Grupo Empresarial San José, S.A.

Financial Statements for the year ended 31 December 2020 and Directors' Report, together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial framework applicable to the Company (see note 2.a).In the event of a discrepancy, the Spanish-language version prevails

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
España

Tel: +34 915 14 50 00
Fax: +34 915 14 51 80
www.deloitte.es

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial framework applicable to the Company (see note 2.a).In the event of a discrepancy, the Spanish-language version prevails

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Shareholders of Grupo Empresarial San José, S.A.,

Report on the Financial Statements

Opinion

We have audited the financial statements of Grupo Empresarial San José, S.A. (the Company), which comprise the balance sheet as at 31 December 2020, and the income statement, statements of changes in equity, cash flow statement and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2020, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.a to the financial statements) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

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

Key Audit Matters

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

Impairment of ownership interests in Group companies and associates	
Description	**Procedures applied in the audit**
The Company has ownership interests in the share capital of Group companies and associates that are not listed on regulated markets, as detailed in Notes 4.d and 7.1. The measurement of these ownership interests requires the use of significant judgements and estimates by Company management, which considers that the best evidence of the recoverable amount of these ownership interests is the value of the equity of the investee, adjusted by the amount of the unrealised gains existing at the date of measurement. As a result of the foregoing, as well as the significance of the investments held, which amounted to EUR 122 million at year-end and for which an accumulated impairment loss of EUR 19 million, we consider the situation described to be a key matter in our audit.	Our audit procedures consisted of obtaining and analysing the conclusions prepared by Company management in relation to the existence of impairment losses on the aforementioned ownership interests, verifying their clerical accuracy and the adequacy of the valuation method used in relation to the investment held and verifying that it meets the requirements of the applicable regulations. For this purpose, we checked the underlying carrying amount of the investees and the related unrealised gains. Lastly, we evaluated whether the disclosures included in Notes 4.d and 7.1 to the accompanying financial statements in connection with this matter are in conformity with those required by the applicable accounting regulations.

Other Information: Directors’ Report

The *Other Information* comprises only the directors' report for 2020, the preparation of which is the responsibility of the Company's directors and which does not form part of the financial statements.

Our audit opinion on the financial statements does not cover the directors' report. Our responsibility relating to the directors' report is defined in the audit regulations in force, which establish two distinct levels of review:

a) Checking only certain information included in the Annual Corporate Governance Report, to which the Audit Law refers, has been provided as stipulated by applicable regulations and, if not, reporting this fact.

b) Evaluating and reporting on the consistency of the remaining information included in the director’s report with the financial statements, based on the knowledge of the Company obtained in the audit of those financial statements, as well as evaluating and reporting on whether the content and presentation of this part of the directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we have checked that the information described in section a) above is provided in the directors' report and that the other information in the directors' report is consistent with that contained in the financial statements for 2020 and its content and presentation are in conformity with the applicable regulations.

Responsibilities of the Directors and of the Audit Committee for the Financial Statements

The directors are responsible for preparing the accompanying financial statements so that they present fairly the Company's equity, financial position and results in accordance with the regulatory financial reporting framework applicable to the Company in Spain, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee is responsible for overseeing the process involved in the preparation and presentation of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

A further description of our responsibilities for the audit of the financial statements is included in Appendix I to this auditor's report. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

Additional Report to the Audit Committee

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit committee dated 23 February 2021.

Engagement Period

The Annual General Meeting held on 29 July 2020 appointed us as auditors for a period of one year from the year ended 31 December 2019.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the financial statements uninterruptedly since the year ended 31 December 1995, taking into account the content of Article 17.8 of Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Pedro Luis Hernando
Registered in ROAC under no. 21.339

24 February 2021

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the financial statements.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

We also provide the Company's audit committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

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

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

Grupo Empresarial San José, S.A.

Financial Statements for the year ended 31 December 2020
Director's Report

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

GRUPO EMPRESARIAL SAN JOSÉ, S.A.

BALANCE SHEET AS DECEMBER 31ST 2020 AND DECEMBER 31ST 2019

(Thousand of Euros)

	Note	31/12/2020	31/12/2019
NON-CURRENT ASSETS:			
Intangible assets	5	**3,050**	**3,662**
Property, plant and equipment	6	**404**	**406**
Investments in associates and joint ventures	7.1	**104,918**	**105,978**
Equity Investments in associates		102,004	103,314
Loans to related companies	14.2	2,914	2,664
Other non-current financial assets	14.2	**85**	**97**
Deferred tax assets	12.3	**23,363**	**31,565**
TOTAL NON-CURRENT ASSETS		**131,820**	**141,708**
Trade and other receivables		**20,963**	**21,557**
Realetd companies receivables	14.2	5,105	4,944
Other current assets		52	55
Public admisnitrations	12.1	15,806	16,558
Investments in associates and joint ventures	7.2 y 14.2	**16,451**	**11,686**
Cash and cash equivalents	8	**52**	**47**
TOTAL CURRENT ASSETS		**37,466**	**33,290**
TOTAL ASSETS		**169,286**	**174,998**

	Note	31/12/2020	31/12/2019
EQUITY:			
Share capital		**1,951**	**1,951**
Issurance premium		**-**	**155,578**
Reserves		**5,783**	**167,412**
Legal and statutory		390	263
Otras reserves		5,393	167,149
Negative results from previous years		**-**	**(364,148)**
Profit for the year		**45,789**	**53,444**
TOTAL EQUITY	9	**53,523**	**14,237**
NON-CURRENT LIABILITIES			
Long-term provisions	10.1	**5,091**	**5,091**
Non-current bank borrowings	14.2	**66,698**	**86,761**
Deferred tax liabilities	12.3	**13,680**	**13,866**
TOTAL NON-CURRENT LIABILITIES		**85,469**	**105,718**
CURRENT LIABILITIES:			
Short-term provisions	10.2	**545**	**545**
Current bank borrowings	11.1	**87**	**87**
Payable to Group and associated companies	14.2	**25,228**	**50,623**
Trade and other payables		**4,434**	**3,788**
Trade payables		269	393
Suppliers Group ans associated companies	14.2	487	679
Staff, remuneration payable		2,837	2,103
Tax Payable	12.1	841	613
TOTAL CURRENT LIABILITIES		**30,294**	**55,043**
TOTAL EQUITY AND LIABILITIES		**169,286**	**174,998**

Notes 1 to 16 of the accompanying notes form an integral part of the Balance Sheet at 31 December 2020.

GRUPO EMPRESARIAL SAN JOSÉ, S.A.

INCOME STATEMENTS FOR YEARS 2020 AND 2019

(Thousand of Euros)

	Note	31/12/2020	31/12/2019
CONTINUING OPERATIONS			
Revenue	13.1	**50,981**	**34,406**
Other operating income	13.1	**21,281**	**19,900**
Staff costs		**(9,106)**	**(12,837)**
Wages and salaries		(7,914)	(11,602)
Social charges	13.2	(1,192)	(1,235)
Other operating expenses		**(5,861)**	**(6,125)**
Outside services	13.4	(5,688)	(6,007)
Tributes		(110)	(26)
Impairment losses and changes in provisions for trade		-	(84)
Other operating expenses		(63)	(8)
Depreciation and amortisation charge	5 y 6	**(619)**	**(621)**
		1	**-**
PROFIT FROM OPERATIONS		**56,677**	**34,723**
Finance income		**1**	**28,801**
In third	13.5	1	28,801
Finance costs		**(3,678)**	**(6,435)**
On debts to Group companies and associates	14.1	(3,658)	(2,613)
On debts to third parties		(20)	(3,822)
Impairment and gains or losses on disposal of financial instruments	7.1	**(1,310)**	**(496)**
FINANCIAL PROFIT		**(4,987)**	**21,870**
PROFIT (LOSS) BEFORE TAXES		**51,690**	**56,593**
Income Tax	12.2	(5,901)	(3,149)
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**45,789**	**53,444**
PROFITS / (LOSSES) OF THE YEAR		**45,789**	**53,444**

Notes 1 to 16 of the accopanying notes form an integral part of the income statement at 31 December 2020

GRUPO EMPRESARIAL SAN JOSÉ, S.A.

STATEMENTS OF CHANGES IN EQUITY FOR PERIOD ENDED AT DECEMBER 2020 AND 201

A) STATEMENTS OF RECOGNISED INCOMES AND EXPENSES

(Thousand of Euros)

	Note	Year 2020	Year 2019
PROFITS/(LOSSES) OF THE YEAR		**45,789**	**53,444**
Income and expenses recognised directly in equity			
-For cash flow hedges		-	-
-Tax effect		-	-
Total Income and expenses recognized directly in equity		**-**	**-**
Transfer to income statement			
-For cash flow hedges		-	-
-Tax effect		-	-
Total Trasfers to profits and losses account		**-**	**-**
TOTAL RECOGNISED INCOMES/(EXPENSES)		**45,789**	**53,444**

GRUPO EMPRESARIAL SAN JOSÉ, S.A.

STATEMENTS OF CHANGES IN EQUITY FOR PERIOD ENDED AT DECEMBER 2020 AND 2019

B) STATEMENTS OF CHANGES IN EQUITY

(Thousand of Euros)

	Note	Share capital	Issurance premium	Legal reserve	Voluntary reserves	Negat. results previous years	Profit of the year	TOTAL
Balance at December 31, 2018		**1,951**	**155,578**	**263**	**167,149**	**(364,638)**	**490**	**(39,207)**
Distribution of profit for year 2018:								
-To negative results from previous years		-	-	-	-	490	(490)	-
Total recognized income/expenses year 2019		-	-	-	-	-	53,444	**53,444**
Balance at December 31, 2019		**1,951**	**155,578**	**263**	**167,149**	**(364,148)**	**53,444**	**14,237**
Distribution of profit for year 2019:								
-To negative results from previous years		-	(155,578)	-	(161,756)	364,148	(46,814)	-
-To reserves		-	-	127	-	-	(127)	-
-To dividends		-	-	-	-	-	(6,503)	**(6,503)**
Total recognized income/expenses year 2020		-	-	-	-	-	45,789	**45,789**
Balance at December 31, 2020		**1,951**	**-**	**390**	**5,393**	**-**	**45,789**	**53,523**

Notes 1 to 16 of the accompanying notes form an integral part of the statement of changes in equity at 31 December 2020.

GRUPO EMPRESARIAL SAN JOSÉ, S.A.

CASH FLOW STATEMENTS FOR YEARS 2020 AND 2019

(Thousands of Euros)

	Note	Year 2020	Year 2019
Cash flows from operating activities:			
(+) Profit (Loss) before tax		51,690	56,593
(+) Depreciation and amortisation charge		619	621
(+/-) Changes in operating allowances		-	84
(-) Financial income	14.1	(50,982)	(63,207)
(+) Financial costs		3,678	6,435
(+/-) Exchange differences		-	-
(+/-) Impairment and gains and losses on property, plant and equipment disposals		(1)	-
(+/-) Result of changes in value of financial instruments	7.1	1,310	-
Total Cash Flows from operating activities		**6,314**	**1,022**
Other adjustments			
(-) Income tax paid in the year		(4,832)	(11,682)
(+/-) (Increase) / Decrease in working capital		5,900	(2,052)
(+/-) Other collections / (payments) due to operating activities		(2,197)	-
1. TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES		**5,185**	**(12,712)**
Investments:			
(-) Intangible assets	5	-	(8)
(+) Property, plant and equipment	6	(6)	(1)
(-) Shares and other financial assets	7.1.	(250)	(652)
Total Investments		**(256)**	**(661)**
Dividends received	13.1	**50,867**	**34,126**
Disposals:			
(+) Intangible assets		6	-
(+) Property, plant and equipment		(5)	-
(+) Shares and other financial assets		12	14
Total Disposals		**13**	**13**
Other collections / (payments) due to financing activities		**(659)**	**(659)**
2. TOTAL NET CASH FLOWS FROM FINANCING ACTIVITIES		**49,965**	**49,965**
Divedends paid		**(6,503)**	
Increase / (decrease) in borrowings		**(48,629)**	**(22,692)**
Non-current			
a) Long term debt		-	-
b) Long term debt with Group companies	14.2	(22,154)	86,397
Current			
a) Short term debt		-	-
b) Short term debt with Group companies	11.2	(26,475)	(26,475)
Net interests:		**(18)**	**(3,821)**
Received		1	2
Paid		(19)	(3,823)
Other collections / (payments) due to financial activities		**-**	**-**
3. TOTAL NET CASH FLOWS FROM FINANCIAL ACTIVITIES		**(55,145)**	**(26,513)**
TOTAL CASH FLOWS FOR THE YEAR		**5**	**(511)**

CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**47**	**558**
Changes in the year		5	(511)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**52**	**47**

Notes 1 to 16 of the accompanying notes form an integral part of the Cash Flow Statement for year 2020.

Grupo Empresarial San José, S.A.
Notes for the year ended 31 December 2020

1. Incorporation, legal framework and business activities

a) Incorporation

Grupo Empresarial San Jose, S.A. (hereinafter "the Company"), formerly Udra S.A., was incorporated on 18 August 1987 for an unlimited period of time by virtue of a public deed executed in Pontevedra in the presence of Pontevedra notary, Mr. Rafael Sanmartin Losada, under number 1539 of his protocol.

At the Ordinary and Extraordinary General Shareholders Meeting of the Company held on 17 June 2008, it was agreed to change the corporate name into that of "Grupo Empresarial San Jose S.A.", which was duly formalised by means of a public deed dated 17 July 2009.

The Parent is registered in the Mercantile Register of Pontevedra on sheet 88 of the Companies book 586, entry no. 1 on page no. 8119. It holds tax identification number A-36.046.993.

Registered office is located in Pontevedra, at calle Rosalia de Castro, 44.

The shares of the Company are listed on the Spanish Stock Exchange since July 2009.

b) Legal framework

The Company is governed by its by-laws, the Commercial Code, the Spanish Companies Law and other legislation applicable to companies of this type.

c) Activities

The Company, Parent of Grupo Empresarial San Jose and Subsidiaries (Grupo SANJOSE), has as main purpose the management and control of business activities developed by companies which is takes part in in a significant and lasting manner.

As of 20 July 2009, "Grupo Empresarial San Jose, S.A." was listed on the Spanish Stock Exchange Market.

The purpose of the Company is also the development of real estate property; construction activity, either personally or for another party, natural or legal people, under management, contract or any other regime, of all type of buildings and works.

Also, the Company may subscribe to, purchase or acquire by any other means shares and/or other equity interests in other public and private limited companies, even if their company object differs from that of Grupo Empresarial San Jose, S.A., and may form new public or private limited companies with other legal entities or individuals, whatever valid purpose or activity the newly formed companies may have.

In view of the business activity carried on by the Company, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position and results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated financial statements.

The Company's functional currency is the Euro.

2. Basis of presentation of the Financial Statements

a) Legal framework

Financial statements have been prepared by the directors of the Company in compliance with applicable financial regulation set forth on:

i) Code of Mercantile Law and similar.

ii) General Accounting Plan approved by Royal Decree 1514/2007, on 16 November, which was modified in 2016 by Royal Decree 602/2016, on 2 December and its Sector Adaptations.

iii) Compulsory regulations passed by the Audit and accounting Institute regarding the Accounting Standards and similar.

iv) Applicable Spanish regulation on the issue.

b) Fair view

These financial statements were prepared from the accounting records of the Company and are prepared in accordance with the accounting principles and rules in force, so that they show a true and exact image of the equity and financial situation of the company, changes in equity and cash flows occurred within the year. These financial statements, which were prepared by Directors of the company, will be subject to approval at the Shareholders' General Meeting are year. expected to be approved without any changes. As far as they are concerned, the financial statements for year 2019 were approved by the Ordinary General meeting of Shareholders held on 29 July 2020, and recorded at the Trade Registry of Pontevedra.

c) Critical issues on valuation and estimate of the degree of uncertainty

In the preparation of the accompanying financial statements estimates were occasionally made by Directors of the Company to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The assessment of potential impairment losses of certain assets (see Notes 4.c and 4.d).
- The useful life of the intangible assets, materials and goodwill (see Notes 4.a and 4. b).
- The fair value of certain non-listed assets (see Note 4.d).
- The amount of certain provisions (see Note 4.g and 4.h).
- The assessment of credit recovery feasibility (see Notes 4.e and 12.3).
- Management of financial risk (Note 8)
- COVID-19 (Nota 2.k)

These estimations have based prepared based on the best information available at the end of year 2020. Yet, due to its nature, future events may lead to its subsequent amendment (upwards or downwards) in future years, what would be done prospectively.

d) Non-compulsory accounting principles applied

No non-compulsory accounting principles have been applied. Further, Directors prepare the accompanying financial statements in accordance with all applicable accounting regulations and standards. All mandatory accounting principles have been applied.

e) Associated items

Certain items of the accompanying balance sheet, income statement, changes in equity and changes in cash flow statements are associated in groups in order to help their understanding; in the event of significant information, breakdown of the same has been included within the accompanying notes.

f) Comparative information

Information recorded on the financial statements for year 2019 is provided for comparison purposes only with that provided as of the year ended 31 December 2020.

g) Working capital and assets

As shown in the accompanying balance sheet as of 31 December 2020 the Company has at said date a positive working capital amounting to EUR 7,172 thousand as current assets are greater than current liabilities. At 31 December 2019, the Company records a negative net equity amounting to EUR 21,753 thousand.

The Company records under current liabilities the amount of the debt with Group companies, derived from the existence of current account financing agreements with subsidiaries, as well as the fact that the Company is the parent of a Tax Group, that amounts at 31 December 2020 to EUR 25,228 thousand (EUR 50,623 thousand at 31 December 2019) (see Notes 4.e and 14.2). Director of the Company do not expect difficulties to face payments of debts at maturity dates.

At 31 December 2020 and 2019, the Company records a positive net equity amounting to EUR 53,523 thousand and EUR 14,237 thousand, respectively.

h) Consolidation

The Company is head of the group of dependent companies and associated (see Note 7), which issue separate financial statements. Consolidated financial statements for year 2020 have been prepared by the Directors of the Company, as well as the accompanying statements, in compliance with International Financial Regulations and Standards as adopted by the UE, the EC No 1606/2002 (hereinafter, "NIIF-UE"). Financial statements for year ended 31 December 2019 were approved on at the Annual General Meeting held on 29 July 2020 and registered at the Register of Companies of Pontevedra

The accompanying financial statements do not show changes in value arising from the consolidation of financial statements with associates.

Main items of the consolidated financial statements of the Company are as follows:

	Thousand of Euros
Share capital and issuance rights	1,951
Reserves abd equity attributed to the Parent	118,622
Net profit/(loss) for the year attributable to the Parent	22,753
Total assets	988,502
Turnover	961,981

i) Changes in the accounting criteria

During year 2020, no significant changes have been applied compared to those applied in year 2019.

j) Correction of errors

Accompanying financial statements do not contain errors leading to restatement of the information given in the 2019 financial statements.

k) COVID-19

On 11 March 2020, the World Health Organisation elevated the public health emergency situation caused by the SARS-CoV-2 virus (COVID19) to an international pandemic. The rapid development of events on an international scale has led to an unprecedented health, social and economic crisis. To deal with this situation, among other measures, the Government of Spain declared the state of alarm by publishing Royal Decree 463/2020 as of 14 March, and subsequently through Royal Decree-Law 926/2020, as of 25 March. Further, during year 2020, both the Government of Spain and the European Union have approved a series of extraordinary urgent measures to deal with to the expected economic and social impact of COVID-19.

The SANJOSE Group, in a coordinated manner in all the Group companies, has followed and analysed the situation and its evolution in order to apply the appropriate contingency plans, always within the framework of the recommendations established by the health authorities, having as a priority objective to guarantee the safety of employees and all those who may have a relationship with the Group, as well as to ensure the continuity of activities in a situation of maximum normality, in the current context.

Due to the Group's diversification in activity and geography, the impact has been limited, mainly reflecting a reduction in activity and margins with respect to expectations. However, the scale of the economic measures adopted by the governments, as well as the potential reactivation measures that are envisaged, has led to the need to act on the main estimates contemplated in the preparation of the financial statements for year 2020, as well as in these explanatory notes.

For all of the above, taking into account the limited impact, the measures to ensure the assets undertaken, as well as the existing liquidity gaps, the Company has prepared its financial statements under the going concern principle.

3. Distribution of profit/(loss)

Directors of the Company will propose the AGM the distribution of EUR 45,789 thousand profit for year 2020 according to the following breakdown:

	Thousands of euros
Distribution base:	
Current year profit	45,789
Distribution:	
To dividends	6,503
To other reserves	39,286

Director of the Company shall suggest to the shareholder's general meeting, as part of the 2020 distribution of profit, the payment of a dividend standing at EUR 0.10 gross per shares, amounting to a total of EUR 6,502,608.30.

4. Accounting principles and measurement basis

Main accounting principles and measurements used in the preparation of the accompanying financial statements for year 2020 and 2019 pursuant to Spanish National Chart of Accounts are as follows:

a) Intangible assets

Intangible assets are recognised initially at acquisition or production cost. Subsequently they are measured at cost less any accumulated amortisation and any accumulated impairment losses. according to criteria set out by Note 4.c. Amortisation depends on useful life of assets. When the useful life of these assets cannot be qualified in a feasible way, they are amortised in a 10-year term.

Goodwill:

Goodwill is the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities at the date of acquisition. Goodwill is allocated to each cash-generating unit and is not subject to amortisation. Subsequent to the initial recognition, goodwill is assessed at acquisition price less accumulated amortisation, and, if applicable, the accumulated amount of assessment correction for recognised impairment.

Goodwill is amortised during its useful life, in an independent way for each cash-generating unit. The Company amortises goodwill in a ten-year term.

Said cash generating units, on the other hand, are subject to impairment test on an annual basis in order to record the valuation correction.

Valuation write-down due to impairment loss is not derecognised in subsequent years

Computer software:

The Company recognises under this item all costs incurred in the acquisition and development of computer programmes and software, event those regarding web site update and maintenance. Regular maintenance, upkeep and repair expenses are recognised in the income statement on an accrual basis as incurred. Computer software is amortised on a straight-line basis over four years from the entry into service of each application.

b) Property, plant and equipment

Intangible assets are recognised initially at acquisition or production cost. The cost of property, plant and equipment acquired through business combinations is its fair value at the date of acquisition. Subsequently, it is reduced by the corresponding accumulated amortization and the valuation corrections for deterioration, if any, in accordance with the criteria mentioned in Note 4.c.

Regular maintenance, upkeep and repair expenses are recognised in the income statement on an accrual basis as incurred. On the other hand, replacements or renewals of complete items that lead to a lengthening of the useful life of the assets or to an increase in their economic capacity are recognised as additions to property, plant and equipment.

The depreciation of property, plant and equipment is carried out using the straight-line method, based on the operational conditions of the assets or the acquisition of the asset, based on the estimated useful lives of each element or group of elements, According to the following detail:

Description	Years
Other items of property, plant and equipment	3 - 8

c) Asset impairment

At the end of each year or whenever it is deemed necessary, the Company analyses the value of assets through the so-called "Impairment Test" in order to determine whether there is any indication that these assets have suffered an impairment loss which may have reduced its accounting value.

Recoverable amount is the higher of fair value less costs to sell and value in use.

Recoverable amounts for cash-generating units, and items of property, plant and equipment, are analysed, when possible, on an individual basis.

Projections are prepared by the management of the Company on the basis of past experience and based on the best available estimates, which are consistent with information from abroad.

In the event that an impairment loss is recognized for a cash-generating unit to which all or part of a goodwill has been allotted, the carrying amount of the goodwill corresponding to that unit is reduced first. If the impairment exceeds the amount of this, secondly, in proportion to its value in books, the other assets of the cash-generating unit are reduced, up to the limit of the greater of the following: its fair value less costs of sale, its value in use or zero

When an impairment loss is derecognised in subsequent periods (event not possible for goodwill), the carrying amount of said cash generating units is increased in the same quantity as the estimated realisable value, yet carrying amount may never exceed initial carrying amount. The derecognising of an impairment write-down is recorded as income.

d) Financial Instruments

Financial instruments are initially recognised in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument. Specifically, debt instruments are recognised from the date on which the legal right to receive or the legal obligation to pay arises.

On the other hand, financial derivatives (financial instruments whose value changes in response to changes in an observable market variable such as an interest rate, exchange rate, the price of a financial instrument or a market index whose initial investment Is very small in relation to other financial instruments with a similar response to changes in market conditions, and is generally settled at a future date), is generally recorded on the date of hiring.

Trade payables, which are not interest bearing, are stated at their face value. Nonetheless, a provision is provided for impairment losses on trade accounts receivable when there is objective evidence that the amounts receivable will be irrecoverable.

The amount of customer advances received prior to the recognition of the sale of the buildings is recognised under "Current Liabilities - Trade and Other Payables" in the consolidated balance sheet.

The Company has applied to financial instruments the following assessment regulations:

<u>Financial Assets</u>

Financial assets are classified into the following categories:

- <u>Loans and receivables:</u> financial assets originated by the Group in exchange for supplying cash, goods or services directly to a debtor, which are measured at amortised cost.

- <u>Equity instruments issued by Companies of the Company, associated and multi-groups</u>: being classified as companies of the Group those managed and/or controlled directly or their management by the Company itself. In addition to this, multi-group companies include those companies incorporated by means of an agreement and which imply joint management, by the partners.

For the purpose of presentation of the financial statements, it will be assumed that another company belongs to the Group if they constitute a single decision-making unit under the terms laid down in Article 42 of the Code of Commerce.

Initial recognition

Financial assets are, in general terms, measured at fair value plus direct costs incurred.

In the event of investment in assets from the group companies, fees paid up to legal advisers or independent professionals as a result of investments in equity of companies of the Group are recognised at the income statement.

Subsequent recognition

Loans, receivables and held-to-maturity-investments are recognised in net profit or loss for the year.

Investments in group, associated and multi-group companies are valued at their cost, with any applicable cumulative sum of valuation corrections through impairment deducted. These corrections are calculated as the difference between the book value and the recoverable sum, the latter understood as whichever is the greater of the fair value less the costs of sale and the current value of the future cash flows derived from the investment. In the absence of any better evidence regarding the recoverable sum, consideration is given to the net worth of the company in which the stake is held, corrected in accordance with the tacit surpluses in existence on the date of valuation (including any commercial goodwill).

Financial assets not recognised at fair value are analysed at the end of each reporting period. If the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognised for the difference. Impairment is charged to the income statement.

The Company recognises the derecognising of financial assets when they expire or whenever cash flow rights over the financial assets have been transferred together with the inherent risks and profits through sale of assets, factoring credit transfers, sale of assets with put option at fair value or financial assets which the company has not subordinated financial involved nor any collateral or risk.

Financial liabilities and net equity

Financial liabilities and equity instruments are classified in accordance with the content of the contractual arrangements. An "equity instrument" is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Parent are recognised in consolidated equity at the proceeds received, net of direct issue costs.

The main financial liabilities held by the Group are held-to-maturity financial liabilities, which are measured at amortised cost.

Loans and bank loans, which accrue interest, are recorded at the amount received, net of direct issuance costs. Borrowing costs, including premiums payable on settlement or redemption and direct issue costs, are recognised in the consolidated income statement on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

In the derecognition of a financial liability, the difference between the book value of the financial liability or the part of it that has been derecognised and the consideration paid, including the attributable transaction costs, as well as any asset transferred other than the cash or liability assumed will be recognised in the profit and loss account for the year in which it occurs.

Trade payables, which are not interest bearing, are stated at their face value.

e) Income tax

"Grupo Empresarial San José S.A." and all Spanish subsidiaries which it holds a stake equal to or greater than 75%, are taxed on Corporate Income Tax under the Consolidated Income Statement since 2006.

Corporate income tax expense is calculated on the economic outturn, amendment, as the case may be, for permanent differences arising with respect to taxable income and that do not recur in subsequent periods.

Credits for deductions and bonuses generated are deducted from the individual accrued tax provided that their application is made by the Tax Consolidation Group in the year.

Credits for deductions and bonuses and credits for individual negative tax bases, prior to the incorporation of the company to the Tax Consolidation Group, are recorded whenever their future realisation is reasonably assured.

Differences between the individual taxable income and the pre-tax income for the year, derived from the different temporary imputation criteria used to determine both amounts and which may be reversed in subsequent periods, are recorded as prepaid income tax or deferred income tax, as appropriate.

Differences arising from the application of the Consolidated Taxation Tax Regime, to the extent that they can be reversed in case of modification of the application of said regime, are recorded as prepaid taxes or deferred taxes for consolidation.

At 31 December 2020, the following SANJOSE group companies filed consolidated tax returns, acting "Grupo Empresarial San Jose, S.A." as the head of the consolidated tax group:

Constructora San José, S.A.

Cartuja Inmobiliaria, S.A.U.

Desarrollos Urbanísticos Udra, S.A.U.

Inmobiliaria Americana de Desarrollos Urbanísticos, S.A.U.

Tecnocontrol Instalaciones, S.L.U.

Tecnocontrol Sistemas de Seguridad, S.A.U.

Tecnocontrol Servicios, S.A.U.

Basket King, S.A.U.

Arserex, S.A.U.

Comercial Udra, S.A.U.

Udramedios, S.A.U.

Cadena de Tiendas, S.A.U.

Trendy King, S.A.U.

Outdoor King, S.A.U.

Athletic King, S.A.U.

Vision King S.A.U.

Running King, S.A.U.

Enerxías Renovables de Galicia, S.A.

Xornal de Galicia, S.A.U.

San José Concesiones y Servicios, S.A.U.

San José Energía y Medioambiente, S.A.U.

Poligeneració Parc de L´Alba ST-4, S.A.

Xornal Galinet, S.A.U.

GSJ Solutions, S.L.U.

Fotovoltaica el Gallo 10, S.L.

f) Revenue and expenditure

Revenue and expenses are recognised on an accrual basis, i.e., when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Said income is valued at the fair value of the consideration received, deducting the discounts, price reductions and other similar items that the Company may grant, as well as, where appropriate, the interest incorporated into the nominal amount of the credits. Indirect taxes that are levied on operations and are passed on to third parties are not part of the income.

1. Revenue and expenses are recognised on an accrual basis, i.e., when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

2. The interest received on financial assets is acknowledged in accordance with the effective rate of interest and the dividends, when the right of the shareholder to receive dividends is declared. In any event, interest and dividends on financial assets accrued subsequent to the time of acquisition are recognised as revenue in the profit and loss account.

3. Dividends received are recorded when the right of the shareholder to receive the same arises. According to Enquiry 2 published in Bulletin 79 of the Institute of Accounting and Audit of Accounts (ICAC), both the dividends received and the financial income accrued for Group companies are recorded under "Net revenue" in the accompanying income statement.

g) Provisions and contingencies

When preparing the financial statements, the Directors of Company made a distinction between:

a) Provisions: credit balances covering present obligations at the balance sheet date arising from past events which could give rise to a loss for the companies, which is certain as to its nature but uncertain as to its amount and/or timing.

b) Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the consolidated companies.

Financial statements include all the material provisions whose obligation to be settled is considered to be more likely. Contingent liabilities are not recognised in the consolidated financial statements, but rather are disclosed on explanatory notes to the same.

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are reviewed and adjusted at the end of each year, are used to cater for the specific obligations for which they were originally recognised. Provisions are fully or partially reversed when such obligations cease to exist or are reduced.

As of 31 December 2020, the Company has recorded provisions for risks and expenses, which are intended to cover possible contingencies arising from the holding of financial investments (see Note 10.1).

h) Termination benefits

In accordance with current legislation, the Company is obliged to pay compensation to those employees who, under certain circumstances, have their employment contracts terminated. Compensation for redundancy liable to objective quantification is registered as an expense for the financial year in which the decision concerning the redundancy is taken. At 31 December 2020, the company has not recorded any entry for this item.

i) Transactions with associates

The Company undertakes all operations with associated companies at market values. In addition, the prices of transfer are borne appropriately, and the Company Directors do not therefore believe there are any significant risks in this regard of any substantial liabilities arising in the future.

j) Treasury shares

Equity instruments issued by the Company are recognised under net equity at the proceeds received, net of direct issue costs.

The Company's own shares acquired during the year are recorded, directly at the value of the consideration given in exchange, as a lower value of Net Equity. The results of the purchase, sale, issuance or amortisation of equity instruments are recognised directly in equity, without in any case registering any result in the Income Statement.

As 31 December 2020 and 2019, the Company does not hold treasury shares. Likewise, no transactions involving treasury shares were carried out during years 2020 and 2019 (see Note 9.5).

k) Environmental issues

Due to the nature of the activity performed by the Company, the Company does not incur into expenses or have any assets or liabilities of environmental nature.

l) Classification of current assets and liabilities

Current assets are those linked to the normal operating cycle, usually a one-year period, also those assets whose maturity, disposal or realisation is expected to occur in the short term from the end of the year, financial assets held for trading, with the exception of financial derivatives whose settlement period is greater than a year, and cash and cash equivalents. Assets not fulfilling these requirements are qualified as non-current.

Likewise, current liabilities are those linked to the normal operating cycle, financial liabilities held for trading, with the exception of financial derivatives whose settlement period is greater than a year, and in general all liabilities whose maturity or extinction will occur in the short term. Otherwise, they qualify as non-current.

m) Cash flow statement

The following terms are used in the consolidated cash flow statement:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

- Operating activities: the principal revenue-producing activities of the Group and other activities than investing or financing.

- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of the equity and borrowings of the Group companies that are not operating activities.

5. Intangible assets

Breakdown of this item for years 2020 and 2019 is as follows:

Year 2020:

	Thousand of Euros			
	Balance 31/12/2019	Additions / (Provisions)	Disposals	Balance 31/12/2020
Cost:				
Goodwill	6,095	-	-	6,095
Computer software	150	1	(5)	146
Total Cost	**6,245**	**1**	**(5)**	**6,241**
Accumulated amortisation:				
Goodwill	(2,439)	(610)	-	(3,049)
Computer software	(144)	(3)	5	(142)
Total Accumulated Amortisation	**(2,583)**	**(613)**	**5**	**(3,191)**
Net cost	**3,662**	**(612)**	**-**	**3,050**

Year 2019:

	Thousand of Euros			
	Balance 31/12/2017	Additions / (Provisions)	Disposals	Balance 31/12/2018
Cost:				
Goodwill	6,095	-	-	6,095
Computer software	142	8	-	150
Total Cost	**6,237**	**8**	**-**	**6,245**
Accumulated amortisation:				
Goodwill	(1,829)	(610)	-	(2,439)
Computer software	(141)	(3)	-	(144)
Total Accumulated Amortisation	**(1,970)**	**(613)**	**-**	**(2,583)**
Net cost	**4,267**	**(605)**	**-**	**3,662**

The Company has recorded under its balance sheet a goodwill amounting to EUR 6,095 thousand, associated to the stake in "Constructora San José, SA", which is the main Cash Generating Unit (UGE) of Grupo SANJOSE, of which the Company is Parent Company.

In order to proceed with its amortisation, the Company estimates a 10-year useful life, and a linear recovery according to a prospective approach, as of 1 January 2016. Further, the directors of the Company carry out regular reviews of the recovery of this asset, according to expected flows pursuant to the business plan of the Group. At 31 December 2020, no impairment is recorded under this item.

The cost of the assets fully amortised at 31 December 2020 and 2019 amounts to EUR thousand and EUR 136 thousand, respectively

6. Property, plant and equipment

Breakdown of this item for years 2020 and 2019 is as follows:

Year 2020:

	Thousand of Euros			
	Balance 31-12-2019	Additions / (Provisions)	Disposals	Balance 31-12-2020
Cost:				
Other items of property, plant and equipment	1,266	5	(53)	1,218
Total Cost	**1,266**	**5**	**(53)**	**1,218**
Accumulated amortisation:				
Other items of property, plant and equipment	(860)	(6)	52	(814)
Total Accumulated Amortisation	**(860)**	**(6)**	**52**	**(814)**
Net property, plant and equipment	**406**	**(1)**	**(1)**	**404**

Year 2019:

	Thousand of Euros			
	Balance 31-12-2018	Additions / (Provisions)	Disposals	Balance 31-12-2019
Cost:				
Other items of property, plant and equipment	1,265	1	-	1,266
Total Cost	**1,265**	**1**	**-**	**1,266**
Accumulated amortisation:				
Other items of property, plant and equipment	(852)	(8)	-	(860)
Total Accumulated Amortisation	**(852)**	**(8)**	**-**	**(860)**
Net property, plant and equipment	**413**	**(7)**	**-**	**406**

This item includes mainly equipment for the treatment of information.

Carrying net cost at 31 December 2020 and 2019 amounts to EUR 804 thousand and EUR 829 thousand, respectively.

It is the policy of the Company to take out insurance policies in order to cover any such possible risks as may affect tangible fixed asset items. Directors considered current insurance to be enough and sufficient.

7. Group companies and associates

7.1 Long-term investments in Group companies and associates

Breakdown of this item of the accompanying balance sheet at 31 December 2020 and 2019, as well as main movement under said item, is as follows:

Year 2020:

	Thousand of Euros				
	Balance at 31/12/2019	Additions	Reversals	Transfers	Balance at 31/12/2020
Equity intruments					
Cost	**122,105**	-	-	-	**122,105**
Impairment	**(18,791)**	(1,408)	98	-	**(20,101)**
	103,314	**(1,408)**	**98**	**-**	**102,004**
Granted loans and credits	**2,664**	250	-	-	**2,914**
Total	**105,978**	**(1,158)**	**98**	**-**	**104,918**

Year 2019:

	Thousand of Euros				
	Balance at 31/12/2018	Additions	Reversals	Transfers	Balance at 31/12/2019
Equity intruments					
Cost	**107,603**	-	-	14,502	**122,105**
Impairment	**(5,414)**	(496)	-	(12,881)	**(18,791)**
	102,189	**(496)**	**-**	**1,621**	**103,314**
Granted loans and credits	**16,514**	650	-	(14,500)	**2,664**
Total	**118,703**	**154**	**-**	**(12,879)**	**105,978**

During year 2020, the Company has granted a participatory loan to its investee “Udra Medios, S.A.U.” amounting to EUR 250 thousand so as to strengthen its asset structure.

Likewise, during year 2020, the Company has recorded an impairment for tits stake in “San José Energía y Medio Ambiente, S.A.U” amounting to EUR 1,251 thousand under the item “Impairment and profit/(loss) for the sale of intangible fixed assets" in the accompanying income statement for year 2020.

During year 2019, the Company proceeded to capitalise the participative loans that it had granted to its investees “Udra Medios, S.A.U” and “San José Energía y Medio Ambiente, S.A.U.” for amounts of EUR 14,100 thousand and EUR 400 thousand, respectively. Likewise, the Company has attended the capital increase of its investee company “Udra México, S.A. de C.V.”, expanding the cost of its participation by EUR 2 thousand, through the partial capitalisation of the trade receivable that it maintains with said company (see Note 14.2).

Likewise, during 2019, the stake in “Udra Medios, S.A.U” amounting to EUR 12,881 thousand was recorded as greater impairment.

Detail of stakes in Group companies, as well as of credits and loans granted as of 31 December 2020 and 2019 is as follows:

Year 2020:

	Ownership %		Thousand of Euros				
			Net carrying amount of the stake				Long-term loans (Note 14)
	Direct	Indirect	Cost	Impairment of the year	Accumulated impairment	Net cost	
***Group companies*:**							
Constructora San José, S.A. (a)	99.79%	-	92,510	-	-	92,510	-
San José Concesiones y Servicios, S.A.U. (b)	100.00%	-	2,446	-	-	2,446	-
San José Energía y Medio Ambiente, S.A.U. (b)	100.00%	-	7,964	(1,251)	(4,176)	3,788	650
Enerxías Renovables de Galicia, S.A (b)	25.00%	75.00%	662	98	(431)	231	-
Cadena de Tiendas, S.A.U. (b)	100.00%	-	60	-	-	60	-
Comercial Udra, S.A.U. (b)	100.00%	-	1,748	-	-	1,748	-
Constructora Udra Limitada (a)	7.00%	69.85%	25	-	-	25	-
SJB Müllroser Baugesellschaft GmbH (b)	100.00%	-	730	-	(730)	-	-
Udra Medios, S.A.U. (b)	100.00%	-	15,600	(157)	(14,743)	857	250
Xornal de Galicia. S.A. (b)	-	92.73%	-	-	-	-	2,014
Udra México, S.A. de C.V. (c)	0.17%	99.83%	23	-	(21)	2	-
GSJ Solutions, S.L.U.(a)	100%	-	337	-	-	337	-
TOTAL			**122,105**	**(1,310)**	**(20,101)**	**102,004**	**2,914**

(a) Companies audited by Deloitte.
(b) Non audited companies
(c) Companies audited by other auditing company.

Year 2019:

	% de participación		Thousand of Euros				
			Valor en libros de la participación				Long-term loans (*)
	Direct	Indirect	Cost	Impairment of the year	Accumulated impairment	Net cost	
Group companies:							
Constructora San José, S.A. (a)	99.79%	-	92,510	-	-	92,510	-
San José Concesiones y Servicios, S.A.U. (b)	100.00%	-	2,446	-	-	2,446	-
San José Energía y Medio Ambiente, S.A.U. (b)	100.00%	-	7,964	(291)	(2,925)	5,039	650
Enerxías Renovables de Galicia, S.A (b)	25.00%	75.00%	662	-	(529)	133	-
Cadena de Tiendas, S.A.U. (b)	100.00%	-	60	-	-	60	-
Comercial Udra, S.A.U. (b)	100.00%	-	1,748	-	-	1,748	-
Constructora Udra Limitada (a)	7.00%	69.85%	25	-	-	25	-
SJB Müllroser Baugesellschaft GmbH (b)	100.00%	-	730	-	(730)	-	-
Udra Medios, S.A.U. (b)	100.00%	-	15,600	(205)	(14,586)	1,014	-
Xornal de Galicia. S.A. (b)	-	92.73%	-	-	-	-	2,014
Udra México, S.A. de C.V. (c)	0.09%	99.91%	23	-	(21)	2	-
GSJ Solutions, S.L.U.(a)	100%	-	337	-	-	337	-
TOTAL			**122,105**	**(496)**	**(18,791)**	**103,314**	**2,664**

(d) Companies audited by Deloitte.
(e) Non audited companies
(f) Companies audited by other auditing company.

Additionally, at 31 December 2020 and 2019 the Company records a provision for EUR 5,091 thousand under the item "Provisions for risks and expenses" as non-current liabilities within the accompanying balance sheet, devoted to potential contingencies of Group companies (see Note 10.1).

On 31 October 2019, the Group has entered into a sales contract with Merlin Properties Socimi, S.A., with the purpose of transferring shares representing 14.46% of the capital of the company "Distrito Castellana, Norte, S.A.". Grupo SANJOSE, through its investee company "Desarrollos Urbanísticos Udra, S.A.U." in its capacity as a direct owner of the shares, continues to hold shares representing 10% of the capital of this company, and maintains its significant influence on the investee company while maintaining representation in its management body

The consideration established in said transaction consisted of a cash payment of EUR 168,893 thousand and a loan granted by the buyer to the seller, endorsed by the Parent and its investee "Constructora San José, SA", for a total amount of EUR 129,109 thousand, resulting in a profit amounting to EUR 147,783 thousand. This loan is divided into two stretches. (i) Tranche A, for an amount of EUR 86,397 thousand, with a single maturity of 20 years and a fixed annual interest rate of 2%, having provided as guarantee the participation of the current 10% held by the Group in the "District Castellana Norte, SA " and; (ii) Tranche B, for an amount of EUR 42,712 thousand, with the same interest rate as Tranche A and expiring on 2 December 2019, and whose purpose was the constitution of a security deposit in the process of cancellation of working capital financing provided by "Constructora San José, SA" under the syndicated financing contract of December 2014 (see Note 11.2).

The most significant information regarding investees in which the Company takes parts, at 2020 and 2019 year-end is as follows:

Year 2020:

			Thousand of Euros (*)				
			Capital and issuance fee	Profit/(Loss) for the year – from operations	Profit/(Loss) for the year – for the Year	Remaining net equity	Total net equity
Group companies:							
Constructora San José, S.A.	Construction, purchase and sale of land	Rosalía de Castro, 44 (Pontevedra)	8,076	106,681	88,072	70,619	166,767
GSJ Solutions, S.L.U.	Engineering services	Ronda de Poniente, 11 – Tres Cantos (Madrid)	300	219	161	119	580
San José Concesiones y Servicios, S.A.U.	Provision of healthcare and social services	Rosalía de Castro, 44 (Pontevedra)	2,446	(6)	9	151	2,606
San José Energía y Medio Ambiente, S.A.U.	Contruction, provisions of services and management of energy contracts	Ronda de Poniente, 11 – Tres Cantos (Madrid)	4,039	(258)	8	(1,960)	2,087
Cadena de Tiendas, S.A.U.	Storage, destruction and sale of goods	Rosalía de Castro, 44 (Pontevedra)	60	(1)	-	26	86
Comercial Udra, S.A.U.	Storage, distribution and sale of manufactured products	Rosalía de Castro, 44 (Pontevedra)	4,182	(22)	1,290	2,041	7,513
Constructora Udra Limitada	Construction, maintenance and repair	C/ 1º de Dezembro, 12-14 - Monçào (Portugal)	350	2,087	1,799	4,272	6,421
SJB Müllroser Baugesellschaft GmbH	Construction	Gewerparkrinh, 1315299 Mullroser. Alemania	625	24	24	(5,703)	(5,054)
Enerxias Renovables de Galicia, S.A.	Production and trade of electric energy by renewable energy resources	Rosalía de Castro, 44 (Pontevedra)	2,649	16	8	(2,084)	573
Udra Medios, S.A.U.	Edition, production, reproduction and release of books, newspapers, magazines and video	Rosalía de Castro, 44 (Pontevedra)	1,500	(2)	(180)	(485)	835
Udra México, S.A. de C.V.	Holding company	Miravalle, México	3,427	114	(646)	(421)	2,360

(*) Data from individual financial statements of each investee.

Year 2019:

			Thousand of Euros (*)				
			Capital and issuance fee	Profit/(Loss) for the year from operations	Profit/(Loss) for the year for the Year	Remaining net equity	Total net equity
Group companies:							
Constructora San José, S.A.	Construction, purchase and sale of land	Rosalía de Castro, 44 (Pontevedra)	8,076	106,681	88,072	70,619	166,767
GSJ Solutions, S.L.U.	Engineering services	Ronda de Poniente, 11 – Tres Cantos (Madrid)	300	219	161	119	580
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Cadena de Tiendas, S.A.U.	Storage, destruction and sale of goods	Rosalía de Castro, 44 (Pontevedra)	60	(1)	-	26	86
Comercial Udra, S.A.U.	Storage, distribution and sale of manufactured products	Rosalía de Castro, 44 (Pontevedra)	4,182	(22)	1,290	2,041	7,513
Constructora Udra Limitada	Construction, maintenance and repair	C/ 1º de Dezembro, 12-14 - Monçào (Portugal)	350	2,087	1,799	4,272	6,421
SJB Müllroser Baugesellschaft GmbH	Construction	Gewerparkrinh, 1315299 Mullroser. Alemania	625	24	24	(5,703)	(5,054)
Enerxias Renovables de Galicia, S.A.	Production and trade of electric energy by renewable energy resources	Rosalía de Castro, 44 (Pontevedra)	2,649	16	8	(2,084)	573
Udra Medios, S.A.U.	Edition, production, reproduction and release of books, newspapers, magazines and video	Rosalía de Castro, 44 (Pontevedra)	1,500	(2)	(180)	(485)	835
Udra México, S.A. de C.V.	Holding company	Miravalle, México	3,427	114	(646)	(421)	2,360

(*) Data from individual financial statements of each investee.

None of the associates is listed on the stock exchange market at 31 December 2020 and 2019.

7.2 Long-term investments in Group companies and associates

The balance of "Investments in Group companies and associates in the short term" corresponds mainly to current account financial contracts maintained by the Company with Group companies, which accrue interest at Euribor plus a market spread. Breakdown for associates at 2020 and 2019 year-end is detailed on Note 14.2.

In addition, due to the fact that the Company is the head of the consolidated tax group, this item of the balance sheet includes the debit position vis-à-vis the various companies that make up the tax group, for a total amount of EUR 7,923 thousand and EUR 3,727 thousand at 31 December 2020 and 2019, respectively, corresponding to the amount to be paid as corporate income tax of Group companies that are included in the tax perimeter (see Note 14.2).

8. Cash and cash equivalents

"Cash and Cash Equivalents" includes the company's cash and short-term deposits with an original maturity of three months or less. Net carrying value is similar to fair value, without restriction on their availability.

Information on the nature and level of risk of financial instruments

The management of financial risks of the Company is centralised in the Group's Financial Management, which has established the necessary mechanisms to control the exposure to changes in interest rates and exchange rates, as well as to credit and liquidity risks. Main financial risks which may have a potential impact on the Company as Castellani follows:

a) Credit risk

The Company is not exposed to significant credit risk, since its customers and the institutions in which cash placements are made or with which derivatives are arranged are highly solvent entities, in which counterpart risk is not significant.

The company's main financial assets are cash and cash equivalents, trade and other receivables and investments, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Company's credit risk is mainly attributable to trade receivables of Group companies. The amounts presented in the consolidated balance sheet are net of allowances for doubtful debts, estimated by Group management based on past experience and its assessment of the current economic climate. The amount of financial assets recognised in the consolidated financial statements, net of possible impairment losses, represents the Group's maximum exposure to credit risk, excluding guarantees or other credit improvements provided.

The Company does not have a significant concentration of credit risk, being its exposure concentrated in Group companies and associates, and therefore the credit risk associated to the activity of these companies.

The Company monitors credit management and has specific procedures in place in this connection, setting terms and conditions for the acceptance of orders and regularly monitoring orders.

b) Liquidity risk

The Company forms part of the centralised treasury system of Grupo SANJOSE and has available short-term syndicated credit facilities of the Group, being able to obtain liquidity if necessary. The Group's liquidity policy consists of the arrangement of committed credit facilities and current financial assets for sufficient amounts to cater for the projected liquidity needs for a given period based on the situation and prospects of the debt and capital markets.

c) Market risk

- Interest rate risk: Both the treasury and the financial debt of the Company are exposed to interest rate risk, which could have an adverse impact on financial outcome and cash flows. In order to minimise this impact, the Company's policy is to contract derivative financial instruments to hedge interest rates. At 31 December 2020, since most of the funding of the Company is repaid on a fix interest rate, there are no derivative financial instruments.

- Exchange rate risk: The Company does not bear at 31 December 2020 any positions in other currency than in Euro. Likewise, there are no coverage contracts for exchange rates. Its currency exposure corresponds mainly to its stake in group companies operating in markets with a currency other than the Euro (see Note 7.1). The Group's policy is that funding of these units, if applicable, would be in local currency.

9. Net Equity

9.1 Share Capital

At 31 December 2013 and 2012, share capital of the Parent was represented by 65,026,083 shares of EUR 0.03 par value each.

At 20 July 2009, shares of the Company are admitted to trading on the Continuous Market, with a market value of EUR 12.86 per share. The closing and mean quote for the last quarter of the year has been EUR 4.49 and EUR 4.40 for year 2020 and EUR 6.00 and 6.71 for year 2019, respectively.

At 31 December 2020, the only shareholder with a stake exceeding 10% in the share capital of the Company was Mr. Jacinto Rey González, with a direct and effective participation of 24,952% and 48.292%, respectively.

On 30 December 2014, the Group has entered into with a majority of the creditor banking entities a novation agreement of its syndicated credit loan in Spain, pursuant to which it commits to issue Warrants for 35% of its social capital, whose execution shall depend on the level of performance of the Group of the amortisation of the participating loan granted as on said date, for a total amount of EUR 100 million. Said issuance of *warrants* was agreed by the AGM as its meeting held on 24 June 2015.

On 31 October 2019, the Company has proceeded to fully amortise the syndicated financial debt held up to that time, being the warrants cancelled (see Note 11.2).

9.2 Issuance rights

The Consolidated Spanish Companies Law expressly permits the use of the share premium account balance to increase the capital of the entities at which it is recognised and does not establish any specific restrictions as to its use. During year 2020, the Company has applied unrestricted reserves, for an amount of EUR 155,578 thousand, to fully offset losses from previous years.

9.3 Legal reserve

Under the Consolidated Spanish Companies Act, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose. At year-end 2020 the legal reserve has not been fully provided.

9.4 Distribution of dividends

At 31 December 2020 there are no restrictions on the distribution of dividends.

In the last five year, the Company has distributed dividends in year 2020 amounting to EUR 6,503 thousand.

9.5 Treasury shares

At 31 December 2020 and 2019 the Company did not hold any treasury shares neither had executed transactions with treasury shares during 2020 and 2019.

9.6 Equity

The company has a solid asset and financial situation. At 31 December 2020 and 2019, the company has positive net assets amounting to EUR 53,523 thousand and EUR 14.237 thousand, representing 31.6% and 8.1% of the assets, so it is in a balanced situation.

10. Provisions and contingencies

10.1 Long-term provisions

The detail of long-term provisions under the balance sheet at 2020 y 2019 year-end, as well as main movements during years 2020 and 2019, are as follows:

Year 2020:

	Thousand of Euros			
	Balance at 31-12-2019	Additions	Tranfers	Balance at 31-12-2020
Provision for risks and expenses	5,091	-	-	5,091
Total	**5,091**	**-**	**-**	**5,091**

Year 2019:

	Thousand of Euros			
	Balance at 31-12-2018	Additions	Tranfers	Balance at 31-12-2019
Provision for risks and expenses	17,972	-	(12,881)	5,091
Total	**17,972**	**-**	**(12,881)**	**5,091**

This item mainly includes provisions provided by the Company in order to cover possible contingencies arising from the holding of financial investments with negative equity, in addition to the impairment of own shares that may be recorded to date (see Note 7.1).

Breakdown, by associate, is as follows:

	Thousand of Euros			
	Balance at 31/12/2019	Additions	Tranfers	Balance at 31/12/2020
SJB Müllroser Baugesellschaft mbH	5,091	-	-	5,091
Total	**5,091**	-	-	**5,091**

10.2 Short-term provisions

At 31 December 2020 and 2019, the Company has short-term provisions amounting to EUR 545 thousand in order to meet contingencies arising from its activity.

10.3 Contingencies

Directors of the Company do not consider any liability arising in connection to the committed guarantees, in addition to those recorded in the accompanying financial statements at 31 December 2020.

11. Financial debt

Detail of this item under the consolidated balance sheet at 31 December 2020 and 2019 is as follows:

Year 2020:

	Thousand of Euros		
	Other financial liabilities with changes in income statement	**Debts and accounts payable**	**Total**
Other financial liabilities (Note 11.1)	-	87	**87**
Total current financial liabilities	**-**	**87**	**87**

Year 2019:

	Thousand of Euros		
	Other financial liabilities with changes in income statement	**Debts and accounts payable**	**Total**
Syndicated loan (Note 11.2)	-	-	**-**
Other financial liabilities (Note 11.1)	-	87	**87**
Total current financial liabilities	**-**	**87**	**87**

11.1. Other current liabilities

"Other financial liabilities" corresponds mainly to financial current accounts with Shareholders, Senior Management and other employees of the Group, which bear a market interest rate referenced to Euribor, and whose maturity is renewed annually tacitly (see Note 14.2).

11.2. Syndicated credit facilities

The SANJOSE Group concluded in year 2009 the renegotiation of the bank borrowings for a total amount of EUR 2,210 million in order to adapt the related obligations to the new business plan based on the global economic situation and taking into consideration cash requirements set out on Business Plan for 2009-2013, under a framework of stability

On 30 December 2014, Group SANJOSE and its main subsidiaries have entered into a modifying novation agreement for its financial debt with a large majority of its creditor banks, which represent a percentage greater than 75% of the financial liabilities and 80% of collaterals affected by such agreements.

Said agreements have involved the novation of the syndicated credit agreement signed in April 2009, as well as a series of bilateral funding agreements. The terms and conditions of the new financing are detailed pursuant to the following three separate financing agreements:

a) Contract “Constructora San José, S.A.”

Syndicated financing contract assumed by “Constructora San José, S.A.” and divided into several tranches: i) Tranche A: loans amounting to EUR 250 million , and with a five-year maturity that can be extended for one more year, with a progressive repayment schedule, as well as multi-group working capital lines (discount, confirming and guarantees) for a total amount of EUR 417.2 million , and; ii) Tranche B: additional financing line in the case of execution of guarantees amounting to EUR 10 million.

b) Contract "Grupo Empresarial San José, S.A.":

Pursuant to the modifying novation agreement of the debt of Grupo SANJOSE, the Company assumed a EUR 100 million participating loan on a fixed increasing interest rate, including a variable rate according to the outcome of the Group, with a 5-year bullet maturity.

The part of this contract not attended at maturity shall be converted into shares of Grupo San José with a limit of 35% of total social capital of the company. This transaction has been materialised through the emissions of warrants approved at the Shareholders' Meeting of "Grupo Empresarial San José, S.A" held on 24 June 2015. Said warrants entitle holders the right to subscribe newly issued shares of Grupo San José by offsetting credit claims which were pending repayment at maturity date (including capitalised interest).

On 31 October 2019, the Group has fully amortised the syndicated financial debt that was granted, and warrants issued are cancelled.

As of 31 October 2019, the total amount of the loan provision of "Grupo Empresarial San José, S.A." amounted to EUR 115,196 thousand, having agreed with the creditor financial institutions the full repayment of the loan through the payment of EUR 86,397 thousand, showing a positive result amounting to EUR 28,799 thousand, recorded under "Other financial income" in the accompanying profit and loss account for year 2019 (see Note 13.5).

Likewise, on 31 October 2019, with the total repayment of the debt, the guarantees were released. During 2020, the Group formalised the registration cancellation of said guarantees.

12. Taxation

The Company is subject to the Tax Consolidation Regime under reference number 002/06, being the Parent of the tax group.

12.1. Tax receivables and payables

Breakdown of tax receivables at 31 December 2020 and 2019 is as follows:

	Thousand of Euros	
	31/12/2020	**31/12/2019**
Current assets:		
VAT receivables	-	3,215
Income tax receivables and other	15,806	13,343
Total	**15,806**	**16,558**

Breakdown of tax payables at 31 December 2020 and 2019 is as follows:

	Thousand of Euros	
	31/12/2020	**31/12/2019**
Current liabilities:		
VAT payables	118	-
Personal income payable and other	633	525
Social Security payables	90	88
Total	**841**	**613**

On 1 January 2012, the Company together with most of its subsidiaries, representing 50%, and several JVs agreed on submitting joint VAT declaration as a Group under the general regime, under reference number 111/12.

12.2. Reconciliation of the accounting profit/(loss) and taxable base

The reconciliation of the accounting profit/(loss) and the taxable base for income tax purposes for year 2020 and 2019 is as follows:

	Thousand of Euros	
	2020	2019
Profit/(Loss) before tax	**51,690**	**56593**
Permanent differences		
Increase	2,470	2098
Decrease	(51,194)	(34,126)
Offset of prior years' tax losses	-	(11,600)
Prior taxable profit	**2,966**	**12,965**
Prior setting 25%	**742**	**3,241**
Deductions	(1)	(169)
Regularisation	5,160	77
Income tax expense	**5,901**	**3,149**
Temporary differences		
Decrease prepaid tax	(1)	(1)
Increase prepaid tax	1	-
To offset tax credit	(1,723)	(3,884)
Deductions		
Current year deduction increases	1	169
To offset outstanding deductions	(261)	(6)
Adjustments and other	3,981	-
Principal transactions	(4,797)	(14,991)
Amount (payable) / receivable	**3,102**	**(15,564)**
-Offset against tax group	4,568	(2,983)
-Tax credit	(1,466)	(12,581)

Royal Decree Law 3/2016 on 2 December 2016, approving tax measures, introduces significant limitations in fiscal legislation regarding the ability of large companies to offset the negative tax bases that could have been generated in previous years, as well as the application of deductions. Likewise, a tax reversal is required on the impairment of financial holdings, which were tax deductible in tax base prior to 1 January 2013.

The prior taxable profit reductions were due to, mainly, the dividends received, which were EUR 50.867 thousand and EUR 34.126 thousand respectively in 2020 and 2019 (See note 13.1)

During 2020, the Company registered an increase in the Income Tax Expense of EUR 5.160 thousand, mainly because of taxes paid in advance and deferred taxes registered in the balance sheet by an amount of EUR 6.032 thousand. Additionally, within the regularisation is included EUR 872 thousand due to the difference between 2019 income tax forecast and the final liquidation.

On 31 October 2019, the Company has repaid the syndicated financial debt resulting from the financial novation agreement entered into in December 2014 (see Note 11.2). Within the framework of this operation, the financial entities have partially forgiven the debt, deriving a financial income amounting to EUR 28,799 thousand (see Note 13.5), contemplated as computable income in the tax base of year 2019. In accordance with the provisions of the aforementioned Royal Decree Law 3/2016, of 2 December 2016, the Company has fully reduced said result from the taxable base of the year with negative taxable bases of previous years: for an amount of EUR 11,600 thousand, with negative tax bases that had not been previously activated as a tax credit, and in the amount of EUR 17,199 thousand, with negative tax bases that were recorded as tax credit in the balance sheet of the Company, for an amount of EUR 3,884 thousand, capitalised in the Company's balance sheet, and for the amount of EUR 416 thousand, activated by companies of the tax group of which the Company was the parent company) (see Note 2.e)

12.3. Deferred tax assets and liabilities

The detail of deferred tax assets under the balance sheet at 31 December 2020 y 2019, as well as main movements during years 2017 and 2016, are as follows:

Year 2020:

	Thousand of Euros			
	31.12.2019	Tax for the year	Regularisation and other	31.12.2020
Temporary differences on other items	2,367	(1)	1	2,367
Tax credit carry forwards	349	(260)	(89)	-
Offset of tax loss carry forwards (Note 14.2)	28,849	(1,723)	(6,130)	20,996
Total	**31,565**	**(1,984)**	**(6,218)**	**23,363**

Year 2019:

	Thousand of Euros			
	31.12.2018	Tax for the year	Regularisation and other	31.12.2019
Temporary differences on other items	2,368	(1)	-	2,367
Tax credit carry forwards	185	163	1	349
Tax losses carry forwards orior to the Group	1,748	(1,748)	-	-
Offset of tax loss carry forwards (Note 14.2)	31,728	(2,136)	(743)	28,849
Total	**36,029**	**(3,722)**	**(742)**	**31,565**

The detail of deferred tax assets under the balance sheet at 31 December 2020 y 2019, as well as main movements during years 2017 and 2016, are as follows:

Year 2020:

	Thousand of Euros			
	31.12.2019	Tax for the year	Regularisation and other	31.12.2020
Temporary differences in margins for group transactions	13,446	-	-	13,446
Payable to group companies for income tax (Note 14.2)	420	-	(186)	234
Total	**13,866**	**-**	**(186)**	**13,680**

Year 2019:

	Thousand of Euros			
	31.12.2018	Tax for the year	Regularisation and other	31.12.2019
Temporary differences for investment portfolio	91	(91)	-	-
Temporary differences in margins for group transactions	13,447	-	(1)	13,446
Payable to group companies for income tax (Note 14.2)	1,204	-	(784)	420
Total	**14,742**	**(91)**	**(785)**	**13,866**

Loss carries forwards

Further, the Company has the following tax loss outstanding offset generated within the tax group which it belongs to:

Year of inclusion	Thousand of Euros
2008	5,382
2009	40,177
2010	-
2011	-
2012	751
2013	10
2015	337,918
	384,238.00

The Company partially activates the negative tax bases generating a tax credit. At 31 December 2020 and 2019, the amount of the tax credit registered by the Company amounts to EUR 20,996 thousand and EUR 28,849 thousand, respectively.

The Directors of the Group have assessed the recovery of assets for deferred taxes based on the activities developed by the Group for the term 2021-2030, including variable arising from the applicable regulation in force (Tax Plan).

Projections used are in line with the Strategic Plan of Group SANJOSE, appropriately reviewed and updated by the directors of the Group according to the most recent trade projections, which take into account the historical evolution in recent years, and the financial stability of last years and, specially, that achieved during the year. Likewise, revenue and margin projections have been draft using external resources from recognised international prestige, such as the International Monetary Fund, and information regarding plans for public investment in infrastructure in the coming years of the main countries where the Group operates.

Forecasts of the Group are based on profits, which have, in fact, already been obtained in the last years. The most significant assumptions used to affect such Tax Plan at 31 December 2020, regarding construction activity, are as follows:

- Regarding construction activity:

- Sales: total construction revenue is distributed among countries where the Group operates, based on the current activity and contracted portfolio (short and medium term) and the guidelines established in the business plan Group (medium and long term), assuming a 3-6% annual growth of total construction activity for the period 2021-2030.
- A relatively margin EBITDA standing at 6.0%.
- Potential capital gains from the sale of real estate assets or income and benefits of urban development activity have not been considered in this cash generating unit.

- Regarding the other activities: energy, commercial, services and maintenance. They are secondary with regards to the main construction business,

- Sales: overall annual growth amounting to [1.5-4] %.
- EBITDA margin: it keeps in line with the average margins of the last years.

As a result of the Tax Plan made, it is concluded that the Group generates sufficient taxable income to offset the amount of deferred tax assets recorded at 31 December 2020, in a given period of 8 years.

Tax credits

Applicable regulations in force with regards to income tax includes sundry tax incentives. Tax credits generated within in a year, in excess of the applicable legal limits may be deducted from the income tax payable in the coming years, subject to the limits and deadlines established in this connection by the related tax legislation

At 31 December 2020, the Company has no outstanding deductions. At 31 December 2019, the Company has recorded tax loss due to tax credit amounting to EUR 349 thousand.

12.4. Years open for review

Years open for review are as follows:

Tax	Years
VAT	2017-2020
Personal income tax	2017-2020
Income tax	2017-2019

With regard to corporation tax, according to the new regulations the right of the Spanish administration to initiate the verification procedure of the paid, offset or outstanding quotas or any deductions applied or to be applied in future is extended to ten years as from 4] % the day following that on which the statutory deadline for filing them or for the year or taxable period in which the right was generated to offset such quotas or apply such deductions, being therefore only subject to review deductions and tax losses generated since 2010.

These tax returns, and the tax returns for the other taxes to which the Company and its subsidiaries are subject cannot be deemed to be definitive until the statute of limitations period of four years has expired or until they have been reviewed and approved by the tax authorities.

On 16 May 2018, a review by the Tax Agency for VAT and withholdings for the periods between April 2014 and December 2017 of the companies of “Grupo Empresarial San José, SA" and "Constructora San José, SA" and on Income Tax on Companies of Tax Consolidation Group for years 2013 to 2017, both inclusive, was started. On 7 July, 2020, the Tax Agency has concluded the inspection process, having signed inspection certificates corresponding to the following periods and taxes:

- Tax on companies of the consolidated tax group 02/06, corresponding to the years 2013 to 2016, both inclusive. Partially signed in conformity.

- Tax on companies of the consolidated tax group 111/12, corresponding to the years 2014 to 2017, both inclusive. Checked and approved.

- PIT withholdings mod. 111/112 of the Parent Company and the Group company “Constructora San José, S.A.”, corresponding to the years 2014 to 2017, both inclusive. Checked and approved.

The act partially signed in conformity. Mainly refers to a lower tax cost of financial holdings considered by the Inspection in sundry corporate transactions carried out by the Group between years 2005 to 2010, the effect of which is a reduction of the outstanding non-activated negative tax bases to offset the Group for a total amount of EUR 66.7 million (that is, without any effect on the individual and / or consolidated balance sheet of the Parent Company). The act signed in disagreement refers to the different interpretations made by the Inspection regarding the calculations made by the Group in the application of article 62.2 of the Corporation Tax Law regarding the restriction of losses obtained in the transfer of shares in year 2015, the main effect of which would be an additional reduction in the negative tax bases recognised (also, without effect on the balance sheet of the Parent Company). The Group, following the opinion expressed by its tax advisers, considers that the probability of obtaining a favourable result in the ongoing administrative claim is high.

The Company's Directors consider that no additional material liabilities will arise as a result of future audits of the years open for review.

12.5. Transactions under the special tax neutrality regime

In 1 July 1994 “Grupo Empresarial San José, S.A.” increased its social capital by the non-monetary provision of shares of the company “Constructora San Jose S.A.”, transaction subject to the special tax neutrality regime pursuant to terms and provisions of Act 29/1991. The transaction is described in the notes to said financial statements.

On 22 October 1999, the Company subscribed shares of “Inmobiliaria Udra S.A.” (currently “San Jose Desarrollos Inmobiliarios, S.A.”) by means of the non-monetary provision of shares of “Pontegran S.L.”, transaction subject to the special tax neutrality regime pursuant to terms and provisions of Act 43/1995. The transaction is described in the notes to said financial statements.

On 27 June 2005, the Company subscribed shares of “Constructora San José S.A.” by the non-monetary provision of shares of “Inmobiliaria Udra S.A.”. This transaction qualified for taxation under the tax neutrality regime provided for in Chapter VIII of Title VIII of Legislative Royal Decree 4/2004, on 5 March on Income Tax. The transaction is described in the notes to said financial statements.

On 2 June 2006, The Company subscribed shares of “Comercial Udra S.A.” by means of the non-monetary provision of shares of “Arserex S.A.U.” and “Basket King S.A.”. This transaction qualified for taxation under the tax neutrality regime provided for in Chapter VIII of Title VIII of Legislative Royal Decree 4/2004, on 5 March on Income Tax. The transaction is described in the notes to said financial statements.

On 19 June 2006, the Company subscribed shares of “Grupo Empresarial San José, S.A.” (company its was merged to in year 2008 –see Note 1-, adopting its company name) by means of the non-monetary provision of shares of “Constructora San José, S.A.”. This transaction qualified for taxation under the tax neutrality regime provided for in Chapter VIII of Title VIII of Legislative Royal Decree 4/2004, on 5 March on Income Tax. The transaction is described in the notes to said financial statements.

12.6 Subrogation of the Company of tax liabilities of absorbed companies

Merger by absorption of "Parquesol Inmobiliaria y Proyectos, S.A." with "Miralepa Cartera, S.L." and "Parquesol inmobiliaria y Proyectos, S.L.".

In 2006, the company "Parquesol Inmobiliaria y Proyectos SA" absorbed "Miralepa Cartera, SL" and "Parquesol Inmobiliaria y Proyectos, SL", a company that in year 2000 had already absorbed certain companies. Article 90 of the Consolidated Text of the Companies Tax Law (Royal Legislative Decree 4/2004, on 5 March) establishes that when a restructuring operation is carried out determining a universal succession, as in the case of the above-mentioned takeovers, all rights and tax obligations of the absorbed entities are transferred to the acquiring entity. Thus, the Company acquired, among other, the tax obligations of the absorbed companies. However, the directors of the Company do not expect any significant liabilities arising as a consequence of said transaction.

Likewise, merger agreements of the Company with "Parquesol Inmobiliaria y Proyectos, S.L.” and “Miralepa Cartera, S.L.” specified that said transactions would qualify for taxation under the special tax regime provided for in Chapter VIII of Title VII of Legislative Royal Decree 4/2004, of 5 March, approving the Consolidated Spanish Corporation Tax Law, of which the tax authorities will be formally notified

Segregation of the branch of activity of the company Grupo Empresarial San José, S.A. and consequent capital increase of the beneficiary company San José Desarrollos Inmobiliarios, S.A.

As of 30 June 2010, spin-off of the real estate branch of activity of Grupo Empresarial San Jose, S.A. and its transfer en bloc and universal succession to San Jose Desarrollos Inmobiliarios, S.A., who increases its share capital, was granted though public deed. After said transaction, the Company continues with the same material and human resources for the development of its other activities.

The contribution of this branch of activity has accounting retroactive effect as from 1 January 2010. The aforementioned spin-off took place pursuant to provisions under the Structural Amendment Act of Companies, number 3/2009 and Chapter VIII of Title VII on the Special regime of mergers, spin-off and exchange of shares established by the Legislative Royal Decree 4/2004 on 5 March approving the Consolidated Spanish Corporation Tax Law, having been notified to the Large Taxpayers Central Office of the Department of the Treasury on 2 November 2010.

13. Revenue and expenditure

13.1 Net Revenue and other operating income

Net revenue by activity for years 2020 and 2019 is as follows:

	Thousand of Euros	
	2020	2019
Dividends received	50,867	34,126
Financial incomes from Group companies	114	280
Total	**50,981**	**34,406**

"Revenue from holding activity" includes mainly financial income from the financing granted to the investees, as well as the dividends received from them (see Note 14.1).

"Other operating income" in the accompanying income statement for years 2020 and 2019 amounts to EUR 21,281 thousand and EUR 19,900 thousand, respectively, and corresponds mainly to income from the provisions of management services by the Company to its investees (see Note 14.1).

13.2 Social security costs

Breakdown for years 2020 and 2019 is as follows:

	Thousand of Euros	
	2020	2019
Social security	285	902
Other social costs	907	333
Total	**1,192**	**1,235**

13.3 Staff costs

The average number of employees during years 2020 and 2019 is as follows:

	2020		2019	
Category	**Men**	**Female**	**Men**	**Female**
University graduates	25	14	19	11
Medium term grades	14	8	13	7
Clerical staff	7	15	8	24
Technicians	1	-	2	-
Total	**47**	**37**	**42**	**42**

At 31 December 2020 and 2019, average workforce amounted to 84 employees (47 men and 37 women) and 84 employees (42 men and 42 women), respectively.

The average number of people employed in the course of the year with a disability greater than or equal to 33% is 1 worker, who is herself a university graduate. The Company, taking into account the specific risk involved in its activity, has recognised the exception of hiring disabled workers, fulfilling it by contracting services with different special employment centres. These contracts are on an annual basis, incurring into an average expense higher than the minimum required by law.

13.4 External services

Breakdown for years 2020 and 2019 is as follows:

	Thousand of Euros	
	2020	**2019**
Rents and royalties	445	393
Repair and maintenance services	2	1
Independent professional services	650	982
Insurrance premiums	434	288
Banking services and similar	10	1
Advertising, publicity and public relations	42	37
Utilities	3	5
Other Services	4,102	4,300
Total	**5,688**	**6,007**

"Other services" includes mainly services provided by companies of the Group amounting to EUR 3,447 thousand and EUR 3,480 thousand in years 2020 and 2019, respectively (see Note 14.1).

13.5 Finance income

Breakdown for years 2020 and 2019 is as follows:

	Miles de euros	
	2020	**2019**
Interest on short term assets	1	2
Other financial income	-	28,799
Total	**1**	**28,801**

"Other financial income" includes the amount of remission received from the creditor financial institutions for an amount of EUR 28,799 thousand, derived from the operation of total amortisation of the syndicated financial debt that the Company maintained as a result of the novation of the financial debt carried out in December 2014 (see Note 11.2).

13.6 Audit fees

In 2020 and 2019 the expense corresponding to the financial audit services provided to the Company by Deloitte, S.L. and associated of the same, as well as fees for audit services for independent financial statements of associated and related companies was as follows:

Year 2020:

Description	Thousand of Euros
Audit fees	46
Other verification services	33
Total audit services and related services	**79**
Tax advisory services	-
Other Services	-
Total	**79**

Year 2019:

Description	Thousand of Euros
Audit fees	40
Other verification services	32
Total audit services and related services	**72**
Tax advisory services	-
Other Services	-
Total	**72**

14. Associates

14.1. Transactions with associates

The detail of transactions with associates for years 2020 and 2019 is as follows:

Year 2020:

	Thousand of Euros			
	Provision from services (Note 13.1)	**Reception of services** (Note 13.4)	**Financial expenses**	**Income financial** (Note 13.1)
Comercial Udra, S.A.U.	702	-	-	1,000
Pinos Altos X.R., S.L.	-	117	-	-
Eraikuntza Birgaikuntza Artapena, S.L.U.	340	-	-	-
Cartuja Inmobiliaria, S.A.U.	473	-	-	-
Constructora San José, S.A.	15,390	3,330	1,362	49,898
San Jose Concesiones y Servicios, S.A.U.	400	-	61	-
San Jose Energía y Medio Ambiente, S.A.U.	134	-	-	72
Udramedios, S.A.U.	-	-	142	-
Constructora Udra Limitada	1,354	-	-	-
Cadena de Tiendas, S.A.	-	-	1	-
San José Inmobiliaria Perú S.A.C.	468	-	-	-
Concesionaria San Jose Tecnocontrol, S.A.	622	-	-	-
Constructora Sanjose Chile Ltda.	1,073	-	-	9
Fotovoltaica El Gallo, S.A.	145	-	-	-
Constructora San José Argentina, S.A.	17	-	-	-
Udra México S.A. de C.V.	74	-	-	-
GVK Projects & Technical Services Ltd	-	-	-	-
Desarrollos Urbanísticos Udra, S.A.U.	-	-	2,091	-
Other Company Group	89	-	1	2
Total	**21,281**	**3,447**	**3,658**	**50,981**

<u>*Year 2019:*</u>

	Thousand of Euros			
	Provision from services (Note 13.1)	**Reception of services** (Note 13.4)	**Expenses financial**	**Income financial** (Note 13.1)
Comercial Udra, S.A.U.	549	-	30	3,387
Pinos Altos X.R., S.L.	-	117	-	-
Eraikuntza Birgaikuntza Artapena, S.L.U.	260	-	-	-
Cartuja Inmobiliaria, S.A.U.	400	-	-	-
Constructora San José, S.A.	14,015	3,279	2,028	29,939
San Jose Concesiones y Servicios, S.A.U.	290	-	26	1
San Jose Energía y Medio Ambiente, S.A.U.	134	-	-	80
Udramedios, S.A.U.	-	-	143	-
Constructora Udra Limitada	1,053	-	-	175
Cadena de Tiendas, S.A.	-	-	19	625
San José Inmobiliaria Perú S.A.C.	616	-	-	-
Concesionaria San Jose Tecnocontrol, S.A.	653	-	-	-
Constructora Sanjose Chile Ltda.	1,457	-	-	186
Fotovoltaica El Gallo, S.A.	86	-	-	-
Constructora San José Argentina, S.A.	41	-	-	-
Udra México S.A. de C.V.	130	-	-	-
GVK Projects & Technical Services Ltd	195	-	-	-
Desarrollos Urbanísticos Udra, S.A.U.	-	-	364	-
Other company Group	21	84	3	13
Total	**19,900**	**3,480**	**2,613**	**34,406**

The number of services rendered by the investee company "Constructora San José, SA" in 2020 and 2019 is mainly for the provision of management services provided by this investee, which, in turn, the Company partially re-invoices to the rest of the Group companies in which it takes part in.

Commercial transactions are carried out in accordance with the terms and conditions established by the parties, under normal market conditions.

Interest, both paid and received, arises from the application of Euribor plus a market spread to the credit and debit balances in current accounts with Group companies.

14.2. Balances with associates

Breakdown of balances with associates is as follows:

Year 2020:

	Thousand of Euros					
	Long-term loans (Note 7.1)	Trade receivables	Short-term Credits	Long-term debt	Short-term Debts	Trade payables
Comercial Udra, S.A.U.	-	71	-	-	15	-
San José Energía y Medio Ambiente, S.A.U.	650	54	2,677	-	0	-
San José Concesiones y Servicios, S.A.	-	40	-	-	2,025	-
Constructora Udra Limitada	-	226	-	-	-	-
Xornal de Galicia, S.A.	2,014	-	-	-	-	-
Cadena de Tiendas, S.A.U.	-	-	-	-	65	-
Constructora San José, S.A.	-	3,607	-	-	18,081	460
SJB Mullroser Baugeschellsaft	-	-	5,081	-	-	-
Udra Medios, S.A.U.	250	-	-	-	4,833	-
San José Inmobiliaria Perú, S.A.C.	-	1	-	-	-	-
Constructora San José Colombia, S.A.S.	-	1	-	-	-	-
Eraikuntza Birgaikuntza Artapena, S.L.U.	-	34	-	-	-	-
Pinos Altos XR, S.L.	-	-	-	-	-	9
Cartuja Inmobiliaria, S.A.U.	-	48	-	-	-	-
Udra México, S.A. de CV	-	85	-	-	-	-
GSJ Solutions, S.L.	-	-	45	-	-	18
Desarrollos Urbanísticos Udra, S.A.U.	-	-	-	66,698	-	-
Constructora San José Argentina, S.A.	-	4	-	-	-	-
Other companies of the Group	-	934	725	-	-	-
Balances with companies of the group by tax cosolidation	-	-	**7,923**	-	**209**	-
Total	**2,914**	**5,105**	**16,451**	**66,698**	**25,228**	**487**

Year 2019:

	Thousand of Euros					
	Long-term loans (Note 7.1)	Trade receivables	Short-term Credits	Long-term debt	Short-term Debts	Trade payables
Comercial Udra, S.A.U.	-	54	645	-	-	-
San José Energía y Medio Ambiente, S.A.U.	650	41	2,071	-	-	-
San José Concesiones y Servicios, S.A.	-	58	-	-	2,554	-
Constructora Udra Limitada	-	176	-	-	-	-
Xornal de Galicia, S.A.	2,014	-	-	-	-	-
Cadena de Tiendas, S.A.U.	-	-	-	-	20	-
Constructora San José, S.A.	-	4,177	-	-	42,644	669
SJB Mullroser Baugeschellsaft	-	-	5,073	-	-	-
Udra Medios, S.A.U.	-	-	-	-	4,665	-
San José Inmobiliaria Perú, S.A.C.	-	53	-	-	-	-
Constructora San José Colombia, S.A.S.	-	1	-	-	-	-
Eraikuntza Birgaikuntza Artapena, S.L.U.	-	26	-	-	-	-
Pinos Altos XR, S.L.	-	-	-	-	-	10
Cartuja Inmobiliaria, S.A.U.	-	40	-	-	-	-
Udra México, S.A. de CV	-	11	-	-	-	-
GSJ Solutions, S.L.	-	-	-	-	76	-
Desarrollos Urbanísticos Udra, S.A.U.	-	-	-	86,761	-	-
Constructora San José Argentina, S.A.	-	215	-	-	-	-
Other companies of the Group	-	92	-	-	-	-
Balances with companies of the group by tax cosolidation	-	-	**3,897**	-	**664**	-
Total	**2,664**	**4,944**	**11,686**	**86,761**	**50,623**	**679**

The balance of item "long-term debts with Group companies" as of 31 December 2020 and 2019, amounting to EUR 66,698 thousand and EUR 86,761 thousand, respectively, corresponds entirely to the loan made between the Company and the company of the Group "Desarrollos Urbanísticos Udra, S.A.U." on 31 October 2019, for an amount of EUR 86,397 thousand, with a single repayment at maturity at 20 years, at a fixed interest rate of 2.48% per annum, fully repayable at maturity. As of 31 December 2020, and 2019, it also includes an amount of EUR 2.091 EUR 364 thousand, corresponding to the financial expense accrued on that date pending settlement.

At 31 December 2020 and 2019, the amount recorded under "Long-term Group loans and advances to companies", amounting to EUR 2,914 thousand and EUR 2,664 thousand, corresponds mainly to the participatory loans granted by the Company to its investees. The participative loan granted by the Company to its investee “San José Energía y Medio Ambiente, SAU” is included, for an amount of EUR 650 thousand, maturing on 31 December 2022, where the accrual of financiers is subject to the borrowing company obtaining positive results, and whose purpose is to strengthen its equity position. During 2019, the Company capitalised the participatory loans it had granted (see Note 7.1).

"Short-term loans" and "Short-term liabilities" at 31 December 2020 and 2019 are derived from current financial account contracts signed with Group companies and accrue interest at Euribor plus a market spread.

Due to the fact that the Company is the head of the consolidated tax group for corporate income tax, the Company recorded under "Deferred Tax Liability" a long-term credit position against the Group, for a total amount of EUR 234 thousand and EUR 420 thousand at 31 December 2020 and 2019, respectively, corresponding to the Company's accounts payable to companies within the tax group, for the tax credit recorded by the Company under "Deferred tax assets", corresponding to negative tax bases contributed to the tax perimeter by them (see Note 12.3).

Additionally, as of 31 December 2020 and 2019, the Company has granted loans to senior management amounting to EUR 75 thousand and EUR 87 thousand, recorded under "Long-term financial investments" under the non-current assets of the accompanying balance sheet. Said loans bear interest rate at Euribor plus a market spread.

Further, at 31 December 2020 and 2019, the Company has receivables from and payables to partners, directors and executives amounting to EUR 87 thousand, recorded under “Other current financial assets” and “Other short-term financial liabilities” in the accompanying balance sheet (see Note 11.1).

15. Other disclosure

15.1. Information on deferred payments to suppliers. Third supplementary provision. "Information duties" of Act 15/2010 on 5 July.

Regarding information required by the supplementary third provision of Act 15/2010 on 5 July, detailed below is the average payment term to suppliers of the Company during years 2020 and 2019, as well as the balance of payments to suppliers at 31 December 2020 and 2019:

	Year 2020	Year 2019
Average payment term to suppliers (days)	**12**	**15**
Ratio of paid transactions (days)	12	15
Ratio od transactions pendind payment (days)	20	25
Total payments made (thousands of Euros)	6,874	6,900
Total pending payments (thousand of Euros)	268	548

In accordance with the ICAC Resolution on 29 January 2016, on the information to be incorporated into the financial statements in relation to the average period of payment to suppliers in commercial operations, for the calculation of the average period of payment to suppliers, commercial operations corresponding to the delivery of goods or services accrued during the year have been taken into consideration.

For the sole purpose of giving the information provided in this Resolution, suppliers are considered to be commercial creditors for debts with suppliers of goods or services, included in the “Suppliers” and “Sundry payables” items of the current liabilities of the balance sheet.

The Directors of the Company have not considered the balance of payments made during the year to Group companies domiciled abroad, considering that said balances and transactions are outside the scope of the law.

The maximum legal term of payment applicable to the Company according to Act 15/2010, as of 5 July, amended pursuant to Act 3/2004, on 29 December, amended by Act 11/2013, on 26 July, on the establishment of measures to combat late payment in commercial operations, is 30 days, unless otherwise agreed by the parties, with maximum payment term being 60 days in that case.

Finance costs arising from such deferment will be assumed by the Group as stated on the agreements reached with suppliers.

15.2. Remuneration of Directors and Executives

The detail of the remuneration of all kinds earned in 2020 and 2019 by the members of the Board of the Company is as follows:

Type of Directors	Thousand of Euros	
	2020	2019
Executive	2,976	6,065
Independent board members	294	489
Other external board members	107	76
Total	**3,377**	**6,630**

Total remuneration paid by the Company in years 2020 and 2018 of non-member executives amounts to EUR 789 thousand and EUR 1,166 thousand, respectively.

The Board of Directors in 2020 is formed by 9 men and 2 women. (10 men and 1 woman at the end of the previous year)

There were no pension or life insurance obligations to the former or current members of the Board of Directors neither Top Management members.

The directors of the Company are covered by the "Corporate Liability Insurance Policies of Directors and Officers" contracted by the parent company of Grupo SANJOSE, in order to cover possible damages that may be claimed, and that they arise as a result of an error of management committed by its managers or directors, as well as those of its subsidiaries, in the exercise of their positions. Net value of the business activity branch amounts to EUR 102 thousand (EUR 82,3 thousand in 2019).

15.3. Breakdown of ownership interest in companies with similar activities and activities and functions of Directors and associates.

In connection with the participation of the Directors of the Company or persons linked to them, in the share capital of companies alien to the same; or if they perform the same business activity or any other similar activity on their own account; or if the same in their own name or any third parties acting on their behalf have performed with the Company or any Group company transactions other than those in the normal course of business or under non usual market conditions must indicate that the Directors or any other persons linked to them:

- Have not performed on their own account or for any other third parties the same business activity or any other similar activity.
- Do not hold shares in the capital of entities with the same, analogous or complementary type of activity that constitutes the corporate purpose of the Company.
- Have not performed with the Company or any Group company transactions other than those in the normal course of business or under non usual market conditions.

At year-end 2020 neither the members of the Board of Directors of the Company or any third parties related to them, as defined in the Companies Act, have reported to the other members of the Board of Directors any conflict of interests, either direct or indirect, with the interests of the Company.

16. Events after the reporting period

There are no significant events occurred after 31 December 2020 which may have impacted on the accompanying financial statements.

GRUPO EMPRESARIAL SAN JOSE, S.A.

Management report for the year ending 31 December 2020

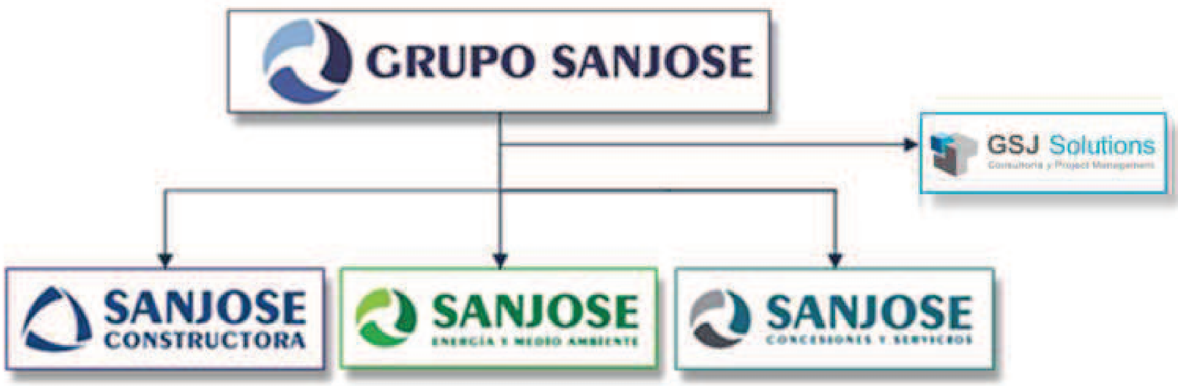
1. Situation of the Company

1.1. Organisational Structure

The Company is head of Grupo SANJOSE. Grupo SANJOSE is arranged as a group of companies operating in different sectors. Since its foundation, the main business activity of the Group is construction, strengthening its activity in the last years.

The main lines of activity developed by Grupo SANJOSE are the following:

- Construction
- Concessions and Services.
- Energy and Environment
- Engineering & Project Management



Likewise, due to the diversification policy of the Group, the Group is present in other lines of activity, such as real estate, trade, stockbreeding and agriculture.

1.2. Performance

The business model of the Group is to create a diversified group regarding both, geographic distribution and lines of activity as a way of being less exposed to the risk inherent to a single activity. The Group has a clear international vocation, becoming increasingly important activities developed overseas, with a higher significance in the turnover of the Group. In 2020, 37% total revenue of the Group comes from overseas (46% in 2019).

The Group is present in more than 20 countries all around the world, especially in the Middle East and Latin America.

The main objective of the Group is to continue balancing the turnover, taking the construction activity as the main engine, increasing its activity in the international arena –boosting development in the countries where we are already present and in those of future penetration–, maintaining quality standards and satisfaction of customers and suppliers that have positioned Grupo SANJOSE as a benchmark in the market, analysing and encouraging the application of innovation and technological progress, and maintaining a reduced cost level that guarantees the profitability of projects.

2. Evolution of the market

2.1. Market performance

After the period of recession following the economic-financial crisis of 2007, Spain is framed in a context of economic uncertainty due to the health crisis caused by COVID.19.

The previous situation reflected some economic stability despite the slowdown shown in the economies of developed countries. In Spain, according to information published by the National Statistics Institute (INE), in 2019 macroeconomic data from recent years had been consolidated with a 2% rise in Gross Domestic Product (GDP).

For its part, the International Monetary Fund (IMF) estimated an increase of up to 1.6% for the Spanish economy at its first meeting in 2020 held in the Swiss city of Davos. At this meeting, same 1.6% growth is foreseen for year 2021 in Spain. The Spanish economy continues to make up lost ground during the crisis, although it points out that the pace of growth will be moderated in the coming years to converge with the growth of potential GDP, above which it has been growing in recent years.

Current estimates are more pessimistic and in the case of Spain they have remained below the European average. These estimates vary depending on the evolution that the pandemic may have and the organism that issues them.

In this way, the Bank of Spain evaluates three possible scenarios for the national economy, the first ("soft scenario"), assumes a somewhat more favourable evolution of the pandemic from the first quarter of 2021 and a successful distribution of vaccines, which makes it possible that the incidence of eventual containment measures is not so high in the coming quarters, this would mean a rapid recovery to the levels of 2019, in which the 2020 GDP would fall by 10.7% to rise to 8.6 in 2021. The second scenario ("central scenario"), contemplates the possibility that, in the coming months, new outbreaks of the disease will emerge, of similar intensity to the most recent ones, so that, for their containment, it is necessary to apply restrictions of a similar nature to those currently in force. It would lead to a slower recovery, estimating a decrease of 11.1% for this year and a recovery of 6.8% in 2021. The third scenario ("severe scenario") contemplates the possibility of a rebound in the disease in the short term, which would require a tightening of containment measures above the levels in force in the most recent period, which would imply a fall of 11.6% for the year 2020 and, a recovery of 4.2% for the year 2021.

Macroeconomic projections for the Spanish economy (2020-2022)

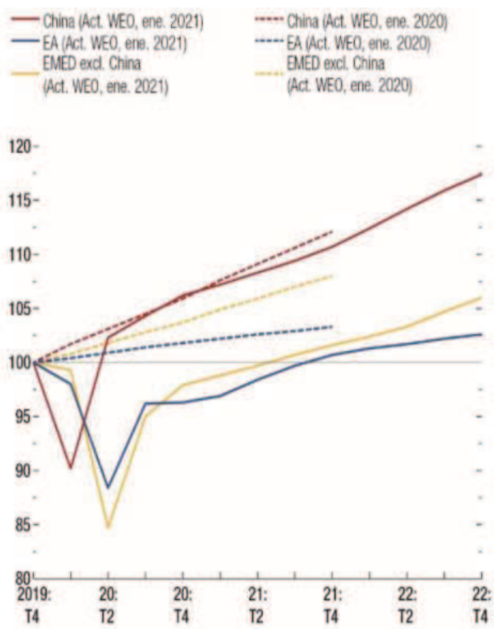
		December projections bank of Spain								
		Soft scenario			Central scenario			Severe scenario		
	2019	2020	2021	2022	2020	2021	2022	2020	2021	2022
GDP	2.0	-10.7	8.6	4.8	-11.1	6.8	4.2	-11.6	4.2	3.9
Unemployment rate	14.1	15.7	17.1	14.0	15.8	18.3	15.6	16.2	20.5	18.1

Source: Bank of Spain and National Institutte of Stadistics

In line with the Bank of Spain, the IMF has considerably lowered expectations for year 2020. Thus, it predicts a drop in GDP in Spain of 11.1%, more than one percentage point below the average in the Euro zone, mainly motivated by the sharp drop in demand for goods and services, especially in the tourism and the automobile industry, two of the main engines of the national economy. In turn, it forecasts a rebound in GDP of 5.9% and 4.7% for the years 2021 and 2022 respectively, both higher than that of the euro zone as a whole.

Source: International Monetary Fund
(*) Estimated data:

Globally, economic estimates by the IMF and Central Banks have also been modified as the pandemic advanced. In its latest report in January 2021, the IMF predicted a drop of 3.5% in the world economy, with advanced economies being the most affected, with falls of up to 4.9%



Source: International Monetary Fund Economy growth forecasts
REMARKS: AE: Advanced economies; EMED excl. China Emerging market or developing economies except China

With respect to other markets where the Group is present, the falls for this 2021 are expected to be equally relevant; with falls of 7.4% in Latin America and 3.2% in the Middle East and Central Asia.

Macroeconomic projections for the world economy (2020-2022)

	Projections International Monetary Found				
	Estimation of June 2020		Estimation of January 2021		
	2020	2021	2020	2021	2022
Spain	-12.8	6.3	-11.1	5.9	4.7
Latin America and Caribbean	-9.4	3.7	-7.4	4.1	2.9
Medium East and Central Asia	-4.7	3.3	-3.2	1.5	2.5
World	-4.9	5.4	-3.5	5.5	4.2

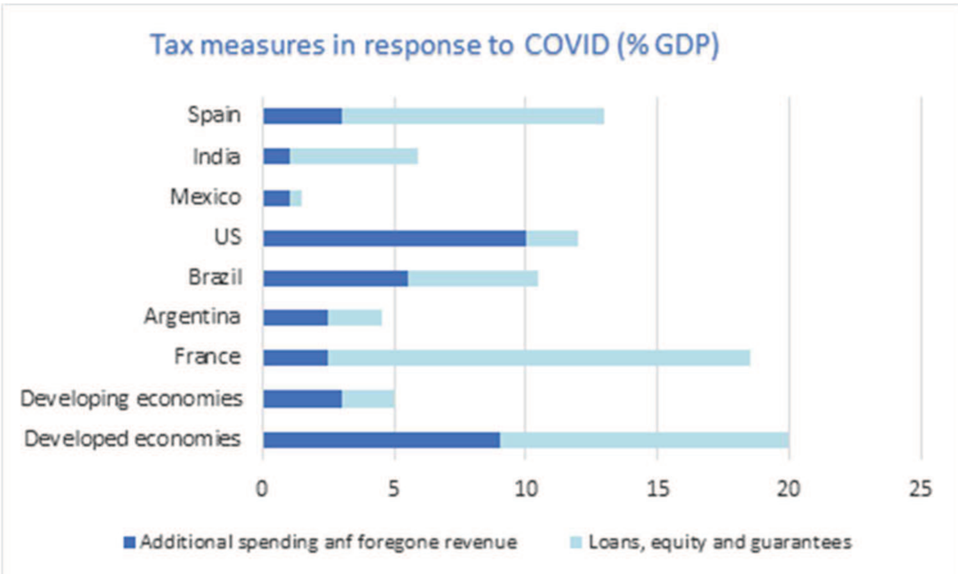
Source: International Monetary Fund

The IMF report allows for a future upward revision of the estimates based on the latest positive data on the recovery of public investment and the service sector in China, the good employment data issued in the United States or medical advances to treat COVID19.

After the first stage of spread, the measure adopted by most governments was the lockdown of society to avoid a massive contagion, which reduced production in almost all economic sectors, as well as consumption, until reaching record levels only seen during the Great Depression and overcoming those of the 2008 financial crisis.

The recovery plan of the European Central Bank (ECB), PEPP for its acronym in English “Pandemic Emergency Purchase Programme” includes a package of aid for a total amount of EUR 1,850 billion with the last update of December and aims to reduce the indebtedness of the member states and provide liquidity mainly through the purchase of corporate bonds and public debt. The horizon for asset purchases will be maintained until at least March 2022 and maturities will be reinvested until the end of 2023. In addition, according to the words of the President of the ECB Christine Lagarde, the focus will be on the purchase of "green bonds" or what is the same, bonds that finance sustainable energy activities.

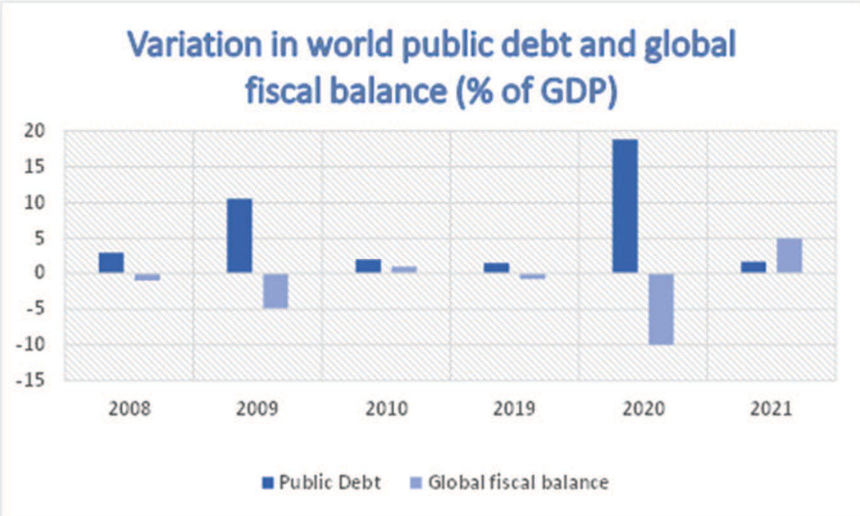
In addition to central banks, more than two thirds of governments worldwide have increased their fiscal support since April to try to save jobs and the business fabric. Measures will be directed to additional expenses and loss of income that directly affect public budgets, and the other half correspond to liquidity support such as loans, capital injections and guarantee. The following graph shows the proportion of aid as a percentage of the GDP of some of the markets where Grupo SANJOSE is present.



Source: International Monetary Fund

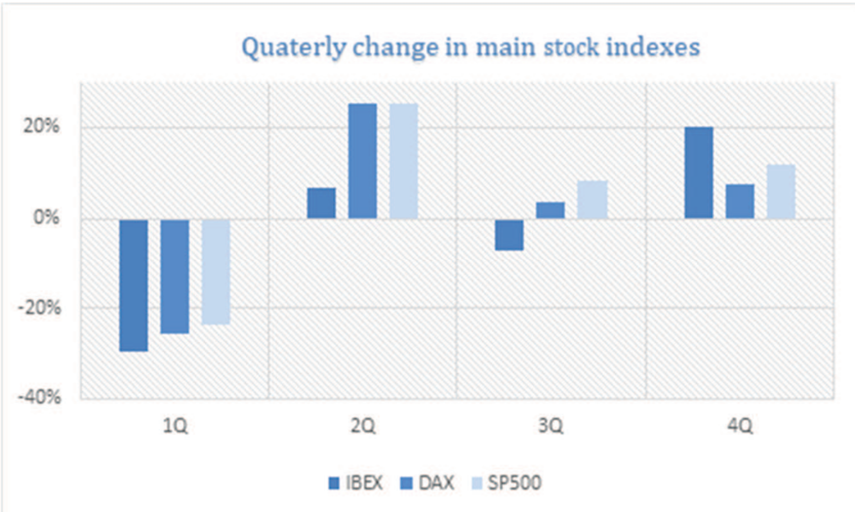
The European Union, through the agreement on the recovery fund reached on 20 July, has granted member countries a total of EUR 750,000 million, of which EUR 360,000 million will be used for low interest rate loans and EUR 390,000 million to subsidies. Of this package, Spain will be allocated EUR 140,000 million of which 72,700 million were outright grants. In addition, on 17 December, the long-term budgets of the EU were approved that include EUR 1.8 trillion destined to rebuild Europe after COVID-19.

The sharp contraction in production and the consequent fall in income, together with considerable discretionary support, have led to an increase in debt and public deficits. In the baseline scenario, the International Monetary Fund expects world public debt to reach an all-time high that at least equals the figure for World Gross Domestic Product. Beyond discretionary fiscal measures, automatic tax stabilisers and social protection are estimated to help cushion declining household incomes during the recession, but also contribute to a third of the increase in deficits in average. The following graph compares the evolution of public debt and the fiscal balance in the periods of the financial crisis and the current crisis.



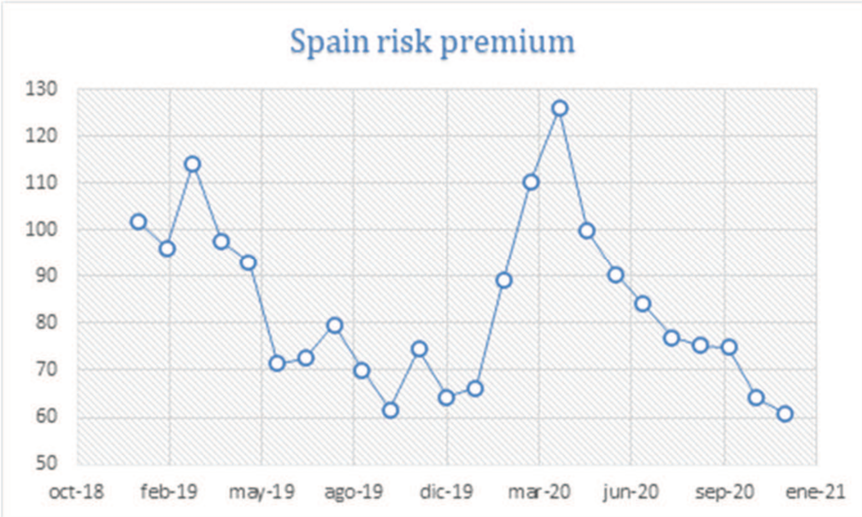
Source: International Monetary Fund

Financial markets, considered as a thermometer of the economic situation, reflect disparate data depending on the geographical area. Thus, the Standar & Poor's 500 index, considered the most representative indicator of the value of US companies, has gone from 3,244 points at the beginning of the year to 3,756 points at the end of June (15.76% depreciation), the The German DAX 30 has varied from 13,233 points to 13,718 points (3.67% depreciation) and the IBEX 35 has gone from 9,639 points at the beginning of the year to 8,073 points (16.24% depreciation).



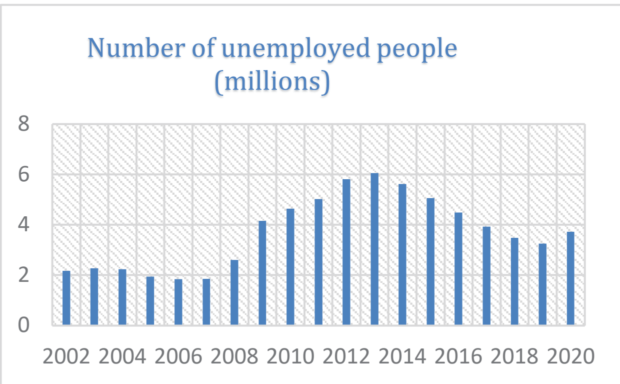
Source: Investing.com

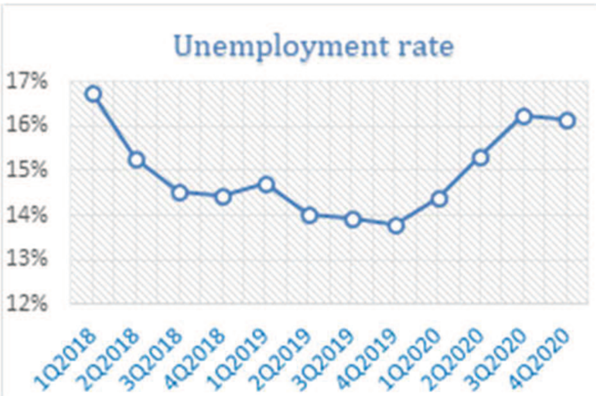
In contrast, the indicator that measures the perception of risk of the foreign investor, which translates into the risk premium (the differential of the Spanish 10-year bond with the German title “bund” at the same term) has recovered more quickly than the stock market. This ratio, which had closed the 2019 financial year at one of its lowest levels in recent years with 65 points, has experienced a period of high volatility in 2020, coinciding with the evolution of the pandemic in Spain. Thus, during the first month of lockdown it has risen to 160.5 points at the half of April. After this peak, it has decreased by 62.12% at the end of December, thus reaching one of the lowest levels in recent years with 60.8 points.



Source: Investing.com

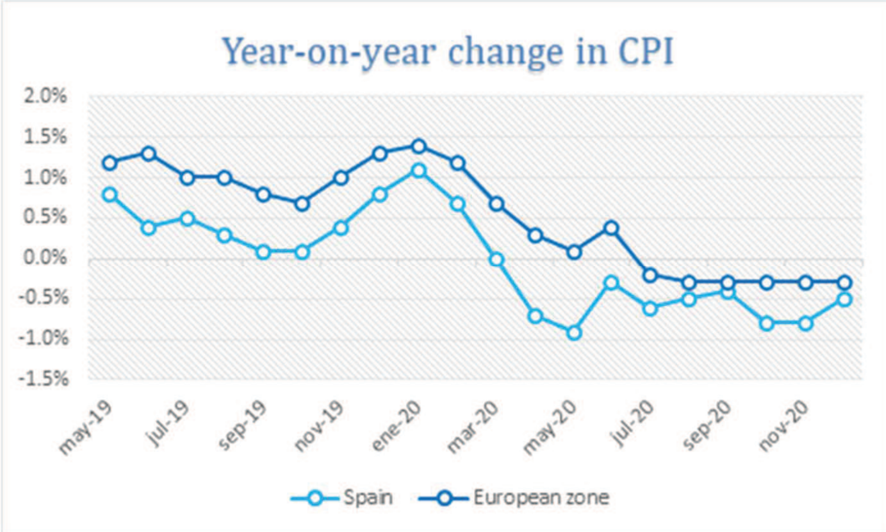
On the other hand, the number of unemployed people is still well below the levels reached in the financial crisis, when it reached 6 million unemployed in 2013. This is due in part to the temporary employment regulation (ERTE) files that have allowed companies to adjust the workforce to their low production without having to assume the entire wage cost and allowing workers to keep part of their working conditions. Such aid is expected to continue until at least 31 May 2021 to offset losses in the most affected sectors such as tourism. At the end of 2020, there were 3,719 thousand people unemployed according to INE.





Source: Instituto Nacional de Estadística.

Record liquidity injections along with a sharp decline in economic activity have led the consumer price index (CPI) to a sharp drop which, according to Christine Lagarde in her 8 July Financial Times interview, is expected to drop. Keep in Europe during 2020, even leading to a deflationary trend.

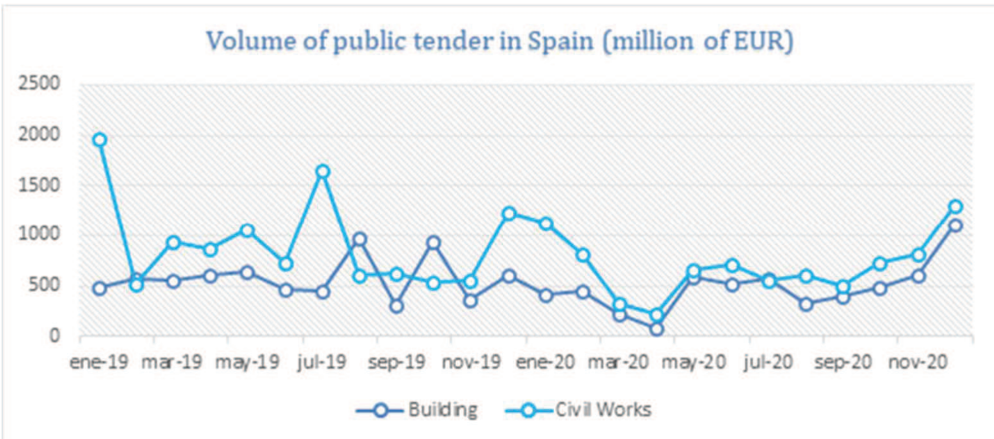


Source: National Institute of Statistics (Active Population Survey) and Bank of Spain.

CONSTRUCTION is the segment that contributes the most to the Group's turnover with a percentage of 89.1% and Spain has consolidated itself as the most important geographical area with 62% of the total. In addition to domestic market, Grupo SANJOSE is present in the Middle East, South America and Asia. During year 2020. the foreign business volume stood at 38% of the Group's total turnover (46% in year 2019).

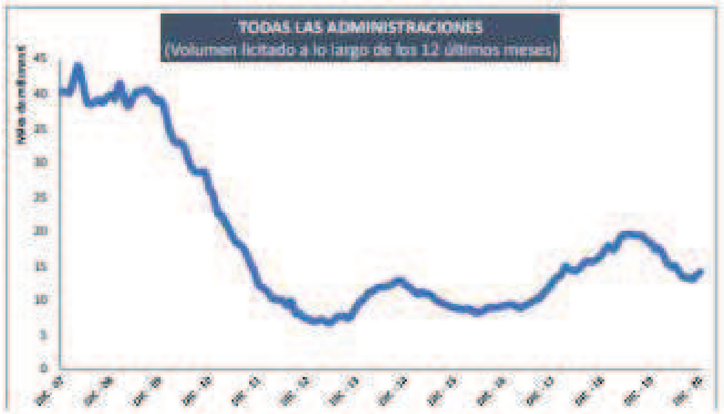
At a general level, the volume of public bidding in Spain had indicated signs of a slight recovery in the second half of 2019, but the current crisis is expected to reduce levels of investment in infrastructure again. On the other hand, injections of liquidity from the Central Banks to alleviate the crisis can cushion the fall in private investment as long as the results of the vaccination campaign are as expected.

In 2020, within public investment, the two segments that receive the most funding from the State, non-residential building and transportation, have seen their investment cut compared to 2019 by 17.7% and 39 % respectively, according to data from Seopan. he following graph shows the evolution of the tender volume in Spain divided into civil works and building.



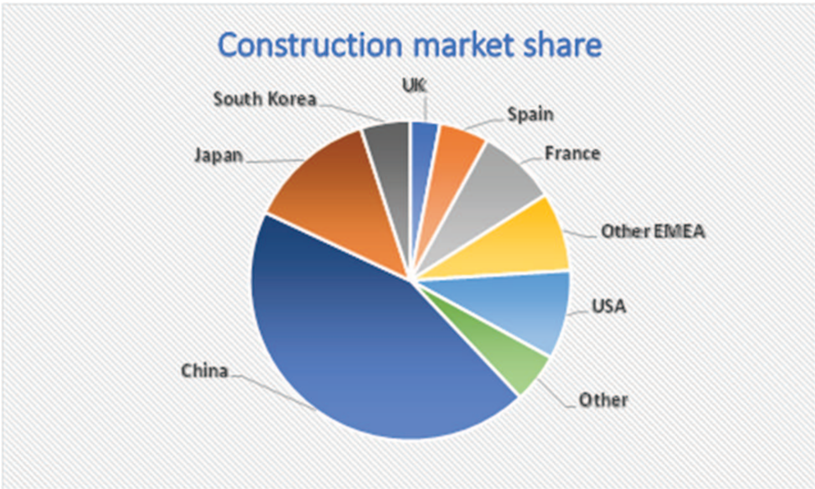
Source: Association of Construction Companies and Infrastructure Concessionaires (Seopan).

The following graph exemplifies how the volume tendered by all Administrations in Spain has not recovered since the 2008 crisis despite the rebound started in mid-2017.



Source: Association of Construction Companies and Infrastructure Concessionaires (Seopan).

Globally, Spanish construction companies have established themselves as a power in the sector, occupying sixth and fifth place in the world ranking by turnover and market capitalisation respectively, according to Deloitte's "Global Powers of Construction" report.



Source: Global Powers of Construction by Deloitte

In 2020, global construction sector production has decrease 1.5% followed by a 2% rebound in 2021. This estimate included in Deloitte's Global Powers of Construction report contrasts with the previous one at the end of 2019, which predicted an increase of 3.6%. This is because, despite being one of the sectors that has best survived the "lockdown" stage, the health crisis will increase the fiscal deficit by reducing income and increasing expenses, which will be translated into weak public investment in construction by 2020-2021.

In an increasingly competitive environment, new technologies are presented as one of the keys to business success. The application of "Big Data" to analyse cost deviations or optimise the profitability of the assigned resources will be vital for construction companies to undertake projects with higher margins. According to the report published by the specialised company Mckinsey & Company, the profitability of labour and materials used have increased in recent years by 2.8% and 3.6% respectively thanks to the introduction of new technologies.

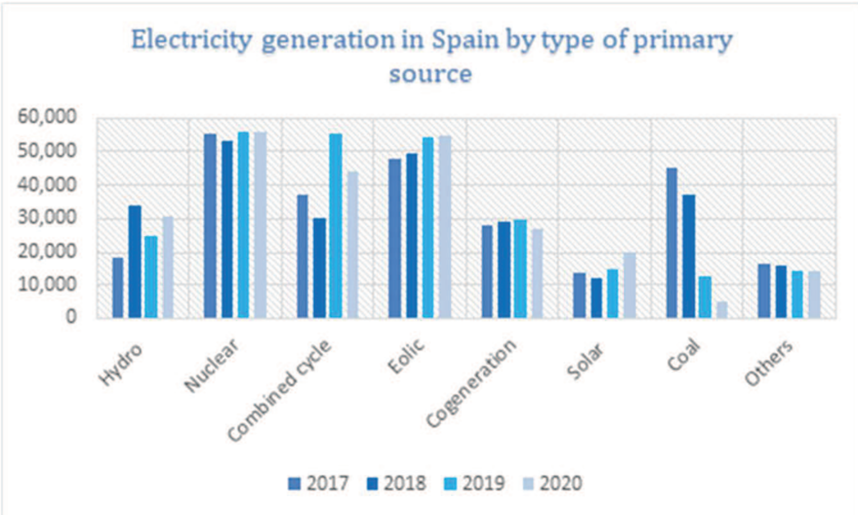
Within the CONCESSIONS and SERVICES segment, the Group has a solid presence in Spain with long-term contracts and whose main activity is the maintenance of buildings, sports facilities, gardens and hospitals, among others. Similarly, the SANJOSE group has had hospital concessions in Chile for several years. The Concessions and Services segment has contributed 72.5 million to the Group's turnover in the first half of 2020, which represents 7.4% of total billed. In these difficult times, the Group is especially committed to the service provided to hospitals and its workers, paying special attention to staff carrying out their activities in conditions of maximum safety and hygiene.

The SANJOSE Group has the goal of consolidating and expanding the contracts in this segment, which are a stable source of income, as well as maintaining its commitment to respect the environment in carrying out the activities developed.

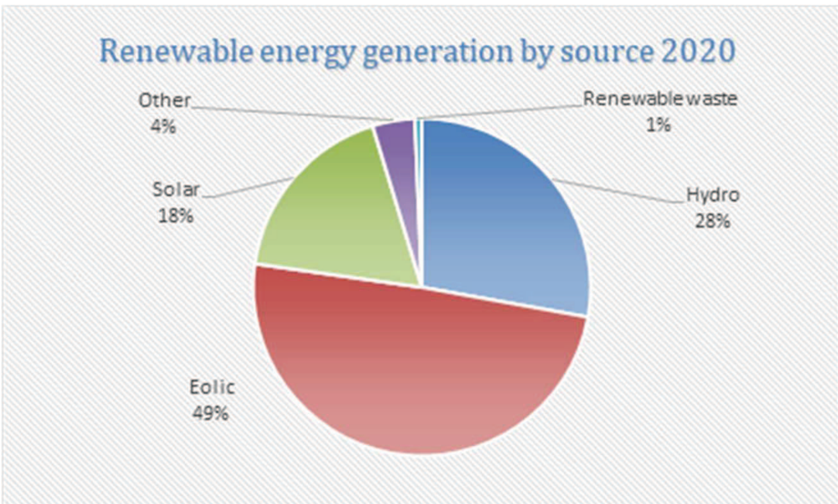
The energy sector has been constantly evolving towards clean energy for years, proof of this has been that the Greens / ALE party has obtained fourth place in the 2019 European Parliament elections, its best result ever, as well as Excellent results in the last local elections in France and Germany where they had the support of the young vote.

In the words of the President of the ECB, a large part of the asset purchases to overcome the current economic situation will be focused on projects that are environmentally sustainable. Similarly, the World Bank is positioned, which since 2010 has not invested in projects that generate a carbon footprint and has also invested 5.3 billion dollars (4.732 billion euros) in energy-efficient projects.

The following graphs show the market share for energy in Spain over the last four years and the market share within renewable energies during 2020.



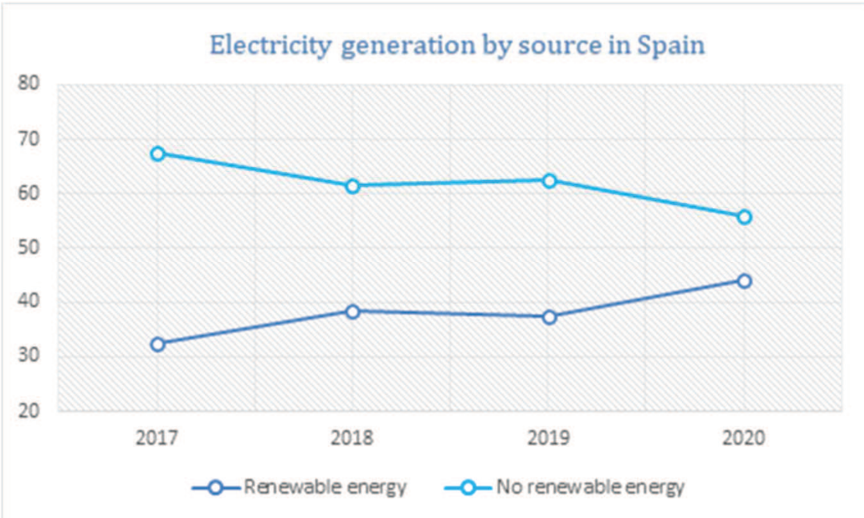
Source: Red Eléctrica de España.



Source: Red Eléctrica de España.

The SANJOSE Group's ENERGY segment has projects for the generation of solar and wind energy and an energy polygeneration plant, among others, which provide a backlog worth EUR 383 million at the end of the first half of 2020. All of them respectful with the environment and in line with current legislation on climate change.

It is worth highlighting the determined European will for an energy transition towards clean energy, where the ECB has launched funds that will be invested exclusively in renewable energy projects, energy efficiency and other initiatives to support the environment. Spain is at the forefront of Europe in terms of installed renewable energy capacity, especially in terms of wind and solar energy. As shown in the following graph, the generation of electricity through renewable energy sources is increasingly close to the line of non-renewable energies.



Source: Red Eléctrica de España.

With this macroeconomic situation, the Group's basic lines of activity are the effort to improve profitability, being flexible in adapting its structure to the reality existing in Spain, and strengthening its intention to present a business with a diversification and growing internationalization. As well as trying to apply new technologies in its different business lines, thus improving operating margins and business volume.

The Group carries on its activities in industries, countries and socio-economic and legal environments that entail different levels of risk. The Group controls these risks in order to avoid decreased shareholder returns or difficulties for its customers. For this control task, it has instruments that make it possible to identify them sufficiently in advance or to avoid them while minimising risks, thanks to which the SANJOSE Group is facing the macroeconomic environment described above with a strong treasury position and a balanced equity position.

2.2. Main figures of the GROUP

Main figures of the company for year 2020 are as follows:

Consolidated Management Balance Sheet

Thousands of euros

	Dec. 20		Dec. 19		
	Amount	%	Amount	%	Var.
Intangible assets	16,051	1,6%	17,577	1,8%	-8,7%
Property, plant and equipment	71,402	7,2%	76,948	7,7%	-7,2%
Real state investments	11,884	1,2%	9,542	1,0%	24,5%
Investments accounted for using the equity method	19,595	2,0%	20,295	2,0%	-3,4%
Long term finantial investments	32,392	3,3%	51,294	5,0%	-36,9%
Deferred taxes assets	26,917	2,7%	34,462	3,4%	-21,9%
Goodwill on consolidation	9,984	1,0%	9,984	1,0%	0,0%
TOTAL NON-CURRENT ASSETS	**188,225**	**19,0%**	**220,102**	**22,0%**	**-14,5%**
Inventories	89,283	9,0%	109,879	11,0%	-18,7%
Trade and other receivables	346,663	35,1%	350,634	35,1%	-1,1%
Other short term finantial investments	75,862	7,7%	82,761	8,3%	-8,3%
Short-term accruals	3,126	0,3%	3,851	0,4%	-18,8%
Cash and cash equivalents	285,343	28,9%	233,045	23,3%	22,4%
TOTAL CURRENT ASSETS	**800,277**	**81,0%**	**780,170**	**78,0%**	**2,6%**
TOTAL ASSETS	**988,502**	**100,0%**	**1,000,272**	**100,0%**	**-1,2%**

Thousands of euros

	Dec. 20		Dec. 19		
	Amount	%	Amount	%	Var.
Equity attributable to shareholders of the parent	143,326	14,5%	135,947	13,6%	5,4%
Minority interest	26,187	2,6%	27,123	2,6%	-3,5%
TOTAL EQUITY	**169,513**	**17,1%**	**163,070**	**16,3%**	**4,0%**
Long term provisions	44,924	4,5%	44,774	4,5%	0,3%
Long term finantial liabilities	108,067	10,8%	133,002	13,3%	-18,7%
Deferred taxes liabilities	25,196	2,5%	24,261	2,4%	3,9%
Long-term accruals	768	0,1%	864	0,1%	-11,1%
TOTAL NON CURRENT LIABILITIES	**178,955**	**18,1%**	**202,901**	**20,3%**	**-11,8%**
Short term provisions	36,392	3,7%	32,932	3,3%	10,5%
Short term finantial liabilities	58,544	5,9%	55,951	5,6%	4,6%
Trade accounts and other current payables	545,098	55,1%	545,418	54,6%	-0,1%
TOTAL CURRENT LIABILITIES	**640,034**	**64,7%**	**634,301**	**63,5%**	**0,9%**
TOTAL EQUITY & LIABILITIES	**988,502**	**100,0%**	**1,000,272**	**100,0%**	**-1,2%**

Consolidated Management Income Statements

Thousands of euros

	Grupo SANJOSE				
	Dec. 20		Dic. 19		
	Amount	%	Amount	%	Variac.
Revenue	**961,981**	**100,0%**	**958,249**	**100,0%**	**0,4%**
Other operating income	20,899	2,2%	15,397	1,6%	35,7%
Change in i nventories	-821	-0,1%	-616	-0,1%	33,3%
Procurements	-665,356	-69,2%	-665,993	-69,5%	-0,1%
Staff costs	-140,350	-14,6%	-142,956	-14,9%	-1,8%
Other operating expenses	-101,570	-10,6%	-111,890	-11,7%	-9,2%
EBITDA	**74,783**	**7,8%**	**52,191**	**5,4%**	**43,3%**
Amortisation chargue	-9,758	-1,0%	-10,867	-1,1%	-10,2%
Imparment on inventories	-4,233	-0,4%	-6,382	-0,7%	-33,7%
Changes in trade provisions and other imparment	-18,421	-1,9%	-11,730	-1,2%	57,0%
EBIT	**42,371**	**4,4%**	**23,212**	**2,4%**	**82,5%**
Ordinary finantial results	1,396	0,1%	21,888	2,3%	-93,6%
Changes in fair value for finantial instruments	-143	0,0%	-158	0,0%	-
Foreign exchangue results and others	-3,043	-0,3%	-7,530	-0,8%	-59,6%
Impartment and profit/(loss) from disposal of finacial instruments	-4,443	-0,5%	142,980	14,9%	--
NET FINANTIAL RESULT	**-6,233**	**-0,6%**	**157,180**	**16,4%**	**--**
Results on equity method	-221	0,0%	-4,155	-0,4%	-94,7%
PROFIT BEFORE TAX	**35,917**	**3,7%**	**176,237**	**18,4%**	**-79,6%**
Income tax	-13,858	-1,4%	-13,056	-1,4%	6,1%
PROFIT AFTER TAX CONTINUED OPERATIONS	**22,059**	**2,3%**	**163,181**	**17,0%**	**-86,5%**
CONSOLIDATED PROFIT	**22,059**	**2,3%**	**163,181**	**17,0%**	**-86,5%**

Alternative Performance Measures (APM):

In its consolidated summary financial statements for year 2020, the Group prepared its results in accordance with generally accepted accounting regulations. However, directors believe that certain alternative performance measures (MARs) reflect the true and fair view of its financial information and provide useful additional financial information used in the management of the business and that shall be considered to adequately assess performance of the group.

Among others, the Group identifies the following APMs:

EBITDA: defining it as the gross operating result, calculated from operating income, excluding depreciation, provisions and impairment provided or reverted during the period, as well as the result from disposal of fixed assets.

Net financial debt (NFD): total amount of bank and non-bank financial debt, including finance lease creditors and the valuation of obligations associated with financial derivative instruments, discounting the amount recorded under "Other current financial assets" And "Cash and cash equivalents" under current assets in the balance sheet.

Backlog: total amount of sales contracted by Group companies with customers, discounting items made and recognised as income under the income statement, In concession contracts, the total amount of sales is identified with the best estimate carried out by the Group, which is included in the economic-financial business plan of the concessionaire.

Revenue:

Net revenue of Grupo SANJOSE for the year ended 31 December 2019 stands at EUR 962 million, experiencing a 0.4% increase compared to the previous year.

The main activity of Grupo SANJOSE is Construction, which currently represents more than 90.3% of the total turnover for the Group in the period, and accounts for 68% of the Group's total portfolio at the end of the 2020. The turnover of this line of activity in 2020 stands at EUR 867.6 million, remaining stable with regards to the previous year.

The Energy and Concessions and Services business lines have increased during 2020 by 13.8% and 43.1%, respectively, compared to 2019.

Revenue of Grupo SANJOSE by type of activity is as follows:

Thousands of euros

Revenues by activity	Grupo SANJOSE Dec. 20		Dec. 19		Var.(%)
Construction	867,580	90.3%	876,479	91.5%	-1.0%
Real estate and property development	8,568	0.9%	12,778	1.3%	-32.9%
Energy	10,804	1.1%	9,494	1.0%	13.8%
Concessions and services	72,532	7.5%	50,671	5.3%	43.1%
Adjustment and other	2,497	0.3%	8,827	0.9%	-71.7%
TOTAL	**961,981**		**958,249**		**0.4%**

With regard to the detail of diversification at the geographical level of the turnover, the national market shows great strength, experiencing a growth of 15.6% in the turnover in 2020, representing 63% of the turnover in 2020. total Group income.

For its part, the turnover in international markets for year 2020 contributes EUR 358.9 million, and represents 37% of the Group's turnover in the period.

Thousands of euros

Revenues by geography	Grupo SANJOSE Dec. 20		Dec. 19		Var.(%)
National	603,105	63%	521,532	54%	15.6%
International	358,876	37%	436,717	46%	-17.8%
TOTAL	**961,981**		**958,249**		**0.4%**

Profit:

The EBITDA of Grupo SANJOSE for the year ended 31 December 2020 amounts to EUR 74.8 million, with a 7.8% margin on net revenue (5.4% in 2019).

EBITDA contributed by the construction activity during year 2020 amounts to EUR 52.5 million, experiencing growth compared to the previous year of 31.8%, and representing more than 70.2% of the Group's total EBITDA (76.2% in 2019).

It is worth mentioning the favourable evolution experienced in 2020 in the EBITDA of the outstanding lines of activity: Energy presents an EBITDA growth of 16.7%; Concessions y Services increases its EBITDA by 13.4%.

EBITDA breakdown by activity is as follows:

Thousands of euros

EBITDA by activity	Grupo SANJOSE Dec. 20		Dec. 19		Var.(%)
Construction	52,458	70.2%	39,791	76.2%	31.8%
Real estate and property development	474	0.6%	1,785	3.4%	-73.4%
Energy	3,637	4.9%	3,117	6.0%	16.7%
Concessions and services	10,058	13.4%	2,498	4.7%	302.6%
Adjustment and other	8,156	10.9%	4,999	9.6%	63.2%
TOTAL	**74,783**		**52,190**		**43.3%**

The Net Operating Income (EBIT) of the SANJOSE Group for the year 2020 stands at 42.4 million euros.

Despite the adverse circumstances caused by the COVID-19 health crisis, **at the end of the Group's activity level remains at the levels of the previous year, recording a profit of EUR 35.9 million in the end of year 2020.**

Net cash position of Grupo SANJOSE at the end of year 2020 is in a positive cash for the amount of **EUR 194.2 million**, improving (EUR 126.9 million in 2019).

Net Equity

As of 31 December 2020, the Group's Net Equity amounted to EUR 169.5 million, experiencing an increase of 4% compared to the previous year and representing 17.1% of the total consolidated assets for the year 2020.

The stock market evolution and other information can be found in Note 9 of this consolidated management report.

Management cash flows statement

Thousands of Euros

CASH FLOW	Grupo SANJOSE Dec. 20	Dec. 19
Cash flow from operating activities	75,376	49,252
Working capital	14,304	-489
Others adjustments	-15,195	-31,328
Operating cash flow	**74,485**	**17,435**
Divestments / (investments)	-25,309	159,509
Others adjustments	49,530	10,579
Investment cash flow	**24,221**	**170,088**
Free cash flow	**98,706**	**187,523**
Capital flow & Minorities	-6,719	-1,166
Increase / (decrease) in borrowings	-28,331	-231,102
Net interest	3,241	-1,704
Others adjustments	-1,029	-4,446
Financing cash flow	**-32,838**	**-238,418**
Diferences due to changes in exchange rates	**-13,570**	**506**
Total cash flow	**52,298**	**-50,389**

In year 2020, resources generated by the transactions amount to EUR 75.4 million.

There is a significant improvement in the cash flow from investments, which amounts to EUR 24.2 million in 2020, mainly justified by the liquidity received in the partial sale of the Group's stake in the company "Distrito Castellana Norte, S.A.",

Backlog

Grupo SANJOSE's backlog, indicating the business contracted in the future by the Group, amounts to EUR 1,821 million as of 31 December 2020, the detail being as follows: Breakdown is as follows.

Millions of euros

BACKLOG by segment	Grupo SANJOSE				
	Dec. 20		Dic. 19		Var.(%)
Construction	**1,234**	68%	**1,312**	70%	-5.9%
Civil works	182	10%	221	12%	-17.6%
Non residential building	649	36%	721	39%	-10.0%
Residential building	347	19%	357	19%	-2.8%
Industrial	56	3.1%	13	1%	330.8%
Energy	**383**	20%	**392**	21%	-2.3%
Concessions and services	**204**	11%	**164**	9%	24.4%
Maintenance	29	2%	24	1%	20.8%
Concessions	175	10%	140	7%	25.0%
TOTAL BACKLOG	**1,821**	100%	**1,868**	100%	-2.5%

Millions of euros

BACKLOG by geography	Grupo SANJOSE				
	Dec. 20		Dic. 19		Var.(%)
National	**1,238**	68%	**1,165**	62%	6.3%
International	**583**	32%	**703**	38%	-17.1%
TOTAL BACKLOG	**1,821**		**1,868**		-2.5%

Millions of euros

BACKLOG by client	Grupo SANJOSE				
	Dec. 20		Dic. 19		Var.(%)
Public client	**508**	28%	**708**	38%	-28.2%
Private client	**1,313**	72%	**1,160**	62%	13.2%
TOTAL BACKLOG	**1,821**		**1,868**		-2.5%

At the closure of the first quarter of year 2020, the Group's total portfolio amounted to EUR 1,821 million, with a slight decrease compared to that existing at the end of year 2019.

The Construction area portfolio, the main activity of Grupo SANJOSE, stands at EUR 1,234 million at the end of the 2020 and represents 68% of the Group's total portfolio

The trend shown in previous years continues, showing a shift in contracting to private clients (72% of the total portfolio in 2020, compared to 62% in 2019).

2.3. Performance by sector

Construction

The turnover of this line of activity in 2020 stands at EUR 867.6 million, remaining stable with regards to the previous year.

EBITDA stands at EUR 52.5 million, reaching a 31.8% increase with regards to year 2019.

Profit before tax of Grupo SANJOSE for 2020 stands at EUR 121.7 million, experiencing a 114.8% increase compared to the previous year.

At the end of this year, the volume of construction portfolio contracted by the Group amounts to EUR 1,234 million, practically maintaining the existing levels at the end of 2019 (EUR 1,312 million).

Thousands of euros

CONSTRUCTION	Grupo SANJOSE		
	Dec. 20	Dec. 19	Var.(%)
Revenue	867,580	876,479	-1.0%
Earnings before interest, taxes, D&A (EBITDA)	52,458	39,791	31.8%
EBITDA margin	6.0%	4.5%	
Earnings before interest and taxes (EBIT)	26,194	20,262	29.3%
EBIT margin	3.0%	2.3%	
Earnings before tax	121,693	56,641	114.8%

Breakdown of revenue of this line of activity of Grupo SANJOSE, classified by main project type and geographic area, is as follows:

Thousands of euros

DETAIL OF CONSTRUCTION REVENUES	National		Internac.		Total	
Civil works	51,038	9.5%	10,572	3.2%	61,610	7.1%
Non residential building	242,777	45.2%	249,940	75.6%	492,717	56.8%
Residential building	221,569	41.2%	69,418	20.8%	290,987	33.5%
Industrial	21,981	4.1%	285	0.1%	22,266	2.6%
TOTAL	537,365	62%	330,215	38%	867,580	

Domestic construction revenue for year 2020 stands at EUR 537.4 million, with a 15.7% increase compared to the data recorded in the previous year, and it accounts for 62% of the total of this line of activity.

Revenue for the construction activity at the international level stands at EUR 330.2 million, representing 38% of the total.

Real estate and urban development.

The income figure corresponding to the SANJOSE Group's Real Estate business comes mostly from the real estate activity that the Group has been carrying out in Peru, due to the development, sale and delivery of housing units in the "Condominio Nuevavista" residential development, in Lima Peru. The works of this project began in 2018, and the construction of a total of 1,104 housing units is planned, which will be distributed in 10 buildings.

The generalised stoppage of activity in Peru derived from the health crisis of COVID-19 has modified the rates of home delivery initially planned. However, phases IV, V and VI of the aforementioned development are currently underway, showing satisfactory degrees of progress of the works and their commercialization.

Turnover in 2020 corresponding to the SANJOSE Group Real Estate activity stands at EUR 8.6 million, resulting in an EBITDA of EUR 0.5 million, representing a margin of 5.5% over the revenue figure (14% in 2019).

Thousands of euros

REAL ESTATE AND PROPERTY DEVELOPMENT	Grupo SANJOSE Dec. 20	Dec. 19	Var.(%)
Revenue	8,568	12,778	-32.9%
Earnings before interest, taxes, D&A (EBITDA)	474	1,785	-73.4%
EBITDA margin	5.5%	14.0%	
Earnings before interest and taxes (EBIT)	-1,804	-4,848	-62.8%
EBIT margin	-21.1%	-37.9%	
Earnings before tax	-1,641	138,415	--

Energy

Turnover corresponding to year 2020 for this line of activity stands at EUR 10.8 million.

EBITDA corresponding to year 2020 of this line of activity stands at EUR 3.6 million compared to the EUR 3.1 million obtained in the previous year, representing a growth of 16.7%.

Thousands of euros

ENERGY	Grupo SANJOSE Dec. 20	Dec. 19	Var.(%)
Revenue	10,804	9,494	13.8%
Earnings before interest, taxes, D&A (EBITDA)	3,637	3,117	16.7%
EBITDA margin	33.7%	32.8%	
Earnings before interest and taxes (EBIT)	2,482	1,929	28.7%
EBIT margin	23.0%	20.3%	
Earnings before tax	2,160	1,494	44.6%

The percentage of EBITDA on sales of this business activity corresponding to year 2020 stands at 33.7% (32.8% in 2019).

For the portfolio of this line of activity, in addition to the normal production and exploitation of the contracts in force, the Group carries out regular reviews due to the effect of the regulatory changes and the estimated occupancy and demand levels, making the necessary adjustments when appropriate.

Grupo SANJOSE has a total contract backlog for this line of activity amounting to EUR 383 million for year 2020, which shall be translated as more activity of the group during a period of 25 years.

Concessions and Services

Turnover of this line of activity in 2020 stands at EUR 72.5 million, experiencing a 43.1% growth with respect to the figure obtained in the previous year.

EBITDA corresponding to year 2020 for this line of activity stands at EUR 10.1 million.

Thousands of euros

CONCESSIONS AND SERVICES	Grupo SANJOSE Dec. 20	Dec. 19	Var.(%)
Revenue	72,532	50,671	43.1%
Earnings before interest, taxes, D&A (EBITDA)	10,058	2,498	302.6%
EBITDA margin	13.9%	4.9%	
Earnings before interest and taxes (EBIT)	8,622	1,334	546.3%
EBIT margin	11.9%	2.6%	
Earnings before tax	14,835	5,030	194.9%

At the closing of 2020, contract backlog of this line of activity amounted to EUR 204 million.

2.4. Average payment term to suppliers

The Group has paid its suppliers during year 2020 with an average weighted payment period of approximately 49 days. This figure is within the average legal period established by law 15/2010 which is 30 days, extended to 60 days in those cases with agreements between the parties.

A significant part of the Group's transactions are with public sector customers, such as States, Autonomous Communities, City Halls, Local Agencies and other public authorities, which usually pay in longer periods than the established by Law. Due to this, the Group sometimes has payment deadlines which exceed the payment periods set out by law. However, the Group follows the overall practices within the sector, following common sense and not abusing their powers pursuant to Article 3 Act 3/2004.

3. Liquidity and capital resources

Liquidity

The Group pursues the prudent management of the liquidity risk based on the maintenance of sufficient cash and marketable securities, availability of financing through s sufficient level of committed credit facilities and sufficient capacity to settle market positions. The Group calculates its cash requirements through a 12-month cash budget.

Liquid assets are administered centrally within Grupo SANJOSE in order to optimise resources through “cash pooling” systems. In the event of cash surplus, short-term investments are held in safe highly liquid deposits.

During 2020, net position has changes as follows:

Thousands of euros

	Dec.20		Dec.19		
NET CASH POSITION	Amount	6	Amount	%	Var.
Other short term finantial investments	75,084		81,632	25.9%	-8.0%
Cash and cash equivalents	285,343		233,045	74.1%	22.4%
Total cash	360,427		314,677	100%	14.5%
Long term finantial liabilities	108,067		133,002	70.4%	-18.7%
Short term finantial liabilities	58,172		55,951	29.6%	4.0%
Total debt	166,239		188,953	100%	-12.0%
TOTAL NCP	194,188		125,724		54.5%

The net treasury position at the end of 2020 is placed in a positive box for EUR 194.2 million (compared to EUR 125.7 million recorded under net financial debt at the end of 2019 (which represents a significant improvement in the net treasury position, having increased in the year by just over EUR68.5 million.

Financial debt also includes the financing of project finance without recourse for a total value of EUR 40.2 million at 31 December 2020 (EUR 71.4 million at 31 December 2019).

Capital resources

Further, The Company does not expect any material change in its structure, including equity and debt, or the relative cost of capital resources during year 2020.

Future contractual obligations

The main obligations which the Group is exposed to are those deriving from financing agreements, as well as the intrinsic obligations of construction and service contracts with clients. There are no future commitments of investment or purchase of assets for significant amounts.

4. Main risks and uncertainties

The Group operates in sectors, countries and socio-economic and legal environments that involve the assumption of different levels of risk. The Company manages these risks in order to avoid involving a loss of profitability for its shareholders or cause trouble to customers by: i) identification ii) measurement; iii) control; iv) monitoring and, v) assessment of the different types of risk from an integrated and global perspective

Operational risks

Main risks arising from the Group's activity are market risks (those related to the sufficiency of demand for services and products), regulatory and political risks, labour, environmental, quality maintenance and adaptation to what is established under contractual framework with clients, etc.

In the stage of acceptance of projects, and in order to guarantee its realisation according to the established contractual parameters, with maximum quality standards, guaranteeing customer satisfaction and meeting the minimum profitability levels required, an individualised study is made of each project.

Likewise, the Group has an International Legal and Tax Department, which analyses the impact of the different regulatory frameworks on the Group's activity, the fiscal framework, etc., given its growing international presence, as a way to avoid local regulatory risks.

Financial risks

Due to its activity, the Group faces the following risks arising from payment and collection rights of business transactions:

Interest rate risk: This is the main risk which the Group is exposed to as a result of the bank borrowings described in the notes to the consolidated financial statements. Further, the Financial Management of Grupo SANJOSE in order to minimise exposure to this risk has arranged cash flow hedges to protect the Company against foreseeable interest rate increases in the future.

Foreign currency risk: The Group's policy is to borrow in the same currency as that of the cash flows of each business. Consequently, there is currently no significant foreign currency risk. However, noteworthy in this connection are the exchange rate fluctuations arising in translating the financial statements of foreign companies whose functional currency is not the Euro. In view of the Group's geographical expansion over the last few years, exposure to foreign currency risk may arise in the future. Should this risk arise, the best solution will be analysed in order to minimise it by arranging hedges, provided such instruments conform to the Group's corporate criteria.

Credit risk: rick which arises from customer defaults, is managed by means of the preventive assessment of the solvency rating of the Group's potential customers at the beginning of the relationship and throughout the duration of the contract, evaluating the credit rating of the outstanding amounts receivable and reviewing and segregating the estimated recoverable receivables from doubtful receivables.

Liquidity risk: dealt with on Note 3 of this report herein.

5. Events after the reporting period

Further, there are no other significant events occurred after 31 December 2020 which may have impacted on the accompanying financial statements

6. Future outlook

The economic crisis caused by COVID-19 in 2020 suggests a rebound in the economy in 2021 and 2022, driven by the monetary policies of central banks and the results of vaccines. (See Note 2.1)

The Company has focused its activity on the construction sector and the provision of services, without neglecting real estate opportunities, related to real estate assets owned.

The main lines of action of the Group's business plan are:

- To keep the procurement level in the domestic market.
- To continue with the international activity, through a geographic diversification, and by business line:
    - Taking advantage of the value acquired in countries where it is present (Abu Dhabi, Chile, Mexico, Peru, etc.) to increase its presence.
    - Taking advantage of new opportunities for expansion.

In this sense, in 2020, the Group has worked on the achievement of new projects, which accompany those already awarded in 2019. The most relevant are summarised in the Group's Summary Report attached to this consolidated report.

In the international market, especially in emerging countries, there are business opportunities for the Group that, within its expansion policy, will try to take advantage of these growth paths. Likewise, it will continue working to consolidate its national presence even further, also relying on the prediction of a better performance in the private sector. All of the above, supported by the macroeconomic prospects for improving the economy, both nationally and internationally, are positive arguments for the future of construction.

In view of the Company's backlog amounting to EUR 1,821 million, its organic stability is assured, foreseeing to maintain the average size of the projects, trying to take advantage of public bidding opportunities, both in national territory and in foreign countries, especially in those in which it has presence and expertise.

7. R&D&I Activities

Grupo SANJOSE, aware of the importance that represent the activities of Research, Development and Innovation for competitiveness and business success, develops and collaborates in R &D&I trying to offer innovative technical solutions that meet the demands and needs of its customers. In order to facilitate the detection of opportunities, generating innovative ideas and the development of R&D activities, a R&D Management System following the guidelines set out in the standard UNE 166002 and having obtained the AENOR recognition through certification in the following companies has been implemented:

Among the initiatives developed by the Group in 2020, highlights the R&D&I project for an automated and fixed detection and dissipation system for fog precipitation on hydrometric data. Which has been patented for use on highways and railways.

In turn, it is immersed in several R&D&i funded by the Centre for Industrial Technological Development (CDTI). R&D&i issues are widely developed in the non-financial information and diversity Report of Grupo Empresarial San José, S.A. and subsidiaries for the year ending 31 December 2020, prepared by the Group and accompanying the consolidated financial statements for the year ending 31 December 2020

8. Treasury share transactions

Grupo SANJOSE did not have treasury shares at 31 December 2020 and 2019 nor made any transactions with treasury shares.

9. Other Information of Interest

Stock exchange information

The shares of Grupo SANJOSE trade on the Madrid Stock Exchange. The main indicators and the evolution of the shares are as follows:

	2020	2019
Market value* *(Thousands of Euros)*	291.6	390.1
Nº shares *(x 1,000)*	65,026	65,026
Price end of the period *(euros)*	4.49	6.00
Last price for the period *(euros)*	4.49	6.00
Maximum price for the period *(euros)*	6.86	9.33
Minimum price for the period *(euros)*	2.76	4.59
Volume *(thousands of shares)*	20,172	41,113
Cash *(thousands of Euros)*	99,764	291,797

* Market value is calculated with shares admitted to trading and does not include shares issued from extensions that have not yet been listed.

Source: Bolsas y Mercado Españoles (BMEX)

Dividend policy

The Group aims to maintain a strong financial and equity structure. In addition, directors of the Parent Company will propose to the Annual General Meeting the distribution of a dividend of EUR 6,504 thousand, charged to the profit for year 2020.

Proposed distribution of profit

The Directors of the Parent Company will propose the AGM the recognition of EUR 45,789 thousand as 2020 profit to endow the voluntary reserves and remunerate shareholders through the payment of dividends for amounts of EUR 39,286 thousand and EUR 6,504 thousand, respectively.

10. Non-Financial Information

According to the new Law 11/2018 on non-financial information and diversity information amending the Code of Commerce, the consolidated restated text of the Companies Act passed by Royal Decree-law 1/2010, of 2 July, and Act 22/2015, of 20 July, on Accounts Auditing, in terms of non-financial information and diversity information (deriving from Royal Decree-law 18/2017). Information of this nature is developed in the consolidated non-financial information statement which is an integral part of the consolidated financial statements for year 2020.

11. Annual Corporate Governance Report

In accordance with the provisions of commercial legislation, the Annual Corporate Governance Report forms an integral part of this Management Report and is accompanying the management report for year 2020.

Translation into English. In the event of discrepancy, the Spanish language version prevails.

ISSUER IDENTIFICATION DETAILS

Year-end date: 31/12/2020

TAX Id#: A-36046993

Company name:

GRUPO EMPRESARIAL SAN JOSE, S.A.

Registered address:

ROSALIA DE CASTRO 44, BAJO (PONTEVEDRA)

A. CAPITAL STRUCTURE

A.1. Complete the table below with details of the share capital of the company:

Date of last change	Share capital (Euros)	Number of shares	Number of voting rights
27/06/2008	1,950,782.49	65,026,083	65,026,083

Please state whether there are different classes of shares with different associated rights

[ ] Yes
[√] No

A.2. Please provide details of the company's significant direct and indirect shareholders at year end, excluding any directors:

Name of shareholder	of shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
MARIA VIRTUDES SÁNCHEZ AVALOS	5.24	0.00	0.00	0.00	5.24
JULIA SÁNCHEZ AVALOS	7.52	0.00	0.00	0.00	7.52
MARIA JOSÉ SÁNCHEZ ÁVALOS	3.99	0.00	0.00	0.00	3.99
PINOS ALTOS XR, S.L.	23.34	0.00	0.00	0.00	23.34

Breakdown of the indirect holding:

Name of indirect shareholder	Name of direct shareholder	% of shares carrying voting rights	% of voting rights through financial instruments	% of total voting rights
NA				

State the most significant shareholder structure changes during the year:

A.3. In the following tables, list the members of the Board of Directors (hereinafter "directors") with voting rights in the company:

Name of director	of shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights	% of total voting rights that can be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR ROBERTO ÁLVAREZ ÁLVAREZ	0.28	0.00	0.00	0.00	0.28	0.28	0.00
MR RAMON BARRAL ANDRADE	0.23	0.00	0.00	0.00	0.23	0.23	0.00
MR JACINTO REY GONZÁLEZ	24.95	23.34	0.00	0.00	48.29	48.29	0.00
MR JACINTO REY LAREDO	0.33	0.00	0.00	0.00	0.33	0.33	0.00
MR JOSE MANUEL OTERO NOVAS	0.03	0.00	0.00	0.00	0.03	0.03	0.00
MR ENRIQUE MARTIN REY	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Total percentage of voting rights held by the Board of Directors	49.16

Breakdown of the indirect holding:

Name of director	Name of direct shareholder	% of shares carrying voting rights	% of voting rights through financial instruments	% of total voting rights	% of total voting rights that can be transmitted through financial instruments
DON JACINTO REY GONZÁLEZ	PINOS ALTOS XR, S.L.	23.34	0.00	23.34	23.34

Mr. Enrique Martin Rey has 152 shares, since the percentage is very small, the programme does not allow its inclusion for representing 0.00000157%.

A.4. If applicable, state any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are insignificant or arise in the ordinary course of business, except those that are reported in Section A.6:

Name of related party	Nature of relationship	Brief description
MS MARÍA VIRTUDES and DOÑA JULIA SANCHEZ AVALOS, MS MARIA JOSÉ SÁNCHEZ ÁVALOS	Family	The three holders of shares are sisters;.

A.5 If applicable, state any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or group, unless they are insignificant or arise in the ordinary course of business:

Name of related party	Nature of relationship	Brief description
NA		

A.6. Describe the relationships, unless insignificant for the two parties, that exist between significant shareholders or shareholders represented on the Board and directors, or their representatives in the case of legal-person directors.

Explain, as the case may be, how the significant shareholders are represented. Specifically, state those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders and/or companies in its group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of directors, or their representatives, as the case may be, of the listed company, who are, in turn, members of the Board of Directors or their representatives of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders:

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
MR JACINTO REY GONZÁLEZ	PINOS ALTOS XR, S.L.	GRUPO EMPRESARIAL SAN JOSE, S.A	Mr. Jacinto Rey González is majority shareholders of Pinos Altos XR, S.L.
MR JACINTO REY LAREDO	MR JACINTO REY GONZÁLEZ	GRUPO EMPRESARIAL SAN JOSE, S.A	Family relationship to the first degree, father and son

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
MR ENRIQUE MARTIN REY	MS MARIA JOSE Y JULIA SÁNCHEZ AVALOS	GRUPO EMPRESARIAL SAN JOSE, S.A	Mr. Enrique Martín Rey is the brother-in-law of Ms. Julia Sánchez Avalos and nephew in-law of Ms.
MR JAVIER REY LAREDO	MR JACINTO REY GONZÁLEZ	GRUPO EMPRESARIAL SAN JOSE, S.A	Family relationship to the first degree, father and son

A.7. State whether the company has been notified of any shareholders' agreements that may affect it, in accordance with Articles 530 and 531 of the Ley de Sociedades de Capital ("Corporate Enterprises Act" or "LSC"). If so, describe these agreements and list the party shareholders:

[ ] Yes
[√] No

State whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

[ ] Yes
[√] No

If any of the aforementioned agreements or concerted actions have been modified or terminated during the year, please specify expressly:

The Company is not aware of the existence of covenants or agreements among shareholders.

A.8. State whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Ley de Mercados de Valores ("Spanish Securities Market Act" or "LMV"). If so, please identify them:

[√] Yes
[ ] No

Name
JACINTO REY GONZÁLEZ

A.9. Complete the following table with details of the company's treasury shares:

At year-end:

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
		0.00

(*) Through:

Name of direct shareholder	Number of direct shares
NA	

A.10. Provide a detailed description of the conditions and terms of the authority given to the Board of Directors to issue, repurchase, or dispose of treasury shares:

On 23 June 2016, the Annual General Meeting authorised the board of directors for the derivative acquisition, whether directly or through subsidiaries, and for the acceptance in guarantee of treasury shares, within the following terms and limitations:

• Methods of acquisition: acquisition through purchase and sale, or through any other inter-vivo act for consideration or any other method permitted by law.
• Maximum number of shares to be acquired: acquisitions may be made up to the maximum amount permitted by law.
•Minimum and maximum price of acquisition: the minimum acquisition price of the shares shall be 75% of its market price and the maximum price shall be 120% of its market price on date of acquisition.
• Term of the authorisation: five years as from the date of this resolution.
• Usage of the authorisation: the board of directors may use the authorisation in the terms set out by the internal regulations of the code of conduct of the Company.
• To handover to employees and directors: the board of directors is authorised to allocate, total or partially, treasury shares acquired to the execution of retributive programmes that handover shares or option rights over shares, in accordance with the provisions under section 1 a) of Article 146 of the Companies Act.

In the event that a pledge or guarantee is established for the treasury stock and shall be executed, any limits and requirements established under the applicable regulations and the purchase agreement of said shares are applicable.

A.11. Estimated free-float:

	%
Estimated free-float	35,90

A.12. State whether there are any restrictions (article of associations, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, state the existence of any type of restriction that may inhibit a takeover attempt of the company through acquisition of its shares on the market, and those regimes for the prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

[ ] Yes
[√] No

A.13. State if the shareholders have resolved at a meeting to adopt measures to neutralise a take-over bid pursuant to the provisions of Act 6/2007.

[ ] Yes
[√] No

If so, please explain the measures approved and the terms under which such limitations would cease to apply:

A.14. State if the company has issued shares that are not traded on a regulated EU market.

[ ] Yes
[√] No

If so, please list each type of share and the rights and obligations conferred on each:

B. ANNUAL GENERAL MEETING

B.1. State whether there are any differences between the quorum established by the LSC for General Shareholders' Meetings and those set by the company and if so, describe them in detail:

[ ] Yes
[√] No

B.2. State whether there are any differences in the company's manner of adopting corporate resolutions and the manner for adopting corporate resolutions described by the LSC and, if so, explain:

[ ] Yes
[√] No

B.3. State the rules for amending the company's Articles of Association. In particular, state the majorities required for amendment of the Articles of Association and any provisions in place to protect shareholders' rights in the event of amendments to the Articles of Association

In accordance with provisions under Article 17 of the bylaws of the company, so that the General Meeting can validly agree on the increase or reduction of capital and any other modification of the bylaws, the issuance of obligations, the suppression or limitation of the right of preferential acquisition of new shares, as well as the transformation, merger, spin-off or global assignment of assets and liabilities and the transfer of the registered address abroad, it will be necessary, in first call, the presence in person or by proxy of, at least, 50% of the subscribed social capital with the right to vote. In second call, it will be required the presence of 25% of said capital is enough, although when shareholders representing less than the fifty percent (50%) of the subscribed capital with voting rights are present, the agreements referred to in this paragraph may only be validly adopted with the favourable vote of two thirds of the capital present or represented at the Meeting. 3. Absences once the General Meeting has been constituted will not affect the validity of its celebration or alter the voting quorum.

Article 21 of the Bylaws. - Deliberation and adoption of agreements.

5. For the adoption of the agreements referred to in Article 194 of the Capital Companies Act, if the capital present or represented exceeds fifty percent, the agreement may be adopted by an absolute majority. However, the favourable vote of two-thirds of the capital present or represented at the meeting is required when shareholders hold a second call representing at least 25% or more of the subscribed capital with voting rights without reaching 50%.

Article 14 of the Regulations of the General Meeting. Constitution of the general meeting.

1. So that the general meeting, ordinary or extraordinary, can validly agree on the increase or reduction of capital and on any another modification of the bylaws, the issuance of obligations (where legally appropriate), as well as the transformation, merger, spin-off or global transfer of assets and liabilities and the transfer of the registered addre4ss abroad, it will be necessary, in first call, the presence of shareholders representing at least, fifty percent of the subscribed social capital with the right to vote In second call, the concurrence of twenty-five percent of said capital shall be enough.

Article 21 of the Regulations of the General Meeting. Resolutions and notifications.

2 For the adoption of special agreements referred to in Article 14 of the Regulations, if the capital present or represented amounts to at least fifty percent of the share capital, resolutions will be adopted by an absolute majority. However, the favourable vote of two-thirds of the capital present or represented at the meeting will be required on second call, when there are shareholders who represent at least 25% of the subscribed capital with voting rights without reaching 50%.

Article 15 of the Bylaws. - Call of the general meeting.

4. Shareholders representing at least three percent (3%) hare capital may request the publication of an addendum to the announcement of the General Meeting of Shareholders including one or more additional agenda items, as long as such items are duly justified.

The exercise of this right must be made by means of reliable notification that must be received at the registered office within the five (5) days following the publication of the call. The addendum shall be published at least fifteen (15) days prior to the date set for the General Meeting.
5. Shareholders representing at least three percent (3%) of the share capital may, in the same period prescribed in the preceding paragraph, submit proposals on agreed-on matters already included or to be included on the agenda of the meeting called.
The Company shall ensure the dissemination of these proposed resolutions and documentation through its website.

B.4. Give details of attendance at General Shareholders' Meetings held during the year of this report and the two previous years:

Date of General Meeting	Attendance data: % physically present	% present by proxy	% distance vote: Electronic voting	Other	Total
21/06/2018	50.44	14.78	0.00	0.00	65.22
Of which, free-float:	0.91	1.01	0.00	0.00	1.92
27/06/2019	50.49	15.43	0.00	0.00	65.92
Of which, free-float:	0.00	1.21	0.00	0.00	1.21
29/07/2020	49.80	13.76	0.00	0.00	63.56
Of which, free-float:	0.64	1.61	0.00	0.00	2.25

B.5. State whether any point on the agenda of the General Shareholders' Meetings during the year has not been approved by shareholders for any reason.

[ ] Yes
[√] No

B.6. State if the Articles of Association contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or on distance voting:

[√] Yes
[ ] No

Number of shares required to attend General Meetings	100
Number of shares required for distance voting	100

B.7. State whether it has been established that certain decisions other than those established by law exist that entail an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions that must be subject to the approval of the General Shareholders' Meeting:

[ ] Yes
[√] No

B.8. State the address and manner of access to the page on the company website where one may find information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company website:

Information on Corporate Governance is available on the Company's website (www.gruposanjose.biz), under "Shareholders & Investors", within "Corporate Governance".

C. COMPANY ADMINISTRATIVE STRUCTURE

C.1. Board of Directors

C.1.1 Maximum and minimum number of directors established in the Articles of Association and the number set by the general meeting:

Maximum number of directors	15
Minimum number of directors	5
Number of directors set by the general meeting	11

C.1.2 Please complete the following table on directors:

Name of director	Representative	Director category	Position on the Board	Date first appointed to Board	Last re-election date	Method of selection to Board
MR ROBERTO ÁLVAREZ ÁLVAREZ		Independent	DIRECTOR	27/06/2008	21/06/2018	RESOLUTION AGM
MR RAMÓN BARRAL ANDRADE		Independent	INDEPENT COORDINADTOR	30/06/2009	21/06/2018	RESOLUTION AGM
MR JACINTO REY GONZÁLEZ		Executive	CHAIRMAN & CEO	18/08/1987	21/06/2018	RESOLUTION AGM
MR JACINTO REY LAREDO		Executive	VICE CHAIRMAN	31/10/2006	21/06/2018	RESOLUTION AGM
MR JOSE MANUEL OTERO NOVAS		Independent	DIRECTOR	28/08/2014	27/06/2019	RESOLUTION AGM
MR ENRIQUE MARTIN REY		Proprietary	DIRECTOR	28/06/2013	27/06/2019	RESOLUTION AGM
MS ALTINA DE FÁTIMA		Other External	DIRECTOR	27/06/2008	21/06/2018	RESOLUTION AGM

Name of director	Representative	Director category	Position on the Board	Date first appointed to Board	Last re-election date	Method of selection to Board
SEBASTIÁN GONZÁLEZ						
MR JAVIER REY LAREDO		Executive	DIRECTOR	28/06/2012	21/06/2018	RESOLUTION AGM
MR NASSER HOMAID SALEM ALI ALDEREI		Other External	DIRECTOR	17/12/2015	29/07/2020	RESOLUTION AGM
MR JOSE LUIS GONZALEZ RODRIGUZ		Independent	CEO	25/06/2020	29/07/202020	RESOLUTION AGM
Ms. AMPARO ALONSO		Independent	DIRECTOR	17/12/2020	17/12/2020	CO-OPTING

Total number of directors	11

State if any directors, whether through resignation, dismissal or any other reason, have left the Board during the period subject to this report:

director	Director type at time of leaving	Date of last appointment	Date director left	Specialised committees of which he/she was a member	Indicate whether the director left before the end of the term
MR. GUILLERMO EMILIO	Independent	23/06/2016	18/06/2020		YES
MR. SUNIL KANORIA	Independent	29/07/2020	20/10/2020		YES

Translation into English. In the event of discrepancy, the Spanish language version prevails.

C.1.3 Complete the following tables regarding the members of the Board and their categories:

EXECUTIVE DIRECTORS

Name of director	Post in organisational chart of the company	Profile
MR JACINTO REY GONZÁLEZ	Chairman & CEO	Chairman Grupo SANJOSE (Company listed on the Spanish Stock Exchange) Chairman Carlos Casado S.A. (Company listed on the Buenos Aires and New York Stock Exchange) Previously he has been a member of different boards of directors: Banco Simeón, Banco Caixa General, among others.
MR JACINTO REY LAREDO	Vice Chair	He graduated in Law by the Complutense University of Madrid and was certificated in European Law by the San Pablo CEU University. Mr. Jacinto Rey Laredo majored in International Law at the University of Columbia, in Communication by the New York University School of Continuing Education and participated in a management development programme (PADE) at the IESE. He has almost developed his entire professional career within Grupo SANJOSE, being the Deputy-chairman of the Group and the Chairman of SANJOSE Constructora.
MR JAVIER REY LAREDO	Director	Diploma in Business Science by the European University of Madrid. Postgraduate studies by IED in Top Management He has developed his entire professional career within companies of Grupo SANJOSE. Current positions: Deputy to the Chairman and CEO of Grupo SANJOSE, Member of the Board of SANJOSE Constructora, Executive Chairman of Comercial Udra, Director Carlos Casado S.A. Previous professional experience: Chairman of SANJOSE Desarrollos Inmobiliarios, responsible for the domestic and international management (Douro Atlántico Galicia S.L. and Douro Atlántico S.A. in Portugal), Member of the Board of Comercial Udra. Domestic and international management, Managing Director of SANJOSE Constructora, Branch office of Galicia, Management Director of C&C, regional construction, rehabilitation and conservation company in Galicia.
MR. JOSE LUIS GONZALEZ RODRIGUEZ	CEO	Degree in Economics from the University of Santiago de Compostela, with a Master in Financial Management and International Trade from ESEUNE University and Berkeley. He has developed his professional career in different companies belonging to Grupo SANJOSE. He joined in 1999 in the commercial area. Since this date, he has held and held positions of strategic responsibility in the Company, assuming the General Management of the Group. At the end of 2015, he was appointed General Manager of Grupo Empresarial San José.

Total number of executive directors	4

Translation into English. In the event of discrepancy, the Spanish language version prevails.

Percentage of the Board	36.36

PROPRIETARY DIRECTORS

Name of director	Post in organisational chart of the company	Profile
MR ENRIQUE MARTIN REY	MS MARIA JOSE & JULIA SÁNCHEZ AVALOS	Graduate in Business Science by the Complutense University of Madrid (1993 - 1999), MBA by the Escuela de Negocios Caixanova (2000) and Master Programme in Banking and Finance by the ISTP Banking Scholl (2009). He is the Business Manager and Corporate Business Development Manager of Carrión S.A. Establecimiento Financiero de Crédito. Where he has developed his professional career since 2005, after having worked as strategic counsellor for the Instituto Tecnológico de Galicia (ITG) and for LKS Consultores (Grupo Mondragon Scoop).

Total number of proprietary directors	1
Percentage of the Board	9,09

INDEPENDENT DIRECTORS	
Name of director	**Profile**
MR RAMÓN BARRAL ANDRADE	Economist Professor at the School of Higher Business Studies of A Coruña, Bachelor of Economic and Business Sciences and Censor Jury of Accounts (promotion 1976). In the professional career of Mr. Ramón Barral, he emphasises his work in sundry positions of responsibility at Banco Simeon until becoming General Director (1995 - 2003), member of the Mixed Commission for State transfers - Xunta de Galicia (1977 - 1979), Professor of the Middle Management School in the Chamber of Commerce of Pontevedra. Editorial Galaxia advisor. Special attention should be given to the important and lasting collaboration of Mr. Ramón Barral with Grupo SANJOSE throughout its history, until becoming an advisor and chairman of the audit commissions and appointments, remuneration and good governance of the Group.
MR JOSE MANUEL OTERO NOVAS	Professional Lawyer:> Law Degree, Extraordinary Award. > He entered by Opposition in the Body of State Lawyers in 1967.> He entered by Opposition Contest in Inspectors of the Services of the Ministry of Economy and Finance in 1974.> He practiced State Advocacy in the Province of Lugo, in the National Court, and finally in the Supreme Court. > Also the Inspection of the Services of the Ministry of Finance, in several tasks. > He has been -and still is- Counselor, or sometimes President, of several companies, among which stand out: Cepsa, Grupo SANJOSE, Banco Exterior de España and foreign subsidiaries, Gesca fi x., Euro Transfac, Unión Inversora Internacional. , International Technical Union, The Union and the Phoenix, AGF Unión Fénix Seguros y Reaseguros, Transfesa (Including Presidency) and Transfesa UK, International Real Estate Union, Gran Alacant, Costa Canaria Veneguera, Northwest Corporation, Cementos Cosmos, Society for the Development of Galicia (SODIGA), Vocal Executive Committee and Board of Directors of the Independent Business Confederation of Madrid (CEIM). Social:> It has been for the maximum statutory periods Vocal (and Vice President) of the Board of Trustees of the San Pablo CEU University Foundation and of the San Pablo College. > President of the Institute of Studies of Democracy of the San Pablo University-CEU. > Since 1997, he has been a member of the Social Sciences Jury of the Prince of Asturias Awards every year. Honours:> Knight Grand Cross of three Spanish Orders, Carlos III, Isabel the Catholic and Alfonso X the Wise. > Knight Grand Cross of the Order of the Lion of Finland; Idem of the Order of Merit of the Italian Republic; and Idem of the Order of Merit of the Republic of Peru. > Gold Medal of the Ibero-American Organization for Education, Science and Culture. > Gold Medal of the San Pablo University Foundation.

INDEPENDENT DIRECTORS	
Name of director	**Profile**
Ms AMPARO ALONSO BETANZO	Degree in Chemistry, major in Industrial Chemistry (1984) and PhD in Physics (1988), with an extraordinary award, from the University of Santiago de Compostela. She has been a Postdoctoral Fellow at the Medical College of Georgia, USA (1988-90), where she worked on the development of expert systems for medical applications. Later on, she has worked both in the development of artificial intelligence applications in sundry areas (Environment, Health, Industry 4.0, etc.), as in the development of machine learning algorithms. She is currently a professor at the University of A Coruña (UDC) since 2002 in the area of Computer Science and Artificial Intelligence, where since 1990 she coordinates the LIDIA group (Laboratory of R + D in Artificial Intelligence), which belongs to the CITIC (Centre of Research in Information and Communication Technologies). She is currently commissioner of the UDC for the development of the Artificial Intelligence node of the City of ICT in A Coruña (2019). She has been vice dean and Erasmus coordinator (1999-2005), director of the Department of Computing (2007-09), coordinator of the Intelligent Systems Specialty of the Master in Computer Science (2006-07) and coordinator of the Master's Degree in Bioinformatics for Health Sciences (2016-17), at the Faculty of Informatics of the UDC. She received in 1998 the LÓreal-UNESCO Prize for Women in Science in Spain, the Galicia ICT Prize for Digital Innovation in 2004, and the Galicia Prize ICT to Professional Career in 2019. President of the Spanish Association of Artificial Intelligence since 2013, and member of the "Reserve List" of the High-Level Expert Group on Artificial Intelligence (AI HLG) of the European Commission since 2018. She has participated as member of the GTIA, Working Group on Artificial Intelligence, of the Ministry of Science, Innovation and Universities (MINCIU), which collaborated in the drafting of the Spanish Strategy for R & D & I in Artificial Intelligence presented in 2018. He is currently a member of the Group of Work on the role of of fi cial Statistics in Data Administration and Management (Data Stewardship), as well as she as a member of the Arti fi cial Intelligence Advisory Council of the Government of Spain. She is also Senior Member of the IEEE and ACM professional associations.
DON ROBERTO ÁLVAREZ ÁLVAREZ	Business administration for executives at the Universidad Católica Argentina. International market expert Dean Witter (NY). Technical in foreign trade. Futures market in economics school in London. Director of the San José group. Director and partner of Aldazabal y cía Casa de Bolsa founded in 1890. Vice President of Carlos Casado. Director of Mapfre Argentina since 2000. Counselor of the Buenos Aires Stock Exchange and its representative for relations with Spain. Director of Metrogas company controlled by Repsol (2002/2008). Boldt group advisor. Director of the caudal bank (1989/1992) Vice-president of the AA of the museum of modern art. Vice President of the San Lorenzo de Almagro Athletic Club.

Number of independent directors	4
Percentage of the Board	36,36

State whether any independent director receive from the company or any company in the group any amount or benefit other than compensation as a director, or has or has had a business relationship with the company or any company in the group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

In this case, include a statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name of director	Description of the relationship	Statement of the Board
NA		

OTHER EXTERNAL DIRECTORS

Please identify other external directors and explain why they are not deemed to be proprietary or independent, and their relationship with the company, executives and shareholders:

Name of director	Reasons	Company, director or shareholder to whom the director is related	Profile
MR NASSER HOMAID SALEM ALI ALDEREI	He is a shareholder of San José Contracting, LLC and Tecnocontrol Contracting, LLC, companies owned by Grupo San José companies.	SAN JOSÉ CONTRACTING LLC	Businessman Commander in the reserve of the Army of the United Arab Emirates. CEO of Gulf Connection. Business consultant / service provider located in Abu Dhabi and with a presence in the United Arab Emirates, which provides support to international companies that intend to establish themselves in their region of influence, an area that due to its growth and financial strength represents an attractive market and great business opportunities for companies in international expansion. This company brings its experience in the strategic planning of implementation, definition of the market of action and of the main objectives. Executive Chairman of New Art. Company specializing in interior design and operating in

OTHER EXTERNAL DIRECTORS

Please identify other external directors and explain why they are not deemed to be proprietary or independent, and their relationship with the company, executives and shareholders:

Name of director	Reason	Company, director or shareholder to whom the director is related	Profile
			the United Arab Emirates, Qatar and Morocco. Currently New Art is part of Gulf Connection. General Director of SANJOSE Contracting L.L.C., an Emirati company specializing in all types of construction projects. Local agent / partner of several companies, among which stand out: SANJOSE Constructora, Lane Middle East Contracting, CPC, Crane Middle East, PMK Consultant, Dal Riada.

MS ALTINA DE FÁTIMA SEBASTIÁN GONZÁLEZ	Ms. Altina Fatima Sebastian was appointed director by first time on 27.06.2008 The article 529 4.i establishes that in no case may be considered independent directors those who have been directors for a continuous period of more than 12 years. For this reason, the Counselor Ms.Altina Fatima Sebastian changes category from Independent to Other External	GRUPO EMPRESARIAL SAN JOSE, S.A	Degree in Economics and Business Administration from the Catholic University of Lisbon, Doctor of Business and Business Management from IESE and she has completed a post-doctorate at Harvard Business School. She is currently a Non-Executive Director, Member of the Audit Committee and Chairman of the Governance Committee of Caixa Geral de Depósito, the largest Portuguese bank, Independent Director of Banco Caixa Geral (former Banco Simeón), Chairman of the Audit and Compliance Committee and Chairman of the Appointments and Remuneration Committee (2003 - October 2019 date of the sale of the Bank to Abanca), Director and Member of the Audit Committee of Grupo Empresarial San José, a company listed on the Madrid Stock Exchange, Member of the Expansión Advisory Board and Economic News and Councilor of the Diaspora of the Portuguese Republic - World Portuguese Network. In addition, she has been an Independent Director, Chairman of the Audit Committee of the Instituição Financeira de Desenvolvimento, bank specialised in financing to SMEs, and Counselor, Chairman of the Audit Committee of Parquesol, a listed company on the Madrid Stock Exchange, and Founding Partner of the AB Research and Diagnostic & Solutions Consultants. She has recently been appointed by the Commission Nacional del Mercado de Valores, member of the jury of the 2019 Antonio Moreno Espejo Journalism Award. In the academic field, she is a professor in the Department of Financial Administration and Accounting of the Complutense University Madrid and Visiting Professor at the Portuguese Catholic University. Her teaching experience is focused on training for executives in the banking sector in Spain, Portugal, Angola, Mozambique and Ecuador. She has posted seven books and more than one hundred articles in the economic press and magazines specialized in Banking and Finance.

Total number of other external directors	2

Percentage of the Board	18,18

State any changes in status that have occurred during the period for each director:

Name of director	Date of change	Previous Status	Current status
MS ALTINA DE FÁTIMA SEBASTIÁN GONZÁLEZ	26/06/2020	Independent	Other External

C.1.4 Complete the following table with information relating to the number of female directors at the close of the past 4 years, as well as the category of each:

	Number of female directors				% of directors for each category			
	Year 2020	Year 2019	Year 2018	Year 2017	Year 2020	Year 2019	Year 2018	Year 2017
Executive					0.00	0.00	0.00	0.00
Proprietary					0.00	0.00	0.00	0.00
Independent	1	1	1	1	25.00	16.66	16.66	16.66
Other External	1				50.00	0.00	0.00	0.00
Total	2	1	1	1	18.18	9.09	9.09	9.09

C.1.5 State whether the company has diversity policies in relation to the Board of Directors of the company on such questions as age, gender, disability and training and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Accounts Audit Act, will have to report at least the policy they have implemented in relation to gender diversity.

[√] Yes
[ ] No
[ ] Partial policies

Should this be the case, describe these diversity policies, their objectives, the measures and way in which they have been applied and their results over the year. Also state the specific measures adopted by the Board of Directors and the appointments and remuneration committee to achieve a balanced and diverse presence of directors.

In the event that the company does not apply a diversity policy, explain the reasons why.

Description of policies, objectives, measures and how they have been implemented, including results achieved

El The Board of Directors of Grupo Empresarial San José, S.A. agreed in 2016 on its director selection policy through which the transparency of the director selection process is deemed essential within its corporate governance strategy.

Likewise, corporate regulations on directors establish, among others, the following principles and objectives:

- Maximum attention to people, to the quality of their working conditions, equality and training.
- Respect for diversity through a policy of equal opportunities, as well as human and professional development.
- Information transparency policy.

The management of the human resources of Grupo San José is inspired by the ethical codes of equal opportunities, cultural diversity, internal promotion of the best and demand for values such as merit, ability, involvement, responsibility, perseverance, commitment and honesty.

These commitments should inspire all the policies of selection, promotion and access to training, compensation and conciliation within the Group SANJOSE.

Any form of discrimination within Grupo San José is strictly forbidden (be it for reasons of ethnicity, race or national origin, sex, sexual identity or orientation, for reasons of gender, illness, religion, political option, social origin or disability).

Through a public, specific and verifiable policy, it is ensured that the proposals for appointment or re-election are based on a prior analysis of the needs of the board of directors, while at the same time favouring the diversity of knowledge, experiences and gender in its composition.

The board of directors will choose candidates who meet the qualities and aptitudes for their appointment, with the advice and report of the appointments and remuneration committee. An adequate balance will be sought in order to enrich decision-making and provides plural points of view to the debate on matters within its competence.

The Appointments and Remuneration Committee must also ensure that the selection procedures does not suffer from implicit biases that may imply any discrimination and, in particular, facilitate the selection of female directors. In this sense, in addition to promoting the diversity of knowledge and experience in the board, the policy of selecting directors will ensure that in a few years the number of female directors represents at least 30% of the total number of board members.

The proposal for the appointment or re-election of the members of the board of directors corresponds to the appointments and remuneration committee, in the case of independent directors, and to the board itself in all other cases.

Said proposal must be accompanied in any case by a report on the competence, experience and merits of the proposed candidate. The appointments and remuneration committee will assess the skills, knowledge and experience required in the board of directors. For this purpose, it will define the functions and aptitudes necessary to be fulfilled in each vacancy and assess the time and dedication necessary to perform the tasks effectively.

C.1.6 Describe the means, if any, agreed upon by the appointments committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates and which makes it possible to achieve a balance between men and women. Indicate whether the company takes measures to boost the presence of women on senior executive positions.

Explanation of means

The Appointment Committee maintains its goal to increase the number of women in the Board of Directors in order to achieve a more balanced presence of women and men, in which progress has been made with the appointment as director of Ms. Amparo Alonso Betanzos by co-option at the end of this year to fill the vacancy left by the director Mr. Sunil Kanoria

In the event that there are few or no female directors in spite of any measures adopted, please explain the reasons that justify such a situation:

Explanation of reasons

As indicated in the previous section, in 2020 the company appointed a second director in the person of Ms. Amparo Alonso Betanzos.

In the future, the company will evaluate the opportunity to continue increasing the number of female directors and senior executives with sufficient experience and knowledge who can contribute to the development of the business, in compliance with the policy of non-discrimination on the grounds of sex contained in its documentation of CSR and in the approved director selection policy.

C.1.7 Describe the conclusions of the appointments committee regarding verification of compliance with the selection policy for directors in order to promote an adequate composition of the members of the Board of Directors by the year 2020.

The Appointments Committee has applied during 2020. the same criteria as previous years for both the recruitment of Members and personnel.

Criteria is based in policies devoted to seek and incorporate candidates with the best requirements in terms of suitable competence, knowledge and experience for the development of the functions entrusted, ensuring equity.

C.1.8 If applicable, please explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:

Name of shareholder	Reason
NA	

State whether the Board has failed to meet any formal requests for membership from shareholders whose equity interest is equal to or higher than that of others at whose request proprietary directors have been appointed. If this is the case, please explain why the aforementioned requests were not met:

[ ] Yes
[√] No

C.1.9 State the powers delegated by the Board of Directors, as the case may be, to directors or Board committees:

Name of director or committee	Brief description
JACINTO REY GONZÁLEZ	As CEO of Grupo Empresarial San José he has all Powers delegated by the Board unless those stated by law.
JOSE LUIS GONZALEZ	As CEO of Grupo Empresarial San José he has all Powers delegated by the Board unless those stated by law.

C.1.10 Identify any members of the Board who are also directors, representatives of directors or officers in other companies in the group of which the listed company is a member:

Name of director or committee	Name of the Company	Position	Does the director have executive powers?
MR JACINTO REY GONZÁLEZ	San José Peru SAC	Chairman	yes
MR JACINTO REY GONZÁLEZ	San José Contracting LLC	General Manager	yes
MR JACINTO REY GONZÁLEZ	San Jose Constructora Peru, S.A.	Chairman	yes
MR JACINTO REY GONZÁLEZ	Inmobiliaria 2010, S.A.	Chairman	yes
MR JACINTO REY GONZÁLEZ	Carlos Casado, S.A.	Chairman	yes
MR JACINTO REY GONZÁLEZ	Sociedad concesionaria San José Tecnocontrol	Chairman	yes
MR JACINTO REY GONZÁLEZ	San José Tecnologías Peru, SAC	Chairman	yes
MR JACINTO REY GONZÁLEZ	Inmobiliaria Americana de Desarrollos Urbanisticos SAU	Sole Director	yes
MR JACINTO REY GONZÁLEZ	Desarrollos Urbanísticos Udra, S.A.	Sole Director	yes
MR JACINTO REY LAREDO	Udra Obras Integrales	Chairman	yes
MR JACINTO REY LAREDO	SJB Mullroser Baugesellschaft MBH	Sole Director	yes
MR JACINTO REY LAREDO	San Jose BAU GMBH	Sole Director	yes
MR JACINTO REY LAREDO	Constructora Udra Lda	Sole Director	yes
MR JACINTO REY LAREDO	San José Construction Group	Chairman	yes

MR JACINTO REY LAREDO	San José France, S.A.	Sole Director	yes
MR JACINTO REY LAREDO	Constructora San José Cabo Verde, S.A.	Director	yes
MR JACINTO REY LAREDO	Udra Mexico, S.A. CV	Chairman	yes
MR JAVIER REY LAREDO	Constructora San José representaçao em Portugal	Legal representative	yes
MR JAVIER REY LAREDO	San José Concesiones y servicios	Sole Director	yes
MR JAVIER REY LAREDO	Carlos Casado, S.A.	Director	yes
MR JAVIER REY LAREDO	Tecnoartel	Chairman	yes
MR JAVIER REY LAREDO	Centro Comercial Panamericano	Chairman	yes
MR JAVIER REY LAREDO	Inmobilaria sudamericana de desarrollos urbanisticos	Chairman	yes
MR JAVIER REY LAREDO	Constructora San José, S.A.	Director	yes
MR JAVIER REY LAREDO	Comercial Udra, S.A.	Chairman & CEO	yes
MR JAVIER REY LAREDO	Cadena de Tiendas SAU	Sole Director	yes
MR JOSE LUIS GONZALEZ	GSJ SOLUTIONS	Sole Director	yes
MR JOSÉ LUIS GONZALEZ	Tecnocontrol servicios, s.a.u	Sole Director	yes
MR JOSÉ LUIS GONZALEZ	Tecnocontrol sistemas de seguridad, s.a.u.	Sole Director	yes
MR JOSÉ LUIS GONZALEZ	Tecnocontrol instalaciones, s.l.u	Sole Director	yes
MR JOSÉ LUIS GONZALEZ	Fotovoltaica el gallo, 10, s.l.	Sole Director	yes
MR JOSÉ LUIS GONZALEZ	Poligeneración parc del alba, st4, s.a	CEO	yes
MR JOSÉ LUIS GONZALEZ	Comercial udra, s.a.u.	Director	NO
MR JOSÉ LUIS GONZALEZ	Pinar Villanueva, S.A	Joint director	NO
MR JOSÉ LUIS GONZALEZ	Sanjose maroc s.a.r.l.a.u.	Sole Director	yes
MR JOSÉ LUIS GONZALEZ	Sociedad concesionaria san josé- tecnocontrol s.a.	Director	yes
MR JOSÉ LUIS GONZALEZ	Constructora san jose colombia, s.a.s	Liquidator	yes

C.1.11 List any directors or representatives of legal person-directors of your company who are members of the Board of Directors of other companies listed on official securities markets other than group companies, and have communicated that status to the Company:

Name of director	Name of listed company	Position
NA		

C.1.12 State whether the company has established rules on the number of boards on which its directors may hold seats, providing details if applicable, identifying, where appropriate, where this is regulated:

[ ] Yes
[√] No

C.1.13 State total remuneration received by the Board of Directors:

Board remuneration in financial year (thousand euros)	3.491
Amount of vested pension interests for current members (thousand euros)	
Amount of vested pension interests for former members (thousand euros)	

C.1.14 Identify senior management staff who are not executive directors and their total remuneration accrued during the year:

Translation into English. In the event of discrepancy, the Spanish language version prevails.

Name	Position
MR JOSÉ ANTONIO SÁNCHEZ DE ROJAS PANFIL	Director of Consolidation
MR JOSÉ LUIS GONZALEZ	General Manager
MR JOSÉ MÁRQUEZ	Managing Director south America
MR MIGUEL ANGEL BRAVO	Middle East Director
MR NILTON RAMOS	Portugal & Cape Verde Director
MR FRANCISCO REY	Managing Director Portugal, Cape Verde & Brazil
MR JUAN ARESES VIDAL	Director General of Civil Works & Procurement Constructora San José
MR PEDRO ALLER ROMÁN	General Manager Carlos Casado
MR JUNA MANUEL HEREDIA	Director of Peru

Female on senior executive positions	
% over total senior executives	0.00
Total senior management remuneration (thousand euros)	1,829

C.1.15 State whether the Board rules were amended during the year:

[ ] Yes
[√] No

C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors: the competent bodies, steps to follow and criteria applied in each procedure.

The members of the Board of Directors are appointment by the General Meeting or by the Board itself.

The proposal to reappoint members corresponds to the Appointment, Remuneration and Good Governance Committee for Independent member and to the Board for all other members.

The proposal shall be submitted together with a report on competence, excellence and merits of the member which shall be provided with the Minutes of the General Meeting or the Meeting of the Board.

The reappointment proposal for members other than independent members shall be backed up by a report from the Appointment, Remuneration and Good Governance Committee. The Appointment, Remuneration and Good Governance Committee shall assess the quality of the work.

The board of Directors includes proprietary, independent, executive and other external members.

Proprietary and Independent members should represent majority regarding executive members due to the complexity of the Group and the participation percentage of the executive members in the social capital of the company.

Independent members should be well known professionals with sound experience and competence.

C.1.17 Explain how the annual evaluation of the Board has given rise to significant changes in its internal organisation and to procedures applicable to its activities:

Description of changes

The Board of Directors analysed the assessment of the members and agreed there is no need to apply any changes within the internal organisation nor the procedures applicable to its activities.

Describe the evaluation process and the areas evaluated by the Board of Directors with the help, if any, of external advisors, regarding the function and composition of the board and its committees and any other area or aspect that has been evaluated.

Description of the evaluation process and evaluated areas

The chairman of the Appointments, Remuneration and Good Governance Committee has personally carried out several interviews with the directors of the Board, in order to carry out a personal and direct assessment of the performance of the Board and its committees. Once the conclusions of these interviews have been analysed by the appointments, remuneration and good governance committee, the board has been informed so that the latter draws up the self-assessment report.

C.1.18 Describe, in those years in which the external advisor has participated, the business relationships that the external advisor or any group company maintains with the company or any company in its group.

Not applicable

C.1.19 State the situations in which directors are required to resign.

Article 25 of the Board of Directors Regulations – Resignation of Directors

Directors shall resign from their posts upon expiration of the period for which they were appointment, whenever elected by the General Meeting or when incurring into legal reason for such resignation.

Members of the Board must place their post at the dismissal of the Board of Directors and resign whenever incurring into prohibitions established by Art. 213 of the Companies Act and any other legal applicable provisions.

The Board of Directors shall not propose the cessation of independent directors until completion of the period which they were appointment for unless reasonable cause and duly reported to the Appointment, Remunerations and Good Governance Commission. Reasonable cause is that related to the non-compliance with obligations and liabilities inherent to the post. Additionally, the cessation of independent board members from mergers or other similar transactions which may involve a change in the social capital structure of the company.

C.1.20 Are any qualified majorities other than those established by law required for any specific decision?

[ ] Yes
[√] No

If so, please explain.

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, to be appointed as chairman of the Board of Directors:

[ ] Yes
[√] No

C.1.22 State whether the Articles of Association or the Board Rules establish any limit as to the age of directors:

[ ] Yes
[√] No

C.1.23 State whether the Articles of Association or the Board Rules establish any term limits for independent directors or other more stringent requirements in addition to those established by law:

[ ] Yes
[√] No

C.1.24 State whether the Articles of Association or Board Rules establish specific rules for granting proxies to other directors at Board meetings, how they are to be delegated and, in particular, the maximum number of proxies that a director may have, as well as if there is any limit regarding the category of director to whom a proxy may be granted beyond the limitations imposed by law. If so, please briefly describe the rules.

Article 26 of the By-Laws and 20 of the Board of the Board of Directors' Regulations state that representation shall be held by other member and when not being able to attend personally, the proxy shall have been provided clear and detailed instruction on the issues of the agenda, when applicable.

Non-executive members can only delegate their representation on non-executive members.

C.1.25 State the number of meetings held by the Board of Directors during the year, and if applicable, the number of times the Board met without the chairman present. Meetings where the chairman sent specific proxy instructions are to be counted as attended.

Number of Board meetings	6
Number of Board meetings without the chairman	0

State the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	0

Please specify the number of meetings held by each committee of the Board during the year:

Number of meetings held by the Executive Committee	4
Number of meetings held by the Audit and Risk Supervision Committee	2
Number of meetings held by the Appointments Committee	6
Number of meetings held by the Remuneration Committee	2

C.1.26 State the number of meetings held by the Board of Directors during the year and information regarding the attendance of its members:

Number of meetings with the attendance of at least 80% of the directors	4
% personal attendance of total votes during the year	80.00
Number of meetings with all directors attending in person or by proxy with specific instructions	
% of votes cast in person and by proxy with specific instructions of all votes cast during the year	0.00

C.1.27 State if the individual and consolidated financial statements submitted to the Board for preparation were previously certified:

[ ] Yes
[√] No

Identify, if applicable, the person/s who certified the individual and consolidated financial statements of the company for preparation by the Board:

C.1.28 Explain any measures established by the Board of Directors to prevent the individual and consolidated financial statements prepared by the Board from being submitted to the General Shareholders' Meeting with a qualified audit opinion.

The Group has an internal control system whose main objective is to minimise the Group's exposure to risks which it is exposed to due to the intrinsic conditions of the activity it performs and the legal framework of the country where it operates.

Within the internal control system, the internal control system of financial information (ICSFI) gains special importance, whose purpose is to ensure the adequate generation of financial information at an individual and consolidated level within the Group, respecting the criteria and applicable accounting regulations. The Administration and Finance Department is responsible for the application of the SCIIF and that it is adequately updated.

Additionally, the Internal Audit Department of the Group is entrusted with direct responsibility for the generation of the financial statements and explanatory notes and periodic information to be published both individually and / or consolidated in the companies that make up the Group, reviewing said information and confirming that it is appropriate to the reality of the business, and that applicable accounting regulations have been properly applied, and that the judgments and estimates adopted by the Management of Finance are reasonable and consistent.

Once the accounting information has been generated as described in the previous paragraphs, it is subject to review by the external auditor. The level of internal confidence about the correctness and goodness of the accounting information is very high. However, in addition to avoid the existence of possible exceptions that may arise from work of the external auditor, the following work procedure is established:

-It is coordinated jointly with the external auditor so that several reviews are carried out at various times throughout the year: half-year review (July), preliminary stage of the review work by the audit (November) and final stage of the audit work (months of February and March).

-In addition, the external auditor is immediately informed of any extraordinary operation that could be subject to interpretation or complex application of the accounting regulations, in order to check the registration and / or valuation criteria, information to be provided, etc.
-The final stage of the audit work begins prior to the formulation of financial statements by the Board of Directors.

Finally, prior to its formulation by the board of directors, the financial information is reviewed by the audit committee. Referred to half-year and annual closures, and partly justified by the fact that said information is subject to review and / or audit, the audit committee receives the conclusions issued by the external auditor, and reviews a draft of the auditor's report. Once verified that this report is correct, and lacks any kind of qualification. For the formulation of financial information in general, the board of directors has the positive opinion of the audit committee. In the case of half-year and annual reports, the Board also has a review and audit report issued by the auditor.

C.1.29 Is the secretary of the Board also a director?

[ ] Yes
[√] No

If the secretary is not a director, please complete the following table:

Name of the secretary	Representative
MR FERNANDO CALBACHO LOSADA	

C.1.30 State, if any, the concrete measures established by the entity to ensure the independence of its external auditors, financial analysts, investment banks, and rating agencies, including how legal provisions have been implemented in practice.

Article 33 of the by-laws and Article 16 of the Board Regulations empower the audit committee to raise the board for the selection, appointment, reappointment and removal of the external auditor as well as to set out the conditions of recruitment and to regularly gather information on the audit plan while preserving its independence in the exercise of its functions.

It is also authorised to establish appropriate relations with the external auditor and receive information on those issues that may jeopardize its independence and any others related to the process as well as other communications envisaged related to audit legislation and auditing standards.

In any case, it should receive annually from the external auditors an independence declaration in relation to the entity or entities related to it directly or indirectly, as well as information of any further services, of any kind, provided and the fees received from these entities by the external auditor, or by people or entities related to it, in accordance with audit regulations and provisions.

Finally, it must issue annually, prior to the issuance of the audit report, a report on the independence of the auditor. This report shall contain, in any case, the assessment of the provision of additional services referred to in the preceding paragraph.

For the effectiveness of the exercise of its duties, the audit committee may seek the assistance of experts if it considers that for reasons of independence or specialisation, it is not enough with the technical means of the Company.

The committee can as well ask for the cooperation of any of the Company's employee or directors, even ask them to appear before the committee without the presence of any other director.

C.1.31 State whether the company changed its external auditor during the year. If so, please identify the incoming and outgoing auditor:

[ ] Yes
[√] No

State whether the company changed its external auditor during the year. If so, please identify the incoming and outgoing auditor:

[ ] Yes
[√] No

C.1.32 State whether the audit firm provides any non-audit services to the company and/or its Group and, if so, the fees paid and the corresponding percentage of total fees invoiced to the company and/or Group:

[√] Yes
[ ] No

	Company	Group Companies	Total
Amount invoiced for non-audit services (thousand euros)	33	20	53
Amount invoiced for non-audit services/Amount for audit work (in %)	70.97	10.65	22.66

C.1.33 State whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, please explain the reasons given to the shareholders at the General Meeting by the chairman of the audit committee to explain the content and extent of the aforementioned qualified opinion or reservations

[ ] Yes
[√] No

C.1.34 State the number of consecutive years the current audit firm has been auditing the financial statements of the company and/or group. Furthermore, state the number of years audited by the current audit firm as a percentage of the total number of years that the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	26	26

	Individual	Consolidated
Number of years audited by the current audit firm/number of fiscal years the company or its group has been audited (by %)	100.00	100.00

C.1.35 State whether there is a procedure whereby directors have the information necessary to prepare the meetings of the governing bodies with sufficient time and provide details if applicable:

[√] Yes
[ ] No

Explanation of procedure

Article 26 of the Board of Directors Regulations - Disclosure rights

The Director shall be duly informed on the performance of the Company and, with such purpose, may request information to top management executives, informing the Chairman or CEO of the same. Further, any Director may request, trough the Chairman, CEO, Secretary and Deputy-Secretary of the Board, information deemed appropriate on the Company. Information Rights affect branch offices, both at domestic and International markets. Each member of the board shall have all the information submitted to the Board.

The Chairman, Deputy-Chairman, the CEO, the Secretary and the Deputy-Secretary shall try to respond to information request directly or providing the name of the adequate person within the organisation. If the Chairman considers said information may negatively affect the organisation, the issue may be dealt with by the Board.

Article 27 – External Advice

In order to appropriately develop their functions and duties, Directors, Commissions and Committees may request the Chairman of the Board the support of legal, accountancy and financial counsellors.

Only certain problems of great significance and complexity may be subject to these services.

C.1.36 State whether the company has established rules whereby directors must provide information regarding and, if applicable, resign, in circumstances that may damage the company's standing and reputation. If so, provide details:

[√] Yes
[ ] No

Explanation of procedure

Article 25 of the Board of Directors Regulations.

Directors shall resign from their posts upon expiration of the period for which they were appointment, whenever having incurred into legal prohibitions established by the Companies Act or any other applicable regulations.

C.1.37 State, unless there have been special circumstances that have been recorded in the minutes, if the board has been informed or has otherwise learned of any situation that affects a director, related or not to their performance in the company itself, that could harm credit and reputation of this one:

[ ] Yes
[√] No

C.1.38 Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.

No agreement has been formalised.

C.1.39 Identify individually for directors, and generally in other cases, and provide detail of any agreements made between the company and its directors, officers or employees providing severance payments or golden parachutes in the event of resignation or unfair dismissal or termination of employment due to a takeover bid or any other type of transaction.

Number of beneficiaries	4
Type of beneficiary	**Description of agreement**
Executive directors	The agreement contained in the contract of the executive directors is as follows: In the event of termination of the contract at the company's discretion, the executive director will be entitled to receive severance indemnity, except in the event that such termination is due to a serious breach of any of the obligations of the executive director, in which case he will not be entitled to receive any compensation for the termination of the contract. The termination indemnity shall be equivalent to: (i) Three annual payments of the annual fixed remuneration of the executive director at the time of termination and of the last annual variable remuneration received, if the aggregate of these two amounts is less than 750,000 euros. (ii) Two annuities of the annual fixed remuneration of the executive director at the time of termination and of the last annual variable remuneration received, if the aggregate of these two amounts is more than 750,000 euros but less than 1,100,000 euros. (iii) Two annuities of remuneration annual of the executive director at the time of cessation and of the last annual variable remuneration received, if the aggregate of these two amounts is greater than 1,100,000 euros. Withdrawal compensation will be deducted on account of Personal Income Tax of and Social Security contributions in charge of the executive director according to current legislation.

State if these contracts have been communicated to and/or approved by management bodies of the company or of the Group. If they have, specify the procedures, events and nature of the bodies responsible for their approval or for communicating this:

	Board of Directors	**General Shareholders' Meeting**
Body authorising the severance clauses	√	

	Yes	No
Are these clauses notified to the General Shareholders' Meeting?	√	

Information has been made available to the Meeting by means of the Annual Corporate Governance Report.

C.2. Committees of the Board of Directors

C.2.1 Provide details of all committees of the Board of Directors, their membership, and the proportion of executive, proprietary, independent and other external directors that comprise them:

Appointment, Remuneration and Good Governance Commission		
Name	**Position**	**Category**
MR ROBERTO ÁLVAREZ ÁLVAREZ	DIRECTOR	Independent
MR RAMÓN BARRAL ANDRADE	CHAIRMAN	Independent
MR JOSE MANUEL OTERO NOVAS	DIRECTOR	Independent
MR ENRIQUE MARTIN REY	DIRECTOR	Proprietary

% of executive directors	0,00
% of proprietary directors	25.00
% of independent directors	75.00
% of other external directors	0.00

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

Article 34 of the bylaws and Articles 17 and 18 of the Board of Directors' Regulations deal with the composition, standards, performance and functionality of the Appointments, Remunerations and Good Governance Commission.

The Appointment, Remuneration and Good Governance Commission will consist of a minimum of three members and a maximum of 5. The Commission shall be composed exclusively of non-executive directors appointed by the Board of Directors, two of whom, at least, must be independent directors. The Chairman of the Commission shall be appointed from among the independent directors. The term of office of the Chairman shall be four (4) years and may be reappointed after the expiry of one (1) year from the date of termination. Any member of the management or personal team of the company is obliged to attend the meetings of the Committee when required to do so.

The request for information to the Commission shall be issued by the Board of directors or the Chairman. The Commission will meet, whenever called by the Chairman, when most of its members request it, or whenever required by the Board of Directors. Without prejudice to this, the Commission shall meet at least twice a year.

The Secretary will take record of the resolutions of the Commission, which shall be adopted by a majority of its members.

Without prejudice to the aforementioned regulation, the Board of Directors may establish any other additional rules of operation for the Committee.

The functions of the Commission are:

1. To evaluate the competencies, knowledge and experience required for the Board of Directors. For this purpose, it defines the functions and skills of the candidates for each vacancy and assess the necessary time and dedication so that they can effectively play their role.

2. To establish a goal of representation for the under-represented sex in the Board and draw up guidelines on how to achieve this objective.

3 To raise proposals to the Board of Directors for the appointment of independent directors, for their designation by co-optation or for the submission to the decision of the general meeting of shareholders, as well as to propose candidates for re-election by the general meeting of shareholders.

4 To submit proposals for appointment of the remaining directors by co-optation or for its submission to the decision of the general meeting of shareholders.

5 To inform of the proposals for appointment and cessation of senior managers and the basic terms of their contracts.

6. To examine and arrange the succession of the Chairman of the Board of Directors and the Chief Executive Office and, where appropriate, make proposals to the Board of Directors of such succession in an orderly and planned manner.

7 To propose the remuneration policy of the directors to the Board of Directors, members of the ·committees or CEOs, as well as the Individual remuneration and other contractual conditions of the Executive Directors.

8 To report to the Board of Directors on transactions with associates.

9. To supervise and monitor transparency in social actions, compliance with the Company's rules and principles and the compliance with applicable standards of all members and directors of the company, informing the board of Directors of any breach of conduct, so as it to be corrected or, if not corrected, to be reported to the general meeting.

10 To propose to the Board of Directors the amendment of its regulations.

11. To raise to the Board of Directors, for consideration and approval, any other proposals deemed appropriate.

12. The Commission should ensure that procedures for the selection of advisors encourage gender diversity, and not suffer from any implicit biases that may involve any discrimination and, in particular, facilitate the selection of counsellors.

Executive Commission		
Name	**Position**	**Category**
MR JACINTO REY GONZÁLEZ	CHAIRMAN	Executive
MR JACINTO REY LAREDO	DIRECTOR	Executive
MR JOSE MANUEL OTERO NOVAS	DIRECTOR	Independent
MR JAVIER REY LAREDO	DIRECTOR	Executive

% of executive directors	75,00
% of proprietary directors	0,00
% of independent directors	25,00
% of other external directors	0,00

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

The Executive Committee is dealt with in Article 31 of the By-Laws and Article 14 of The Board's Regulations. The Executive Committee will be comprised of a minimum of three (3) and a maximum of five (5) directors, nominated by the Board of Directors among its component, for a period equal to the term in the office of each Member of the Board.

The Executive Committee, will have the powers which may be delegated by the Board of Directors, which in turn will determine the rules for the operation of the same.

The Chairman of the Board of Directors shall chair the Executive Committee. In the absence of the Chairman, his functions shall be exercised by the Vice Chairman, and if there are several, it depends on number priority, and in the absence of all of them, the Member the Committee designates from among its members.

It is borne to the following performance rules:

Translation into English. In the event of discrepancy, the Spanish language version prevails.

1. The Executive Committee will meet according to the schedule of meetings to be set at the beginning of each year and whenever the Chairman deems it appropriate in order to ensure the proper performance of the Committee.

2. Insofar, provided not incompatible with their nature, provisions of the Bylaws relating to the convening of meetings shall apply.

3.Executive Committee will be quorate when at least half of its members are present or represented. Whenever Directors Member of the Executive Committee cannot personally attend the meeting, Directors may delegate their representation to another attendee members by letter addressed to the Chairman.

4.Meetings shall be chaired by the Chairman of Board. In the absence of the Chairman, his duties shall be exercised by the Deputy-Chairman, and in the event of being several priorities, these shall be set out by number, and in default of these, the Director appointed by the Committee from among its members to fulfil this function.

5.Secretary and Deputy Secretary of the Board of Directors shall act as Secretary and Deputy-Secretary of the Executive Committee and, in the event of being several priorities shall be set out by priority number, and in the absence of these, the Director appointed by the Commission from among its members to fulfil this function.

6.Agreements shall be adopted by majority Resolutions shall be adopted by an absolute majority of those present at the meeting.

7.The Executive Committee may pass resolutions without a calling a meeting pursuant to the same conditions of the Board.

Notwithstanding the foregoing, the Board of Directors may establish any additional rules or operating rules applicable to the Executive Committee.

The Board of Directors shall have knowledge of matters discussed and any decisions adopted by the Executive Committee.

Similarly, the Board of Directors may constitute, if so, it is deemed desirable or necessary, other commissions, including and an Audit Committee and an Appointments, Remunerations and Good Governance Commission.

Without prejudice to the possible attribution of other functions decided by the Board of Directors, advisory committees have powers of information, advisory and proposal on matters determined by the following articles, as well as in any other established by the Board of Directors. The powers of the commissions do not mean that the Board may decide on these issues on its own initiative.

The chairman of each Committee shall be appointed from among its members by the Board of Directors and must an independent director.

The Secretary is the Secretary of the Board of Directors. In the event of the absence or disability of the Secretary, there is a Deputy Secretary and, if not, whoever is appoint by the Committee from among its members. In matters not provided, standards established by this regulation in relation to the Executive Commission apply as long as they are consistent with the nature and function of the Committee concerned.

Audit Committee

Name	Position	Category
MR RAMÓN BARRAL ANDRADE	CHAIRMAN	Independent
MR JOSE MANUEL OTERO NOVAS	DIRECTOR	Independent
MR ALTINA DE FÁTIMA SEBASTIÁN GONZÁLEZ	DIRECTOR	Other independent

% of executive directors	0,00
% of proprietary directors	0,00
% of independent directors	66,67
% of other external directors	33.33

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

Article 33 of the By-laws and Articles 15 and 16 of the Board of Directors' Regulations deal with the Audit Committee.

The audit Committee shall be composed exclusively of non-executive directors appointed by the Board of Directors, two of whom, at least, shall be independent directors and one of them shall be appointed taking into account the knowledge and experience in the field of accounting or audit or both.

The Chairman of the Audit Committee will be appointed from among the independent directors who forma part of the Committee and must be replaced every four years, and may be re-elected once after a period of one year from its cessation.

The mandate of members of the Committee shall end by replacement, for the end of the period which they were appointed for, by own will or by the loss of the condition of member.

The legal consultant shall also be member of the Committee, with voice yet without vote. The Secretariat of the Committee shall be the Secretary of the Board of Directors.

Any member of the management team or staff of the company must attend the meetings if required to do so. External auditors may also be required to attend a meeting.

The Committee has powers regarding the information, monitoring, advisory and proposal of matters within its competence.

The Audit Committee shall meet whenever called by its Chairman, who shall do so whenever the Board of Directors, the Chairman or two members of the Audit Committee require so and whenever it is deemed convenient for the proper exercise of its functions. In any case, the Audit Committee shall meet not less than four times a year.

The Chairman of the Audit Committee shall chair the meetings and lead the discussions. The Audit Committee's meeting is understood to be validly constituted when attended by the most of its members, with a minimum of three.

Provisions set out by the by-laws apply for the running and calling of meeting of the Audit Committee.

The Audit Committee shall prepare an annual report on its activities to be included within the management report of the company.

The responsibilities of the Committee are:

To inform the General Meeting of Shareholders on the issues raised regarding matters within its competence.
To supervise the efficiency of the internal control system of the Company, internal audit and risk management systems.
To supervise the elaboration of financial information.
To propose the Board of Directors, for its subsequent submission to the General Meeting, the appointment of external auditors, the terms of the contract, the scope of the mandate and, its termination or non-renewal.
To maintain relations with external auditors to receive information on any issues that may jeopardize their independence and any others matters related to the development process of the audit and other communications provided, if applicable, by auditing legislation and technical auditing standards.
To issue on an annual basis, prior to the issuance of the auditor's report, a report regardless the auditor's impressions.
To inform, previously, the Board of directors of all issues applicable by law, by-laws and regulations of the Board regarding:

Financial information to be released regularly.
The creation or acquisition of stakes in special purpose vehicles.

In the exercise of its functions, the Audit Committee may request the assistance of experts whenever it considers that, for reasons of independence or specialization, technical means of the company are not sufficient.
In addition, the Committee may request the collaboration of any employees or directors of the company.

Identify the directors who are member of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date that the Chairperson of this committee was appointed.

Name of directors with experience	MR RAMÓN BARRAL ANDRADE / MR JOSE MANUEL OTERO NOVAS / MS ALTINA DE FÁTIMA SEBASTIÁN GONZÁLEZ
Date of appointment of the chairperson	21/06/2018

International Executive Committee

Name	Position	Category
MR ROBERTO ÁLVAREZ ÁLVAREZ	DIRECTOR	Independent
MR JACINTO REY GONZÁLEZ	CHAIRMAN	Executive
MR JACINTO REY LAREDO	DIRECTOR	Executive
MR JAVIER REY LAREDO	DIRECTOR	Executive
MR NASSER HOMAID SALEM ALI ALDEREI	DIRECTOR	Other external

% of executive directors	60,00
% of proprietary directors	0,00
% of independent directors	20.00
% of other external directors	20.00

Explain the duties exercised by this committee, different from those indicated under C19, describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

Article 18 (2) of the regulations of the Board of Directors reflects the composition, functioning and internal regulation of the International Executive Committee.
Composition.
The International Executive Committee will comprise a maximum of twelve members, who shall be appointed by the Board of Directors under the unique proposal of the Chairman.
The members of the International Executive Committee shall be either members of the Board of Directors, as directors, or either technicians, with the character of international advisors or sector experts, especially appointed for this function.
The International Executive Committee is responsible for the information, monitoring, advisory and proposal of matters of its competence in the international arena. The Committee will be chaired by the Chairman of the Board of Directors. The resolutions of the Committee, adopted with the Chairman, shall be considered as legal decisions by the Chairman in accordance with the delegated powers of the Board.
The members of the International Executive Committee shall cease by substitution, the termination of the period which they have been appointed for, willingly or by loss of the condition of Member.
The International Executive Committee shall meet whenever the Chairman deems it appropriate. The sessions of the Committee may be plenary or by sections, consisting the latter in private meetings with the members invited in each case by the Chairman, in response to a variety of countries, areas of specialization or sectors of activity.
Competencies:
Without prejudice to other tasks assigned by the Board of Directors, the International Executive Committee shall have the following powers:
(a) To collaborate in the development of the Group's international area in all its divisions, both in construction and in concessions, energy and real estate projects and urban or any other type of business.
b) To contribute to the increase of the international relations of the Group with public and private, local and international partners.
(e) To search for new business opportunities and projects, elaborate proposals for foreign, either public or private, institutions, and other entities that develop projects worldwide.
(d) To raise capital and investment financing for international projects.
(e) To propose projects with the appropriate partners.

C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors							
	Year 2019		Year 2018		Year 2017		Year 2016	
	Number	%	Number	%	Number	%	Number	%
Appointments Committee	0	0.00	0	0.00	0	0.00	0	0.00
Executive Committee	0	0.00	0	0.00	0	0.00	0	0.00
Audit Committee	1	33.33	1	33.33	1	33.33	1	33.33
International Executive Committee	0	0.00	0	0.00	0	0.00	0	0.00

C.2.3 State, where applicable, the existence of any regulations governing Board committees, where these regulations may be found, and any amendments made to them during the year. Also state whether any annual reports on the activities of each committee have been voluntarily prepared.

The commissions of the Board are borne to the following articles of the by-laws: Article 31 Executive Commission, Article 33 Audit Committee and Article 34 Appointment, Remuneration and Good Governance Commission. And the Following articles from the Board of Directors' Regulations: Article 14 Executive Commission, Articles 15 and 16 Audit Committee, Articles 17 and 18 Appointment, Remuneration and Good Governance Commission and 18 82) International Executive Committee.

Documents for each commission are available online.

Reports on their activities are issued on an annual basis.

D. RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1. Describe, if applicable, the procedure and competent bodies for approval of related-party and intragroup transactions

Article 32 of the Board of Directors Regulation – Intragroup transactions

All the transactions executed by the Company, either direct or indirectly, with Members of the Board, significant shareholders or representatives of Members of the Board, require the authorisation of the Board and the prior approval of the Appointment, Remuneration and Good Governance Committee, unless for daily business common transactions.

Transactions referred to in the previous paragraph must comply with principles of equal treatment and market conditions and shall be listed in the Annual Good Governance Report and public information released according to applicable standards and regulations.

Persons connected to members of the Board are those fulfilling requirements by law for such consideration.

D.2. Describe any transactions which are significant, either because of the amount involved or subject matter, entered into between the company or entities within its group and the company's significant shareholders:

Name of significant shareholder	Name of company or entity within the group	Nature of the relationship	Type of transaction	Amount (thousand euros)
PINOS ALTOS XR, S.L.	Grupo Empresarial San José, S.A.	Commercial	Provision of services	113
PINOS ALTOS XR, S.L.	Xornal de Galicia, S.A.	Commercial	Financing agreements: loans	1.193
PINOS ALTOS XR, S.L.	Carlos Casado	Comercial	Provision of services	22
PINOS ALTOS XR, S.L.	Constructora San José, S.A.	Comercial	Provision of services	164

D.3. Describe any transactions which are significant, either because of the amount involved or subject matter, entered into between the company or entities within its group and the directors or officers of the company:

Name of director or manager	Name of the related party	Relationship	Type of transaction	Amount (thousand euros)
MR NASSER HOMAID SALEM ALI ALDEREI	Tecnocontrol General Contracting LLC San José Contracting LLC	Shareholder	Other	38

Name of director or manager	Name of the related party	Relationship	Type of transaction	Amount (thousand euros)
MR PEDRO ALLER ROMÁN	Grupo Empresarial San José, S.A.	Carlos Casado	Financing agreements: loans	75

D.4. Report any material transactions carried out by the company with other entities belonging to the same group, provided that these are not eliminated in the preparation of the consolidated financial statements and do not form part of the company's ordinary business activities in terms of their purpose and conditions.

In any event, note any intragroup transaction conducted with entities established in countries or territories which are considered tax havens:

Name of entity within the group	Brief description of the transaction	Amount (thousand euros)
NA		N.A.

D.5. Describe significant transactions conducted with other related parties that have not been reported in the previous sections.

Name of the related party	Brief description of the transaction	Amount (thousand euros)
NA		N.A.

D.6. Describe the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management or significant shareholders.

The Board of Directors Regulations details the general obligations and commitments of the members pursuant to Article 225 and the following articles of the Companies Act.

Article 28 – General obligations

1. Directors shall fulfil functions and obligations in compliance with applicable laws and by-laws, taking into consideration the nature of the position and the main functions attributed to each of them.
2. Directors shall be devoted to their position and adopt all necessary measures for the smooth performance and control of the Company.
3. Within its functions, the Members shall request all Company Information for the fulfilment of the obligations.
4. Directors shall perform their functions according to loyalty and good faith practises and for the interest of the company.

Loyalty commits Directors to:

a) Not to use powers for purposes other than those for which they have been granted to.
b) Keep secret all information, data, reports and records released within the performance of this position, even after its office, unless requested by law.
c) Not to take part in the decision-making process of the any issues, agreements or decisions which the director or any other person linked to the same may be interested in, either directly or indirectly. Decisions affecting his condition as member are excluded, such as the renewal or cessation of Directors.
d) To develop the tasks and functions under the principle of personal liability regardless any third parties.
e) To adopt as many measures may be deemed necessary so as not to incur in any conflict of interest with the company.

The commitment to not face any conflict of interest, obliges the Member:

a) Not to perform transactions with the Company, other than ordinary transactions, under standard conditions for clients, understanding as such those which request equity, or financial information of the Company.
b) Not to use the name of the Company or the condition of Director to force any private transactions.
c) Not to use company assets, even confidential information of the company, with private purposes.
d) Not to take advantage of the Company's business opportunities.
e) Not to get any advantages or disadvantages from third parties other than courtesy events.
f) Not to develop activities which may involve direct or indirect competence with to the company or represent a conflict of interest.

Art. 29 Confidentiality, Article 30 – non-competence, Article 31 – Conflict of interest, Article 32 – Associate transactions.

Article 33 – Confidential information, Article 34 - Waiver of rights by Members.

D.7. Indicate whether the company is controlled by another entity within the framework of Article 42 of the Commercial Code, listed or not, and has, directly or through its subsidiaries, business relationships with said entity or any of its subsidiaries (other than those of the listed company) or develops activities related to those of any of them.

[ ] Yes
[√] No

E. RISK MANAGEMENT AND CONTROL SYSTEMS

E.1. Explain the scope of the company's Risk Management and Control System, including tax compliance risk.

Grupo SANJOSE is a group of companies operating globally in various fields of activity: construction, concessions, maintenance, real estate, etc.

To do this, it has a local address in each of the countries where it is present, with professionals with great experience and knowledge related to the country and the type of activity. Additionally, it has support and control departments at central level, located at the Group's headquarters in Madrid, highlighting mainly the Tax and Consolidation and Audit Department.

The scope of the risk management system covers the entire Group, regardless of the activity and / or geographical region.
The Internal Audit Department of the Group, based on the principles of:

-Integral management of risk.

-Valuation of risks and establishment of the level of risk assumed.

-Respect for the ethical code and anti-corruption, and

-Consistence and coherence of the internal control system of financial information, identifies and evaluates the risks which it is exposed to. This process allows to identify in advance and assess the risks which the Group is exposed to, based on its probability of occurrence and its potential impact on the strategic objectives of the business, in order to take management and assurance measures tailored to the nature and location of the risk.

The Board of Directors approves the policy on control and risk management that the Audit Committee, or other special according to the matter, analyses and evaluates together with the reports of the Internal Audit Department.

E.2. Identify the bodies within the company responsible for creating and executing the Risk Management and Control System, including tax compliance risk.

Without prejudice to the supervisory functions that correspond to the Board according to the Law and the Articles of Association, the Board of Directors and the Audit Committee supervise the work carried out by the different departments of the Group for the purpose of correct application of the Internal Control System.

The Group has a risk management policy and has approved the periodic monitoring of internal information and control systems. This function is transferred to the Audit Committee, which periodically checks the correct design and development of the internal control system.

In the preparation and execution of the risk management system, it is particularly important that all business divisions and the management of the investee companies identify and assess the risks, including those of a fiscal nature, that they face in achieving their objectives. of business, in order to identify in advance, the mitigating measures that minimise or eliminate the possibility of occurrence of the risk and its possible impact on the Group's objectives.

E.3. State the primary risks, including tax compliance risks, and those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant, which may affect the achievement of business objectives:

The main risks which the Group is exposed to, arising from the type of activity it carries out and related to the risks inherent to the markets where it operates, which affect the development of the Group's strategy, its ability to create value and, in general, the achievement of its objectives, are the following:

-Mark risk: in particular, those related to the demand for services and products offered by the Group. The slowdown in growth in economic activity worldwide as a result of the economic and financial crisis has reduced the demand for infrastructure and construction in general. This circumstance increases competition, with the consequent increase in price pressure and reduction of margins.

- Regulatory and political risk: relating to compliance with legal requirements that affect the development of the activity. The number of countries in which the Group operates is high, being subject to the regulatory framework of each country. Additionally, some of the assets managed by the Group are subject to specific regulation, considered in the preparation of their business plans. There may be unforeseen regulatory or legislative changes that may modify the legal and regulatory environment, conditioning the Group's ability to manage and capitalize on its businesses.

In certain cases, the Group's adequate and complete business development may be affected and conditioned by political decisions or changes in governance structures that may be contrary to the interests of the Group, increasing the difficulty of achieving the business plan.

-Safety of information and cyber-attacks: occurrence of criminal acts, cybernetic in nature, that may affect their assets and suppose prolonged paralysis of operations.

-Work conflict: provision of labour-intensive services, diversity of geographical locations and applicable labour laws. Possibility that individual or collective conflicts may arise with employees that damage the productive capacity of the Group and / or the corporate reputation.

-Financial risk: exposure to credit risk, liquidity risk, exchange rate risk and interest rates.
-Risk operational: The Group's activity consists mainly of the design, development and management of construction projects.

The Group is endowed with very demanding controls in order to ensure the proper development of its activity, and the provision of services of maximum quality to its customers. Compliance with the quality levels and delivery deadlines of the goods and services provided by the Group.

-Breach of contract with third parties: potential breach of contractual obligations assumed with third parties (customers, suppliers, financial entities, public administrations, etc.) that may cause sanctions or endanger the continuity of the projects and / or the Group's financial position.

-Damage to the environment: actions that may have a potential negative impact on the environment and the natural environment in which the Group develops its activity.

-Risk of fraud and corruption: the diversity of projects, geographical locations and the high number of clients, suppliers, workers and, in general, interest groups with which they interact, expose the Group to the risk of fraudulent practices that pursue a profit at the expense of generating a direct financial loss to the Group, or to any of the members of the related interest groups.

E.4. State whether the entity has a risk tolerance level, including tolerance for tax compliance risk.

Grupo SANJOSE has a level of risk tolerance, including tax risks, consistent with the expected profitability.

Taking into account the strategic objectives of the Group and the strategic lines for its achievement, the acceptable level of risk for each risk group, type of business and geographical location is approved, as well as the permitted deviation levels. The acceptable risk levels are periodically updated in line with the variations in the corporate strategy and the business risk profile.

The combination of the impact and the probability of occurrence determines the level of severity of the risk.

E.5. State which risks, including tax compliance risks, have materialised during the year.

The main risks which the Group has been exposed to in 2020 were as follows:

-Financial risk - exposure to the exchange rate: during year 2020 there has been a significant depreciation of the Argentine peso, increasing that of previous years. Likewise, and due to the high levels of inflation accumulated in recent years since 2018, international organisations have classified the Argentine economy as hyper-inflationary.

- Contract non-compliance: During the month of February 2020, the client unilaterally terminated the contract "Improvement of the Checca-Mazocruz section highway". The Group considers that the reasons alleged by the client lack foundation and legitimacy and, consequently, it has implemented all the mechanisms contemplated in the contract to defend its interests.

-Risk of market - Increase in prices of productive resources during the last years and as a consequence of the recovery and reactivation of the world economy, in particular the Spanish economy, a generalised increase in the price of productive resources which has been materialised, negatively affecting the Group. During 2020, the effect has been mild due to COVID-19 health crisis.

E.6. Explain the response and monitoring plans for all major risks, including tax compliance risks, of the company, as well as the procedures followed by the company in order to ensure that the board of directors responds to any new challenges that arise.

The internal control system is mainly focused on: i) identifying the risks which the Group may be exposed to by the intrinsic characteristics of the activity or markets where it operates, ii) quantifying its potential impact, iii) defining action policies to meet defined objectives, iv) establishing the necessary controls to minimise possible contingencies that may arise, and create actions or responses to those contingences once occurred.

In this regard, monitoring and response plans for major risk events are:

- Upon the risk of demand: the commercial department has multiple instruments to detect and evaluate new business opportunities, establishing regular procurement meetings, and being in full coordination with the Production Management.

- Upon the risk of information security and cyber attacks: the IT department is endowed with the material elements and protocols to guarantee back-ups and security of information, limitation in access to systems, etc.

- Upon the risk of work conflict, the Group is endowed with a human resources department that, in a centralised manner, establishes recruitment, training, professional follow-up policies, etc., in a coordinated manner with local personnel departments in each of the geographical locations where it operates, establishing as a main objective compliance with labour legislation and respect for workers' rights.
  Additionally, and in coordination with the Human Resources and Production Division, the Occupational Risk Prevention Division stands out, whose main objective is to maximise the level of safety and protection of workers in the different work centres.

- Upon financial risks:
  1. Liquidity risk: activity budgets are carried out and monitored periodically, specifically, treasury estimates, daily, weekly and monthly.
  2. Interest rate and exchange rate risk: the Group's policy is to obtain financing at local level, and in the currency which the flows and rents derived from the development of the activity are obtained in. When it is not feasible to contract fixed interest rates, the contracting of derivative financial instruments is valued.
  3. Credit risk: the Group has a credit risk management department, that assesses the solvency of the clients beforehand, and establishes credit limits for each one.

- Risk of production: a supervision and authorisation system is established with the objective of not assuming risk positions in bids submitted, as well as in the production and development stage of works.

- Upon environmental risk, the Group periodically carries out external audits of quality and environment, in order to confirm that the proper procedures are maintained to guarantee that, in the development of the activity, either directly or through subcontractors, the environment is respected.

- Risk of fraud and corruption: a very strict system is established in the granting of powers to the governing body and employees of the Group, as well as in the realisation and control of payments. The Group has a code of conduct and an anti-corruption policy that, among other measures, establishes the creation of a whistleblower channel.

F. INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATED TO THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)

Describe the mechanisms comprising the System of Internal Control over Financial Reporting (ICFR) of your company.

F.1. Control environment

Report on at least the following, describing their principal features:

F.1.1 The bodies and/or departments that are responsible for (i) the existence and maintenance of an adequate and effective ICFR; (ii) their implementation; and (iii) their supervision.

The Internal Control System on Financial Information (ICFR) of the Group is based on the principles and good practices of the reports published by the Committee of Sponsoring Organisations of the Tread way Commission (COSO) that sets out the main guidelines for the implementation, management and control of a system of internal control and corporate risk management.

The Board of Directors formally assumes the ultimate responsibility for the existence and correct application of Internal Control Systems on Financial Information.

The Board of Directors' role is to approve the risk control and management policy, and the regular monitoring of internal information and control systems Said function has been transferred to the Audit Committee, who should be informed of controls implemented by the Financial Department. For controls which may be considered appropriate, especially those made directly by the Finance Department and with a high element of subjectivity, the Board of Directors will require the implementation of appropriate control procedures.

The design, implementation and operation of ICFR is the responsibility of the General Directorate of Administration and Finance Group, as set forth the San Jose Group Oversight Policy of ICFR.

Internal Audit Management of Grupo SANJOSE shall be responsible for the monitoring and control of said functions, as well as any other functions entrusted by the Board of Directors.

F.1.2 State whether the following are present, especially if they relate to the creation of financial information:

Departments and/or mechanisms in charge of: (i) design and review of corporate structure; (ii) clear definition of lines of responsibility and authority with an adequate distribution of tasks and functions; and (iii) assurance that adequate procedures exist for proper communication throughout the entity.

In accordance with the provisions of the Regulations of the Group's Board of Directors, among other assigned functions, the Appointment, Remuneration and Corporate Governance Committee is responsible for examining and organising the succession of the Chairman of the board of directors and the chief executive of the company and, where appropriate, make proposals to the board of directors so that said succession takes place in an orderly and planned manner.

Likewise, this Commission is responsible for informing the proposals for the appointment and dismissal of senior management.

Additionally, the board of directors, with the advice and participation of the Human Resources Department, as well as any other management members, responsible for setting the organisational structure in terms of the first line of the organisation. In turn, the latter are responsible for setting changes in the organisational structure under their respective dependencies, in coordination and following the advice from the Human Resources Department, and with prior authorisation from the board of directors.

With regard to the units and departments that directly intervene in the process of preparing and controlling financial information, the General Management and Finance Division of the Group are responsible for the design and definition of the organisational structure, establishing the main lines of responsibility and authority, with an adequate distribution of tasks and functions. In this, the intervention and advice of the Human Resources Department is essential.

The Group has a section on the Intranet where the organisation chart and the functions of the main area managers are published. Access to such content is restricted according to the type of user.

Code of conduct, the body approving this, degree of dissemination and instruction, including principles and values, (state if there is specific mention of transaction recording and creation of financial information), a body charged with analysing breaches and proposing corrective actions and sanctions.

Grupo SANJOSE has an Organisation and Management Model for the Prevention of Crimes that has as its main objective to institutionalise the corporate ethical culture of the Group, which is oriented towards the compliance with the regulatory framework and the development and improvement of corporate social responsibility.

The Model is mainly composed of a Code of Conduct and the Anticorruption Policy, being approved by the Group's Board of Directors, and informed to the rest of the organisation, published on the Group's corporate website.

It contemplates formative actions that shall affect the whole of the organisation, so that the adequate diffusion, understanding and commitment of all the affected agents is guaranteed.

The principles that constitute the sources which the Code of Conduct of the Group is based on, are those included in the United Nations Global Compact in the area of human rights, which are the following:

To support and respect the protection of internationally proclaimed human rights.
To not be complicit in human rights abuses.
To uphold the freedom of association and the effective recognition of the right to collective bargaining.
To eliminate all forms of forced and compulsory labour.
To effectively abolish child labour.
To eliminate the discrimination in respect of employment and occupation.
To support a precautionary approach to environmental challenges.
To undertake initiatives to promote greater environmental responsibility.
To encourage the development and diffusion of environmentally friendly technologies.
To work against corruption in all its forms, including extortion and bribery.

The Model considers as a basic pillar to ensure an adequate compliance culture, the existence of a series of tools, manuals, protocols and procedures that the Group has implemented, which allow mitigating the risk of default or violation. It is worth highlighting the existence of computer control tools implemented in the Group, especially the ERP: Sigrid Gestión. It is a computer system aimed at management and planning of resources and business activities. It provides a complete computer system that, among others, includes the management of human resources, the planning and control of financial resources, commercial management, the integral management of works and projects, etc. In particular, it provides a powerful support for the registration of financial information and document management, ensuring an adequate and complete system of registration, documentation and approval of transactions.

The ERP becomes a key element in the internal control system, especially in the system of internal control of financial information.

The body in charge of analysing potential breaches and proposing, if necessary, corrective actions and sanctions is the Surveillance Body. It is a body of internal character in charge of supervising the operation and compliance of the Model through the execution of, among others, the following functions:

-Revision of the adequacy of the Model and promotion of its update whenever it considers it appropriate.
-Promotion of the dissemination of the Model and supervision of the training activities carried out.
-Reception and management of complaints received through the Whistleblowing Channel.
-Instruction of internal review processes that are carried out when there is any indication of unlawful acts.
-Inform the Board of Directors.

The Supervisory Body is appointed by the Board of Directors, following a report from the Appointment, Remuneration and Good Governance Committee, and enjoys full autonomy and independence for the performance of its functions.

Whistleblower channel, that allows notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, reporting, as the case may be, if this is of a confidential nature.

The Organisation and Management Model for the Prevention of Crimes established by the Group contemplates, among others, the existence of a whistleblowing channel.

The administrators, executives and employees of the Group have the obligation to inform the Surveillance Body of any fact that they have knowledge that may constitute an offense or breach of the Model and the controls which the Model refers to (Code of Conduct, Anti-Corruption Policy, and other tools, manuals, protocols and internal procedures).

For the reporting of allegedly unlawful or constitutive acts of noncompliance (including irregular conduct of a financial, accounting or any other similar nature), the complainant may use any of the following channels, constituting the group's whistleblower channel:

-By email, at the address established by the Group for these purposes.

-By telephone through a personal interview or conversation with the Compliance Officer.

Regardless of the formula chosen by the complainant, the Group fully guarantees the confidentiality of the identity of the complainant.

The Compliance Officer shall implement whatever measures deemed appropriate so as to assess, analyse and resolve the complaints, for what he may rely, on absolute discretion and confidentiality, on the support and advice on internal and/or external advisors.

With regards to accounting and financial irregular conducts, the Surveillance Body shall report the issue to the Audit Committee.

Training and periodic refresher programmes for staff involved in the preparation and revision of financial information, as well as assessment of the ICFR (Internal Control System for Financial Information), that covers at least accounting rules, audits, internal control and risk management.

Staff of Grupo SANJOSE involved in the preparation and review of financial information and the assessment of the ICFR receives training and updating of the regulations and good practices necessary to guarantee the reliability of the financial information generated.

F.2. Assessment of financial information risks

Report on at least the following:

F.2.1 The main characteristics of the risk identification process, including error and fraud risk, as regards:

Whether the process exists and is documented.

The identification of risks is one of the most important stage in the overall process of the ICFR of Grupo SANJOSE.
It has a double objective: a) To guarantee with reasonable security the reliability of the financial information provided to the market and, b) To support the responsibilities of the people involved in the preparation of the financial information.

The presence of the SANJOSE Group in various business areas and in different countries with different regulatory, political and social environments means that there are risks to be identified and managed of a very varied nature. These are identified and analysed in the first instance by the General Management and Board of Directors of the Group, in order to adequately define the registration and control processes of the information and documentation, or to include the modifications to existing processes, in demand of the specific characteristics of the business to be carried out or of the regulatory framework of the country where the activity is carried out.

Additionally, among the works scheduled in the Group's Audit Plan, a review of the financial / accounting magnitudes of each unit that makes up the Group is included, as well as the most relevant transactions that may have been carried out, with a relatively high frequency throughout the year. In this work carried out by the Group's Internal Audit Department, the identification of risks, including errors or fraud, is particularly important, affecting the review processes contemplated in the Annual Audit Plan.

Annually, included as part of the Group Audit Plan that is presented to the Audit Committee for its approval, the Internal Audit Department identifies, evaluates and updates the risks which the Group is exposed to, and proposes the proposed actions for review and control.

If the process covers all of the objectives of financial information, (existence and occurrence; completeness; valuation; delivery; breakdown and comparability; and rights and obligations), whether it is updated and with what frequency.

The identification and assessment of risks carried out by the Group covers all the objectives of the financial information: existence and occurrence, integrity, valuation, presentation, breakdown and comparability, rights and obligations.

The identification and evaluation of risks is carried out by the Administration and Finance Department, in a continuous manner, in response to the modifications that may occur in the Group's activity or business (new businesses, new locations, etc.). guaranteeing its adequate updating.

Additionally, the Internal Audit Department, on a monthly basis, reviews the main risk indicators that it has established, in order to guarantee the work previously carried out by the Administration and Finance Department.

The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex company structures, shell companies, or special purpose entities.

The Group relies on a documented internal process that guarantees the correct definition of the consolidation perimeter and the identification of any possible alteration that may affect it, through an adequate segregation of functions in the application, authorisation, communication and registration of any incorporation, merger, spin-off, acquisition or sale transaction of companies, as well as of any other corporate transaction, that implies for its execution, directly, and in a coordinated manner, the Corporate Departments of Central Administration, Consolidation, Legal and Tax, among others.

This process considers the possible existence of complex corporate structures, instrumental entities or special purpose entities, among others, through the establishment of an adequate segregation structure of request, authorisation and communication functions to carry out any corporate transaction in the Group.

If the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.

The design of the ICFR of the Group is made from a global perspective, taking into account the possible effects of other risks (operational, technological, legal, reputational, environmental, etc.), including references and links to them.

The governing body within the company that supervises the process.

The Internal Audit Department of the Group is responsible for supervising the adequacy and correct application of the ICFR:

a) Follow up on the recommendations made and confirm their correct implementation by the General Directorate of Administration and Finance;

b) Issue an opinion (binding) on the changes proposed by the General Directorate of Administration and Finance, etc.

c) The General Directorate of Administration and Finance is responsible for periodically evaluating the ICFR, and ensuring its proper updating.

The risk identification process is presented, at least on an annual basis, by the Internal Audit Department to the Audit Committee for its supervision.

F.3. Control activities

State whether the company has at least the following, describing their main characteristics:

F.3.1 Review and authorisation procedures for financial information published by the stock markets and a description of the ICFR, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including financial closing procedures and the specific review of judgements, estimates, valuations and relevant forecasts.

The financial information and the description of the ICFR that is published in the securities markets is generated by the General Directorate of Administration and Finance. In the process of generating financial information, the control and authorisation procedures carried out by the different hierarchical and liability levels are particularly important.

The Internal Audit Department of the Group directly intervenes in the preparation of the individual and consolidated financial statements of each and every one of the companies that make up the Group and, in particular, of the financial information to be published periodically, reviewing and confirming the financial statements, as well as judgments, estimates, valuations and relevant projections taken into account by the General Directorate of Administration and Finance in its preparation.

As established in Article 16.7 of the Regulations of the Board of Directors of Grupo Empresarial San José, S.A., it is established as a function of the audit committee "to inform, in advance, to the board of directors, on all the matters foreseen in the Law, the bylaws and in the regulations of the board and, in particular, on: i) The financial information that the society must make public periodically. "

In the development of its functions, the audit committee requires explanations and / or documentation to the managers or workers they deem appropriate. In particular, the presence of the General Director of Administration and Finance and the Director of Internal Audit is required. Likewise, and at least referred to the half-year and annual closings, the presence of the external Auditor is required to confirm that said information is complete and that the criteria consistent with the previous annual closing have been followed.

Prior to its publication, the financial information is reviewed by the board of directors, based on the report presented by the chair of the audit committee. Additionally, it may require the presence, explanations and / or documentation to the people it deems appropriate and necessary to guarantee the goodness of the information to be published.

F.3.2 Internal IT control policies and procedures (access security, change controls, their operation, operational continuity, and segregation of duties, among others) which support relevant processes within the company and relate to the creation and publication of financial information.

El Grupo SANJOSE has policies, standards and procedures of internal control of information systems and security management set within the MSIS or Management System of Safety of Information Systems, in accordance with international standards, such as ISO 27001, ISO27002.

Access to information systems is managed in accordance with the job title of positions, limitations are established by applicable regulations and business needs in order to ensure the reliability of the information.

Following corporate policy, Companies of the Group, coordinated by the Director of Systems, define access profiles, modification, validation or query information based on each user's role, assigned under the criteria of an adequate segregation of duties.

Procedures have been established to ensure that installed software cannot be changed without specific permission. All information systems are protected against viruses and software updates are available to prevent hacking into information systems

F.3.3 Internal control policies and procedures intended to guide the management of activities subcontracted to third parties, as well as those aspects of assessment, calculation or evaluation entrusted to independent experts, which may materially affect financial statements.

As a general rule, Grupo SANJOSE performs management controls of activities which may affect the reliability of financial statements by the direct use of internal resources, avoiding outsourcing activities.

The management of assessment activities, calculation or assessment procedures commissioned to independent experts refer mainly to real estate appraisal. The selection of such companies is performed according to methods consistent with the criteria established by "The Royal Institution of Chartered Surveyors" in implementing International Assessment Standards.

The reports on assets assessment are subjected to an internal review process to verify the adequacy of hypotheses and most significant assumptions used, as well as its compliance with International Accounting and Assessment Standards.

F.4. Information and communication

State whether the company has at least the following, describing their main characteristics:

F.4.1 A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.

The accounting policies adopted by the Group are in accordance with the provisions of the International Financial Reporting Standards adopted in the European Union (IFRS-EU), taking into account all the principles and accounting standards and the criteria for valuation of mandatory application of the IFRS-EU.

Due to the complexity of the applicable accounting regulatory framework, as well as the relative frequency of changes in the standard, the Group places great importance on the function of defining, maintaining, interpreting and guaranteeing the application in a homogeneous manner.

This function is carried out in the General Administration and Finance Department, especially in the Consolidation Department, and there is full coordination with the Administration Department.

The Group has the appropriate procedures and mechanisms to transmit to the personnel involved in the process of preparing the financial information, the applicable performance criteria, as well as the information systems used in such processes.

F.4.2 Measures for capturing and preparing financial information with consistent formats for application and use by all of the units of the entity or the group, and which contain the main financial statements and notes, as well as detailed information regarding ICFR.

The Group's financial information is produced through a process consisting of aggregating individual financial statements for further consolidation in response to consolidation and accounting regulations on consolidated financial information publishing in the markets.

All of the units within the SANJOSE Group are required to submit detailed financial information using a single format and a CFO is responsible for each level of aggregation.

The Consolidation Department establishes the formats to use and analyses potential problems which may arise, reporting the same to the General Direction of Administration and Finance.

Virtually all of the Group's companies are integrated into the Group's ERP. This guarantees the accessibility to the accounting information at maximum detail, as well as the homogeneity in the application of the accounting policy. Additionally, in the process of aggregation and consolidation of the financial statements, the Group employs a computerised procedure, which includes multiple checks and automatic reconciliation of the information, in order to guarantee the security of the process and the integrity and goodness of the information processed in search of inconsistencies in the registered data, before its validation.

F.5. Supervision of system performance

Describe at least the following:

F.5.1 The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function that has among its mandates support of the committee and the task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible prepares the assessment reports on its results, whether the company has an action plan describing possible corrective measures, and whether its impact on financial reporting is considered.

Among the functions of the Audit Committee, the Board of Directors Regulation includes the monitoring of accounting and financial information, internal and external audit services and corporate governance.

The ICFR monitoring activities undertaken by the Audit Committee include the following:

-To approve the internal audit plan for the assessment of Internal Control Systems of Financial Information Reporting and receive regular information on worked performed and a corrective action plan.

- To monitor the independence and efficacy of internal auditing; proposing the selection, appointment, re-election and removal of the head of internal audit; proposing the department’s budget; receiving regular feedbacks on its activities; and verifying whether senior management is acting on the findings and recommendations of the reports.

- To review on a semi-annual and quarterly basis the preparation of financial statements.

The Group has an Internal Audit Department responsible for the assurance and consulting functions, among other, supporting the Audit Committee on monitoring the internal control system of financial reporting.

The Internal Audit Department submits to the Audit Committee its annual working plan, reports directly of all incidents identified in its development, proposing possible corrective measures on the same. Likewise, work progress is reported regularly, and especially of the possible incidents identified in the development of the same, also informing of the corrective measures applied by the organisation to avoid its future occurrence.

F.5.2 If there is a procedure by which the account auditor (in accordance with the contents of the Normas Técnicas de Auditoría (NTA) - “Auditing Standards”), internal auditor and other experts may communicate with senior management and the audit committee or senior managers of the company regarding significant weaknesses in internal control identified during the review of the annual accounts or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses found.

The Audit Committee maintains a stable and professional relationship with the external auditors of Grupo SANJOSE and the main Group companies, with strict respect for their independence. This relationship facilitates communication and discussion of significant weaknesses of internal control identified during the revision of financial statements.

In this regard, the Audit committee is regularly informed by the external auditor on the progress and findings of the auditing plan and to ensure that senior management act on its recommendations.

The Department of Internal Audit assesses correction measures regarding implementing time and method. The Internal Audit Department reports on a regular basis to the Audit Committee of the main weaknesses identified as well as the correction process implemented.

F.6. **Other relevant information.**

None

F.7. External auditor's report

Report on:

F.7.1 If the ICFR information submitted to the markets has been subject to review by the external auditor, in which case the entity shall include its report as an attachment. If not, reasons why should be given.

Grupo San Jose does not subject the ICFR information submitted to the markets to the review of external auditors

G. EXTENT OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's level of compliance with recommendations from the Good Governance Code of Listed Companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation should be included explaining the reasons in such a manner that shareholders, investors and the market in general have enough information to judge the company's actions. General explanations are not acceptable.

1. That the Articles of Association of listed companies do not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of shares on the market.

Complies [X]   Explanation [ ]

2. That, when the listed company is controlled, within the frameworks of Article 42 of the Commercial Code, by another entity, listed or not, and has, directly or through its subsidiaries, business relationships with said entity or one of its subsidiaries (other than those of the listed company) or carry out activities related to those of any of them publicly report with precision about:

   a) The respective areas of activity and eventual business relationships between, on the one hand, the listed company or its subsidiaries and, on the other, the parent company or its subsidiaries.

   b) The mechanisms envisaged to resolve eventual conflicts of interest that may arise

Complies [X]   Complies Partially [ ]   Explanation [ ]   Not applicable [ ]

3. That, during the course of the ordinary General Shareholders' Meeting, complementary to the distribution of a written Annual Corporate Governance Report, the chairman of the Board of Directors makes a detailed oral report to the shareholders regarding the most material aspects of corporate governance of the company, and in particular:

   a) Changes that have occurred since the last General Shareholders' Meeting.

   b) Specific reasons why the company did not follow one or more of the recommendations of the Code of Corporate Governance and, if so, the alternative rules that were followed instead.

Complies [ ]   Complies Partially [X]   Explanation [ ]

The Board of Directors informs the AGM of any relevant deviations from the recommendations of the Code of Corporate governance.

4. That the company has defined and promoted a policy of communication and contact with shareholders, institutional investors and proxy advisors that complies in all aspects with rules preventing market abuse and gives equal treatment to similarly situated shareholders. And that the company has made such a policy public through its web page, including information related to the manner in which said policy has been implemented and the identity of contact persons or those responsible for implementing it.

And that, without prejudice to the legal obligations for the dissemination of privileged information and other regulated information, the company also has a general policy regarding the communication of economic-financial, non-financial and corporate information through the channels it considers adequate (communication media, social networks or other channels) that contributes to maximizing the dissemination and quality of information available to the market, investors and other interest groups.

Complies [X]   Complies Partially [ ]   Explanation [ ]

The company is in the process of defining and drafting the new communication policy with shareholders, institutional investors and proxy advisors in order to adapt to the amendment of the Good Governance Code dated June 2020.

5. That the Board of Directors should not propose to the General Shareholders' Meeting any proposal for delegation of powers allowing the issuance of shares or convertible securities without pre-emptive rights in an amount exceeding 20% of equity at the time of delegation.

And that whenever the Board of Directors approves any issuance of shares or convertible securities without pre-emptive rights the company immediately publishes reports on its web page regarding said exclusions as referenced in applicable company law.

Complies [X]   Complies Partially [ ]   Explanation [ ]

6. That listed companies which draft reports listed below, whether under a legal obligation or voluntarily, publish them on their web page with sufficient time before the General Shareholders' Meeting, even when their publication is not mandatory:

a) Report regarding the auditor's independence.

b) Reports regarding the workings of the audit committee and the appointments and remuneration committee.

c) Report by the audit committee regarding related-party transactions.

Complies [ ]   Complies Partially [X]   Explanation [ ]

Reports referred to on sections b and c are not available on the company's website.

7. That the company reports in real time, through its web page, the proceedings of the General Shareholders' Meetings.

Complies [ ]   Explanation [X]

And that the company has mechanisms that allow the delegation and the exercise of the vote by telematic means and even, in the case of companies with high capitalisation and to the extent that it is proportionate, the attendance and active participation in the General Meeting.

Real time reporting is not deemed necessary due to the little capitalisation and the reduced releasing percentage. Article 19 of the General Meeting Regulations provides for the possibility for shareholders to cast their vote by mail or electronic communication.

8. That the audit committee ensures that the financial statements that the board of directors present to the general meeting of shareholders are prepared in accordance with accounting regulations. And that in those cases in which the account auditor has included any caveat in its audit report, the chairman of the audit committee clearly explains at the general meeting the opinion of the audit committee on its content and scope, becoming available to shareholders at the time of the meeting, together with the rest of the proposals and reports of the board, a summary of said opinion.

Complies [X]   Complies Partially [ ]   Explanation [ ]

9. That the company permanently maintains on its web page the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies [X]   Complies Partially [ ]   Explanation [ ]

10. That when a verified shareholder has exercised his right to make additions to the agenda or to make new proposals to it with sufficient time in advance of the General Shareholders' Meeting, the company:

a) Immediately distributes the additions and new proposals.

b) Publishes the attendance card credential or proxy form or form for distance voting with the changes such that the new agenda items and alternative proposals may be voted upon under the same terms and conditions as those proposals made by the Board of Directors.

c) Submits all of these items on the agenda or alternative proposals to a vote and applies the same voting rules to them as are applied to those drafted by the Board of Directors including, particularly, assumptions or default positions regarding votes for or against.

d) That after the General Shareholders' Meeting, a breakdown of the results of said additions or alternative proposals is communicated.

Complies [ ]   Complies Partially [ ]   Explanation [ ]   Not applicable [X]

11. That, in the event the company intends to pay for attendance at the General Shareholders' Meeting, it establishes in advance a general policy of long-term effect regarding such payments.

Complies [ ]   Complies Partially [ ]   Explanation [ ]   Not applicable [X]

12. That the Board of Directors completes its duties with a unity of purpose and independence, treating all similarly situated shareholders equally and that it is guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, and the promotion of continuity and maximisation of the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and in engaging in conduct based on good faith, ethics and a respect for commonly accepted best practices, it seeks to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders, as well as the impact of its corporate activities on the communities in which it operates and the environment.

Complies [X] Complies Partially [ ] Explanation [ ]

13. That the Board of Directors is of an adequate size to perform its duties effectively and collegially, and that its optimum size is between five and fifteen members.

Complies [X] Explanation [ ]

14. That the Board of Directors approves a selection policy devoted to favour a balance composition of the board and that:

a) Is concrete and verifiable.

b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the needs of the Board of Directors.

c) Favours diversity in knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of senior managers favour gender diversity.

That the resulting prior analysis of the needs of the Board of Directors is contained in the supporting report from the appointments committee published upon a call to the General Shareholders' Meeting submitted for ratification, appointment or re-election of each director.

The appointments committee will annually verify compliance with the selection policy of directors and explain its findings in the Annual Corporate Governance Report.

Complies [X] Complies Partially [ ] Explanation [ ]

15. That proprietary and independent directors constitute a substantial majority of the Board of Directors and that the number of executive directors is kept at a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

And that the number of female directors represents at least 40% of the members of the board of directors before the end of 2022 and thereafter, not previously being less than 30%.

Complies [X] Complies Partially [ ] Explanation [ ]

Proprietary and independent directors constitute a majority of 7 to 4 with respect to executive directors. Regarding the percentage of women members of the board of directors, during 2020 Grupo Empresarial San José has increased the number of female directors from one to two, by appointing Ms. Amparo Alonso Betanzos as director by co-option. With this, it advances in its purpose of increasing the number of women on the board of directors as circumstances allow.

16. That the percentage of proprietary directors divided by the number of non- executive directors is no greater than the proportion of the equity interest in the company represented by said proprietary directors

and the remaining share capital.

This criterion may be relaxed:

a) In companies with a high market capitalisation in which interests that are legally considered significant are minimal.

b) In companies where a diversity of shareholders is represented on the Board of Directors without ties among them.

Complies [X]   Explanation [   ]

17. That the number of independent directors represents at least half of the total number of directors.

Nonetheless, when the company does not have a high level of market capitalisation or in the event that it is a high cap company with one shareholder or a group acting in a coordinated fashion who together control more than 30% of the company's equity, the number of independent directors represents at least one third of the total number of directors.

Complies [X] Explanation [ ]

18. That companies publish and update the following information regarding directors on the company website:

a) Professional profile and biography.

b) Any other Boards to which the director belongs, regardless of whether the companies are listed, as well as any other remunerated activities engaged in, regardless of type.

c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.

d) The date of their first appointment as a director of the company's Board of Directors, and any subsequent re-election.

e) The shares and options they own.

Complies [X] Complies Partially [ ] Explanation [ ]

19. That the Annual Corporate Governance Report, after verification by the appointments committee, explains the reasons for the appointment of proprietary directors at the proposal of the shareholders whose equity interest is less than 3%. It should also explain, where applicable, why formal requests from shareholders for membership on the Board meeting were not honoured, when their equity interest is equal to or exceeds that of other shareholders whose proposal for proprietary directors was honoured.

Complies [ ] Complies Partially [ ] Explanation [ ] Not applicable [X]

20. That proprietary directors representing significant shareholders must resign from the Board if the shareholder they represent disposes of its entire equity interest. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors representing this shareholder.

Complies [X] Complies Partially [ ] Explanation [ ] Not applicable [ ]

Translation into English. In the event of discrepancy, the Spanish language version prevails.

21. That the Board of Directors may not propose the dismissal of any independent director before the completion of the director's term provided for in the Articles of Association unless the Board of Directors finds just cause and a prior report has been prepared by the appointments committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties attendant to his post as a director, fails to complete the tasks inherent to his or her post, or enters into any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or similar transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of the proportionate representation criteria provided for in Recommendation 16.

Complies [X] Explanation [ ]

22. That companies establish rules that oblige directors to inform and, where appropriate, to resign when situations that affect them arise, related or not to their performance in the company itself, that may harm its credit and reputation, and, in particular, that oblige them to inform the board of directors of any criminal case in which they appear as investigated, as well as their procedural vicissitudes.

And that, having been informed or the board having otherwise known any of the situations mentioned in the previous paragraph, examine the case as soon as possible and, taking into account the specific circumstances, decide, following a report from the appointments and remuneration, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the director or proposing the removal. And that it be reported on the matter in the annual corporate governance report, unless there are special circumstances that justify it, which must be recorded in the minutes. It without prejudice to the information that the company must disseminate, if appropriate, at the time of the adoption of the corresponding measures.

Complies [X] Complies Partially [ ] Explanation [ ]

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies in the case of the secretary of the Board of Directors, despite not being a director.

Complies [X] Complies Partially [ ] Explanation [ ] Not applicable [ ]

24. That when, either by resignation or by resolution of the general meeting, a director ceases in the position before the end of the mandate, he/she sufficiently explains the reasons for his resignation or, in the case of non-executive directors, his/her opinion on the reasons for the removal, in a letter that will be sent to all members of the board of directors.

    And that, without prejudice to the fact that all this is reported in the annual corporate governance report, insofar as it is relevant for investors, the company publishes the termination as soon as possible including sufficient reference to the reasons or circumstances provided by the counselor

Complies [X]   Complies Partially [ ]   Explanation [ ]   Not applicable [ ]

25. That the appointments committee ensures that non-executive directors have sufficient time in order to properly perform their duties.

    And that the Board rules establish the maximum number of company Boards on which directors may sit.

Complies [ ]   Complies Partially [X]   Explanation [ ]

The Company requires Members of the Board to devote time enough for the proper development of the tasks inherent to their position; the mechanism to achieve that is the remuneration system associated to the meetings of the Board, Commissions and the global allocation established by the Shareholders' Meeting.

Although the Regulation does not establish a maximum number of boards the Member may form part of, members of the board attending other boards are not frequent, so there is actually no need to limit it.

26. That the Board of Directors meets frequently enough so that it may effectively perform its duties, at least eight times per year, following a schedule of dates and agenda established at the beginning of the year and allowing each director individually to propose items that do not originally appear on the agenda.

Complies [ ]   Complies Partially [X]   Explanation [ ]

The board of directors, when approving the calendar of meetings, establishes 5 meetings with a pre-established date, regardless of whether necessary, for any reason, other meetings of the board may be held to deal with matters that are within its competence. 6 meeting were held in 2020.

The advice provided is quarterly in order to comply with the obligation to report financial information to the market. Likewise, another meeting of the board is foreseen coinciding with the date of the celebration of the annual general meeting, in case it is necessary to adopt or execute any resolution derived from said meeting.

Notwithstanding the foregoing, the bylaws of the company provide that the board of directors may also be called by the coordinating director with the possibility that the latter includes new issues on the agenda of a meeting already convened.

Likewise, the board of directors will meet when requested by directors who constitute at least one third of the members of the board of directors indicating the order of the day, for its celebration in the town where the registered office is located, if, prior request to the chairman, the latter without justified cause had not made the call in the term of a month.

For all the above, the company considers that the board of directors gather with the necessary frequency to perform with effectiveness its functions and does not consider it necessary to held a minimum number of eight meetings per year.

27. That director absences only occur when absolutely necessary and are quantified in the Annual Corporate Governance Report. And when absences occur, that the director appoints a proxy with instructions.

Complies [ ]   Complies Partially [X]   Explanation [ ]

The former director residing in India and the current director residing and the United Arab Emirates, do not usually attend the meetings of the board of directors or usually delegate their representation to another director

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes, upon a request from the protesting party.

Complies [X] Complies Partially [ ] Explanation [ ] Not applicable [ ]

29. That the company establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies [X] Complies Partially [ ] Explanation [ ]

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances require.

Complies [ ] Explanation [X] Not applicable [ ]

Despite the Company not having updating programmes, Members rely on information and pieces of advice from all areas of the Company with regards to their position. Likewise, they receive information on regulation news.

31. That the agenda for meetings clearly states those matters about which the Board of Directors is to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

    When, under exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall by duly recorded in the minutes.

Complies [X] Complies Partially [ ] Explanation [ ]

32. That directors shall be periodically informed of changes in equity ownership and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies [X] Complies Partially [ ] Explanation [ ]

33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out his duties required by law and the Articles of Association, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances so dictate.

Complies [X] Complies Partially [ ] Explanation [ ]

34. That when there is a coordinating director, the Articles of Association or the Board rules should confer upon him the following competencies in addition to those conferred by law: chair of the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; reflect the concerns of non- executive directors; liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and coordinate a succession plan for the chairman.

Complies [ ] Complies Partially [X] Explanation [ ] Not applicable [ ]

The coordinating director has powers to call a meeting of the Board or even add new issues to the agenda or an already called meeting, coordinate and gather all non-executive members and assess the current board.

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account the recommendations regarding good governance contained in this Code of Good Governance and which are applicable to the company.

Complies [X] Explanation [ ]

36. That the Board of Directors meets in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

a) The quality and efficiency of the Board of Directors' work.

b) The workings and composition of its committees.

c) Diversity of membership and competence of the Board of Directors.
d) Performance of the chairman of the Board of Directors and the chief executive officer of the company.

e) Performance and input of each director, paying special attention to those in charge of the various

Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the appointments committee.

Every three years, the Board of Directors will rely upon the assistance of an external advisor for its evaluation, whose independence shall be verified by the appointments committee.
Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group shall be specified in the Annual Corporate Governance Report.

Complies [ ] Complies Partially [X] Explanation [ ]

Up to date, the board has not deemed necessary to request the services of an external adviser to assess its performance.

37. When there is an executive committee with the presence of at least two non-executive directors, at least one of them being independent; and that its secretary is the secretary of the board of directors.

Complies [ ] Complies Partially [ ] Explanation [X] Not applicable [ ]

The Executive Commission consists of three executive directors and an independent member since it is understood to be the best arrangement in order to meet management needs.

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies [ ] Complies Partially [X] Explanation [ ] Not applicable [ ]

Minutes of the Executive Commission are available for directors.

39. That the members of the audit committee as a whole, in particular its chairman, are appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, and both financial and non-financial.

Complies [X] Complies Partially [ ] Explanation [ ]

40. That under the supervision of the audit committee, there must be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.

Complies [ ] Complies Partially [X] Explanation [ ]

The Company has a unit that assumes the internal audit function that ensures the proper functioning of the information and internal control systems. Although functionally dependent on the general manager, it is available to the chairman of the audit commission for any questions or tasks that may be entrusted to him.

41. That the head of the unit that assumes the internal audit function presents to the audit committee, for its approval by the latter or by the board, its annual work plan, informs it directly of its execution, including possible incidents and limitations to the scope that are presented in its development, the results and the follow-up of its recommendations and submits an activity report at the end of each year.

Complies [X] Complies Partially [ ] Explanation [ ] Not applicable [ ]

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1. With regard to information systems and internal control:

a) To supervise and evaluate the process of preparation of the financial and non-financial information, as well as the control and management systems of financial and non-financial risks related to the company and, where appropriate, to the group - including operational , technological, legal, social, environmental, political and reputational or related to corruption issues - reviewing the compliance with regulatory requirements, the proper delimitation of the consolidation perimeter and the correct application of accounting criteria.

b) To ensure the independence of the unit that assumes the internal audit function; to propose the selection, appointment and removal of the person in charge of the internal audit service; to propose the budget for this service; to approve or propose approval to the board of the guidance and annual work plan of internal audit, ensuring that its activity is primarily focused on relevant risks (including reputational risks); to receive periodic information about your activities; and verify that senior management takes into account the conclusions and recommendations of its reports.

c) To establish and supervise a mechanism that allows employees and other people related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report potentially significant irregularities, including financial and accounting irregularities, or of any other nature, related to the company that they notice within the company or its group. Said mechanism must guarantee con fi dentiality and, in any case, foresee cases in which communications can be made anonymously, respecting the rights of the complainant and the accused.

d) Generally, to ensure that the policies and systems established in the field of internal control are applied effectively in practice

2. With regard to the external auditor:

a) In the event that the external auditor resigns, examine the circumstances which caused said resignation.

b) Ensure that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.

c) Insist that the company file a relevant fact with the CNMV when there is a change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.

d) Ensure that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks accomplished and regarding the development of its accounting and risks faced by the company.

e) Ensure that the company and the external auditor comply with applicable rules regarding the rendering of services other than auditing, proportional limits on the auditor's billing, and all other rules regarding the auditor's independence.

Complies [ ]   Complies Partially [X]   Explanation [ ]

The company considers that the bylaws and the regulations of the board of directors regulate sufficiently the functions of the audit committee, therefore its modification has not been considered necessary to adapt them to the literal text of the recommendations.

As announced in the Corporate Governance Report of previous years, the company has established the procedure that allows employees to carry out the communication provided in section 1 c) of recommendation 42.

Likewise, the company considers that it substantially complies with section 2 d), to the extent that the external auditor, at least annually, holds a meeting with the audit committee to inform it of the work done and the evolution of the accounting and risk situation of the company, which is then reported to the board by the chairman of the audit committee. In addition, the board of directors may request the presence of the external auditor to provide directly explanations deemed appropriate.

The rest of the functions foreseen in recommendation 42 are substantially fulfilled. Tasks included within the by-laws and the regulations of the board of directors are the following:

a) To inform the AGM on the issues raised regarding matters within its competence.

b) To supervise the efficiency of the internal control system of the Company, internal audit and risk management systems.

c) To supervise the elaboration of financial information.

d) To propose the Board of Directors, for its subsequent submission to the General Meeting, the appointment of external auditors, the terms of the contract, the scope of the mandate and, its termination or non-renewal.

e) To maintain relations with external auditors to receive information on any issues that may jeopardize their independence and any others matters related to the development process of the audit and other communications provided, if applicable, by auditing legislation and technical auditing standards.

f) To issue on an annual basis, prior to the issuance of the auditor's report, a report regardless the auditor's impressions.

g) To inform, previously, the Board of directors of all issues applicable by law, by-laws and regulations of the Board regarding:

1st Financial information to be released regularly.

2nd The creation or acquisition of stake in special purpose vehicles in tax heavens

43. That the audit committee may require the presence of any employee or manager of the company, even without the presence of any other member of management.

Complies [X]   Complies Partially [ ]   Explanation [ ]

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draft a report beforehand to the Board of Directors regarding economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies [X]   Complies Partially [ ]   Explanation [ ]   Not applicable [ ]

45. That the risk management and control policy identify and determine, at a minimum:

a) The various types of financial and non-financial risks (among those operational, technological, legal, social, environmental, political and reputational) which the company faces, including financial or economic risks, contingent liabilities and other off-balance sheet risks.

b) A risk control and management model based on different levels, of which a specialised risk committee will be part when the sectoral regulations provide for it or the company deems it appropriate.

c) The level of risk the company considers acceptable.

d) Means identified in order to minimise identified risks in the event they transpire.

e) Internal control and information systems to be used in order to control and manage identified risks, including contingent liabilities and other off-balance sheet risks.

Complies [X]   Complies Partially [ ]   Explanation [ ]

46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal control and management function should exist delegated to an internal unit or department of the company which is expressly charged with the following responsibilities:

a) Ensure the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks that may affect the company.

b) Actively participate in the creation of the risk strategy and in important decisions regarding risk management.

c) Ensure that the risk management and control systems adequately mitigate risks as defined by policy issued by the Board of Directors.

Complies [X] Complies Partially [ ] Explanation [ ]

47. That members of the appointment and remuneration committee – or of the appointments committee and the remuneration committee if they are separate – are chosen taking into account the knowledge, ability and experience necessary to perform the duties they are called upon to carry out and that the majority of said members are independent directors.

Complies [X] Complies Partially [ ] Explanation [ ]

48. That high market capitalisation companies have formed separate appointments and remuneration committees.

Complies [ ] Explanation [ ] Not applicable [X]

49. That the appointments committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director may ask the appointments committee to consider potential candidates he or she considers appropriate to fill a vacancy on the Board of Directors.

Complies [X] Complies Partially [ ] Explanation [ ]

50. That the remuneration committee exercises its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:
a) Propose basic conditions of employment for senior management.

b) Verify compliance with company remuneration policy.

c) Periodically review the remuneration policy applied to directors and senior managers, including remuneration involving the delivery of shares, and guarantee that individual remuneration be proportional to that received by other directors and senior managers.

d) Oversee that potential conflicts of interest do not undermine the independence of external advice rendered to the Board.

e) Verify information regarding remuneration paid to directors and senior managers contained in the various corporate documents, including the Annual Report on Director Remuneration.

Complies [ ] Complies Partially [X] Explanation [ ]

The company considers that the bylaws and regulations of the board of directors sufficiently regulate the tasks of the Appointment, Remuneration and Good Governance Committee, so it has not considered necessary to modify it so as to adapt them to the literal text of the recommendations. Although some of the tasks provided for in this recommendation are not expressly included within the internal regulations of the company, the remuneration committee complies substantial with all of them.

The Appointments, Remuneration and Good Governance Committee has the functions set forth in the by-laws and regulations of the Board of Directors, which are indicated below:

a) To evaluate the skills, knowledge and experience of the Board of Directors and define the skills of the candidates to fill each vacancy and the time and dedication necessary.
b) To establish an objective of representation for the less represented gender in the Board of Directors and develop guidance on how to achieve that objective.

c) To submit to the Board of Directors the proposals for appointment of independent directors to be appointed by co-optation or for submitting to the decision of the General Shareholders Meeting, as well as proposals for re-election or removal of such directors by the General Meeting of Shareholders.
d) To report on proposals for appointment of the remaining directors to be appointed by interim basis or for submission to the decision of the General Shareholders Meeting, as well as proposals for re-election or removal by the General Meeting of Shareholders.
e) To report on proposals for appointment and removal of senior managers and the basic terms of their contracts.
f) To examine and organise the succession of the chairman of the Board of Directors and the CEO of the company and, where appropriate, make proposals to the Board of Directors to guarantee that the succession occurs in an order and planned.
g) To propose to the Board the remuneration policy for directors and general managers or those who develop their senior management functions under direct control of the Board, or under Executive Committees or CEOs executives, as well as individual remuneration and other contractual conditions of executive directors to ensure their observance.
h) To previously inform to the Board of Directors on transactions with related parties.
i) The Commission shall ensure that the selection procedures for directors stimulate gender diversity, as well as different experiences and knowledge, and don not include facts which could implied any discrimination and particularly facilitate the selection of female directors.

51. That the remuneration committee consults with the chairman and the chief executive of the company, especially in matters relating to executive directors and senior management.

Complies [X]   Complies Partially [ ]   Explanation [ ]

52. That the rules regarding composition and workings of supervision and control committees appear in the rules governing the Board of Directors and that they are consistent with those that apply to mandatory committees in accordance with the recommendations above, including:

a) That they are comprised exclusively of non-executive directors, with a majority of them independent.
b) That their chairmen be independent directors.
c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and detail their activities and accomplishments during the first plenary session of the Board of Directors held after the committee's last meeting.
d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.
e) That their meetings be recorded and the minutes be made available to all directors.

Complies [X]   Complies Partially [ ]   Explanation [ ]   Not applicable [ ]

53. That the supervision of compliance with the policies and rules of the company in environmental, social and corporate governance matters, as well as the internal codes of conduct, shall be attributed to one or distributed among several committees of the board of directors, which may be the audit committee, the appointment committee, a committee specialised in sustainability or corporate social responsibility or another specialszed committee that the board of directors, in exercise of its self-organisation powers, has decided to create. And that such committee is made up solely of non-executive directors, being the majority independent and specifically assigned the minimum functions indicated in the following recommendation.

Complies [ ]   Complies Partially [X]   Explanation [ ]

The supervision of compliance with the policies and rules of the company in environmental matters is carried out directly by senior managers of the company, and compliance with such policies are subject to the control established by the quality and environmental certification systems (ISO environment) and are audited annually by AENOR

54. That the minimum functions referred to by the above-mentioned recommendation are as follows:

a) Verification of compliance with internal codes of conduct and the company's corporate governance rules, making sure corporate culture is in line with the same.

b) Supervision of the application of the policy on communication strategy on financial and non-financial information, as well as the communication and relationship with shareholders and investors, including small- and medium-sized shareholders.

c) The periodic evaluation and review of the suitability of the company's corporate governance system, with the goal that the company promotes company interests and take into account, where appropriate, the legitimate interests of other stakeholders.

d) Follow-up of corporate social responsibility strategy and practice in environmental and social terms.

e) Supervision and evaluation of the way relations with various stakeholders are handled.

Complies [ ]   Complies Partially [X]   Explanation [ ]

As already indicated in the previous answer, the evaluation and regular review of the environmental policy as well as the supervision that the company's practices in environmental matters conform to the established policies carried out under the supervision of the top management of the company. In addition, the company annually conducts an environmental policy audit by AENOR, which allows it to have the environmental ISO certificate.

55. That the sustainability policy in terms of environmental and social issues identifies and includes the following:

a. Concrete practices in matters related to shareholders, employees, clients, suppliers, social issues, the natural environment, diversity, fiscal responsibility, respect for human rights, and the prevention of unlawful conduct.

b. The methods or systems for monitoring compliance with policies, associated risks and their management.

c. Means of supervising non-financial risk, ethics, and business conduct.

d. Communication channels, participation and dialogue with stakeholders.

e. Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies [X]   Complies Partially [ ]   Explanation [ ]

56. That director remuneration is sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded by the post, while not being so excessive as to compromise the independent judgment of non-executive directors.

Complies [X]   Explanation [ ]

57. That only executive directors receive remuneration linked to corporate results or personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments whose value is indexed to share

value, or long-term savings plans such as pension plans, retirement accounts or any other retirement plan.

Shares may be given to non-executive directors under the condition that they maintain ownership of the shares until they leave their posts as directors. The foregoing shall not apply to shares that the director may be obliged to sell in order to meet the costs related to their acquisition.

Complies [ ]   Complies Partially [X]   Explanation [ ]

Non-executive directors who are members of the executive committee and the international executive committee may receive variable remuneration linked to personal performance in said committees, which are subject to evaluation and are proposed by the appointments and remuneration committee to the board of directors for approval.

58. That as regards variable remuneration, the policies incorporate limits and administrative safeguards in order to ensure that said remuneration is in line with the work performance of the beneficiaries and is not based solely upon general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk undertaken to achieve a given result.

b) Promote sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with rules and internal operating procedures and risk management and control policies.

c) Are based upon balancing short-, medium- and long-term objectives, permitting the reward of continuous achievement over a period of time long enough to judge creation of sustainable value such that the benchmarks used for evaluation are not comprised of one-off, seldom occurring or extraordinary events.

Complies [X]   Complies Partially [ ]   Explanation [ ]   Not applicable [ ]

59. That the payment of the variable components of the remuneration is subject to verification that the performance or other conditions previously established have been effectively met. The companies will include in the annual directors' remuneration report the criteria regarding the time required and methods for such verification based on the nature and characteristics of each variable component.

That, additionally, the companies value the establishment of a reduction clause ('malus') based on the deferral for a sufficient period of the payment of a part of the variable components that implies their total or partial loss in the event that previously at the time of payment, an event occurs that makes it advisable.

Complies [ ]   Complies Partially [X]   Explanation [ ]   Not applicable [ ]

On a general basis, variable remuneration is determined and paid up based on the profit/(loss) for the year and upon the issuance of the audit report. The company understands that this constitutes a sufficient safeguard to verify that it meets conditions previously established, and therefore has not considered necessary the regulation of an additional or specific deferral mechanism or reimbursement of the payment of variable components.

60. That remuneration related to company results takes into account any reservations which may appear in the external auditor's report which would diminish said results.

Complies [X] Complies Partially [ ] Explanation [ ] Not applicable [ ]

61. That a material portion of variable remuneration for executive directors depends upon the delivery of shares or instruments indexed to share value.

Complies [ ] Complies Partially [ ] Explanation [X] Not applicable [ ]

The company does not have any plan for the delivery of shares or financial instruments referenced to their value

62. Once the shares, options or financial instruments corresponding to the remuneration systems have been attributed, the executive directors cannot transfer their ownership or exercise them until after a period of at least three years has elapsed.
 The exception is the case in which the director maintains, at the time of the transfer or exercise, a net economic exposure to the variation in the price of the shares for a market value equivalent to an amount of at least twice the annual fixed remuneration through the ownership of shares, options or other financial instruments.
 The foregoing shall not apply to the shares that the director needs to dispose of to satisfy the costs related to their acquisition or, after a favourable assessment by the appointments and remuneration committee, to deal with extraordinary situations that may require it.

Complies [ ] Complies Partially [ ] Explanation [ ] Not applicable [X]

63. That contractual arrangements include a clause which permits the company to seek reimbursement of variable remuneration components in the event that payment does not coincide with performance criteria or when delivery was made based upon data later deemed to be inaccurate.

Complies [ ] Complies Partially [ ] Explanation [X] Not applicable [ ]

Variable remuneration is determined and paid up based on the profit/(loss) for the year and upon the issuance of the audit report. The company understands that this constitutes a sufficient safeguard to verify that it meets conditions previously established, and therefore has not considered necessary the regulation of an additional or specific deferral mechanism or reimbursement of the payment of variable components.

64. That payments made for contract termination shall not exceed an amount equivalent to two years of total annual remuneration and that it shall not be paid until the company has verified that the director has fulfilled all previously established criteria for payment.

 For the purposes of this recommendation, among the payments for contractual termination, any payments whose accrual or payment obligation arises as a consequence or on the occasion of the termination of the contractual relationship that bound the director with the company, including long-term savings systems and amounts paid under post-contractual non-competition agreements, are taken into consideration.

Complies [ ] Complies Partially [ ] Explanation [X] Not applicable [ ]

The compensation for termination of the contracts of the executive directors consists of an escalation based on the total annual remuneration and varies between an amount equivalent to a minimum of two and a maximum of three years of said remuneration. The contracts provide that the aforementioned amounts are paid at the time that the resolution or termination of the contract takes place

Translation into English. In the event of discrepancy, the Spanish language version prevails.

H. FURTHER INFORMATION OF INTEREST

1. If there is any aspect regarding corporate governance in the company or other companies in the group that has not been included in other sections of this report, but which is necessary in order to obtain a more complete and comprehensible picture of the structure and governance practices in the company or group, describe it briefly below.

2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not redundant.

   Specifically, state whether the company is subject to any corporate governance legislation other than that prevailing in Spain and, if so, include any information required under this legislation that differs from the data requested in this report.

3. The company may also state whether it voluntarily complies with other ethical or best practice codes, whether international, sector-based or other. In such a case, name the code in question and the date the company began following it. It should be specifically mentioned that the company adheres to the Code of Good Tax Practices of 20 July 2010.

Grupo Empresarial San José has assumed as its own the principles and guidelines enshrined in the United Nations Global Compact.

This Annual Corporate Governance Report was approved by the Board of Directors of the company at the meeting held on:

24/02/2021

State whether any directors voted against or abstained from voting on this report.

[ ] Yes
[√] No

DIRECTORS' SIGNATURES

For the purposes of R.D. 1362/2007 on 19 October (Article 8.1.b and Article 10), the undersigned Directors of Grupo Empresarial San José, S.A." hereby make the following statement of liability:

That, to the best of their knowledge, the consolidated annual accounts prepared in accordance with applicable accounting standards present a true and fair view of consolidated equity, the consolidated financial position and the results obtained by the Company and that the Directors' Report includes an accurate analysis of business development and results, the position of the issuer and the companies included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties which they face. In witness whereof, the Board of Directors sign herein.

These Financial Statements consisting of the Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements for the year ending on 31 December 2020, issued on 38 sheets of common paper, as well as the Directors' Report, issued on 95 sheets of officially stamped single-sheet paper were prepared by the Company's Board of Directors on 24 February 2021.

Mr. Jacinto Rey González

Mr. Jacinto Rey Laredo

Ms. Amparo Alonso Betanzos

Mr. Enrique Martín Rey

Ms. Altina de Fátima Sebastián González

Mr. Ramón Barral Andrade

Mr. José Manuel Otero Novas

Mr. Roberto Alvarez Álvarez

Mr. Javier Rey Laredo

Mr. Nasser Homaid Salem Ali Alderei

Mr. José Luis González Rodríguez

At the request of the Chairman, the meeting of the board of directors today has been held electronically, via video conferencing.

The meeting was attended by all the directors except for Mr. Nasser Homaid Salem Ali Alderei, who has not expressed any discrepancy regarding the formulation of this financial information.

In accordance with the minutes of the meeting, and in accordance with article 109 a) of the Trade Registry Regulations, I state that the preparation of these condensed financial statements and explanatory notes, as well as the attached management report, corresponding to the year 2020, has been carried out with the unanimous approval of all of them.

Fernando Calbacho Losada
Deputy Secretary to the Board of Directors

NEGATIVE CLEARANCE REGARDING ENVIRONMENTAL INFORMATION IN FINANCIAL STATEMENTS

Company`s identification:

GRUPO EMPRESARIAL SAN JOSÉ, S.A.

Company`s details:

Trade Registry Pontevedra, Volume 586, sheet 88, page 8119

TAX Id #: ***A36.046.993*** Tax year: 2020

The undersigned, as Director of the above-mentioned company state that accounting records of the financial statements issued in 133 sheets of paper do not include items to be included within the document apart from environmental information set forth by Ministerial Order 8 October 2001.

Signature and name of the Directors:

Mr. Jacinto Rey González	Mr. Jacinto Rey Laredo
Ms. Amparo Alonso Betanzos	Mr. Enrique Martín Rey
Ms. Altina de Fátima Sebastián González	Mr. Ramón Barral Andrade

Mr. José Manuel Otero Novas

Mr. Roberto Alvarez Álvarez

Mr. Javier Rey Laredo

Mr. Nasser Homaid Salem Ali Alderei

Mr. José Luis González Rodríguez

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Fernando Calbacho Losada
Deputy Secretary to the Board of Directors