gijón al Norte, S.A.	12,739	12,739
Palencia Alta Velocidad, S.A.	610	610
León Alta Velocidad, 2003, S.A.	1,976	1,976
Valladolid Alta Velocidad 2003, S.A.	1,843	1,843
Valencia Parque Central Alta Velocidad 2003 S.A.	51,124	51,124
Logroño integración del Ferrocarril 2002, S.A.	58,651	52,945
Barcelona Sagrera Alta Velocitat, S.A.	-	71,270
Total Short-term loans to Group companies and associates	126,943	192,507
Provision for impairment	(2,587)	(2,586)
	124,356	189,921

(6) Other Financial Assets

The breakdown by category of financial assets, excluding investments in equity of group and associated companies (see note 5), except the balances with Public Administrations (see note 12), at 30 September 2021 and 31 December 2020, is as follows:

	30/09/2021 Thousands of Euros		
	Equity instruments	Loans, derivatives and other	Total
Non-current financial assets			
Loans and receivables	-	1,154	1,154
Available-for-sale assets	1,754	-	1,754
Total non-current financial assets	1,754	1,154	2,908
Current financial assets			
Loans and receivables	-	265,023	265,023
Total current financial assets	-	265,023	265,023



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	31/12/2020 Thousands of Euros		
	Equity instruments	Loans, derivatives and other	Total
Non-current financial assets			
Loans and receivables	-	1,244	1,244
Available-for-sale assets	1,754	-	1,754
Total non-current financial assets	1,754	1,244	2,998
Current financial assets			
Loans and receivables	29	187,362	187,391
Total current financial assets	29	187,362	187,391

These amounts are broken down into the following balance sheet items, as of 30 September 2021 and 31 December 2020:

	30/09/2021 Thousands of Euros		
	Equity instruments	Loans, derivatives and other	Total
Non-current financial assets			
Non-current financial investments	1,754	876	2,630
Non-current trade receivables	-	278	278
Total non-current financial assets	1,754	1,154	2,908
Current financial assets			
Current financial assets	-	-	-
Trade and other receivables	-	265,023	265,023
Total current financial assets	-	265,023	265,023

	31/12/2020 Thousands of Euros		
	Equity instruments	Loans, derivatives and other	Total
Non-current financial assets			
Non-current financial investments	1,754	876	2,630
Non-current trade receivables	-	368	368
Total non-current financial assets	1,754	1,244	2,998
Current financial assets			
Current financial assets	29	-	29
Trade and other receivables	-	187,362	187,362
Total current financial assets	29	187,362	187,391

The carrying amount of these financial assets does not differ significantly from their fair value.

6.a) Investments

The breakdown of financial investments at 30 September 2021 and 31 December 2020 is as follows:



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	Thousands of Euros			
	30/09/2021		31/12/2020	
	Non-current	Current	Non-current	Current
Equity instruments (see Appendix II)	1,994	-	1,994	-
Impairment	(240)	-	(240)	-
Total equity instruments	1,754	-	1,754	-
Other financial assets (deposits, guarantees and other credits)	876	-	876	29
	2,630	-	2,630	29

6.a.1) Equity instruments

Equity instruments are the Entity's holdings in companies over whose management it does not have significant influence. The Entity's interest in each of these companies is less than 20%.

Annex II shows a detail of the main investees that are domiciled in Spain, and the information related to them.

6.b) Trade and other receivables

The breakdown of trade and other receivables at 30 September 2021 and 31 December 2020 is as follows:

	Thousands of Euros			
	30/09/2021		31/12/2020	
	Non-current	Current	Non-current	Current
Group companies and associates				
Receivables (Note 6.b.1)	-	39	-	271
Unrelated parties				
Trade receivables (Note 6.b.2)	-	78,881	-	51,861
Other receivables (Note 6.b.3)	278	186,090	368	135,218
Personnel	-	13	-	12
	278	265,023	368	187,362

6.b.1) Group Companies and Associates

The detail of the balances of these accounts of current assets in the accompanying balance sheet as of 30 September 2021 and 31 December 2020, is as follows:

	Thousands of Euros	
	30/09/2021	31/12/2020
	Current	Current
Murcia Alta Velocidad S.A.	-	181
Barcelona Sagrera Alta Velocitat, S.A.	-	91
Ingeniería y Economía del Transporte (INECO)	-	(1)
Valladolid Alta Velocidad 2003	39	-
	39	271



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6.b.2) Trade receivables

As of 30 September 2021, the account trade receivables for sales and provision of services includes the balance settled and pending collection for railroad fees for the amount of 43,403 thousand euros and additionally the amount accrued and pending settlement for the amount of 35,202 thousand euros. It also includes, for a value of 241 thousand euros, the liquidated and pending collection income for Railway Taxes.

As of 31 December 2020, the account trade receivables for sales and provision of services includes the balance settled and pending collection for railroad fees for the amount of 32,734 thousand euros and additionally the amount accrued and pending settlement for the amount of 18,808 thousand euros. It also includes, for a value of 284 thousand euros, the liquidated and pending collection income for Railway Taxes.

6.b.3) Other receivables

The detail at 30 September 2021 and 31 December 2020 is as follows:

	Thousands of Euros	
	30/09/2021	31/12/2020
Agreements with rail operators	58,747	56,516
Fibre-optics rental	8,059	9,595
Amounts due to ADIF-AV from ADIF	6,540	3,034
Other rentals	26,829	25,662
Other items	25,769	21,331
Services rendered pending invoice		
Agreements with rail operators	45,715	1,760
Agreements with ADIF	39,732	32,610
Other	(11,304)	(7,864)
Impairment of trade receivables	(13,997)	(7,426)
Total other receivables	186,090	135,218

The agreements with railway operators correspond mainly to Renfe Operadora and its group.

The balance receivable from ADIF at 30 September 2021 and at 31 December 2020 corresponds to services rendered to ADIF billed up to that date and pending billing, based on the additions listed in note 1.

The movement of valuation adjustments for impairment of short and long-term receivables at 30 September 2021 and 31 December 2020 is as follows:

	Thousands of Euros			
	30/09/2021		31/12/2020	
	Non-current	Current	Non-current	Current
Balances at 1 January	-	(7,426)	-	(8,744)
Provisions, reversals and/or applications during the year	-	(6,571)	-	1,318
Balances at 30 September 2021	-	(13,997)	-	(7,426)



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(7) Cash and Cash Equivalents

The breakdown of cash and cash equivalents as of 30 September 2021 and 31 December 2020 is as follows:

	Thousands of Euros	
	30/09/2021	31/12/2020
Cash on hand and at banks	67,758	278,335
Cash equivalents	-	75,000
	67,758	353,335

(8) Equity

Details of and movement in equity are shown in the statement of changes in equity.

8.a) Equity contribution

On 30 September 2021, a total of 155,391 thousand euros have been received from the AGE on account of the contribution consigned in the General State Budget for an annual total of 466,173.95 thousand euros and included in the agreement signed in July 2021 with MITMA. At the date of issuance of these financial statements, the Entity does not have sufficient information to evaluate which amount should be recognized as the Entity's Equity, and therefore the full amount collected is included under other financial liabilities of non-current liabilities (see note 11.b.1).

In the 2020 financial year, the 2019 General State Budget was extended, which in turn was an extension of the 2018 Budget. As of 31 December 2020, the entire amount appropriated in the General State Budget for 2018, which was extended for 2019 (see note 1.d), which amounted to 311,574 thousand euros.

8.b) Reserves

The movement in the Reserves heading at 30 September 2021 and 31 December 2020 is as follows:

	30/09/2021 Thousands of Euros		
	Reserves for actuarial gains and losses	Other reserves	Total
Balance at 31 December 2020	(218)	29,948	29,730
Recognition of actuarial gains and losses and other adjustments	-	-	-
Balance at 30 September 2021	(218)	29,948	29,730

	31/12/2020 Thousands of Euros		
	Reserves for actuarial gains and losses	Other reserves	Total
Balance at 31 December 2019	(427)	29,948	29,521
Recognition of actuarial gains and losses and other adjustments	209	-	209
Balance at 31 December 2020	(218)	29,948	29,730



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8.c) Proposed application of loss for the year

The Entity's Management proposes that the 460,861 thousand euros losses for 2020 be carried forward as prior years' losses, under the equity item "Retained earnings".

On 30 March 2021, the Board of Directors of ADIF-AV approved the proposals of the Board of Directors mentioned above.

8.d) Valuation adjustments

The amount recognised in equity for the nine month period ending September 2021 and full year 2020, as well as the amounts reclassified from equity to finance expenses in the income statement in these years are disclosed in the statement of recognised income and expense, which forms part of the statement of changes in equity for each year,

The equity for the first three quarters of 2021 and 2020 reflects the variations in the fair value of the derivative arranged by the Entity. Due to the fluctuations in interest rates these show a loss in value (see Note 11.a.2).

(9) Grants, Donations and Bequests

The balance of this section of the accompanying balance sheet as of 30 September 2021 and 31 December 2020 includes the non-refundable capital grants pending attribution to income.

The movement registered on 30 September 2021 and 31 December 2020 is detailed in the attached tables:

	30/09/2021 Thousands of Euros					
	Cohesion Funds	ERDF funds	TEN-T funds	State grants for work performed ⁽¹⁾	Other capital grants	Total capital grants
Balances at 31 December 2020	4,731,687	3,248,675	334,614	2,470,839	265,465	11,051,280
Additions	-	44,124	3,220	-	229	47,573
European funds accrued in the year	-	44,124	3,220	-	-	47,344
Other capital grants	-	-	-	-	229	229
Withdrawals	-	-	(5,073)	-	(35)	(5,108)
Tax effect of capital grants accrued during the year (note 12)	-	(11,031)	463	-	(49)	(10,617)
Allocation to income of capital grants, net tax effect (note 17)	(27,470)	(19,469)	(2,098)	(16,739)	(2,150)	(67,926)
Balances at 30 September 2021	4,704,217	3,262,299	331,126	2,454,100	263,460	11,015,202

⁽¹⁾ RD ley 22/2012 and RD-ley 4/2013



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	31/12/2020 Thousands of Euros					
	Cohesion Funds	ERDF funds	TEN-T funds	State grants for work performed ⁽¹⁾	Other capital grants	Total capital grants
Balances at 31 December 2019	4,767,301	2,977,861	319,989	2,491,973	264,367	10,821,491
Additions	-	397,810	23,945	-	5,626	427,381
European funds accrued in the year	-	397,810	23,945	-	-	421,755
Other capital grants	-	-	-	-	5,626	5,626
Withdrawals	-	-	-	-	(408)	(408)
Tax effect of capital grants accrued during the year (note 12)	-	(99,452)	(5,986)	-	(1,305)	(106,743)
Allocation to income of capital grants, net tax effect (note 17)	(35,614)	(27,544)	(3,334)	(21,134)	(2,815)	(90,441)
Balances at 31 December 2020	4,731,687	3,248,675	334,614	2,470,839	265,465	11,051,280

⁽¹⁾ RD ley 22/2012 and RD-ley 4/2013

9.a) Cohesion Funds

Details of Cohesion Funds at 30 September 2021 and 31 December 2020, without taking into account the tax effect and including the amounts accrued for payables convertible into grants, are as follows:

30/09/2021 Thousands of Euros				
STRETCH	ASSISTANCE GRANTED	GRANTS ACCRUED	PAYABLES CONVERTIBLE INTO GRANTS (Note 11,b)	COLLECTIONS MADE
L.A.V. Madrid-Barcelona-Frontera francesa	3,342,953	3,342,953	-	3,342,953
Madrid-Lérida	2,112,357	2,112,357	-	2,112,357
Lérida-Martorell	790,698	790,698	-	790,698
Martorell-Barcelona	439,898	439,898	-	439,898
L.A.V. Madrid-Valladolid	1,553,670	1,553,670	-	1,553,670
L.A.V Madrid-Levante	573,450	573,450	-	573,450
Cohesion Funds 2007-2013	1,415,083	1,415,083	-	1,415,083
TOTAL	6,885,156	6,885,156	-	6,885,156

31/12/2020 Thousands of Euros				
STRETCH	ASSISTANCE GRANTED	GRANTS ACCRUED	PAYABLES CONVERTIBLE INTO GRANTS (Note 11,b)	COLLECTIONS MADE
L.A.V. Madrid-Barcelona-Frontera francesa	3,342,953	3,342,953	-	3,342,953
Madrid-Lérida	2,112,357	2,112,357	-	2,112,357
Lérida-Martorell	790,698	790,698	-	790,698
Martorell-Barcelona	439,898	439,898	-	439,898
L.A.V. Madrid-Valladolid	1,553,670	1,553,670	-	1,553,670
L.A.V Madrid-Levante	573,450	573,450	-	573,450
Cohesion Funds 2007-2013	1,415,083	1,415,083	-	1,415,083
TOTAL	6,885,156	6,885,156	-	6,885,156



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9.b) European Regional Development Fund (ERDF)

Details of European Regional Development Funds at 30 September 2021 and 31 December 2020, without taking into account the tax effect, including the amounts accrued for debts convertible into grants, are as follows:

30/09/2021 Thousands of Euros					
OPERATING PROGRAMME	PROJECT	ASSISTANCE GRANTED	GRANTS ACCRUED	PAYABLES CONVERTIBLE INTO GRANTS (Note 11,b)	COLLECTIONS MADE
ANDALUCIA	Córdoba - Málaga	883,614	883,614	-	883,614
CASTILLA Y LEÓN	Segovia - Valladolid	193,256	193,256	-	193,256
MURCIA	Entrance Murcia	28,412	28,412	-	28,412
CASTILLA LA MANCHA	Entrance Toledo	67,127	67,127	-	67,127
VALENCIA	Entrance Alicante	99,402	99,402	-	99,402
CASTILLA Y LEÓN	Túneles de Pajares	283,995	283,995	-	283,995
ASTURIAS	Túneles de Pajares	107,873	107,873	-	107,873
ERDF 2007-2013		2,275,323	2,275,323	-	2,275,323
ERDF 2014-2020		772,770	597,741	100,028	579,239
TOTAL		4,711,772	4,536,743	100,028	4,518,241

31/12/2020 Thousands of Euros					
OPERATING PROGRAMME	PROJECT	ASSISTANCE GRANTED	GRANTS ACCRUED	PAYABLES CONVERTIBLE INTO GRANTS (Note 11,b)	COLLECTIONS MADE
ANDALUCIA	Córdoba - Málaga	883,614	883,614	-	883,614
CASTILLA Y LEÓN	Segovia - Valladolid	193,256	193,256	-	193,256
MURCIA	Entrance Murcia	28,412	28,412	-	28,412
CASTILLA LA MANCHA	Entrance Toledo	67,127	67,127	-	67,127
VALENCIA	Entrance Alicante	99,402	99,402	-	99,402
CASTILLA Y LEÓN	Túneles de Pajares	283,995	283,995	-	283,995
ASTURIAS	Túneles de Pajares	107,873	107,873	-	107,873
ERDF 2007-2013		2,275,323	2,275,323	-	2,275,323
ERDF 2014-2020		755,260	553,618	100,028	579,239
TOTAL		4,694,262	4,492,620	100,028	4,518,241

9.c) Community financial aid to trans-European networks (TEN)

The situation as of 30 September 2021 and 31 December 2020 of the TEN funds, without considering the tax effect and including the amounts accrued for debts convertible into subsidies, is as follows:



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30/09/2021 Thousands of Euros

STRETCH	ASSISTANCE GRANTED	GRANTS ACCRUED	PAYABLES CONVERTIBLE INTO GRANTS (Note 11,b)	COLLECTIONS MADE
L.A.V. Madrid-Barcelona-Frontera francesa	80,694	80,694	-	80,694
L.A.V. Madrid-Valladolid	20,603	20,603	-	20,603
L.A.V. Madrid-Levante	61,320	61,320	-	61,320
Ferrovionario a Asturias New Access	3,192	3,191	-	3,191
L.A.V. Vitoria-Bilbao-San Sebastián y Valladolid-Burgos-Vitoria	148,660	141,355	5,776	147,005
L.A.V. Madrid-Extremadura	35,881	35,881	-	35,881
L.A.V. Bobadilla-Granada	2,174	2,174	-	2,174
Mediterranean Corridor	128,226	111,814	-	101,275
Other High-Speed	11,595	5,960	354	5,967
TOTAL	492,345	462,992	6,130	458,110

31/12/2020 Thousands of Euros

STRETCH	ASSISTANCE GRANTED	GRANTS ACCRUED	PAYABLES CONVERTIBLE INTO GRANTS (Note 11,b)	COLLECTIONS MADE
L.A.V. Madrid-Barcelona-Frontera francesa	80,694	80,694	-	80,694
L.A.V. Madrid-Valladolid	20,603	20,603	-	20,603
L.A.V. Madrid-Levante	61,320	61,320	-	61,320
Ferrovionario a Asturias New Access	3,192	3,191	-	3,191
L.A.V. Vitoria-Bilbao-San Sebastián y Valladolid-Burgos-Vitoria	158,182	142,008	7,422	149,011
L.A.V. Madrid-Extremadura	35,881	35,881	-	35,881
L.A.V. Bobadilla-Granada	2,174	2,174	-	2,174
Mediterranean Corridor	128,226	112,994	279	101,275
Other High-Speed	12,055	5,980	618	5,963
TOTAL	502,327	464,845	8,319	460,112

9.d) Capital subsidies for railway infrastructure deliveries and other subsidies

Grants for deliveries of State works include the value of the works and land received without consideration by ADIF from MITMA under Royal Decree-Law 4/2013 of 22 February and which in application of Royal Decree-Law 15/2013 of 13 December become the property of ADIF AV, including the Vigo-Santiago section of the Atlantic axis or the AV link with the Mediterranean corridor. (See notes 3.b, 3.g and 4). In addition, the actions entrusted by the AGE to SEITTSA and which ADIF AV has been receiving free of charge under the recasting agreement of 25 August 2015 are also considered. In both cases, these subsidies were reduced, where appropriate, by the depreciation of the assets received.

Other subsidies include those relating to contributions received from other bodies such as State Ports when they finance infrastructure projects owned by ADIF AV.



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9.e) Capital Grants for Recovery, Transformation and Resiliency Plan assistance

According to the agreement signed with MITMA last July, the Entity participates in the National Recovery, Transformation and Resilience Plan for the period from February 2020 to 2026 with amounts (excluding VAT) of 141 million euros in Component C1 Sustainable, Safe and Connected Mobility in Urban Environments and 2,887 million euros in Component C6 Sustainable, Safe and Connected Mobility. Linked to this aid, the Entity has not recorded in these financial statements any amount for capital subsidies, although it has recorded a debt transformable into subsidies for an amount of 26.3 million euros linked to an advance made by the Secretary of State for Telecommunications for the execution of an investment project (See Note 11.b.1).

(10) Provisions for Liabilities and Charges

The breakdown by item in the section of the balance sheet for provisions for current and non-current risks and expenses as of 30 September 2021 and 31 December 2020 is as follows:

	Thousands of Euros			
	30/09/2021		31/12/2020	
	Non-current	Current	Non-current	Current
Employee benefits	895	757	836	698
-Defined benefit plans	895	2	836	6
<i>Length-of-service bonuses</i>	146	2	141	5
<i>Provision for leisure travel, retired personnel</i>	749	-	695	1
-Other employee benefits	-	755	-	692
Other provisions	923,262	54,902	946,991	51,456
Provisions for legal proceedings	790,778	-	814,507	-
"1,5% for culture" provision	-	5,117	-	5,117
Other items (note 10.b.3 and note 23)	132,484	49,785	132,484	46,339
	924,157	55,659	947,827	52,154

The changes in the section "Provisions for long-term risks and expenses" at 30 September 2021 and 31 December 2020 are shown in the tables below:

	30/09/2021 Thousands of Euros				
	Non-current provisions for liabilities and charges				
	Length-of-service bonuses	Provision for leisure travel, retired personnel	Provision for legal proceedings	Other items	TOTAL
Balances at 01/01/2021	141	695	814,507	132,484	947,827
Charges for the year recognised in profit and loss	3	45	98	-	146
Charges for the year recognised in investments	-	-	(13,431)	-	(13,431)
Financial effect of discount	2	9	-	-	11
Payments for the year	-	-	(8,017)	-	(8,017)
Transfers to current	-	-	(53)	-	(53)
Amounts taken to profit and loss	-	-	(2,326)	-	(2,326)
Other movements	-	-	-	-	-
Balances at 30/09/2021	146	749	790,778	132,484	924,157



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31/12/2020 Thousands of Euros					
Non-current provisions for liabilities and charges					
	Length-of-service bonuses	Provision for leisure travel, retired personnel	Provision for legal proceedings	Other items	TOTAL
Balances at 01/01/2020	160	825	684,388	127,262	812,635
Charges for the year recognised in profit and loss	11	47	2,528	5,222	7,808
Charges for the year recognised in investments	-	-	154,040	-	154,040
Financial effect of discount	1	4	-	-	5
Payments for the year	-	-	(25,407)	-	(25,407)
Transfers to current	(3)	(1)	(103)	-	(107)
Amounts taken to profit and loss			(939)		(939)
Other movements	(28)	(180)	-	-	(208)
Balances at 31/12/2020	141	695	814,507	132,484	947,827

10.a) Provisions for liabilities and charges related to personnel

10.a.1) Long Service bonuses

The heading "Long Service bonuses" includes the amount of ADIF-AV's obligation, in accordance with its labour regulations, to grant a bonus to employees based on their years of service to the Entity. This award is consolidated at 30, 35 and 40 years of service and its amount is established in the 2nd collective bargaining agreement signed on 8 May 2019, which is applicable to it. The amount recorded at 30 September 2021 totals 148 thousand euros, of which a total of 146 thousand euros is presented under "Provisions for long-term liabilities and charges" and 2 thousand euros under "Provisions for short-term liabilities and charges".

The value of the fund at 30 September 2021 has been determined by means of an actuarial study based on the individual capitalisation method using the following technical parameters: annual interest rate 1.7026%, annual growth rate of 2.5% for 2021 and 2.3% for the remaining years and the ADIF permanence table based on the PERM/F-2000 actuarial table.

10.a.2) Provision for future commitments for staff leisure travel

The provision for staff leisure travel reflects the present value of commitments undertaken by ADIF-AV and accrued at 30 September 2021 for the entitlement of its personnel to rail travel at reduced prices upon retirement. This provision amounts to 749 thousand euros and is recognised under non-current provisions for liabilities and charges, of which a total of 749 thousand euros are presented in the chapter "Provisions for long-term risks and expenses" and 0 thousand euros in "Provisions for short-term risks and expenses".

The entitlement to travel at reduced prices is reflected in ADIF-AV's employment regulations for active and retired personnel and their beneficiaries. At 8 November 2006, with retrospective effect as of 1 January 2005, ADIF and RENFE Operadora signed an agreement regulating their relationship in this regard. Under the mentioned agreement, ADIF will pay RENFE Operadora the amount of fare reductions afforded to its currently-serving personnel and to personnel that retired or took pre-retirement prior to 1 January 2005.



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The provision for 2021 has been determined through an actuarial study which used the following inputs:

- An average fare increase of 2% for 2021 and subsequent years.
- A technical interest of 1.7026% for passive staff and active staff.
- The actuarial table PERM/F 2000.
- Retirement age of 65.

10.b) Other provisions

10.b.1) Non-Current provisions for legal proceedings

Included under "provisions for litigation" are the estimated risks arising from labour disputes and with third parties. The Entity considers that such litigation is likely to result in an outflow of future resources. At 30 September 2021 and 31 December 2020, ADIF A.V. has recorded the present value of the best estimate of the future costs corresponding to these disputes for a total of 790,778 thousand euros and of 814,507 thousand euros respectively.

The following is a detail of these estimates:

Concept	Thousands of Euros	
	30/09/2021	31/12/2020
Risks for investment works urged by contractors	789,139	794,038
Risks for investments in land expropriated	-	16,548
Other risks	1,639	3,921
	790,778	814,507

The amounts related to litigations filed by construction companies for the execution of construction contracts have been charged to the property, plant and equipment in the Balance Sheet and basically originated in claims for differences in measurements and in the determination of the price revisions. Also, for possible cost overrides caused by paralyzes and extensions of the execution time of the works. Likewise, the claims registered as a result of expropriation of land have also been recorded under the item of property, plant and equipment. The rest of the amounts reflected in the previous table were recognized in the corresponding year with a charge to the profit and loss account, according to their nature.

In addition, as of 30 September 2021, the Entity is involved in a series of litigations related predominately to claims for liability and expropriations, with the maximum risk estimated, with the best information available, at 148.710 thousand euros. This is expected to be concluded shortly and for which it is considered that an exit of resources is not probable, the reason why ADIF AV has not provisioned any amount. At year-end 2020, the maximum risk estimated by the Entity for this same concept amounted to 96.696 thousand euros.

Furthermore, on 30 September 2021, ADIF-AV acts as a claimant in a judicial process for diversion of funds through the alleged alteration of the prices of various projects for the replacement of hydraulic infrastructures affected by the execution of a high-speed line. The Entity is charged as a private accusation for being harmed by the diversion of funds and surcharges and estimates that the amount to claim could amount to 35,000



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thousand euros. The Entity has considered this claim as a financial asset that has been fully impaired in 2016 under the heading "Impairment and result from disposal of financial instruments" in the accompanying income statement.

It is also worth highlighting the judicial proceedings filed by the Entity in various cases of execution of works in the La Sagrera area (Barcelona) for alleged credit note corresponding to non-justified extra costs. The Entity has carried out several external audits of works to be able to evaluate the damage that, at the date of closing of these interim financial statements according to the best available information, is valued at a maximum amount of 23 million. To the extent that in one of cases the bidder is immersed in bankruptcy, the Entity has decided to impair the contingent asset valued at the best available estimate of 23 million euros against the heading "Impairment and results from disposals of instruments financial".

In March 2019, the National Commission for Markets and Competition (hereinafter CNMC) issued a resolution on file S/DC/0598/2016 Electrification and Electromechanical Railways. As stated in the aforementioned Resolution, the facts revealed the existence of agreements between the main companies in the sector with the aim of sharing out the awarding of contracts tendered by the Entity over several years. Most of the contractors affected have filed ordinary proceedings before the National Court against this Resolution issued by the CNMC. At the date of issue of these financial statements, it is not possible to determine the impact, if any, of the practices described in the Resolution or associated procedures. However, the Company expects that this process will not have a significant impact on ADIF-AV.

10.b.2) "1.5% for culture" provision

The heading "Provisions for short-term risks and expenses" includes, where appropriate, the provision for the amount pending payment for the contribution to the Spanish Historical Heritage, regulated by Law 16/1985, R.D. 111/1986 and Instruction number 43 of the Subsecretaría de Fomento dated 16 May 2014. At 30 September 2021, the balance was 5,117 and the payments recorded in 2020 amounted to 11,062 thousand euros.

10.b.3) Other items

In the heading "Other items" included in the provisions section for risks and expenses of non-current liabilities, a provision for the amount of 132,484 thousand euros and 132,484 thousand euros is included as of 30 September 2021 and 31 December 2020 respectively, corresponding to the best estimate of the risk assumed with certain railway integration companies as a result of the loans granted or the letters of commitment or comfort letter subscribed by the Entity to the extent that the investee is not capable of generating sufficient resources to repay bank loans or contributions from partners, Note 23 contains a breakdown of the aforementioned amount broken down by each of the affected companies.

In addition, the Entity included under the "Other Items" section, a provision for the estimated value of the interest on late payment of certificates of works and expropriations, in some cases claimed judicially, whose amount as of 30 September 2021 amounted to 42,653 thousand euros and which at the end of the year 2020 amounted to 39,705 thousand euros.



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(11) Financial Liabilities

Details of financial liabilities classified by category at 30 September 2021 and 31 December 2020 are as follows:

	30/09/2021 Thousands of Euros			
	Loans and borrowings	Bonds	Derivatives and other financial liabilities	Total
Non-current financial liabilities				
Non-current trade payables	10,737,115	4,390,379	539,916	15,667,410
Total non-current financial liabilities	-	-	53,911	53,911
Current financial liabilities	10,737,115	4,390,379	593,827	15,721,321
Current payables				
Payables to Group companies and associates	709,564	1,222,936	489,996	2,421,497
Trade and other payables	-	-	75,099	75,099
Total current financial liabilities	-	-	200,216	200,216
Non-current financial liabilities	709,564	1,122,936	765,311	2,696,812

	31/12/2020 Thousands of Euros			
	Loans and borrowings	Bonds	Derivatives and other financial liabilities	Total
Non-current financial liabilities				
Non-current trade payables	10,379,775	5,580,261	354,690	16,314,726
Total non-current financial liabilities	-	-	53,911	53,911
Current financial liabilities	10,379,775	5,580,261	408,601	16,368,637
Current payables				
Payables to Group companies and associates	681,309	57,375	231,315	969,999
Trade and other payables	-	-	77,195	77,195
Total current financial liabilities	-	-	416,950	416,950
Non-current financial liabilities	681,309	57,375	725,460	1,464,144

11.a) Loans and borrowings and bonds and other marketable securities

11.a.1) Debts with credit institutions and obligations

Loans and borrowings primarily comprise debt arranged by ADIF AV and allocated to the Entity, subject to State approval, with the European Investment Bank and other financial institutions, including BBVA, Banco Sabadell, Banco Santander and the Spanish Official Credit Institute, to finance investments in property, plant and equipment foreseen in the Multi-Year Action Plan (MAP).

It is also worth mentioning the issues of Obligations made by the Entity from the end of May 2014 until today.

The detail of the financial liabilities of ADIF AV with credit institutions in the short and long term as of 30 September 2021 and 31 December 2020 is shown in the table below:



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		30/09/2021 Thousands of Euros	
		Maturity	
	Interest	Current	Non-current
Loans in Euros (EIB)	0% to 4.415%	421,051	10,536,382
Accrued interest payable		69,663	-
Total loans and borrowings (EIB)		490,714	10,536,382
Loans in Euros (other entities)	0.304% to 3.795%	216,599	200,733
Accrued interest payable		1,252	-
Other loans and borrowings, for derivatives		26	997
Total loans and borrowings (other entities)		217,877	201,730
Bonds (Euros)	0.55% to 3.5%	1,189,801	4,390,379
Accrued interest payable on bonds		33,135	-
Total Green Bonds and Obligations		1,222,936	4,390,379
Total loans and borrowings and bonds and other marketable securities at 30 September 2021		1,931,527	15,128,491

		31/12/2020 Thousands of Euros	
		Maturity	
	Interest	Current	Non-current
Loans in Euros (EIB)	0% to 4.415%	399,312	10,048,274
Accrued interest payable		78,913	-
Total loans and borrowings (EIB)		478,225	10,048,274
Loans in Euros (other entities)	0.318% to 3.795%	200,693	331,501
Accrued interest payable		2,391	-
Other loans and borrowings, for derivatives		47	2,453
Total loans and borrowings (other entities)		203,131	333,954
Bonds (Euros)	0.55% to 3.5%	(306)	5,580,261
Accrued interest payable on bonds		57,681	-
Total bonds		57,375	5,580,261
Total loans and borrowings and bonds and other marketable securities at 31 December 2020		738,731	15,962,489

The financial amortization of long-term debt, valued at the closing exchange rate at 30 September 2021 and at 31 December 2020 and at amortized cost, are as follows according to the maturity:



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Maturity	Thousands of Euros	
	30/09/2021	31/12/2020
2021	197,098	600,004
2022	1,787,135	1,786,816
2023	1,121,448	1,120,910
2024	1,475,262	1,474,972
2025	1,478,091	1,478,085
2026	1,116,794	1,103,618
2027	1,123,194	1,094,588
2028	520,738	494,588
2029	533,347	494,588
2030	1,133,347	1,094,588
2031	533,347	494,588
Thereafter	5,935,144	5,322,390
	16,954,945	16,559,735

The average annual interest rate on ADIF-AV's borrowings at 30 September 2021 and 31 December 2020 is 1.63% and 1.70%, respectively.

At the 30 September 2021 and 31 December 2020, the total limit on credit facilities that ADIF-AV had received from financial institutions stood at 460,000 and 485,000 thousand euros respectively. At 30 September 2021 and 31 December 2020, no amounts had been drawn down on these credit facilities. These credit facilities mature in the short term, and certain policies may be tacitly renewed each year up to a specified number of years.

11.a.2). Derivatives

Details of derivatives held by the Entity at 30 September 2021 and at 31 December 2020 are as follows:

	30/09/2021 Expressed in thousands of Euros				
	Assets		Liabilities		Equity
	Non-current tax effect	Current	Non-current financial liability	Current	
Interest rate cash flow hedge	249	-	(997)	-	(748)
Collections / payments swap	-	-	-	(26)	-
interest rate hedging	-	-	-	(26)	-
	31/12/2020 Expressed in thousands of Euros				
	Assets		Liabilities		Equity
	Non-current tax effect	Current	Non-current financial liability	Current	
Interest rate cash flow hedge	613	-	(2,453)	-	(1,840)
Collections / payments swap	-	-	-	(47)	-
interest rate hedging	-	-	-	(47)	-



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Interest rate swaps

The Entity uses interest rate swaps to manage its exposure to interest rate fluctuations on a bank loan with a total notional amount of 138.03 million euros at 30 September 2021 and a bank loan with a total notional amount of 220.84 million euros at 31 December 2020.

Derivative liabilities at 30 September 2021 include, on the one hand, the fair value of an interest rate swap agreement (IRS) signed in March 2015 with maturity in 2022, the fixed rate being set at 1.275% to be paid by the Entity and a variable rate of Euribor at 3 months to be paid by the financial institution with a notional amount of 138.03 million euros.

At the end of 2020, derivative liabilities included, on the one hand, the fair value of an interest rate swap contract (IRS) signed in March 2015 maturing in 2022 with a fixed rate of 1.275% payable by the Entity and a floating rate of 3-month Euribor payable by the financial institution with a notional amount of 220.84 million euros.

The fair value of swaps is based on market values of equivalent derivative financial instruments at the date of the financial statements. This interest rate swap is effective as a cash flow hedge, so changes in the fair value of the hedge are recognized directly in equity as of 30 September 2021 and 31 December 2020.

11.b) Other financial liabilities

Details of other financial liabilities at 30 September 2021 and at 31 December 2020 are as follows:

	Thousands of Euros			
	30/09/2021		31/12/2020	
	Non-current	Current	Non-current	Current
Payables convertible into grants	464,435	-	275,610	-
Suppliers of fixed assets	68,868	159,970	71,614	231,268
ERDF aid to be repaid (note 9)	-	330,000	-	-
Other financial debts	5,616	-	5,013	-
	538,919	489,970	352,237	231,268

At 30 September 2021, ADIF-AV has drawn down the reciprocal policy signed between ADIF AV and ADIF on 31 January 2019. The amount of this drawdown amounts to 330,000 thousand euros and is included in "other current financial liabilities".

11.b.1) Payables convertible into grants

At 30 September 2021 and at 31 December 2020, this account comprises European funds or grants received from other entities to finance the railway infrastructure forming part of ADIF-AV, which will be reclassified to equity and deferred tax liabilities when the grant conditions have been met. The breakdown at 30 September 2021 and 31 December 2020 is as follows:



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	Thousands of Euros	
	30/09/2021	31/12/2020
European Funds		
ERDF	100,028	100,028
TEN-T	6,130	8,319
RRF	26,250	-
Other		
AGE (MITMA)(Addendum 21/12/2009 Barcelona Sagrera (nota 1(c)) AGE Subsidy for TENT Network investments and others	48,290	48,290
AGE Subsidy for tariff deficit 2021 (note 14)	118,847	118,973
AGE Debt convertible into equity 2021 (notes 1.d and 8.a)	9,499	-
	155,391	-
	464,435	275,610

In 2021, Adif AV has received from the Secretary of State for Digital Infrastructures, hereinafter SETELCO, a total of 26,250 thousand euros as payment on account of the aid included in the Recovery, Transformation and Resilience Plan in relation to the Project "Deployment of 5G Infrastructures in certain points of the high-speed railway infrastructure network. This item is shown in the accompanying table as "RRF" (See note 9.e).

At 30 September 2021, this sub-caption includes 155,391 thousand euros received on account of the 466,173.95 thousand euros of the amount appropriated for Equity Contribution in the General State Budget for 2021 (see Notes 1.d and 8.a). At the date of preparation of these financial statements, the proposed settlement of this budget item with Age has not yet been quantified and, therefore, no amount has been considered in the Entity's equity.

On 14 June 2020, the Minister of Finance approved the modification of the ADIF-AV Capital Budget for the creation of the new budget application for investments in the Trans-European Transport Network (TEN-T) corridors", in the amount of 118,847,259.38 euros (Expte. Atenea 1591/20 with the objective of meeting the increase in investments derived from the impulse committed in 2020 for the development of the trans-European network through the following actions:

- L.A.V. Levante	36,750,425.00 €
- L.A.V. Murcia-Almería	20,478,572.00 €
- L.A.V. Vitoria-Bilbao-San Sebastián	22,458,471.00 €
- L.A.V. Valladolid-Burgos-Vitoria	7,450,248.00 €
- L.A.V. Madrid-Extremadura	31,709,543.38 €

As of 31 December 2020, this amount was fully collected by Adif Alta Velocidad.

11.b.2) Suppliers of fixed assets

At 30 September 2021, non-current payables to suppliers of fixed assets amount to 68,868 thousand euros, of which 33,687 thousand euros relates to works carried out



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on the Madrid-Castilla la Mancha-Valencia Autonomous Community-Murcia Region line, and 25,555 thousand euros to works on the Olmedo-Orense stretch, under a public-private partnership. Also, it includes an amount of 9,626 thousand euros for the net present value of invoices to be paid to Renfe Operadora, with a long-term maturity as a result of the acquisition of the rights of use of spaces that ADIF AV has possessed since the segregation of Renfe in 2005 (see Note 4).

At 31 December 2020, non-current payables to suppliers of fixed assets amount to 71,614 thousand euros, of which 36,384 thousand euros relates to works carried out on the Madrid-Castilla la Mancha-Valencia Autonomous Community-Murcia Region line, and 25,932 thousand euros to works on the Olmedo-Orense stretch, under a public-private partnership. Also, it includes an amount of 9,298 thousand euros for the net present value of invoices to be paid to Renfe Operadora, with a long-term maturity as a result of the acquisition of the rights of use of spaces that ADIF AV has possessed since the segregation of Renfe in 2005 (see Note 4).

In addition, the balance as of 30 September 2021 and 31 December 2020, for fixed asset suppliers includes the debt for works for own assets and expropriations for the amount of 74,606 thousand euros and 157,268 thousand euros respectively. Also the amount of the invoices of fixed assets suppliers receivable for a total of 85,364 thousand euros at 30 September 2021 and 74,000 thousand euros at 31 December 2020.

11.c) Payables to Group companies and associates

Details of the balances of these current liabilities accounts in the accompanying balance sheets at 30 September 2021 and 31 December 2020 are as follows:

	Thousands of Euros			
	30/09/2021		31/12/2020	
	Suppliers, Group companies and associates	Suppliers and payables, Group companies and associates	Suppliers, Group companies and associates	Suppliers and payables, Group companies and associates
Non-Current Liabilities				
Valladolid Alta Velocidad 2003, S.A.	53,911	-	53,911	-
	53,911	-	53,911	-
Current Liabilities				
Ingeniería y Economía del Transporte, S.A. (INECO)	13,366	360	15,463	542
Valencia Parque Central A.V.S.A.	61,266	-	61,266	-
Valladolid Alta Velocidad 2003, S.A.	467	-	466	-
	75,099	360	77,195	542

The account payable of non-current liabilities represents the obligation to deliver land to the company Valladolid Alta Velocidad S.A. in consideration of railway works received under the delivery certificate signed in 2018 as indicated in note 4.

These payables have arisen as a result of the different commercial and non-commercial transactions carried out between the Entity and these companies.



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11.d) Trade and other payables

The breakdown of trade and other payables at 30 September 2021 and 31 December 2020, excluding balances with public administrations, is as follows:

	Thousands of Euros	
	30/09/2021	31/12/2020
Other suppliers and payables	199,468	416,130
Suppliers and payables, Group companies and associates (Note 11.c)	360	542
Personnel	388	278
	200,216	416,950

The heading "Suppliers and various creditors " includes payables for purchases or services rendered pending payment at 30 September 2021 and 31 December 2020. This includes, among others, the amount payable to ADIF for services rendered, as detailed below. In addition, the fixed asset suppliers caption includes 21,191 thousand euros and 33,069 thousand euros of ADIF AV's debts with ADIF in this connection, at the respective dates indicated.

	Thousands of Euros	
	30/09/2021	31/12/2020
Suppliers and creditors debt with ADIF	57,145	311,846
Agreements with ADIF for outstanding invoices	33,400	288,184
Agreements with ADIF for invoices pending processing	23,745	23,662
Suppliers of fixed assets with ADIF	21,191	33,069
By invoice processed	3,328	14,994
By invoicing pending processing	17,863	18,075
	78,336	344,915

The information relating to the first three quarters of 2021 and 2020 on payments to suppliers as established by Additional Provision Three of Law 15/2010 of 5 July 2010 and in accordance with the methodology established in the Resolution of the Institute of Accounting and Auditing Accounts of 29 January 2016, shown in the following table:

	30/09/2021	31/12/2020
	Days	
Average payment period to suppliers	47.78	54.86
Ratio paid operations	49.45	56.92
Ratio of outstanding payment transactions	30.75	34.81
	Miles de euros	
Total payments	1,272,157	1,550,533
Total outstanding payments	124,898	159,131

This calculation includes both figures relating to other suppliers and payables as well as those relating to suppliers of fixed assets.



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(12) Income Tax

The breakdown of the balances with Public Administrations as of 30 September 2021 and 31 December 2020 is as follows:

	Thousands of Euros			
	30/09/2021		31/12/2020	
	Non-current	Current	Non-current	Current
Assets				
Receivables for awarded funds and grants	118,530	-	74,407	-
Deferred tax assets (Note 11)	249	-	613	-
Current tax assets	-	-	-	26
Public entities, other receivables	-	32,712	-	58,288
Total assets	118,779	32,712	75,020	58,314
Liabilities				
Deferred tax liabilities	3,671,734	-	3,683,759	-
Current tax liabilities	-	(23)	-	(23)
Public entities, other payables	-	15,185	-	591
Total liabilities	3,671,734	15,162	3,683,759	568

12.a) Public entities, receivables

The breakdown of the balances with debtor Public Administrations as of 30 September 2021 and 31 December 2020 is as follows:

	Thousands of Euros			
	30/09/2021		31/12/2020	
	Non-current	Current	Non-current	Current
Receivables for awarded funds and grants	118,530	-	74,407	-
FEDER Alta Velocidad	118,530	-	74,407	-
Deferred tax assets (Note 11)	249	-	613	-
Current tax assets	-	-	-	26
Public entities, other receivables	-	32,712	-	58,288
Current VAT receivable	-	21,550	-	45,020
Receivables for awarded funds and grants	-	11,162	-	13,275
High-speed TEN funds	-	10,657	-	12,697
Other items	-	505	-	578
Other Credits (Social Security Debtor)	-	-	-	(7)
Total assets	118,779	32,712	75,020	58,314

The entire balance of receivables for current and non-current awarded funds and grants relates to accrued amounts receivable at 30 September 2021 and 31 December 2020 for European Fund assistance granted. These funds were awarded to finance the construction of high-speed lines and for investments in own assets (see Note 9).

Current tax assets relate to withholdings and payments on account of income tax recoverable from the tax authorities.



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12.b) Public entities, payables

The breakdown of the balances with the Receivable Public Administrations as of 30 September 2021 and 31 December 2020 is as follows:

	Thousands of Euros			
	30/09/2021		31/12/2020	
	Non-current	Current	Non-current	Current
Deferred tax liabilities	3,671,734	-	3,683,759	-
Current tax liabilities	-	(23)	-	(23)
Public entities, other payables	-	15,185	-	591
Social Security	-	318	-	319
VAT	-	14,656	-	-
Withholdings	-	211	-	272
Total liabilities	3,671,734	15,162	3,683,759	568

Deferred tax liabilities that are expected to be realised or reversed in periods exceeding 12 months are those deriving from capital grants and total 3,671,734 thousand euros at 30 September 2021 and at 31 December 2020 was 3,683,759 thousand euros.

The movement registered in 2021, from 1 January 2021 to 30 September 2021 and in 2020, of the deferred tax liabilities, broken down by origin, is as follows:

	30/09/2021 Thousands of Euros					
	Cohesion Funds	ERDF Funds	TEN-T Funds	Execution of grants (1)	Other capital grants	Total
Balances at 31 December 2020	1,577,229	1,082,892	111,536	823,614	88,488	3,683,759
Additions in 2021	-	11,031	(463)	-	49	10,617
Capital grants taken to income (Note 19)	(9,159)	(6,489)	(699)	(5,579)	(716)	(22,642)
Other concepts	-	-	-	-	-	-
Balances at 30 September 2021	1,568,070	1,087,434	110,374	818,035	87,821	3,671,734

	31/12/2020 Thousands of Euros					
	Cohesion Funds	ERDF Funds	TEN-T Funds	Execution of grants (1)	Other capital grants	Total
Balances at 31 December 2019	1,589,101	992,621	106,661	830,658	88,122	3,607,163
Additions in 2020	-	99,452	5,986	-	1,305	106,743
Capital grants taken to income (Note 19)	(11,872)	(9,181)	(1,111)	(7,044)	(939)	(30,147)
Other concepts	-	-	-	-	-	-
Balances at 31 December 2020	1,577,229	1,082,892	111,536	823,614	88,488	3,683,759

12.c) Income tax

The Entity taxes under the individual regime. The negative tax base amounts to 328.681 thousand euros at 30 September 2021.

The reconciliation between the accounting result for the year and the tax base is as follows:



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01/01/2021 to 30/09/2021 Thousands of Euros

	Income statement			Income and expense taken directly to equity		
	Increases	Decreases	Total	Increases	Decreases	Total
Income and expenses for the period (01/01/2021 -30/09/2021)			(354,451)			(34,986)
Income tax adjustments			-			(11,661)
Income and expenses before income tax			(354,451)			(46,647)
Permanent differences		(2,308)	(2,308)			-
Temporary differences:			-			-
- Originating in current year	45,713		45,713	(1,456)	(42,465)	(43,921)
- Originating in prior years		(17,635)	(17,635)			90,568
Prior taxable income of the Entity			(328,681)			-
Offset of prior years' tax loss carry forwards (Limit 25% of GDP)						
Taxable income						
Tax rate						
Tax payment						
Deductions for double taxation						
Adjusted tax payment						
Tax payable						
Withholdings and payments on account		-				
Pre-payments						
Income tax recoverable		-				

The negative tax base at 31 December 2020 amounted to 281,674 thousand euros. The reconciliation between the accounting result for the year and the tax base is as follows:



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01/01/2020 to 31/12/2020 Thousands of Euros

	Income statement			Income and expense taken directly to equity		
	Increases	Decreases	Total	Decreases	Increases	Total
Income and expenses for the period (01/01/2020 -31/12/2020)			(460,861)			231,380
Income tax adjustments						77,056
Income and expenses before income tax			(460,861)			308,436
Permanent differences	525	(4,585)	(4,060)			
Temporary differences:						
- Originating in current year	217,032		217,032	(2,051)	(426,973)	(429,024)
- Originating in prior years		(33,785)	(33,785)			120,588
Prior taxable income of the Entity			(281,674)			-
Offset of prior years' tax loss carry forwards (Limit 25% of GDP)						
Taxable income						
Tax rate						
Tax payment						
Deductions for double taxation						
Adjusted tax payment						
Tax payable						
Withholdings and payments on account	-					
Pre-payments						
Income tax recoverable	-					

As at 30 September 2021, there are no taxes payable in any of the tax jurisdictions and no full tax refundable or payable.

The temporary differences mentioned above in the profit and loss account had been considered as permanent differences, since the Entity's Management does not consider that sufficient positive tax bases will be generated to allow the recognition of deferred tax assets.

The breakdown of the temporary differences in the recognition of expenses and income for accounting and fiscal purposes is as follows:



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	Thousands of Euros			
	Income statement			
	30/09/2021		31/12/2020	
	Increases	Decreases	Increases	Decreases
- Amortisation and depreciation	-	-	-	-
- Impairment	-	-	21,819	-
- Pensions	-	-	62	-
- Net finance expense	45,713	-	195,151	-
Temporary differences originating in current year	45,713	-	217,032	-
- Amortisation and depreciation	-	(17,635)	-	(17,635)
- Impairment	-	-	-	(16,141)
- Pensions	-	-	-	(9)
- Net finance expense	-	-	-	-
Temporary differences originating in prior years	-	(17,635)	-	(33,785)

Temporary differences recorded in income and expenses and recognized directly in equity correspond to grants, donations and bequests.

The detail of the permanent differences corresponding to the financial years 30 September 2021 and 31 December 2020 is as follows:

	Thousands of Euros			
	Income statement			
	30/09/2021		31/12/2020	
	Increases	Decreases	Increases	Decreases
- Other non-deductible expenses	-	-	525	-
- Exemption for double taxation of dividends	-	(2,308)	-	(4,363)

The negative tax bases of previous years to be offset, as well as their amounts, origin and terms are as follows:

Year	Limit	Originating in	Thousands of Euros		
			Pending from origin	Applied in the year	Pending
2013	N/A	ADIF-AV	19,091	-	19,091
2015	N/A	ADIF-AV	76,852	-	76,852
2016	N/A	ADIF-AV	119,130	-	119,130
2017	N/A	ADIF-AV	49,948	-	49,948
2018	N/A	ADIF-AV	72,234	-	72,234
2019	N/A	ADIF-AV	74,270	-	74,270
2020	N/A	ADIF-AV	281,674	-	281,674
			693,199		693,199

Net finance costs pending deduction, including the amount, origin and deduction period, are as follows:



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Year	Limit	Originating in	Thousands of Euros
2012	N/A	ADIF (*)	128,712
2013	N/A	ADIF-AV	110,832
2014	N/A	ADIF-AV	172,657
2015	N/A	ADIF-AV	223,576
2016	N/A	ADIF-AV	193,512
2017	N/A	ADIF-AV	171,695
2018	N/A	ADIF-AV	157,374
2019	N/A	ADIF-AV	122,504
2020	N/A	ADIF-AV	195,151
			1,476,013

(*) Transferred to ADIF-AV as of 1 January 2013.

Accounting amortization expenses not deductible up to the date of issuance of these financial statements pursuant to article 7 of Law 16/2012 are as follows:

Year	Originating in	Thousands of Euros	Available until
2013	ADIF-AV	88,299	2015-2024
2014	ADIF-AV	88,050	2015-2024
		176,349	

These amounts will be deducted in a Straight-line method for an amount of 17,635 thousand euros during a period of 10 years from this financial year 2015 until the year 2024 as provided in that same article 7.

The Entity has the following deductions for reversal of temporary measures of transitional provision 37.1 of the Corporation Tax Law:

Thousands of Euros				
Year	Limit	Origin	Applied during year	Pending
2015	N/A	352	-	352
2016	N/A	882	-	882
2017	N/A	882	-	882
2018	N/A	882	-	882
2019	N/A	882	-	882
2020	N/A	882	-	882
		4,762		4,762

Also, the deductions pending to be applied to encourage the performance of certain activities, namely by Technological Innovation, which the Entity has, are the following:



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Thousands of Euros				
Year	Limit	Origin	Applied during year	Pending
2015	2033	42	-	42
2016	2034	68	-	68
2017	2035	70	-	70
2018	2036	71	-	71
2019	2037	72	-	72
2020	2038	82	-	82
		405	-	405

The following deductions are also pending for donations to non-profit entities of Law 49/2002:

Thousands of Euros				
Year	Limit	Origin	Applied during year	Pending
2017	2027	194	-	194
2018	2028	192	-	192
2019	2029	171	-	171
2020	2030	170	-	170
		727	-	727

The accompanying balance sheet does not include the possible tax effect of the offsetting of losses and deductions pending application, as the Entity's management does not consider it probable that these will be recoverable within the periods stipulated by current legislation.

12.d) Value added tax

The Entity opted for the application of the special pro rata rule from 2014 and beyond. The tax charged on the purchase or importation of goods or services used exclusively in carrying out operations that cause the deductibility have been fully deducted.

12.e) Years open to inspection

At 30 September 2021, the Company has the years 2017 to 2020 open for inspection for value added tax, 2017 to 2020 for withholding tax and 2016 to 2019 for corporation tax.

(13) Revenue

The detail of revenue in the income statement for the nine-month period ended 30 September 2021 and 30 September 2020 is as follows:

	Thousands of euros	
	30/09/2021	30/09/2020
Revenue from use of rail facilities and other fees		
Use of the public service rail network	224,539	202,920
Use of stations and other rail installations	47,675	50,550
Passenger rail transport safety levy	359	231
	272,573	253,701



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The distribution of revenue at 30 September 2021 and 30 September 2020 by business segment or activity carried out by the Entity is shown in the following table:

	30/09/2021 Thousands of Euros			Total
	Use of the public service rail network	Use of stations and other rail infrastructures	Passenger rail transport safety levy	
Construction and administration of high-performance network	224,539	11,578	-	236,117
Management of ADIF-AV-owned assets (passenger stations)	-	36,097	359	36,456
Total	224,539	47,675	359	272,573

	30/09/2020 Thousands of Euros			Total
	Use of the public service rail network	Use of stations and other rail infrastructures	Passenger rail transport safety levy	
Construction and administration of high-performance network	202,920	17,174	-	220,094
Management of ADIF-AV-owned assets (passenger stations)	-	33,376	231	33,607
Total	202,920	50,550	231	253,701

13.a) Revenue from use of rail facilities

The detail of the revenues from settlement of railway charges accrued at 30 September 2021 and 30 September 2020, broken down by the different modalities established in the Order of the Ministry of Public Works 39/2003 and 38/2015 of the Railway Sector, is as follows:

	Thousands of Euros	
	30/09/2021	30/09/2020
Use of infrastructure	224,539	202,920
<i>Adjudication capacity</i>	47,589	39,463
<i>Use of railway lines</i>	165,625	147,951
<i>Use Transformation and distribution EET</i>	13,837	15,516
<i>Bonus Canon use RFIG lines</i>	(2,512)	(10)
Use of stations and other rail installations	47,675	50,550
<i>Use Passenger transport stations</i>	36,037	33,283
<i>Wide changers</i>	2,817	2,476
<i>Use Tracks with platform</i>	8,821	14,791
	272,214	253,470

As explained in note 22.d, the Entity's turnover has been affected by the decrease in rail traffic linked to the State of Alarm declared due to the pandemic. On 14 March 2020, the Royal Decree declaring the State of Alarm was approved, containing measures to restrict public transport services, which were subsequently extended by Order TMA/273/2020 of 24 March 2020. The State of Alarm ended on 9 May 2021.

As of 30 September 2021, railroad fees accrued by ADIF AV's network totalling 78,846 thousand euros are pending collection (see note 6.b.2).



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13.b) Revenue from rail rates

It is established that the taxable event of the rate is the exclusive use or the special use of goods of public railway domain that are made by concessions and authorizations, as well as, the provision of the necessary services for the granting of homologations, certifications, issuance of titles to the railway personnel, issuance of railway company licenses, safety certificates for railway companies and safety authorizations for railway infrastructure managers, by the State Agency for Railway Safety.

(14) Other Operating Income

Details of this income statement heading at 30 September 2021 and 30 September 2020 are as follows:

	Thousands of Euros	
	30/09/2021	30/09/2020
Rentals and services	69,492	68,820
Utilities, basically relates to traction power	223,778	147,364
Investment actions for third parties	8,381	13,253
Services Administration Infrastructure	2,922	1,980
Subsidies for fee shortfall	27,799	-
Other	21,560	19,943
Third-party personal services	2,429	2,389
Advertising	4,104	3,471
Diverse services	13,964	13,426
Others	1,063	657
	353,932	251,360

Included in this income are the derivatives of services rendered to ADIF at 30 September 2021 and 30 September 2020 under the management fees indicated in note 1, according to the following breakdown:

	Thousands of Euros	
	30/09/2021	30/09/2020
Revenue from intra-administration agreements		
NTU electricity	11,948	8,653
Maintenance of fibre optics and auxiliary installations	2,922	1,980
ADIF investment actions	6,462	6,600
Other intra-administrative services	2,143	1,548
	23,475	18,781

Revenues from leasing of real estate, premises and other properties amounting to 33,001 thousand euros at 30 September 2021. These are generated by assets included under "Investments in real estate", including those derived from long-term lease agreements.

In addition, income from optical fibre leasing amounting to 29,905 thousand euros at 30 September 2021 and 29,885 thousand euros at 30 September 2020, is recorded under this heading in the income statement.



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The Network Administration Operating Grants include the amounts allocated to compensate for the reduction in Railway Fees, included in the PGE law for the year 2021, the contributions to be received for this concept will be the difference between the income accrued and those actually paid to the railway operators in each year. The accumulated amount corresponding to June 2021 is 27.779 million euros. As of 30 September 2021, collections of 37,300 thousand euros have been received from the State to compensate the tariff deficit for royalties, of which 9,499 thousand euros are pending application as debts that can be converted into subsidies. (see note 11.b.1)

The amounts received in advance corresponding to long-term contracts and pending attribution to income are shown under the heading "long-term accruals", the amount of which at 30 September 2021 and 30 September 2020 amounted to 512,158 thousand euros and 441,118 thousand euros respectively. In addition, under "Short-term accruals", the amount that will be charged to income in the following year for an amount of 27,652 thousand euros is recorded at 30 September 2021.

Also included in the section long-term accruals are the revenues collected in advance at 30 September 2021 and pending allocation to results as of that date, arising from the awarding of the "Lease and exploitation of car parks located at various stations" contract. On 20 December 2013 awarded to Saba Park 3, SLU for an amount of 111,467 thousand euros once the amount corresponding to ADIF has been discounted for the parking of its ownership. The contract has a term of 10 years and was formalized on 31 January 2014.

Non-current accruals also comprise the amounts collected in advance and pending transfer to income, in connection with rentals derived from the "Concession of the Rights to Use and Manage the Operation of the fibre optic cable network and other related items owned by ADIF-AV, which are not used for the railway services" to Red Eléctrica Internacional S.A.U., hereinafter REI, for an amount of 462,000 thousand euros, excluding VAT, for a period of 20 years. This amount was awarded by the Board of Directors of ADIF-AV, at its meeting held on 25 April 2014, and was reduced by 28,300 thousand euros, as one of the clients did not accept the assignment (telecommunications operator). The remaining clients authorised the assignment of their contracts, and therefore the final award proposal was valued at 433,700 thousand euros. The agreement with REI was signed on 20 November 2014 having obtained once the approval of the Spanish National Markets and Competition Commission, the effective transaction date has been 21 November 2014. At 31 December 2014, ADIF-AV had received the entire amount relating to the assignment of the usage rights.

As of 28 December 2015 the Entity, as already mentioned in notes 3 and 4, signed an agreement with ADIF and Renfe Operadora to acquire the rights to use spaces in buildings owned by ADIF A.V. and were being used without any financial consideration by RENFE Operadora, as set out in the Order FOM 2909/2006 which allocates to that entity certain assets, rights and obligations of the National Network of Spanish Railways. Under this acquisition agreement, the Entity has leased Renfe Operadora and its subsidiaries a total of 15,887.49 m² at various stations and facilities for an annual rate of 2,406,491.64 euros and for a period of 10 years, with an option of renewing.

(15) Personnel Expenses

Details of this income statement heading at 30 September 2021 and 30 September 2020 are as follows:



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	Thousands of Euros	
	30/09/2021	30/09/2020
Salaries and wages	8,749	9,670
Employee benefits expense	2,417	2,412
Provisions	50	64
	11,216	12,146

Details of employee benefits expense are as follows:

	Thousands of Euros	
	30/09/2021	30/09/2020
Social Security payable by the Entity	2,345	2,351
Other employee benefits expenses	72	61
	2,417	2,412

The distribution of the Entity's employees by gender and category at 30 September 2021 and 30 September 2020 is as follows:

Category	Headcount 30/09/2021		
	Male	Female	Total
Administrative staff	121	51	172
Middle management	19	6	25
Operating personnel	5	5	10
	145	62	207

Category	Headcount 30/09/2020		
	Male	Female	Total
Administrative staff	122	50	172
Middle management	19	7	26
Operating personnel	10	6	16
	151	63	214

The average number of employees at each year end is shown in the following table:

	Average number of employees	
Category	30/09/2021	30/09/2020
Administrative staff	173	170
Middle management	26	29
Operating personnel	14	19
	213	218

The breakdown by sex and categories of Entity staff at 30 September 2021 and 30 September 2020, with disability greater than 33% is shown in the following tables:



Notes to the Interim Financial Statements 30 September 2021

Category	Average number of employees at 30 September 2021		
	Male	Female	Total
Administrative staff	1	-	1
Middle management	-	-	-
Operating personnel	-	-	-
	1	-	1

Category	Average number of employees at 30 September 2020		
	Male	Female	Total
Administrative staff	1	-	1
Middle management	-	-	-
Operating personnel	-	-	-
	1	-	1

(16) Other Operating Expenses

Details of this income statement heading at 30 September 2021 and 30 September 2020 are as follows:

	Thousands of Euros	
	30/09/2021	30/09/2020
Infrastructure repairs and maintenance	265,155	235,859
Traction power	202,420	135,369
Traffic and passenger service-related services	49,519	50,584
Other supplies	31,493	22,517
Rentals and fees	7,906	7,756
Advertising and public relations	2,558	2,681
Other maintenance and repairs	1,932	2,060
Investment actions on behalf of third parties	8,233	11,577
Other	18,297	19,642
Total external services	587,513	488,045
Taxes other than income tax	3,875	2,956
Losses, impairment and changes in trade provisions	7,064	(554)
	598,452	490,447

The signature by ADIF and ADIF-AV of the service arrangements indicated in Note 1.b, which took place in 2013, led ADIF-AV to recognize expenses for accrued services rendered by ADIF in the amount of 308,520 thousand euros at 30 September 2021 and 285,335 thousand euros at 30 September 2020, and formalised in addenda to the service arrangements, as follows:



Notes to the Interim Financial Statements 30 September 2021

	Thousands of Euros	
	30/09/2021	30/09/2020
Infrastructure repairs and maintenance	191,590	174,343
Fibre optic network maintenance, right of way services and right of use	9,453	9,131
Comprehensive management of safety and protection	26,428	28,001
Comprehensive management of stations	42,061	35,781
Traffic safety	2,403	2,331
Award of capacity and traffic management	20,687	20,251
Comprehensive communication services	2,406	2,534
Other agreements	13,492	12,963
	308,520	285,335

(17) Recognition of Grants for Fixed Assets and Other

The breakdown of income from capital grants generated at 30 September 2021 and 30 September 2020 is as follows:

	Thousands of Euros	
	Total income	
	30/09/2021	30/09/2020
Cohesion Funds	36,629	35,635
ERDF	25,958	25,917
TEN-T	2,797	2,449
Other grants	25,184	23,766
	90,568	87,767

(18) Finance Costs

Details of this income statement heading at 30 September 2021 and 30 September 2020 are as follows:

	Thousands of Euros	
	30/09/2021	30/09/2020
On loans with third parties	241,290	244,257
Interest on loans and bonds	215,953	222,565
Late payment interest for works contracts	25,337	21,692
Late payment interest for expropriations	11	3
	241,301	244,260

(19) Finance Income

Details of this income statement heading at 30 September 2021 and 30 September 2020 are as follows:



Notes to the Interim Financial Statements 30 September 2021

	Thousands of Euros	
	30/09/2021	30/09/2020
Capitalised finance costs (note 4,c))	72,596	79,864
From marketable securities and other financial instruments	4,531	2,858
<i>Interest on current investments</i>	4,469	2,848
<i>Interest on current accounts</i>	-	1
<i>Other</i>	62	9
Other finance income	2,789	2,818
From participations in equity instruments	2,308	4,586
<i>Group companies and associates</i>	2,168	4,472
<i>Other investments</i>	140	114
	82,224	90,126

(20) Environmental Information

At 30 September 2021 and 31 September 2020, ADIF-AV's fixed assets included specific environmental works with a net book value of 1,316,073 and 1,283,078 thousand euros respectively, used in order to minimise environmental impacts and to protect and improve the environment, as per the following breakdown:

	30 September 2021 - Thousands of Euros		
	Cost	Accumulated depreciation	Net book value
Tunnels and cut-and-cover tunnels; environmental works	476,121	(12,490)	463,631
Environmental integration works	670,479	(13,247)	657,232
Other environmental works	124,505	(33,119)	91,386
Total property, plant and equipment in operation	1,271,105	(58,856)	1,212,249
Work in progress	103,824	-	103,824
Total at 30 September 2021	1,374,929	(58,856)	1,316,073

	31 December 2020 - Thousands of Euros		
	Cost	Accumulated depreciation	Net book value
Tunnels and cut-and-cover tunnels; environmental works	476,009	(11,583)	464,426
Environmental integration works	649,870	(12,130)	637,740
Other environmental works	121,323	(30,264)	91,059
Total property, plant and equipment in operation	1,247,202	(53,977)	1,193,225
Work in progress	89,853	-	89,853
Total at 31 December 2020	1,337,055	(53,977)	1,283,078

Additions at 30 September 2021 and 31 September 2020 amount to 23,903 and 52,018 thousand euros respectively and predominately correspond to preventive and corrective actions.



Notes to the Interim Financial Statements
30 September 2021**(21) Information on Directors and Senior Management of the Entity**

At 30 September 2021, the Board of Directors comprises eleven members, the Chairman, Secretary and nine regular directors. Two of the Board members are female and nine are male.

At 31 December 2020, the Board of Directors comprises eleven members, the Chairman, Secretary and nine regular directors. Three of the Board members are female and eight are male.

Pursuant to article 21 of the Royal Decree 1044/2013 of 27 December 2013, which establishes ADIF-AV's statutes, no members of the Board of Directors will accrue any remuneration for attending Board meetings. (Nor have they received any remuneration for any other reason)

In accordance with to article 26 of mentioned Royal Decree 1044/2013, the Entity's senior management will not accrue any remuneration. (Neither senior management personnel have received advances or credits, nor has any commitment been made in terms of pensions or life insurance).

(22) Financial Risk Management

ADIF-AV is exposed to various financial risks due to its activity and the debt contracted to finance construction of the new high-speed lines. The most significant risks, which primarily affect the Entity, are as follows:

22.a) Credit risk

Credit risk arises primarily in relation to trade and non-trade receivables, current investments and cash equivalents.

The Entity assesses the credit ratings of its trade debtors, considering their financial position, history and other economic factors to determine individual credit limits.

With regard to current investments and cash equivalents, the Entity carries out transactions using instruments to guarantee recovery of the entire capital investment and assesses the credit rating of the financial institutions, considering the credit rating awarded by rating agencies, based on the term of the investment and calculating individual credit limits in line with specific factors (mainly the equity of the financial institution).

22.b) Interest rate risk

Interest rate risk arises from the variation in borrowing costs with credit institutions.

Borrowings have been arranged under several different interest rate regimes, namely fixed interest rates for bond issues and EIB loans.

The Entity has 74.56% of its outstanding debt at 30 September 2021 as a fixed rate until maturity and 17.99% at a fixed rate revisable. 77.96% of the Entity's outstanding debt, as of 31 December 2020, was at a fixed rate until maturity and 13.77% was at a fixed rate revisable.

The breakdown and quantification of financial guarantees extended to associates are provided in Note 23.

Loan transactions contracted by the Entity generally consider the possibility of changing the type of interest rate at different times over the term of the loan.



Notes to the Interim Financial Statements
30 September 2021**22.c) Liquidity risk**

Liquidity risk arises from possible imbalances between cash flow requirements and sources of cash flows.

The Entity applies a prudent policy to cover its liquidity risks based on having sufficient financing through credit facilities with financial institutions.

Entity management monitors ADIF-AV's liquidity forecasts based on expected cash flows.

At 30 September 2021, the Entity's result is a 330,300 thousand euros loss and its working capital amounts to 2,305,436 (negative) thousand euros.

In this regard, it is the intention of the Finance and Management Control Department to diversify ADIF-Alta Velocidad's sources of financing for the year 2022, in order to have different financial instruments available to adapt to the circumstances that may arise at any given time.

In this scenario, three sources of financing are proposed to cover the net increase in debt for 2022:

- a) Firstly, the arrangement of credit operations with the European Investment Bank (EIB).
- b) Secondly, public and/or private issues of bonds, debentures or other fixed-income securities of any kind, in the domestic or foreign capital markets, whether in euros or other currencies, in accordance with the domestic and foreign regulations applicable in each case.
- c) Thirdly, the arrangement of bilateral and/or syndicated loans with financial institutions.

In addition, the Entity has the following sources of financing to mitigate this liquidity risk:

- Law 11/2020 of 30 December of the General State Budget for 2021 establishes a budget appropriation as equity contributions in the amount of 466,173.95 thousand euros as well as a contribution to finance the result of the 2021 network administration in the amount of 50,000 thousand euros. This law also establishes an authorization of the net increase in debt of 1,500,000 thousand euros.
- On 29 September 2021 the Entity executed its eighth public bond issue, the fifth under the "green bond" format, with a gross amount of 600,000 thousand euros and a term of 10 years, the liquid amount of which was paid on 8 October 2021.
- On 26 January 2021, the EMTN Program was renewed on the Irish Stock Exchange and was reported to the National Securities Market Commission, which will be renewed during the months of January and February 2022, and on which the Entity plans to carry out, if necessary, one or more public bond issues to meet its financial obligations.
- On 26 July 2021, the Entity and MITMA signed an Agreement for the economic sustainability of the railway infrastructures that make up its network, during the period 2021-2025, which provides for contributions from MITMA to finance, among others, ADIF AV's investment activities during the aforementioned period.



Notes to the Interim Financial Statements
30 September 2021

- As explained above, the Entity participates in the Transformation, Recovery and Resilience Plan as an executing agency for investments within components C1 and C6, associated with the investment lines included in said Plan with estimated amounts of 141 million euros in Component C1 Sustainable, Safe and Connected Mobility in urban environments and 2,887 million euros in Component C6 Sustainable, Safe and Connected Mobility.
- At 30 September 2021, as reported in note 11.a.1., the Entity has undrawn bank credit lines for a total amount of 405,000 thousand euros.

In this context, and based on the above, the Entity has sufficient cash and/or the possibility of its availability to meet its financial obligations, which guarantees that ADIF - Alta Velocidad, with the information available, will not be significantly affected in the coming months by possible liquidity tensions or hypothetical contractions in the credit market as a result of the COVID -19 Coronavirus health crisis, the impact of which is described in note 22 d) below.

In relation to 2020, it should be noted that, in accordance with the Entity's financial cost optimization policy, in 2020 the appeal to external credit increased by 485 million euros, despite the fact that ADIF AV was authorized to increase its long-term debt in nominal terms by a total amount of 1,890 million euros.

At 31 December 2020, the Entity's result was a 460,861 thousand euros loss and its working capital amounted to 755,557 (negative) thousand euros.

22.d) COVID – 19 impact

The appearance of the Coronavirus COVID-19 in China in January 2020 and its recent global expansion to a large number of countries, including Spain, has led to the viral outbreak being classified as a pandemic by the World Health Organization since 11 March 2020.

To address this serious and exceptional situation, the Government has declared a State of Emergency by Royal Decree 463/2020 of 14 March, which has remained in force with successive extensions until 22 June 2020 and caused major restrictions on rail traffic.

Subsequently, on 25 October 2020, the Government approved the declaration of a state of alarm throughout Spain, which was extended until 9 May 2021.

In this context, the Entity, as the manager of a critical infrastructure, has been developing and implementing the necessary contingency plans to ensure the continuity of its activity in all its areas of activity with all the necessary security measures in accordance with the regulations in force.

The circumstances described above had a negative impact, especially on the Entity's turnover, although it has started to recover, since it shows a year-on-year increase of around 7% at 30 September 2021 (at 31 December 2020, a year-on-year decrease of 46%) and the losses obtained by the Entity have decreased by 2% in the period from 1 January 2021 to 30 September 2021 with respect to the losses obtained in that period of the previous year. The losses obtained by the Entity in the period from 1 January 2020 to 31 December 2020, increased by 154% with respect to the losses obtained in said period of fiscal year 2019 reaching 460 million euros). ADIF - Alta Velocidad implemented a series of measures to partially offset this effect, including the following:



Notes to the Interim Financial Statements
30 September 2021

- Maintenance of the discounts/allowances to encourage the growth of rail traffic by means of the discounts/allowances for incremental long-distance passenger transport services on high-speed lines with a 50% reduction of the amounts to be paid corresponding to modes A and B and the addition to the referred mode B of the fee in accordance with the provisions of Article 97 of the Rail Sector Act.
- An expense rationalization plan that has allowed that at 30 September 2021, other operating expenses amounting to 598 million euros, shows a decrease of 10% compared to the amounts foreseen at that date and incorporated in the Entity's budget, (at 31 December 2020, other operating expenses amounting to 675 million euros showed a decrease of 17% compared to the amounts foreseen at that date and incorporated in the Entity's budget).

At present it is not possible to foresee how long it will take to recover the number of traffic movements and occupancy levels that existed prior to this situation.

In any case, although at this time it is not possible to quantify the exact evolution of these items, it does not seem foreseeable that they will have a significant negative effect on the Entity's financial situation, taking into account the characteristics of its activity, its condition as manager of a strategic network for the transport of goods and people, as well as the contributions allocated in the general State budgets.

(23) Commitments and contingencies

The guarantees granted to third parties by the Entity at 30 September 2021 and 31 December 2020 amounted to 1,357 and 583 thousand euros respectively. The Entity's Management does not expect significant liabilities to arise, such as Consequence of the said guarantees.

The Entity has also assumed comfort letters guaranteeing financing transactions entered into by various investees, which have the statutory activity of railway integration in cities. Given current property market conditions, the financial scale and technical complexity of the works to be undertaken in the coming years, and the difficulty of determining the future value of land received or to be received in exchange for these works, these companies may be unable to recover all the costs they ultimately incur. In view of the current state of the property market, ADIF-AV management is working together with the different shareholders of each of the companies to streamline their future investments based on the actual progress made in the works, to ensure their financial sustainability. ADIF-AV has assumed the obligations guaranteed by ADIF through comfort letters issued on behalf of several of these investees in proportion to the interest held in these companies as assigned by virtue of Order PRE/2443/2013.

At 30 September 2021 the Entity does not assume any risk derived from the subscription of letters of commitment or comfort letters. At 31 December 2020 the risk assumed by the Entity in this connection amounted to 4,800 thousand euros, based on the balances drawn down by the aforementioned companies at those dates and on ADIF-AV's shareholding in their capital (see Note 5.b).

The following is a breakdown by company of the aforementioned guarantees granted at 30 September 2021 and 31 December 2020, as well as the provisions for risks and expenses recognized by the Entity (see notes 2.c, 3.i, 5.b, 5.c and 10.b.3):



Notes to the Interim Financial Statements
30 September 2021

Expressed in thousands of Euros					
Company	Share capital % 30/09/2021	Risk assumed by ADIF-AV (comfort letter)		Provisions at 30/09/2021	Provisions at 31/12/2020
		Risk amount at 30/09/2021	Risk amount at 31/12/2020		
Zaragoza Alta Velocidad 2002, S.A.	30.00%	-	-	41,369	41,369
Valencia Parque Central Alta Velocidad 2003, S.A.	30.00%	-	-	24,782	24,782
Logroño Integración del Ferrocarril 2002, S.A.	30.00%	-	4,800	-	-
Barcelona-Sagrera Alta Velocitat, S.A.	30.00%	-	-	-	-
Cartagena Alta Velocidad S.A.	40.00%	-	-	1,080	1,080
Murcia Alta Velocidad, S.A.	40.00%	-	-	-	-
Valladolid Alta Velocidad 2003, S.A.	30.00%	-	-	65,253	65,253
Total railway integration companies		-	4,800	132,484	132,484



Notes to the Interim Financial Statements
30 September 2021**Preparation of Interim Financial Statements for the nine-month period ended 30 September 2021.**

The President of ADIF - Alta Velocidad, on 2022, proceeded to prepare these financial statements as of September 30, 2021 and the corresponding report, which are presented before this page.

Firmado electrónicamente por: MARIA LUISA DOMINGUEZ GONZALEZ
18.01.2022 21:29:55 CET

María Luisa Domínguez González - President





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APPENDICES



ENTIDAD PÚBLICA EMPRESARIAL
ADIF – Alta Velocidad

Property, Plant and Equipment and Investment Property for the nine month period ending 30 September 2021

Expressed in thousands of Euros

	Balance at 1.1.2021	Additions	Transfers	Withdrawals	Reclassifications	Balance at 30.09.2021
Buildings and other constructions	1,682,509	-	23,955	(82)	-	1,706,382
Land and natural resources	2,583,917	(950)	48	(290)	-	2,582,725
Total land and buildings	4,266,426	(950)	24,003	(372)	-	4,289,107
Accumulated depreciation of buildings and other constructions	(398,942)	(19,582)	-	-	-	(418,524)
Provision for depreciation of buildings and other structures	-	-	-	-	-	-
Total carrying amount of buildings and other constructions	3,867,484	(20,532)	24,003	(372)	-	3,870,583
Track installations	33,049,195	-	940,531	(2,292)	(305)	33,987,129
Accumulated depreciation of track installations and other installations	(4,675,654)	(255,473)	-	2,190	-	(4,928,937)
Impairment of track installations	(25,026)	-	-	-	-	(25,026)
Total carrying amount of track installation and other installations	28,348,515	(255,473)	940,531	(102)	(305)	29,033,166
Other Property, Plant and equipment	41,217	-	1,167	(79)	-	42,305
Accumulated depreciation of other property, plant and equipment	(35,352)	(1,698)	-	79	-	(36,971)
Total carrying amount of other property, plant and equipment	5,865	(1,698)	1,167	-	-	5,334
Total carrying amount of track installations and other property, plant and equipment	28,354,380	(257,171)	941,698	(102)	(305)	29,038,500
Work in progress	14,131,959	625,092	(965,701)	-	-	13,791,350
Total net property, plant and equipment	46,353,823	347,389	-	(474)	(305)	46,700,433
Investment property	252,849	-	-	-	-	252,849
Accumulated depreciation of investment property	(59,103)	(3,132)	-	-	-	(62,235)
Investment property in progress	403	96,293	-	-	-	96,696
Total net investment property	194,149	93,161	-	-	-	287,310
Intangible assets	76,131	-	19,875	-	305	96,311
Accumulated depreciation intangible assets	(22,309)	(1,810)	-	-	-	(24,119)
Intangible assets in progress	19,764	748	(19,875)	-	-	637
Total net intangible assets	73,586	(1,062)	-	-	305	72,829

This appendix forms an integral part of Note 4 to the interim financial statements as of 30 September 2021 in conjunction with which it should be read.



ENTIDAD PÚBLICA EMPRESARIAL
ADIF – Alta Velocidad

Property, Plant and Equipment and Investment Property for year ended 31 December 2020

Expressed in thousands of Euros

	Balance at 1.1.2020	Additions	Transfers	Withdrawals	Reclassifications	Balance at 31.12.2020
Buildings and other constructions	1,650,204	-	32,854	(614)	65	1,682,509
Land and natural resources	2,553,368	32,556	5	(140)	(1,872)	2,583,917
Total land and buildings	4,203,572	32,556	32,859	(754)	(1,807)	4,266,426
Accumulated depreciation of buildings and other constructions	(369,261)	(30,012)	-	354	(23)	(398,942)
Provision for depreciation of buildings and other structures	(4,875)	4,875	-	-	-	-
Total carrying amount of buildings and other constructions	3,829,436	7,419	32,859	(400)	(1,830)	3,867,484
Track installations	31,742,769	-	1,312,697	(5,660)	(611)	33,049,195
Accumulated depreciation of track installations and other installations	(4,343,312)	(335,816)	-	3,443	31	(4,675,654)
Impairment of track installations	(25,026)	-	-	-	-	(25,026)
Total carrying amount of track installation and other installations	27,374,431	(335,816)	1,312,697	(2,217)	(580)	28,348,515
Other Property, Plant and equipment	42,147	-	155	(1,085)	-	41,217
Accumulated depreciation of other property, plant and equipment	(34,163)	(2,254)	-	1,065	-	(35,352)
Total carrying amount of other property, plant and equipment	7,984	(2,254)	155	(20)	-	5,865
Total carrying amount of track installations and other property, plant and equipment	27,382,415	(338,070)	1,312,852	(2,237)	(580)	28,354,380
Work in progress	14,441,664	1,036,006	(1,345,711)	-	-	14,131,959
Total net property, plant and equipment	45,653,515	705,355	-	(2,637)	(2,410)	46,353,823
Investment property	250,977	-	-	-	1,872	252,849
Accumulated depreciation of investment property	(54,965)	(4,138)	-	-	-	(59,103)
Investment property in progress	403	-	-	-	-	403
Total net investment property	196,415	(4,138)	-	-	1,872	194,149
Intangible assets	75,245	-	341	-	545	76,131
Accumulated depreciation intangible assets	(20,681)	(1,620)	-	-	(8)	(22,309)
Intangible assets in progress	183	19,922	(341)	-	-	19,764
Total net intangible assets	54,747	18,302	-	-	537	73,586

This appendix forms an integral part of Note 4 to the interim financial statements as of 30 September 2021 in conjunction with which it should be read.





ENTIDAD PÚBLICA EMPRESARIAL
ADIF – Alta Velocidad

Detail of associated companies for the nine month period ended 30 September 2021

Name	Activity	% ownership	Cost of the investment (net of impairment)	Not disbursed	Equity	Other equity items	Profit/(loss)	Operating profit/(loss)	Dividends received
Cartagena AVE, S.A. (a).	High-speed integration in Cartagena	40.00%	-	-	604	-	-	-	-
Murcia AVE, S.A. (a)	High-speed integration in Murcia	40.00%	-	-	625	-	-	-	-
Palencia Alta Velocidad, S.A. (a)	High-speed integration in Palencia	40.00%	-	-	420	-	30	(30)	-
Ingeniería y Economía del Transporte, S.A. (INECO) (a)	Preparation of civil and industrial railway engineering projects. Consultancy services	20.68%	7,977	-	88,179	18	10,481	17,508	2,168
León Alta Velocidad 2003, S.A. (a)	High-speed integration in León	37.50%	-	-	194	-	(34)	(34)	-
Logroño Integración Ferrocarril 2002, S.A. (a)	Management of high-speed rail in Logroño	30.00%	-	-	710	-	138	184	-
Valencia Parque Central Alta Velocidad 2003, S.A. (a)	High-speed integration in Valencia	30.00%	-	-	(19,083)	23,978	(199)	(201)	-
Valladolid Alta Velocidad 2003 S.A. (b)	Management of high-speed rail in Valladolid	30.00%	-	-	(49,784)	951	(2,339)	1,529	-
Gijón al Norte, S.A. (a)	High-speed integration in Gijón	30.00%	-	-	538	-	1	151	-
Zaragoza Alta Velocidad 2002, S.A. (a)	High-speed integration in Zaragoza	30.00%	-	-	(309,243)	4,794	(21,648)	(18,103)	-
Alta Velocidad Alicante Nodo Transportes, S.A. (a)	High-speed integration in Alicante	30.00%	-	-	(1,099)	1,620	-	-	-
Barcelona Sagrera Alta Velocitat S.A. (a)	High-speed integration in Barcelona	30.00%	-	-	600	-	(1,688)	(883)	-
Almería Alta Velocidad, S.A. (a)	High-speed integration in Almería	40.00%	-	-	565	7,590	(7)	(7)	-
A.V. Vitoria-Gasteizko Abiadura Handia, S.A. (a)	High-speed integration in Vitoria	40.00%	-	-	568	-	(7)	(7)	-
Total shares in group companies and associates			7,977	-				107	2,168
Enajenación de Materiales Ferroviarios, S.A. (EMFESA) (a)	Disposal and handling of unnecessary materials	12.50%	15		1,935	-	25	30	2
Albali Señalización, S.A. (a)		10.00%	1,131		13,275	-	1,499	4,128	135
Energía Olmedo Orense Fase I (a)		10.00%	508		7,241	-	63	1,448	-
Vía Olmedo- Pedralba (a)		10.00%	46	(240)	3,096	-	88	117	-
HT RAIL B.V (a)		4.35%	54		3,182	-	64	76	3
Total others (see note 6.a)			1,754	(240)				5,799	140
TOTAL			9,731	(240)				5,906	2,308

a) Audited annual accounts at 31 December 2020

b) Provisional financial statements as at 31 December 2020

c) Annual Accounts prepared pending audit at 31 December 2020

d) Provisional financial statements with draft audit report as at 31 December 2020

e) The data on own funds and profit/loss are for the latest available financial year, whether provisional or final.

This appendix forms an integral part of Note 5 to the interim financial statements as of 30 September 2021 in conjunction with which it should be read.



**ENTIDAD PÚBLICA EMPRESARIAL
ADIF – Alta Velocidad**

Details of associated companies for the year ended 31 December 2020

Name	Activity	% ownership	Cost of the investment (net of impairment)	Not disbursed	Equity	Other equity items	Profit for the year 2018	Operating income for the year 2018	Dividends received
Cartagena AVE, S.A. (a).	High-speed integration in Cartagena	40.00%	-	-	604	-	-	-	-
Murcia AVE, S.A.(a)	High-speed integration in Murcia	40.00%	-	-	625	-	-	-	-
Palencia Alta Velocidad, S.A.(a)	High-speed integration in Palencia	40.00%	-	-	420	-	(30)	(30)	-
Ingeniería y Economía del Transporte, S.A. (INECO)(a)	Preparation of civil and industrial railway engineering projects. Consultancy services	20.68%	7,978	-	88,179	18	10,841	17,508	4,472
León Alta Velocidad 2003, S.A.(b)	High-speed integration in León	37.50%	-	-	194	-	(34)	(34)	-
Logroño Integración Ferrocarril 2002, S.A.(a)	Management of high-speed rail in Logroño	30.00%	-	-	710	-	138	184	-
Valencia Parque Central Alta Velocidad 2003, S.A.(a)	High-speed integration in Valencia	30.00%	-	-	(19,083)	23,978	(199)	(201)	-
Valladolid Alta Velocidad 2003 S.A.(b)	Management of high-speed rail in Valladolid	30.00%	-	-	(49,784)	951	(2,339)	1,529	-
Gijón al Norte, S.A.(a)	High-speed integration in Gijón	30.00%	-	-	538	-	1	151	-
Zaragoza Alta Velocidad 2002, S.A.(a)	High-speed integration in Zaragoza	30.00%	-	-	(309,243)	4,794	(21,648)	(18,103)	-
Alta Velocidad Alicante Nodo Transportes, S.A.(a)	High-speed integration in Alicante	30.00%	-	-	(1,099)	1,620	-	-	-
Barcelona Sagrera Alta Velocitat S.A.(a)	High-speed integration in Barcelona	30.00%	-	-	600	-	(1,688)	(883)	-
Almería Alta Velocidad, S.A.(a)	High-speed integration in Almería	40.00%	232	-	565	7,590	(7)	(7)	-
A.V. Vitoria-Gasteizko Abiadura Handia, S.A.(a)	High-speed integration in Vitoria	40.00%	233	-	568	-	(7)	(7)	-
Total shares in group companies and associates			8,443	-				107	4,472
Enajenación de Materiales Ferroviarios, S.A.(EMFESA) (a)	Disposal and handling of unnecessary materials	12.50%	15	-	1,935	-	25	30	-
Albali Señalización, S.A.(a)		10.00%	1,131	-	13,275	-	1,499	4,128	-
Energía Olmedo Orense Fase I (a)		10.00%	508	-	7,241	-	63	1,448	-
Vía Olmedo- Pedralba (a)		10.00%	46	(240)	3,096	-	88	119	-
MT RAIL B.V (a)		4.35%	54		3,217	-	84	84	2
Total others (see note 6.a)			1,754	(240)				5,809	2
TOTAL			10,197	(240)				5,916	4,474

(a) Audited annual accounts as at 31 December 2020
 (b) Provisional financial statements as at 31 December 2020
 (c) Annual Accounts prepared pending audit at 31 December 2020
 (d) Provisional financial statements with draft audit report as at 31 December 2020
 (e) The data on own funds and profit/loss are for the latest available financial year, whether provisional or final.

This appendix forms an integral part of Note 5 to the interim financial statements as of 30 September 2021 in conjunction with which it should be read.

