Grupo Empresarial San José, S.A. and Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2020, Consolidated Directors' Report and Consolidated non-Financial Information Statement 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 consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial framework applicable to the Group (see note 2.1).In the event of a discrepancy, the Spanish-language version prevails

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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 consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial framework applicable to the Group (see note 2.1).In the event of a discrepancy, the Spanish-language version prevails

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Consolidated Financial Statements

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2020, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

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 Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of revenue from long-term construction contracts	
Description	**Procedures applied in the audit**
The Group uses the percentage of completion method to recognise revenue from long-term construction contracts. This revenue recognition method was a key matter in our audit, as it affects a highly significant amount of total consolidated revenue, as well as the measurement of the amounts to be billed for work performed, and requires Group management to make highly significant estimates relating mainly to the expected outcome of the contract, the amount of costs to be incurred at the end of the construction work, the work completed in the period and the recognition of variations in the initial contract, all of which impact the revenue recognised in the year. These judgements and estimates are made by the persons in charge of performing the construction work, are subsequently reviewed at the various levels of the organisation,and are submitted to controls designed to ensure the consistency and reasonableness of the criteria applied. Given the importance of these judgments and estimates in relation to revenue recognition and valuation of the amounts to be billed for work performed, we have considered these aspects as a key matter in our audit.	Our audit procedures consisted, among others, the performance of substantive analytical procedures related to the evolution of the margins of the works and in the analysis of a sample of works, based on qualitative and quantitative factors. Furthemore, we performed a detailed analysis of a sample of projects in order to evaluate the reasonableness of the assumptions and hypotheses used by the Group. We also reviewed the consistency of the estimates made by the Group in previous year with the actual data for the contracts in current year. Regarding the amounts to be billed for work performed, we analysed the recognition of revenue from work in progress and its recoverability on the basis of a sample of contracts. Lastly, we focused our work on verifying that the accompanying consolidated financial statements include the related disclosures required by the applicable financial reporting framework. In this connection, Note 4.11 discloses the fact that the percentage of completion method is used to recognise revenue from long-term contracts, and Note 13.1 includes additional disclosures in relation to balances recognised corresponding to amounts to be billed for work performed.

Other Information: Consolidated Directors' Report

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

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

a) Checking that consolidated non-financial information statement and 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 consolidated director’s report with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of this part of the consolidated 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 in above, we have checked that the information described in section a) above is provided in the consolidated directors’ report and that the other information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2020 and its content and presentation are in conformity with the applicable regulations

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

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

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

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

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated 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 Parent's Audit Committee

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

Engagement Period

The Annual General Meeting held on 29 July 2020 appointed us as auditors of the Group 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 consolidated 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 consolidated financial statements.

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

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

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

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

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

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

We communicate with the Parent'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 Parent'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 Parent's audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

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

Grupo Empresarial San José, S.A. and Subsidiaries

Consolidated Financial Statements for
the year ended 31 December 2020, Consolidated
Directors' Report
and consolidated non-financial information 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. and Subsidiaries

Balance sheet for the year ended 31 December 2020 & 2019

(Thousands of Euros)

ASSETS	Note	31-12-2020	31-12-2019
NON-CURRENT ASSETS			
Intangible assets	7	**16,051**	**17,577**
Goodwill on consolidation	8	**9,984**	**9,984**
Property, plant and equipment	9	**71,402**	**76,948**
Land and buildings		54,363	57,560
Technical installation and other items of property, plant and equipment		17,039	19,388
Investment property:	10	**11,884**	**9,542**
Investment in associates and joint ventures	11	**19,595**	**20,295**
Equity instruments		19,595	20,295
Long-term financial investments	13.4	**32,392**	**51,294**
Equity instruments		2,169	2,329
Land to third parties		29,660	48,068
Other financial assets		563	897
Deferred tax assets	20	**26,917**	**34,462**
Total Non Current Assets		**188,225**	**220,102**
CURRENT ASSETS			
Inventories	12	**89,283**	**109,879**
Trade and other receivables		**346,663**	**350,634**
Trade receivables for sales and services	13.1	305,821	310,944
Clients group companies and other investees	23	2,643	3,243
Sundry receivables		2,720	2,602
Tax receivables	20	35,479	33,845
Investment in group companies and other investees		**778**	**1,129**
Short-term financial investments	13.3	**75,084**	**81,632**
Short-term accruals		**3,126**	**3,851**
Cash and cash equivalents	13.2	**285,343**	**233,045**
Total Current Assets		**800,277**	**780,170**
TOTAL ASSETS		**988,502**	**1,000,272**

NET EQUITY AND LIABILITIES	Note	31-12-2020	31-12-2019
NET EQUITY			
Social Capital		**1,951**	**1,951**
Issuance rights		**-**	**155,578**
Reserves		**5,783**	**(196,736)**
Legal and mandatory		390	263
Other reserves		5,393	(196,999)
Reserves in consolidated companies		**169,042**	**59,712**
Translation differences of consolidated companies		**(56,451)**	**(47,564)**
Valuation adjustments		**248**	**232**
Net profit/(loss) for the year attributable to the Parent		**22,753**	**162,774**
Total equity		**143,326**	**135,947**
Interest of minority shareholders		**26,187**	**27,123**
Total Net Equity	14	**169,513**	**163,070**
NON-CURRENT LIABILITIES			
Non-current provisions	15	**44,924**	**44,774**
Non-current debts	16	**108,067**	**133,002**
Obligations and other securities		-	32,995
Bank borrowings		12,325	5,447
Other current liabilities		95,742	94,560
Deferred tax liabilities	20	**25,196**	**24,261**
Long-term accruals		**768**	**864**
Total non-current liabilities		**178,955**	**202,901**
CURRENT LIABILITIES			
Current provisions	15	**36,392**	**32,932**
Short-term debts	16	**58,172**	**55,951**
Obligations and other securities		33,081	32,653
Bank borrowings		18,490	18,170
Other current liabilities		6,601	5,128
Debts with group companies and other investees	23	**372**	**-**
Trade payables and other payables	18	**538,485**	**539,634**
Suppliers		388,653	380,921
Sundry payables		3,652	4,463
Staff (outstanding remuneration payable)		7,032	6,133
Tax payables	20	16,626	14,300
Customer advances	13.1	122,522	133,817
Short-term accruals		**6,613**	**5,784**
Total Current Liabilities		**640,034**	**634,301**
TOTAL NET EQUITY AND LIABILITIES		**988,502**	**1,000,272**

Notes 1 to 26 of the accompanying financial statements, as well as Annexures I, II and III, form and integral part of the consolidated balance sheet ate 31 December 2020.

GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiairies

Consolidated income statement for years 2020 and 2019

(Thousand of Euros)

	Note	Year 2020	Year 2019
CONTINUING OPERATIONS			
Revenue	22.1	**961,981**	**958,249**
Change in inventories of finished goods and work	22.10	**(1,282)**	**(2,298)**
Work performed by the Group for its property, plant and equipment	9	**597**	**150**
Procurements	22.2	**(669,129)**	**(670,693)**
Cost of raw materials and other consumables used		(184,670)	(245,700)
Works performed by other companies		(480,686)	(420,293)
Impairment of goods held for resale, raw materials and other supplies	12.5	(3,773)	(4,700)
Other operating income		**20,353**	**15,306**
Non-core and other current income		20,303	15,247
Operating grants taking to income		50	59
Staff costs	22.3	**(140,359)**	**(142,956)**
Wages and salaries		(111,517)	(113,129)
Social charges		(28,842)	(29,827)
Other operating expenses	22.2	**(123,242)**	**(126,637)**
Outside services		(93,011)	(104,189)
Tributes		(5,991)	(5,702)
Impairment losses and changes in provisions for trade		(21,672)	(14,747)
Other operating expenses		(2,568)	(1,999)
Depreciation and amortisation charge	7, 9 y 10	**(9,758)**	**(10,867)**
Excessive provisions		**3,733**	**3,013**
Impairment and gains or losses on disposal of non-current assets	22.9	**(523)**	**(55)**
PROFIT FROM OPERATIONS		**42,371**	**23,212**
Finance income	22.7	**12,865**	**39,834**
On group companies and associates equity shares		12	14
Other financial instruments			
- On third parties		12,853	39,820
Finance costs	22.8	**(11,469)**	**(17,946)**
On debts to third parties		(11,469)	(17,946)
Change in fair value of financial instruments		**(143)**	**(158)**
Exchange differences		**(1,020)**	**(3,595)**
Adjustment for inflation in hyperinflationary economies	2.3	**(2,023)**	**(3,935)**
Impairment and gains or losses on disposal of financial instruments	22.11	**(4,443)**	**142,980**
FINANCIAL PROFIT		**(6,233)**	**157,180**
Profit/(Loss) of companies accounted for using the equity method	11	**(221)**	**(4,155)**
PROFIT/ (LOSS) BEFORE TAXES		**35,917**	**176,237**
Income Tax	20	(13,858)	(13,056)
PROFIT/ (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**22,059**	**163,181**
PROFIT / (LOSS) ATTRIBUTABLE TO EXTERNAL PARTNERS		**(694)**	**407**
PROFIT / (LOSS) FOR THE YEAR		**22,753**	**162,774**

Accompanying notes 1 to 26 to the Annual Report and Appendix I, II and III form an integral part of the Consolidated Income Statement at 31 December 2020.

GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiaries

CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSES

FOR YEARS 2020 AND 2019

(Thousand of Euros)

	Note	Year 2020	Year 2019
CONSOLIDATED PROFITS / (LOSSES) OF THE YEAR		**22,059**	**163,181**
Income and expenses recognised directly in equity	3	**(8,815)**	**7,102**
-For cash flow hedges		(33)	(20)
-Translation differences		(8,810)	7,074
-Other		27	52
-Tax effect		1	(4)
Transfer to income statement		**38**	**(134)**
-For cash flow hedges		100	194
-Translation differences		-	(214)
-Other		(50)	(83)
-Tax effect		(12)	(31)
TOTAL RECOGNISED INCOMES / (EXPENSES)		**13,282**	**170,149**
a) Attributable to Parent		13,882	166,341
b) Attributable to minority interests		(600)	3,808

Accompanying notes 1 to 26 to the Annual Report and Appendix I, II and III form an integral part of the Consolidated Statement of Recognized Income and Expenses at 31 December 2020.

GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR YEARS 2020 AND 2019

(Thousand of Euros)

	Note	Share Capital	Issurance premium	Legal Reserve	Other reserves of the parent	Consolidated Reserves: In consolidated companies	Consolidated Reserves: In associated companies	Translation differences	Equity Adjustments	Profit of the year	Total Equitty attributable to parent	Minority interests	Total Equity
Balance at December 31, 2018		**1,951**	**155,578**	**263**	**(197,489)**	**47,325**	**(321)**	**(51,053)**	**154**	**13,198**	**(30,394)**	**24,262**	**(6,132)**
Distribution of profit for year 2018:													
-To reserves		-	-		490	12,620	88	-	-	(13,198)	**-**	-	**-**
-Dividend payment		-	-		-	-	-	-	-	-	**-**	(1,046)	**(1,046)**
Variation of the consolidation perimeter	2.4.d	-	-		-	(2,624)	2,624	-	-	-	**-**	99	**99**
Other equity movements		-	-		-	1,321	(1,321)	-	-	-	**-**	-	**-**
Total recognized income/expenses year 2019		-	-		-	-	-	3,489	78	162,774	**166,341**	3,808	**170,149**
Balance at December 31, 2019		**1,951**	**155,578**	**263**	**(196,999)**	**58,642**	**1,070**	**(47,564)**	**232**	**162,774**	**135,947**	**27,123**	**163,070**
Distribution of profit for year 2019:													
-To reserves		-	-	127	53,317	113,485	(4,155)	-	-	(162,774)	**-**	-	**-**
-Dividend payment	14.4	-	-	-	(6,503)	-	-	-	-	-	**(6,503)**	(216)	**(6,719)**
Other equity movements		-	(155,578)	-	155,578	2,338	(2,338)	-	-	-	**-**	(120)	**(120)**
Total recognized income/expenses year 2020		-	-	-	-	-	-	(8,887)	16	22,753	**13,882**	(600)	**13,282**
Balance at December 31, 2020		**1,951**	**-**	**390**	**5,393**	**174,465**	**(5,423)**	**(56,451)**	**248**	**22,753**	**143,326**	**26,187**	**169,513**

Accompanying notes 1 to 26 to the Annual Report and Appendix I, II and III form an integral part of the Consolidated Statement of Changes in Equity at 31 December 2020.

GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiairies

CONSOLIDATED CASH FLOW STATEMENTS FOR YEAR 2020 AND 2019

(Thousand of Euros)

	Note	Year 2020	Year 2019
Cash flows from operating activities:			
(+) Profit (Loss) before tax		35,917	176,237
(+) Depreciation and amortisation charge	7,9 y 10	9,758	10,867
(+/-) Changes in operating allowances		20,961	18,115
(-) Imputation of subsidies for the year		(50)	23
(-) Financial income	22.7	(12,865)	(39,834)
(+) Financial costs	22.8	11,469	17,946
(+/-) Exchange differences		3,043	7,530
(+/-) Result of changes in value of financial instruments		143	158
(+/-) Result of companies accounted for using the equity method		221	4,155
(+/-) Result of property, plant and equipment		523	-
(+/-) Impairment and gains or losses on disposals of financial investments	22.10	4,443	(142,980)
(+/-) Other gains or losses		1,813	(2,965)
Total Cash Flows from operating activities		**75,376**	**49,252**
Other adjustments			
(-) Income tax paid in the year		(10,513)	(26,816)
(+/-) (Increase) / Decrease in working capital			
Operating working capital assets			
a) (Increase)/Decrease in inventories		2,505	217
b) (Increase)/Decrease in debtors and other receivables		(24,079)	(91,148)
c) (Increase)/Decrease in other current non financial assts		-	(615)
Operating working capital liabilities			
a) (Increase)/Decrease in trade payables		35,878	81,113
b) (Increase)/Decrease in other current non financial liabilities		-	9,944
(+/-) Other collections / (payments) due to operating activities		(4,682)	(4,512)
1. TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES		**74,485**	**17,435**
Investments:			
(+) Intangible assets		(892)	(906)
(+) Property, plant and equipment and investment property		(1,923)	(4,145)
(+) Shares and other financial assets		(23,270)	(5,558)
Total Investments		**(26,085)**	**(10,609)**
Dividends received		**6**	**-**
Disposals:			
(+) Intangible assets		6	90
(+) Property, plant and equipment		4	676
(+) Shares and other financial assets		766	169,352
Total Disposals		**776**	**170,118**
Other collections / (payments) due to financing activities		**49,524**	**10,579**
2. TOTAL NET CASH FLOWS FROM FINANCING ACTIVITIES		**24,221**	**170,088**
Other collections / (payments) due to treasury share transactions		**-**	**(120)**
Dividends paid	14. 4	**(6,719)**	**(1,046)**
Increase / (decrease) in financial borrowings		**(28,331)**	**(231,102)**
Non current		7,661	(83,047)
Current		(35,992)	(148,055)
Net interests:		**3,241**	**(1,704)**
Received		9,512	7,807
Paid		(6,271)	(9,511)
Other collections / (payments) due to financial activities		**(1,029)**	**(4,446)**
3. TOTAL NET CASH FLOWS FROM FINANCIAL ACTIVITIES		**(32,838)**	**(238,418)**
4. TOTAL NET CASH FLOWS FROM FINANCIAL ACTIVITIES		**(13,570)**	**506**
TOTAL CASH FLOWS FOR THE YEAR		**52,298**	**(50,389)**

CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**233,045**	**283,434**
Changes in the year		52,298	(50,389)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**285,343**	**233,045**

Acompanying notes 1 to 26 to the Annual Report and Appendix I, II and III form an integral part of the Consolidated Cash Flow Statement for year 2020

Grupo Empresarial San José, S.A. and Subsidiaries

Consolidated notes
for the year ended 31 December 2020

1. Activities of the Group

a) Incorporation

Grupo Empresarial San Jose, S.A. (hereinafter "the Parent") 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, 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." (former, "Udra, 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.

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

b) Legal framework

The Parent 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 activities carried on by the Parent and its investees (Grupo San Jose) are classified into the following business units:

1. Development of all forms of real estate construction.

2. Performance of all manner of public or private construction work, mainly buildings, road networks and hydraulic works.

3. Purchase and sale, administration, operation and any other similar activities in relation to all manner of rural or urban property.

4. Lease of all manner of assets.

5. Design, construction and management of electricity and renewable energy facilities.

6. Storage, distribution, purchase and sale and import of manufactured products.

7. Management and recruitment of personnel for all types of company, association and organisation.

8. Study, design, development and purchase and sale of all manner of electronic, computer, telecommunications and audio-visual components, products and systems.

9. Full maintenance of hospital facilities, maintenance of operating theatres and electro medical equipment, and manufacture and sale of integrated systems for operating theatres, ICUs and patient rooms.

10. Study, design and installation of air conditioning, heating, industrial cooling and plumbing facilities; purchase and sale or manufacture of all kinds of related mechanisms; to sell and act as representative for third-party products.

11. Healthcare: construction of hospital facilities and public and private healthcare maintenance services; electro medicine and gas facilities and maintenance.

12. Facilities and services: integral installation work, electrical, mechanical and hydraulic installation work, turnkey projects and special installation work, as well as the maintenance of all manner of other facilities not related to the healthcare industry such as industrial facilities, other properties, etc.

13. Infrastructure and transport: performance of infrastructure and transport studies, projects and installation work, including those relating to airports, ports, railways and other types of transport infrastructure.

14. Energy and environment: performance of studies and projects focused on the production and sale of energy and industrial maintenance, waste water treatment, installation of water treatment plants and other environmental activities.

Under no circumstances shall the company object be deemed to include activities the performance of which requires any type of administrative authorisation which the Parent Company does not hold.

Also, the Parent 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.

Furthermore, Grupo Empresarial San Jose, S.A. is the Parent of the San Jose Group. Its main object is the management and control of all the business activities performed by the companies in which it has a material and lasting ownership interest.

The San Jose Group's activities are led by Grupo Empresarial San Jose, S.A. (a holding and real estate company), which in turns mainly participates in: Constructora San Jose, S.A. (construction), San Jose Consesiones y Servicios, S.A.U. (maintenance services), San Jose Energia y Medio Ambiente, S.A. (energy), and Desarrollos Urbansticos Udra, S.A.U. (urban development).

Group companies, whose business activities have to meet certain environmental requirements, have adopted the relevant environmental measures in order to comply with current legislation in this connection. Since the costs relating to these requirements are not considered to be material with respect to equity, financial position and results of these companies, no specific disclosures relating to environmental issues are included in these notes to the consolidated financial statements.

The specific lines of business of each subsidiary, jointly controlled entity and associate are disclosed in Appendixes I, II and III.

2. Basis of presentation of the consolidated financial statements and basis of consolidation

2.1 Regulatory framework and accounting principles

These consolidated financial statements for 2020 of Grupo Empresarial San Jose, S.A. and Subsidiaries ("Grupo San Jose " or "the Group") are formally prepared by the Parent's directors, in accordance with International Financial Reporting Standards as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council ("EU-IFRSs"), taking into account all the mandatory accounting principles and rules and measurement bases in IFRSs, and, accordingly, they present fairly the Grupo San Jose's consolidated equity and financial position at 31 December 2020 and the results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended.

Grupo SANJOSE's consolidated financial statements were prepared from the accounting records of the Company and of the other Group entities. Each company prepares its individual financial statements in accordance with the accounting principles and rules in force in the country in which it operates and, accordingly, the required adjustments and reclassifications were made on consolidation to unify the policies used and to make them compliant with IFRSs.

The consolidated financial statements of Grupo SANJOSE and Subsidiaries for 2019, prepared in accordance with EU-IFRSs, were approved by the shareholders at the Annual General Meeting of Grupo Empresarial San Joes, S.A. (formerly named Udra, S.A.) held on 29 July 2020. Further, 2020 consolidated financial statements of the Group and the individual financial statements of the Group companies for the year have not yet been approved by the shareholders at the respective Annual General Meetings. However, the Parent's directors consider that the aforementioned consolidated financial statements will be approved without any changes.

Standards and interpretations applicable for the year

During year 2020 the following standards and interpretations, compulsory as from year 2020 onwards and adopted by the European Union, became in force and have been applied by the Group for the elaboration of the accompanying consolidated financial statements for the year ended at 31 December 2020:

Adopted for use within the EU		Compulsory application as from:
Amendments and/or understanding		
Amendment to IFRS 3 Negative definition of business (released in October 2018)	Classification of business.	01 January 2020
Amendment IAS 1 and IAS 8 Definition of “materiality” (released in October 2018)	Amendment of IAS 1 and IAS 8 to align the definition of “materiality” within the framework.	01 January 2020
Amendment of IFRS 9, IAS 39 and IFRS 7 Reform of reference interest rates (Published in September 2019)	Modifications related to the ongoing reform of the benchmarks.	01 January 2020
Amendment of IFRS 16 Leasing - rent improvement (released in May 2020)	Modifications to facilitate tenants accounting for rental improvements related to COVID-19.	01 June 2020

Overall, the entry into force of these standards and interpretations has not led to significant impacts in these consolidated financial statements.

Non applicable issued standards and interpretations

As of the date of issue of these consolidated financial statements, the following standards had been published by the IASB, yet their application was not compulsory either because the effective date is subsequent to the date of issue of these statements or because they had not been adopted by the European Union:

Non-adopted for use within the EU		Compulsory application as from:
New standards		
IFRS 17 Insurance Contracts (released in May 2017)	It replaces IFRS 4 and reflects the principles of registration, valuation, presentation and disclosure of insurance contracts so that the entity provides relevant and reliable information for allowing users to determine the effect that contracts have on financial statements.	01 January 2023
Amendments and/or understanding		
Amendment of IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Reform of reference interest rates - Stage II (released in August 2020)	Modifications related to the ongoing reform of the benchmarks (Stage II)	01 June 2021

Amendment of IFRS 4 Clarifications to IFRS 9 (released in June 2020)	Clarifications to IFRS 9 up to 2023	01 June 2021
Amendment of IFRS 3 Reference to framework (released in May 2020)	IFRS 3 is updated to align the definitions of assets and liabilities in a business combination with those contained in the conceptual framework.	01 January 2022
Amendment of IAS 16 Income Earned Before Intended Use (Posted May 2020)	The amendment prohibits reducing the cost of property, plant and equipment any income obtained from the sale of items produced while the entity is preparing its asset for its intended use.	01 January 2022
Amendment of IAS 37 Onerous Contracts - Cost of Fulfilling a Contract (Posted May 2020)	The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract and an allocation of other costs that are directly related to the fulfilment of the contract.	01 January 2022
Improvement of IFRS 2018-2020 (released in May 2020)	Amendment of IFRS 1, IFRS 9, IFRS 16 and IAS 41	01 January 2022
Amendment of IAS 1 Classification of liabilities as current or non-current (published in January 2020)	Clarifications regarding the presentation of liabilities as current or non-current.	01 January 2023

In general, the Group expects that the entry into force of the other standards and interpretations should not have a significant impact on the consolidated financial statements.

2.2 Responsibility for the information and use of estimates

The information in these consolidated financial statements is the responsibility of the Directors of the Parent.

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

1. The useful life of the property, plant and equipment and intangible assets (see Notes 4.2 and 4.3).

2. Measurement of goodwill arising on consolidation (see Note 4.1).

3. The budgetary estimates which are considered for the recognition of results on contracts to which the percentage of completion method is applied (construction and industrial areas, see Note 4.11).

4. The assessment of potential impairment losses of certain assets (see Notes 4.1, 4.2, 4.3, 4.4, 4.6, 4.7 and 4.8).

5. The probability of occurrence and the amount of uncertain or contingent liabilities (see Note 4.16 and 4.17).

6. The fair value of certain financial instruments (see Note 4.8).

7. The fair value of assets and liabilities acquired in business combinations (see Notes 2.4 and 8).

8. The assessment of the recoverability of tax credits (see Note 4.15).

9. Management of financial risk (Note 19)

10. Judgments and assumptions considered in contracts under the IFRS 16 Leasing standard (see Note 4.5).

11. COVID-19 (see Note 2.7)

Although these estimates were made on the basis of the best information available at 31 December 2020 on the events analysed, events that might take place in the future might make it necessary to significantly change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the consolidated income statements for the years affected.

2.3 Currency

These consolidated financial statements are presented in Euros, since this is the functional currency of the main economic environment where Grupo SANJOSE operates. Foreign operations are recognised in accordance with the policies established in Note 4.13.

The breakdown of the closing and average exchange rates of the period used to prepare the consolidated financial statements for 2020 is as follows:

Country	Currency	Year-end exchange rate	Average exchange rate
The United States	US Dollar (USD)	1.227	1.145
Argentina	Argentine Peso (ARS)	103.530	81.582
México	Mexican Peso	24.359	24.440
Cape Verde	Cape Verde Escudo	110.265	110.265
Panama	Panamanian Balboa	1.227	1.145
Uruguay	Uruguayan Peso	51.308	47.119
Paraguay	Guaraní	8,527.820	7,697.934
Peru	Peruvian Sol	4.424	4.009
Chile	Chilean Peso (CLP)	873.300	901.961
Brazil	Brazilian Real	6.384	5.875
India	Indian Rupee	89.793	84.553
Nepal	Nepalian Rupee	144.280	136.081
Abu Dhabi	UAE Dirham	4.511	4.204
Colombia	Colombian Peso	4,232.850	4,215.379
Morocco	Morocco Dirham	10.819	10.726
Bolivia	Boliviano	8.252	7.697

Main balances and transactions in foreign currency correspond to those from Chile, Peru, Mexico, Argentina Cape Verde and Abu Dhabi. Note 6.2 of the accompanying consolidated financial statements includes total assets and revenue provided by companies with operating currency other than the Euro.

As of 31 December 2020, the Group had negative translation differences recorded in equity amounting to EUR 56,451 thousand. The breakdown by currency is as follows:

Thousands of Euros		
Country	**Currency**	**31.12.2020**
Argentina	Argentine Peso	(25,691)
Paraguay	Guaraní	(5,921)
Peru	Peruvian Sol	(6,611)
Chile	Chilean Peso	(8,778)
Abu Dhabi	UAE Dirham	(5,984)
Otros	-	(3,466)

None of these countries, with the exception of Argentina, are considered to be hyper-inflationary economies as defined by IAS 29.

Hyper-inflationary economy

On 1 July 2018, as a result of reaching cumulative inflation in the year exceeding 100% during the last three years, Argentina has been declared a hyper-inflationary economy. Thus, terms under IAS 29 rule as from 31 December 2020 and 2019.

The inflation considered for this calculation in the year 2020 has been 36.1%. This index is extracted from the information published by the National Institute of Statistics and Censuses (INDEC), a public body, through the publication of the Consumer Price Index that measures the variation in the prices of goods and services representative of consumer spending of homes.

Breakdown for the last years is as follows:

	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020
Price index based	100	124.8	184.3	283.5	385.9
Annual variation	n/a	24.8%	47.7%	53.8%	36.1%

Re-expression profits/(loss) recorded in the financial statements of companies with Argentine peso functional currency are included in the consolidated income statement under adjustment for inflation in hyper-inflationary economies". The effect on profit/(loss) of the adjustments for inflation of Group companies with Argentine peso functional currency, corresponding to years 2020 and 2019, amounts to a loss of EUR 2,023 thousand and EUR 3,935 respectively.

The effect on equity of the revaluation of non-monetary items, that stands during year 2020 and 2019 at EUR 3,377 thousand and EUR 14,115 thousand, as well as the translation differences generated when the restated financial statements of subsidiaries in Argentina are converted into Euros, are recorded under "Translation differences in consolidated companies" under consolidated net assets of the Group.

2.4 Basis of Consolidation

a) *Subsidiaries*

"Subsidiaries" are defined as companies over which the Parent has the capacity to exercise control; this capacity is evidenced by the power to manage the financial and operating policies of an investee so as to obtain benefits from its activities. Control is presumed to exist when the Parent owns directly or indirectly half or more of the voting power of the investee or, if this percentage is lower, when there are agreements with other shareholders of the investee that give the Parent control.

Related to IFRS10 application, “Consolidated financial statements”, the Parent company controls a subsidiary if:

- There is control over the subsidiary.

- Exposure to the profit of the subsidiaries.

- Ability of using control and influence over the subsidiary profits.

The financial statements of the subsidiaries are fully consolidated with those of the Parent. Accordingly, all balances and effects of the transactions between consolidated companies were eliminated on consolidation.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are recognised at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recognised as goodwill. Any deficiency in the cost of acquisition with respect to the fair values of the identifiable net assets acquired, that is, discount in the acquisition, is charged to income on the date of acquisition.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the identifiable assets and liabilities recognised. The minority's share of:

1. The equity of their investees: It is presented within the Group's consolidated equity under "Minority Interests" in the consolidated balance sheet.

2. Differences are recorded under "Exchange rate differences" in the accompanying income statement.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the date of acquisition to year-end. Similarly, the results of subsidiaries disposed of during the year are included in the consolidated income statement from the beginning of the year to the date of disposal.

Appendix I to the consolidated financial statements details the subsidiaries included in consolidation and significant information thereon.

b) Joint ventures

"Joint ventures" are deemed to be ventures that are jointly controlled by two or more unrelated companies.

A joint venture is a contractual arrangement whereby two or more companies ("venturers") have interests in entities (jointly controlled entities) or undertake operations or hold assets so that strategic financial and operating decisions affecting the joint venture require the unanimous consent of the venturers.

The financial statements of multi-group entities are fully consolidated with those of the Parent in compliance with the participation method according to IFRS 11.

The Group develops its activity through its participation in joint ventures in Spain and overseas (different types of joint ventures), which are unincorporated entities without independent legal status, through which a partnership relationship is incorporated in order to develop a concrete service or project. In these cases, in which an individualised control of assets and liabilities is executed, as well as Similarly, interests in Spanish UTEs (unincorporated joint ventures), joint property entities and economic interest groupings were included in the accompanying consolidated financial statements in proportion to the Group's interest in the assets, liabilities, income and expenses arising from the transactions performed by these entities, and reciprocal asset and liability balances and income, expenses and profits or losses not realised with third parties were eliminated.

Assets and liabilities assigned by the Group to jointly controlled operations and the Group's share of the jointly controlled assets are recognised in the consolidated balance sheet classified according to their specific nature. Similarly, the Group's share of the income and expenses of joint ventures is recognised in the consolidated income statement on the basis of the nature of the related items.

Financial information provided by consolidated financial statements of the Group by multi-group companies, in aggregate, at 31 December 2020 and 2019 is as follows:

	Millions of Euros	
	31.12.2020	**31.12.2019**
Non-current assets	2.0	4.0
Current assets	132.0	258.0
Non-current liabilities	10.0	10.0
Current liabilities	110.0	258.7
Total income	156.6	202.6
Total expenses	(136.9)	(199.7)

Appendix III to the consolidated financial statements details the joint ventures included in consolidation and significant information thereon.

c) Associates

Associates are companies over which the Parent is in a position to exercise significant influence, but not effective control or joint management. It usually holds -directly or indirectly- 20% or more of the voting power of the investee.

In the consolidated financial statements, investments in associates are accounted for using the equity method, i.e., at the Group's share of net assets of the investee, after taking into account the dividends received there from and other equity eliminations. In the case of transactions with an associate, the related profits and losses are eliminated to the extent of the Group's interest in the associate, less any impairment of the individual investment.

Any excess of the acquisition cost with respect to the portion of the fair values of the identifiable net assets of the associated company attributable to the Group at the acquisition date is recognised as goodwill. Any deficiency in the cost of acquisition with respect to the portion of the fair values of the identifiable net assets of the associated company that the Group owns on the acquisition date is recognised in profit or loss in the acquisition period.

If as a result of losses incurred by an associate its equity were negative, the investment should be presented in the Group's consolidated balance sheet with a zero value, unless the Group is obliged to give it financial support.

Appendix II to the consolidated financial statements details the associates included in consolidation and significant information thereon.

d) Changes in the scope of consolidation

The main changes in the scope of consolidation in 2020 were as follows:

1. On 20 January 2020, the investee company "Sanjose Panamá, S.A." has increased the share capital by an amount of USD 15 thousand (approximately EUR 14 thousand), through the direct contribution of the company “Constructora San José, S.A.”.

2. During the month of January 2020, the investee company “San José Maroc, S.A.R.L.A.U” was liquidated. This transaction has not had a significant effect on the accompanying consolidated income statement for year 2020 of the Group. Colombia December

3. On 17 July 2020, the investee "Fotovoltaica El Gallo 10, S.L." has carried out a capital reduction for a total amount of EUR 701 thousand. As a consequence, the Group has reduced its participation in this company with a total net cost amounting to EUR 582 thousand,

4. On 11 November 2020, “Distrito Castellana Norte, S.A.” has agreed on a capital increase for EUR 7,742 thousand. The Group, through its associate “Desarrollos Urbanísticos Udra, S.A.U.”, has subscribed and paid up the totality of its shares, for a total value of EUR 774 thousand. Consequently, it maintains its 10% stake in

the capital stock of the company “Distrito Castellana Norte, S.A.”, having significant influence, to the extent that it maintains representation in its administrative body (see Note 2.4.c and 11).

5. During the month of December 2020, the investee company “San José Constructora Colombia S.A. was liquidated. This transaction has not had a significant effect on the accompanying consolidated income statement for year 2020 of the Group.

6. On 23 December 2020, the investee “Constructora San José Argentina. S.A.” has carried out a capital increase for a total amount of 74,432 thousand Argentine pesos (approximately EUR 765 thousand). The Group has taken part in this transaction according to its percentage of participation, having increased the cost of participation in an amount of EUR 741 thousand, mainly through the capitalisation of previously existing debts.

7. During year 2020, the Group company “GSJ Solutions S.L." has established a branch office in Cape Verde. The purpose of this branch office is the development of the activity of the Group in said country.

Main changes in the scope of consolidation in 2019 were as follows:

1. Exit of the consolidation perimeter of the subsidiary "Gestión de Servicios de Salud, S.A." as a result of the simultaneous dissolution and liquidation carried out in May 2019. This transaction has not had a significant effect on the accompanying consolidated income statement for year 2019 of the Group.

2. Exit of the consolidation perimeter of the associated "Top Brands, S.A." as a result of the simultaneous dissolution and liquidation carried out in October 2019. This transaction has not had a significant effect on the accompanying consolidated income statement for year 2019 of the Group.

3. During year 2019, the investee “Distrito Castellana Norte, S.A.” has agreed on a capital increase for EUR 22,000 thousand. The Group has subscribed and paid up according to its participation percentage the capital increase. Additionally, during year 2019, the Group has formalised a purchase and sale agreement with third parties, for which it has transferred ownership of shares representing 14.46% of the capital of the investee. As of 31 December 2019, the Group holds a 10% stake in the capital of the company, as well as significant influence, to the extent that it maintains representation in its management body.

2.5 Comparison of information

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

2.6 Changes in the accounting criteria

Accounting criteria applied during year 2020 is the same as that implemented in year 2019.

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

2.7 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 in the first half 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.

In particular, it should be noted:

- Regarding the level of activity, the impact of the Covid-19 crisis on Grupo SANJOSE has been limited, since there were no relevant interruptions in activity. Regarding the construction activity, as a general rule, the works have remained active. The temporary interruption and / or cancellation of contracts has existed, but in a totally exceptional way and agreed with the clients, having an insignificant impact on the net amount of the turnover for the semester and without, in general, new legal claims against third parties.

- The pandemic has generated some inefficiencies in the supply chain and availability of productive resources, circumstances that inevitably have an impact on project costs, as well as on delivery times, which, despite being of little relevance, the Group has taken measures to adapt costs to new levels of activity. The Group estimates the recovery of execution and certification rates in the coming months to enable it to meet the initially expected returns.

- The financial situation at 31 December 2019 was very positive, having contracted new lines of working capital financing during year 2020. Thus, so far, the pandemic has not had a negative reflection on the Group's financial situation, and liquidity stress situations are not expected even in negative evolution scenarios. (See note 19)

- The Group includes in its estimates that affect the financial statements for the first semester of 2020 the effect of COVID-19:

    - No further deterioration of the registered goodwill is foreseen.

    - The Group evaluates the recoverability of its real estate assets (property, plant and equipment, real estate investments and real estate inventories) based on valuation reports from independent experts (See notes 9, 10 and 12). Further, during the first half of year 2020, a higher income tax, amounting to EUR 4,233 thousand, was recorded.

    - The recoverable value of the main financial assets recorded as of 31 December 2020 has also been reviewed, with special attention to investments accounted for using the equity method (See note 11). Likewise, in relation to trade accounts receivable, no significant default problems have been identified. There are no accounts receivable for materials of doubtful recoverability that are not impaired. Collection periods are kept in line with previous periods.

    - Regarding the recorded deferred taxes, the assumptions about the recoverability of said assets have been updated as of 31 December 2020. The Covid-19 effect has had no impact on the recoverability of registered tax credits.

    - The Group considers that the level of provisions recorded as of 31 December 2020 is adequate to cover all the risks considered probable.

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 Group has prepared its consolidated six-monthly financial statements summarized under the going concern principle.

3. Distribution of the Parent's profit

The Directors of the Parent Company will propose the General Shareholders' Meeting the recognition of EUR 45,789 thousand as 2020 profit to offset against "Loss of previous years" and "Distribution of dividends", according to the following detail:

	Thousands of Euros
Distribution basis:	
Profit/(Loss) for the year	45,789
Distribution:	
To voluntary reserves	39,286
To dividends	6,503

Director of the Company shall suggest the AGM, 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 policies and measurement bases

The accounting principles and policies and measurement bases used in preparing the Group's consolidated financial statements for 2020 were as follows:

4.1 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Any excess of the cost of the investments in the consolidated companies and associates over the corresponding underlying carrying amounts acquired, adjusted at the date of first-time consolidation, is allocated as follows:

1. If it is attributable to specific assets and liabilities of the companies acquired, increasing the value of the assets (or reducing the value of the liabilities) whose market values were higher (lower) than the carrying amounts at which they had been recognised in their balance sheets and whose accounting treatment was similar to that of the same assets (liabilities) of the Group: amortisation, accrual, etc.

2. If it is attributable to specific intangible assets, recognising it explicitly in the consolidated balance sheet provided that the fair value at the date of acquisition can be measured reliably.

3. The remaining amount is recognised as goodwill, which is allocated to one or more specific cash-generating units.

See Note 8 for details on the allotment of gains on from business of the Group.

Goodwill is only recognised when it has been acquired for consideration and represents, therefore, a payment made by the acquirer in anticipation of future economic benefits from assets of the acquired company that are not capable of being individually identified and separately recognised.

Goodwill acquired on or after 01 January 2005 is measured at acquisition cost and that acquired earlier is recognised at the carrying amount at 31 December 2004. In both cases, at the end of each reporting period goodwill is reviewed for impairment (i.e., a reduction in its recoverable amount to below its carrying amount) and, if there is any impairment, the goodwill is written down with a charge to "Impairment or Gains or Losses on Disposals of Non-Current Assets" in the consolidated income statement. Under IAS 36, Impairment of Assets, an impairment loss recognised for goodwill must not be reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Goodwill arising in the acquisition of companies with a functional currency other than the Euro is translated to Euros at the exchange rates prevailing at the date of the consolidated balance sheet.

Negative differences between the cost of equity investments of consolidated and associated entities with respect to the corresponding theoretical-accounting values acquired, adjusted on the date of first consolidation, qualify as negative goodwill and are recorded as follows:

1. If it is attributable to specific assets and liabilities of the companies acquired, increasing the value of the assets (or reducing the value of the liabilities) whose market values were higher (lower) than the carrying amounts at which they had been recognised in their balance sheets and whose accounting treatment was similar to that of the same assets (liabilities) of the Group: amortisation, accrual, etc.

2. The remaining amount is presented under "Other Operating Income" in the consolidated statement for the year in which the share capital of the subsidiary or associate is acquired.

4.2 Other intangible assets

The other intangible assets are identifiable non-monetary assets without physical substance which arise as a result of a legal transaction or which are developed internally by the consolidated companies. Only assets whose cost can be estimated reasonably objectively and from which the consolidated companies consider it probable that future economic benefits will be generated are recognised.

Intangible assets are recognised initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses.

In both cases, the consolidated companies recognise any impairment loss on the carrying amount of these assets with a charge to "Impairment and Gains or Losses on Disposals of Non-Current Assets" in the consolidated income statement. The criteria used to recognise the impairment losses on these assets and, where applicable, the recovery of impairment losses recognised in prior years is similar to those used for property, plant and equipment (see Note 4.4).

Administrative concessions and patents

Administrative concessions are recognised as assets when they have been acquired by the Group for consideration in the case of concessions that can be transferred or for the amount of the expenses incurred to directly obtain the concession from the related public agency.

This item included concessions within CINIIF 12 and that correspond, mainly, to energy and environmental infrastructure investment by subsidiaries of Grupo SANJOSE and "*Project finance*" funding (limited funding applied to projects), either whenever the group or the grantor assume related risks. Cash flows generated by the involved companies and assets act as hedge.

Main features to be taken into consideration are as follows:

- Assets object of concession regime are usually property of the Grantor.

- The Grantor controls or monitors the Concessionaire, as well as funding conditions and terms.

- Concessional Rights imply the monopoly exploitation of a service for a period of time according to concession terms. Upon completion of the concession period, real estate necessary for the provision of services becomes property of the concessional company

- Income derives from the provision of services can be received directly from customers or from the concessional company. Prices for services are usually established by the concessional company.

In general, there are two clearly marked stages, one in which the concessionaire provides construction or restoration services, according to level of the works pursuant to IAS 15 "Income from ordinary activities from contracts with clients for an intangible or financial asset, and a second stage in which maintenance and operation services of said infrastructure are provided in accordance with the given standard.

Intangible assets are recorded whenever risk is assumed by the concessionaire and financial assets are recorded if risk is assumed by the grantor, bearing the concessionaire the right to be paid for provided construction or improvement services. Royalties for awarding of concession regime are also recorded as assets.

The Group amortises these rights on a straight-line basis over the estimated term of the concession.

In the event of non-compliance, leading to the loss of the concession rights, the carrying amount of the concession is written off.

Computer software

Computer software may be contained in a tangible asset or have physical substance and, therefore, incorporate both tangible and intangible elements. These assets are recognised as property, plant and equipment if they constitute an integral part of the related tangible asset, which cannot operate without that specific software.

Computer software is amortised on a straight-line basis over three years from the entry into service of each application.

Computer system maintenance costs are charged to the consolidated income statement for the year in which they are incurred.

Usage rights

The Group classifies as intangible assets the usage rights of the plot of land on which the investee company "Fotovoltaica El Gallo 10, SL" operates and which is amortised on a linear basis, depending on the useful life of said rights, which serve the period of use of the plot of land, which is established in 25 years. The end of the leasing rights will be in 2036.

This rights have been valued in accordance with the costs incurred into at acquisition.

4.3 Property, plant and equipment and investment property

Property, plant and equipment

Property, plant and equipment for own use is recognised at cost less any accumulated depreciation and any recognised impairment losses.

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, and the items replaced or renewed are derecognised.

Periodic maintenance, upkeep and repair expenses are recognised in the income statement on an accrual basis as incurred.

Borrowing costs are only capitalised when significant investments in qualifying assets are made, which are those that take a substantial period of time to get ready for their intended use (see Note 4.12). Borrowing costs incurred to acquire property, plant and equipment for own use are charged to the consolidated income statement on an accrual basis and are not capitalised.

The Group works on their own assets are entered at the accumulated cost (external costs plus in-house costs), determined on the basis of in-house materials consumption and manufacturing costs, calculated using absorption rates similar to those used for the valuation of inventories

Depreciation is calculated, using the straight-line method, on the basis of the acquisition cost of the assets less their residual value; the land on which the buildings and other structures stand has an indefinite useful life and, therefore, is not depreciated.

The period property, plant and equipment depreciation charge are recognised in the consolidated income statement and is based on the application of the following depreciation rates, which are determined on the basis of the average years of estimated useful life of the various assets:

	Percentage Percentage
Buildings	2
Technical facilities	10
Machinery	15
Other fixtures, tools and furniture	12-33
Other items of property, plant and equipment	12-33

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment losses. Depreciation of these assets commences when the assets are ready for their intended use.

Assets held under finance leases are classified on the basis of their nature and are depreciated over their expected useful lives on the same basis as owned assets.

The consolidated companies assess at each reporting date whether there is any internal or external indication that an asset may be impaired (i.e., its carrying amount exceeds its recoverable amount). If so, the carrying amount of the asset is reduced to its recoverable amount and future depreciation charges are adjusted in proportion to the revised carrying amount and to the new remaining useful life, if the useful life must be re-estimated.

Similarly, if there is an indication of a recovery in the value of an item of property, plant and equipment, the consolidated companies recognise the reversal of the impairment loss recognised in prior years and adjust the future depreciation charges accordingly. Under no circumstances may the reversal of an impairment loss on an asset raise its carrying amount to above that which it would have had had no impairment losses been recognised in prior years.

Facilities and equipment are recorded at their cost price less accumulated depreciation and any impairment loss recognised.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Investment property:

"Investment Property" in the consolidated balance sheet reflects the net values of land, buildings and other structures (whether they are owned by the Group or are being used by the Group under a finance lease) held either to earn rentals or for capital appreciation. At 31 December 2019, assets recognised under "Property Investment " relate mainly to office buildings, hotels, leisure centres, land and parking spaces and the items of property, plant and equipment associated with them, such as machinery and furniture, whether owned by the Group or held under finance lease.

The Group does not take part in the management of the lessee, nor in the risks associated therein. Otherwise, they qualify as tangible fixed assets.

Investment property is presented at acquisition or production cost, where appropriate, pursuant to the applicable legislation. The same measurement basis, depreciation methods, estimated useful lives and recognition criteria are used for investment property (see Note 10).

However, those property investments that meet the criteria to be classified as "Assets held for sale" are measured according to the rules applicable to non-current assets held for sale and discontinued operations.

There are no restrictions on the realisation of real estate investments, the collection of the income derived from them or the resources obtained by their disposal or disposal by other means, other than the amortisation of the mortgage loans that could be associated (see Note 16.2).

Borrowing Costs

The accounting treatment of borrowing costs is described in Note 4.12. In 2020 and 2019, the Group has not capitalised borrowing costs under "Property, plant and equipment" and "Investment Property" in the attached consolidated balance sheet.

4.4 Asset impairment

At the end of each year, or whenever it is deemed necessary, the value of assets is analysed to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the required write-down (if any). Where an identifiable asset does not generate cash flows independently, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In the case of cash-generating units to which goodwill or intangible assets with an indefinite useful life have been allocated, recoverability is systematically analysed at the end of each reporting period or whenever it is deemed necessary to perform such an analysis on the basis of the existing circumstances.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. In calculating the recoverable amount of property, plant and equipment and goodwill, the Group uses value in use in practically all cases.

To estimate value in use, the Group prepares future pre-tax cash flow estimates based on the most recent budgets approved by Group management. These budgets include the best estimates available of income and costs of the cash-generating units based on industry projections, past experience and future expectations.

These projections cover the coming five years and cash flows for the following years are estimated by applying zero growth rates. These cash flows are discounted to present value at a pre-tax rate which reflects the cost of capital of the business and the geographical area in which it is carried on. In order to calculate the rate, the current time value of money and the risk premiums generally used by analysts for the business and the geographical area are taken into account.

In the event that the recoverable amount is lower than the net book value of the asset, the corresponding provision is recorded for impairment loss for the difference under "Impairment and profit/(loss) from disposal of fixed assets" in the consolidated income statement.

With regards to the recoverable value of real estate assets, the Group uses the assessment of independent valuers (see Notes 4.6, 10 and 12.5).

As of 31 December 2020, and 2019, the Group has contracted the services of "Instituto de Valoraciones, S.A.", issuing a valuation report of the Group's real estate assets (tangible fixed assets, real estate investments and real estate stocks), being its main features the following:

- Date of issuance, 31 December 2020 and 12 February of 2019, respectively.

- The valuation criterion used depends on the nature and situation of each of the real estate assets valued. Specifically:

    - Real estate investments: sale value and rental value in the market are taken as a basis, which consist mainly of capitalising the current and / or potential net income of each property and updating future flows.

    - Completed projects: valuation method by comparison (for finished products) and residual static and dynamic methods (basically, for land and plots and ongoing projects). Under the Residual

Method, the residual value of property is obtained by discounting the cash flows calculated on the basis of projected expenses and income at the established rate by taking into account the period until these flows are realised. The total cash receipts deemed to have been received prior to the valuation date are added to this amount in order to obtain the total value. The discount rate used is that which represents the average annual return on the project, without taking borrowings into account, that an average developer would obtain from a development similar to that analysed.

This discount rate is calculated by adding the risk premium (determined by evaluating the risk of the development, taking into account the property asset to be constructed, its location, liquidity, construction period and investment required) to the risk-free interest rate. When the determination of the cash flows takes into account borrowings, the aforementioned risk premium is increased in proportion to the percentage of the borrowings (degree of leverage) attributed to the project and the habi1tual interest rates in the mortgage market.

- Land: mainly, purchase-sale transactions that would have occurred in the area, as comparable, are taken as a reference.

In any case, valuation criteria were performed as defined by the Royal Institution of Chartered Surveyors (RICS) and in accordance with the International Valuation Standards (IVS) published by the International Valuation Standards Committee (IVSC), which group together international and European asset valuation institutions. For the calculation of the current value, acceptable discount rates are used for a potential investor, reasonable with those applied by the market for properties of similar features, use and location.

During the last few years, there have been no significant changes in the assessment criteria used.

No valuation limitations are contemplated other than those usual in this type of valuation reports.

In accordance with IFRS 13, in relation to the valuation hierarchy, in general, the real estate assets held by the Group are classified under Level 3 During 2020, there were no transfers of assets between the different classification levels.

The fair value of real estate assets depends, among others, on the exchange rate at the valuation date, as well as on the interest rate curve (mainly the Euro and the Argentine peso) At 31 December 2020, changes in the value of financial instruments of the Group due to changes in interest rates is not significant, However, as a result of the sharp devaluation of the Argentine peso (see Note 2.3), the valuation of the Group's real estate assets in Argentina has been affected: the total amount of the valuation of the Group's real estate assets in Argentina has been reduced during years 2020 and 2019 by EUR 2.2 million and EUR 4 million, respectively, mainly due to the devaluation of the Argentinean Peso.

4.5 Leases

A contract contains a lease when the lessor transfers control of an identifiable underlying asset for a certain period of time in exchange for a consideration. An asset is identifiable when it is explicitly specified in the contract or implicitly when it is made available to the client. However, if the supplier has the right to replace the asset during the period of use, that is, when it has alternative assets and can economically benefit from such substitution, the asset is not considered identifiable and therefore the contract will not contain a lease.

4.5.1 Lessee perspective: rights of use identified in lease agreements

When the Group companies act as lessees, as a result of the application of IFRS 16 “Leases”, as of 1 January 2019 all leasing operations (except for certain exceptions for being of a reduced amount or duration) in which The Group acts as a lessee, generate the accounting of an asset for the right of use, registered by nature primarily as a material asset, and as a liability for the future payment obligations incurred into. The liability will be recorded at the current value of the future cash flows of each lease and the asset for an equivalent amount adjusted for any advance payment paid. Subsequently, the right-of-use asset is valued at cost less accumulated depreciation and impairment losses; and adjusted for any new measurement of the lease liability resulting from a modification or revaluation of the lease.

Right-of-use assets are depreciated on a straight-line basis over the useful life of the asset or the lease term, whichever is less.

Lease payments are discounted using the interest rate implicit in the lease or, when it is not possible to obtain this rate easily, the incremental interest rate of the indebtedness of the Group entity set put in the lease agreement. The lease liability is increased by the accrued financial expenses and decreases by the amount of the lease payments made. The value of the liability is recalculated when changes occur in the terms of the lease, in the valuation of the purchase option, in the amounts expected to be paid under the residual value guarantee or when future lease payments are modified as consequence of changes in the indices or types used for its calculation.

The lease period begins when the lessor makes the underlying asset available to the lessee for its use. The lease period used in the valuation is the non-cancellable period of the lease. The early cancellation option maintained only by the lessor is not considered in the determination of the lease period. Therefore, the determination of the lease period requires the application of judgement by the Group's management and has a significant impact on the valuation of the assets by right of use and the liabilities for leasing. In the case of short-term lease contracts and contracts in which the underlying asset is of low value, the Group recognises the lease payments corresponding to these contracts as expenses in a linear manner during the term of the lease.

To determine the lease term, the non-revocable period of the contract is taken into account plus the periods covered by the option to extend the lease, if the lessee is reasonably certain that this option will be exercised. In this regard, the available historical information has been taken into account as indicated in paragraph B.40 of IFRS 16, having materialised this general criterion in a specific standard by which, in those leases of assets linked to construction works or contracts of provision of services, in which the duration of the lease is less than the duration of the contract, it is presumed that the extension option will be exercised until the termination date of the contract.

4.5.2 Landlord perspective: finance and operating leases

The accounting for lease contracts where the Group companies act as lessor has not been affected by the application of IFRS 16, applying the following criteria:

Operating Leases

When the consolidated companies act as the lessor, they present the acquisition cost of the leased asset under "Property, Plant and Equipment". These assets are depreciated using a policy consistent with the lessor's normal depreciation policy for similar items and lease income is recognised in the income statement on a straight-line basis.

4.6 Inventories

"Inventories" in the consolidated balance sheet reflects the assets that the consolidated companies:

- Hold for sale in the ordinary course of business.
- Are in the process of constructing or developing for such sale.
- Expect to consume in the production process or in the provision of services.

Inventories are stated at the lower of acquisition or production cost and net realisable value. Cost comprises direct materials and, where applicable, directs labour costs and production overheads, including the costs that have been incurred in bringing the inventories to their present location and condition at the point of sale. Trade discounts, rebates and other similar items are deducted in determining the cost of purchase.

The cost of inventories sold or applied to the production process is calculated using the weighted average method. Net realisable value is the estimated selling price less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Agricultural inventories

Biological assets shall be recorded at their fair value less the estimated costs at the point of sale, as long as it can be reliably determined. For assets lacking prices or securities set by the market and not reasonably reliable, the cost shall be valued according to their cost minus accumulated depreciation and accumulated losses due to impairment.

In any case, for agricultural products, at the time of harvesting or gathering, they shall be valued at their fair value less the estimated costs at the point of sale.

Real estate inventories

Consequently, land and other property held for sale or for inclusion in a property development in the ordinary course of the Group's business and not for capital appreciation or to earn rentals are treated as inventories.

Land is stated at acquisition cost, plus the costs of demolishing buildings and other expenses related to the acquisition (non-recoverable taxes, registration expenses, etc.). The Group does not capitalise the borrowing costs incurred on the loans obtained to finance the purchase of land to the carrying amount thereof during the period between its acquisition and the date on which the construction begins, which is when they are transferred to "Developments under construction".

"Developments under construction" includes the land development costs incurred up to year-end and the costs of construction or acquisition of real estate developments, increased by the expenses directly allocable to them (costs of construction subcontracted to third parties, fees inherent to construction and project management fees), in addition to the reasonable portion of the costs indirectly allocable to the related assets, to the extent that these costs correspond to the development period, and the borrowing costs incurred during the construction period. During years 2020 and 2019, no borrowing costs have been capitalised to "Inventories".

The Group assesses the net realisable value of the inventories at the end of each period and recognises the appropriate loss if the inventories are overstated. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed. (Note 4.4)

Further, at 31 December 2020 and 2019, "Inventories" includes advances to suppliers for the purchase of inventories amounting to EUR 11,047 thousand and EUR 18,525 thousand, respectively (see Note 12).

Issuance rights

Issuance rights are recorded in the consolidated balance sheet as of the date of arising rights. They are recorded as follows:

Initial recognition

Issuance rights shall be valued at acquisition price or production cost. In the case of rights available for free or for a price substantially below market value, said rights shall be recorded at acquisition market price thereof at the time of purchase.

Issuance rights arising from the National Allocation plan shall be recorded at the beginning of the natural year.

Subsequent recognition

After their recognition as assets, issuance rights shall be valued at acquisition price or production cost and are not subject to depreciation.

Provisions for their lower value at the end of each year shall be recorded as long as recorded carrying value in book may not be recoverable.

Expenses related to the emission of greenhouse gases accrue as greenhouse gases are rendered. A provision for risks and related costs shall be recorded as liabilities in the consolidated balance sheets until settlement of the same by delivering relevant issuance rights.

4.7 Trade receivables and customer advances

Trade receivables do not earn interest and are recognised at the fair value of the consideration given, reduced by the estimated non-recoverable amounts (see Note 13.1).

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 (see Note 18.2).

4.8 Financial Instruments

Financial instruments are recognised when the Group becomes an obligated party of the legal contract or business in accordance with its provisions. As of 1 January 2018, the Group classifies its financial assets according to terms under IFRS 9 "Financial Instruments".

The criterion for classifying financial assets will depend both on the way in which an entity manages its financial instruments (its business model) and on the existence and characteristics of the contractual cash flows of financial assets. Based on the foregoing, the asset will be measured at amortised cost, at fair value through changes in other comprehensive income or at fair value with changes in profit or loss, as follows:

- If the objective of the business model is to maintain a financial asset for the purpose of collecting contractual cash flows and, according to the terms of the contract, cash flows are received on specific dates that exclusively constitute principal payments plus interest on said principal, financial assets will be valued at amortised cost.

- If the business model is aimed both at obtaining contractual cash flows and their sale and, according to the terms of the contract, cash flows are received on specific dates that exclusively constitute payments of the principal plus interest on said principal, financial assets will be valued at fair value with changes in other comprehensive income (equity).

Out of these scenarios, the outstanding assets will be valued at fair value with changes in profit or loss. All equity instruments (for example, stocks) are valued by default in this category. This is because their contractual flows do not comply with the characteristic of being only payments of principal and interest. Financial derivatives are also classified as financial assets at fair value through profit or loss, unless they are designated as hedging instruments.

For valuation purposes, financial assets must be classified in one of the following categories, with the accounting policies of each of them being the following:

1. Financial assets at amortised cost: these assets are recorded after their initial recognition at amortised cost according to the effective interest rate method. Said amortised cost will be reduced by any impairment loss. They will be recorded under the consolidated income statement profit for the period when the financial asset is derecognised or has been impaired, or due to exchange differences. Interest calculated using the effective interest method is recognised in the income statement under "financial income".

2. Financial assets at fair value through profit or loss: Financial assets at fair value through profit or loss are recognised initially and subsequently at fair value, without including transaction costs, which are charged to the consolidated income statement. Gains or losses arising from changes in fair value are included in the income statement under "Changes in the fair value of financial instruments" in the period in which they originated. Any dividend or interest is also carried to financial profit/(loss).

3. Debt instruments at fair value through profit or loss: They are subsequently accounted for at fair value, recognising the changes in fair value in "Other comprehensive income". Interest income, impairment losses and foreign exchange differences are recognised in the consolidated income statement. When sold or derecognised, the cumulative fair value adjustments recognised in "Other comprehensive income" are included in the consolidated income statement as "other financial income / (expense)".

4. Equity instruments at fair value through profit or loss: Its subsequent measurement is at fair value. Dividends are only taken to profit/(loss), unless said dividends clearly represent a recovery of the cost of the investment. Other losses or gains are carried to "Other comprehensive income" and are never reclassified to profit/(loss).

Impairment of financial assets

The impairment model is applicable to financial assets valued at amortised cost that include the item "Customers and other receivables".

The impairment model is based on a dual valuation approach, under which there will be a provision for impairment based on the expected losses over the next 12 months or based on the expected losses over the entire life of the asset. (IFRS 9, P.5.5.3 and P.5.5.5). The fact that determines the passage from the first approach to the second is that there is a significant worsening in the credit quality.

Notwithstanding the provisions of paragraphs 5.5.3 and 5.5.5, the Group will always calculate the value correction for losses in an amount equal to the expected credit losses throughout the life of the asset in the case of:

(a) Trade receivables or contract assets arising from transactions that are within the scope of IFRS 15 and that:

(i) do not have a significant financing component (or when the entity applies the practical solution in relation to contracts of one year or less) in accordance with IFRS 15); or

(ii) have a significant financing component in accordance with IFRS 15, if the Group has adopted the accounting policy of calculating the allowance for losses in an amount equal to the expected credit losses throughout the life of the asset.

(b) Lease receivables arising from transactions that are within the scope of IFRS 16, if the entity has adopted the accounting policy of calculating the allowance for losses in an amount equal to the expected credit losses during the entire life of the asset.

Financial Liabilities

Main financial liabilities held by the Group companies are financial liabilities at maturity that are valued at their amortized cost. Financial liabilities held by the Group companies are classified as:

1. Bank loans and other loans: loans obtained from banks and other lenders are recorded at the amount received, net of the costs incurred in the transaction.

   Subsequently, financial debts are valued at amortised cost. Any difference between the income obtained (net of the transaction costs) and the reimbursement value is recognised to profit/(loss) over the life of the debt according to the effective interest rate method.

   Financial debt is eliminated from the consolidated balance sheet when the obligation specified in the contract has been paid, cancelled or expired. The difference between the carrying amount of a financial liability that has been cancelled or assigned to another item and the consideration paid, including any assigned asset different from the cash or liability assumed, is recognised in the income statement as other financial income or expenses.

   The exchange of debt instruments between the Group and the counterparty or the substantial modifications of the liabilities initially recognised, are accounted for as a cancellation of the original financial liability and the recognition of a new financial liability, provided that the instruments have substantially different conditions. The Group considers that the conditions are substantially different if the present value of the discounted cash flows under the new conditions, including any commission paid net of any commission received, and using the original effective interest rate to make the discount, differs at least at 10 percent of the discounted present value of the cash flows that still remain of the original financial liability.

   If the exchange is recorded as a cancellation of the original financial liability, the costs or fees are recognised in the consolidated income statement forming part of the profit/(loss) of the same. Otherwise, amended cash flows are discounted at the original effective interest rate, recognising any difference with the previous carrying amount in profit or loss. In addition, costs or commissions adjust the carrying amount of the financial liability and are amortised by the amortised cost method during the remaining life of the modified liability.

   The Group recognises the difference between the carrying amount of the financial liability or a part of it that is cancelled or assigned to a third party and the consideration paid, including any assigned asset different from the cash or liability assumed in profit or loss.

2. Trade payables and other payables: payables originated by traffic operations are initially recorded at fair value and, subsequently, are valued at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when the obligations they generate have been extinguished.

4.9 Treasury Shares of the Parent

Equity instruments are classified in accordance with the content of the contractual arrangements. Equity instruments issued by the Parent are recognised in consolidated equity at the proceeds received, net of direct issue costs.

Grupo SANJOSE did not hold any treasury shares at 31 December 2020 and 2019. Likewise, no transactions involving treasury shares were carried out during years 2020 and 2019.

4.10 Derivative financial instruments and hedge accounting

The Group contracts OTC derivative financial instruments to secure risks arising from future activities, transactions and cash flows. Mainly, changes in interest rate types. Within the framework of these transactions, the Group contracts financial instruments for economic hedging.

Derivatives are initially recognised at fair value on the date on which the derivative contract is signed and subsequently they are revalued at their fair value at balance sheet date. The accounting for subsequent changes in fair value depends on whether the derivative has been designated as a hedging instrument and, if so, on the nature of the item being hedged.

At the beginning of the hedge relationship, the Group documents the economic relationship between the hedging instruments and the hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset the changes in the cash flows of the hedging instruments. The Group documents its risk management objective and strategy for undertaking its hedging transactions.

The effective part of the changes in the fair value of the derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The loss or profit related to the ineffective part is recognised immediately as gain or loss under other income or other expenses.

Gains or losses corresponding to the effective portion of the change in the intrinsic value of option contracts are recognised in the cash flow hedge reserve in equity. Changes in the time value of option contracts that are related to the hedged item ("aligned time value") are recognised within other comprehensive income in the costs of the hedge reserve in equity.

When forward contracts are used to hedge forecasted transactions, the Group generally designates only the change in the fair value of the forward contract related to the cash component as the hedging instrument. Gains or losses corresponding to the effective portion of the change in the intrinsic value of option contracts are recognised in the cash flow hedge reserve in equity. Changes in the item in the term of the contract related to the hedged item are recorded under other comprehensive income in the costs of the hedge reserve within equity. In some cases, the gains or losses corresponding to the effective part of the change in the fair value of the full-term contract are recognized in the cash flow hedge reserve in equity.

- Cash flow hedges. Profit or loss of the financial instrument is recorded under net equity and is registered at the corresponding income statement in which the element is classified as hedging financial instrument. Yet if the elements do not qualify as financial asset or liability, arising amounts would be recorded as cost of the said assets or liability.

- The accounting of hedges is interrupted when the hedging instrument expires, or is sold, terminated or exercised, or fails to meet the criteria for accounting of hedges. At that time, any cumulative profit or loss, corresponding to the hedging instrument that has been recorded in equity, remains within equity until the anticipated transaction occurs. When the operation that is being hedged is not expected to occur, the accumulated net gains or losses recognised in equity are transferred to the net profit/(loss) for the period.

Derivatives implicit in other financial instruments or in major contracts are recorded separately as derivatives only when their risks and characteristics are not closely related to the main contracts and provided that those principal contracts are not valued at fair value through recognition in the statement of consolidated comprehensive profit/(loss) of changes in fair value.

In the case of the derivative financial instruments arranged by the Group that meet the aforementioned requirements for classification as a cash flow hedge, the changes in the fair value in 2019 were recognised under "Equity - Valuation Adjustments" in the accompanying consolidated balance sheet (see Note 14.6).

Changes in the fair value of the derivative financial instruments arranged by the Group that do not fully meet the aforementioned requirements for classification as a hedge were recognised under "Changes in Fair Value of Financial Instruments" in the consolidated income statement (see Note 17).

To determine the fair value of the interest rate derivatives (IRSs), the Group uses an in-house IRS valuation model where the inputs are the Euribor market curves and long-term swap rates to establish the fair value of the interest rate derivative structures. In order to calculate the fair value of option-based derivatives (collars), the Group uses Black-Scholes option pricing models and variations thereon, taking as an input the implied volatility in the markets for the corresponding strikes and times to expiry.

IFRS 13, Measurement of Fair Value, became into force on 1 January 2013 and shall be mandatory for financial years commencing upon said date. Its applicability was approved by UE Regulation 1255/2012 as of 11 December, applicable to the Group because the Parent is a listed company.

For calculating fair value of derivative financial instruments, the Group has applied several methods which include current and future exposure, possibility of default and potential loss in the event of default. Consequently, CVA (Credit Value Adjustment) or credit risk of the counterpart and DVA (Debt Value Adjustment) or its own credit risk are defined.

Total exposure of derivatives is determined by the market, taking into consideration interest rate changes, exchange rate changes and any other changes subject to market conditions.

Possibility of default has been based on credit spread of financing of Grupo SANJOSE, verifying it is similar to that of similar companies and therefore it is a market reference.

Further, for the adjustment of credit risk, total exposure of the Company to counterparties has been taken into consideration. In the event of counterparties with credit information. credit spreads are provided by CDS (Credit Default Swaps) listed on the stock exchange; companies lacking credit information use reference information available. At 31 December 2020 and 2019, the Group held interest rate swaps (IRSs and collars) for a total notional amount of EUR 3,211 thousand million and EUR 2,913 million, respectively, with maturity dates in 2021. The negative impact on the consolidated net equity of the Group of the changes in fair value resulting from these arrangements at the end of 2020 and 2019 was EUR 67 thousand and EUR 80 thousand, respectively.

4.11 Recognition of revenue and expenditure

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

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.

In application of IFRS 15, the Group identifies and separates the different commitments to transfer a good or service contemplated in a contract. This implies the separate recognition of income from each of the obligations that could be identified individually within the same main contract.

Likewise, the Group estimates the price of each of the contracts that have been identified taking into account, in addition to the initial price agreed in the contract, the amount of the variable consideration, the time value of money (in the cases in which it is considered that there is a significant financing component) and non-monetary considerations.

Some of the particularities existing in the activities carried out by the Group are detailed below:

4.11.1 Construction activity

In general, the performance obligations that the Group performs in the construction activity are satisfied over time and not at a specific moment, since the client simultaneously receives and consumes the benefits provided by the performance of the entity as the service is provided.

The Group recognises the results, as a general rule, in accordance with the “Product-based method”, which corresponds to the direct measurement method of the work performed (the measurement of the work performed) through the valued relationship or “unit value of work”, by which the income is recognised over time as the delivery obligation to the customer is satisfied, in accordance with the provisions of IFRS 15. As long as the valued relationship cannot be used, because the unit price of the units to be executed cannot be determined or a breakdown and measurement of the units produced cannot be made, the use of the “Input-based method” is admissible, in accordance with what is described under IFRS 15, as a degree of progress procedure. In this case, the Group recognises total contract costs incurred into and income from said contracts, and reasonably assured sales relating to completed construction work as contract revenue up to the limit of the aforementioned contract costs incurred into.

According to the “Product-based method”, the measurement of the units carried out for each of the works is obtained recording the corresponding production as income. Contract costs are recognised on an accrual basis, recording as expense any costs actually incurred into in completed construction units and costs which may be incurred into in the future but must be charged to the construction units that have been currently completed. An expected loss on the construction contract is recognised as an expense immediately.

Any works performed not included in the main contract, at the request of the client, such as refurbishments, additions and modifications of the work, income is recorded following the same method of that used for the main work, provided it is technically justified and approved, and there is no doubt about its subsequent approval. In accordance with the provisions of IFRS 15, P.21.b. the Group accounts for the aforementioned modification as if it were a part of the existing contract, if the goods are not different or differentiated and, therefore, form part of a single performance obligation that was partially satisfied on the date of the contract modification.

Different Group companies with construction or project execution activity are provided with the necessary and sufficient internal control system for the identification and differentiation of the components of total revenue budget (main contract, amendment, complementary and claims) and the approval level (not approved, with technical approval, with technical and economic approval).

The application of this method for the recognition of the outcome of construction contracts is combined with the preparation of a budget for each construction contract detailed by construction unit. This budget is used as a key management tool in order to closely follow up, for each construction unit, any variances between budgeted and actual figures.

Further, the application of IFRS 15 requires an increase in the level of acceptance by the client in relation to the recording of income from modifications to the original contract. With regards to contracts with ongoing negotiations to obtain the client's approval, their status is required to be advanced so as to determine whether it is highly probable that the entry record will not be reversed in the future. Additionally, in these cases, the recognition of income by the Group is recorded by applying the limitations corresponding to variable consideration established by IFRS 15 P.57. In case of approval of the modification without the amount being defined, the income is estimated as a variable consideration, only as long as the probability criteria and of no significant reversion of the income in the future are met.

It should be noted that the IFRS 15 standard includes requirements in relation to “variable consideration as incentives”, as well as the accounting of claims and variations as contractual modifications that imply a higher threshold of probability of recognition. According to the standard, income is recognised when it is highly probable that there will not be a significant reversal of income for these modifications. Likewise, in the event that the contracts include price revision clauses, the revenues that represent the best estimate of the future chargeable amount are recorded, under the same probability criteria established for the variable consideration.

In the event that the amount of production at origin, valued at the certification price, of each of the works is greater than the certified amount up to the date of the statement of financial position, the difference between both amounts corresponds to contractual assets that are included under the category of “Executed production outstanding certification” within the item “Trade debtors and other receivables” under current assets of the consolidated statement of financial position.

In relation to the aspects included in the previous paragraph, it should be noted that the Group has registered under the item "Customers for sales and provision of services" in the consolidated statement of financial position, balances associated with "Certified production outstanding collection" as well as balances related to "Production executed outstanding certification".

In relation to incremental costs, bidding and contract costs, these can only be capitalised if both are expected to be recovered and that neither would have taken place if the contract had not been obtained or if they were inherent in the delivery of a project.

In the event that the total expected result of a contract is less than that recognised in accordance with the revenue recognition rules, discussed above, the difference is recorded as a provision for negative margins.

If the amount of production at origin is less than the amount of the certifications issued, the difference corresponds to contractual liabilities that are collected under the category of "Customer advances", under the heading of "Trade creditors and other accounts payable” Of current liabilities in the consolidated statement of financial position.

Income and expense relating to construction services or improvement of infrastructure are recorded in the consolidated financial statements as construction margin.

4.11.2 Real estate promotion activity and urban developments

The main activity carried out by the Real Estate Division is the sale of houses and land. Revenue from this activity is recognised when the risks and rewards of ownership of the goods have been transferred to the buyer which usually is the date on which the public deed is executed. In this regard:

a. Sales of properties and land and the related costs are recognised in the consolidated income statement when substantially all the risks and rewards of ownership have been transferred, i.e., when the properties are delivered and the sale is executed in a public deed. The deliveries of cash by the customers as payments on account, from the date of the signing of the private agreement to the date on which the sale is executed in a public deed, are recognised under "Trade Payables" on the liability side of the consolidated balance sheet.

b. The sales of building plots on which the Group has acquired the obligation with the local authorities to carry out urban development work, which affects all the building plots under the urban development plan, and which cannot be considered to be carried out specifically for the owners of the parcels sold, are broken down into two items: the sale of the building plot and the sale of the urban development work associated therewith.

   The revenue relating to the sale of the building plot is recognised when substantially all the risks and rewards of ownership have been transferred, usually when the property is delivered and the sale is executed in a public deed.

   The revenue attributable to the sale of the urban development work (which is determined on the basis of the projected costs of the urban development work as a whole, calculated in proportion to the square metres of the building plot sold with respect to the total square meters of the urban development work plus the estimated profit margin on the sale) is recognised when the urban development work has been substantially completed, at which time a provision is recognised for the estimated costs to be incurred in completing the work.

c. Rental income is recognised on an accrual basis and incentive-related income and the initial costs of lease agreements are allocated to income on a straight-line basis.

d. Asset exchange transactions. An asset exchange transaction is an acquisition of property, plant and equipment or intangible assets in exchange for the delivery of other non-monetary assets or of a combination of monetary and non-monetary assets.

   The assets received in an exchange transaction are recognised at their fair value, provided that it can be considered that the exchange has commercial substance and that the fair value of the asset received, or otherwise of the asset given up, can be reliably measured. The fair value of the asset received is taken to be the fair value of the asset given up plus, where applicable, the fair value of any monetary consideration paid in exchange, unless there is clearer evidence of the fair value of the asset received.

Asset exchange transactions that do not meet the above-mentioned requirements, the asset received is recognised at the carrying amount of the asset given up plus the amount of any monetary consideration paid or committed on the acquisition.

Income relating to the derecognition of assets given up in an asset exchange transaction is recognised when substantially all the risks and rewards of ownership of the asset have been transferred to the counterparty in the exchange, with the value assigned to the asset received being recognised as the balancing entry.

Amounts collected or instrumented in notes and bills under contracts executed at the balance sheet date in relation to properties not yet delivered are recognised under "Trade Payables" or "Other Non-Current Liabilities" on the liability side of the accompanying consolidated balance sheet, depending on whether they fall due in less than or more than one year, respectively.

4.11.3 Energy activity

Sales of electricity or any other type of energy, together with the supplements associated with it, are recorded as income at the time of delivery to the customer, at which time the obligations of the performance of the quantities supplied during the period are satisfied.

Generation activity in regulated markets and in projects with PPA (Power Purchase Agreement) or long-term power supply contracts, energy prices and their supplements have a pre-established price. For those projects that sell energy without this type of contract, the sale price of the energy and its complements vary throughout the project depending on the quoted prices per MWh of the market (pool) at each moment.

4.11.4 Concessions & Services activities

Revenue from provision of services is recognised using the percentage of completion method, whereby revenue id easily estimated.

Group companies follow the procedure of recognising the value at sale price of the service provided during said period as income each year, once the obligation to perform or transfer the good or service committed to the customer has been satisfied, which generally, coincides with the transfer of control over said transferred good or services, provided that it is covered by the main contract signed with the client or by modifications or additional ones approved by the client, or those services that, although not approved, are deemed highly probable to be recovered.

Price revisions recognised in the initial contract signed with the client are recognised as income at the time of accrual, regardless of whether they have been approved annually by the client, considering that they are committed in the contract.

4.11.5 Other revenue and expenditure

- Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash flows over the expected life of the financial asset to that asset's carrying amount.

- Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

- Government grants related to property, plant and equipment are recognised in the consolidated balance sheet as deferred income when the Group has satisfied the conditions established for their award and, consequently, there are no reasonable doubts as to their collection. These grants are allocated to income, with a credit to "Other Operating Income" in the consolidated income statement, systematically over the years of useful life of the assets, for which the grants were provided.

  Grants awarded for the purpose of covering or financing expenses incurred by the Group are recognised as income in the periods in which the related expenses are incurred once the conditions have been met.

- An expense is recognised in the consolidated income statement when there is a decrease in the future economic benefit related to a reduction of an asset, or an increase in a liability, which can be measured reliably. This means that an expense is recognised simultaneously to the recording of the increase in a liability or the reduction of an asset.

- An expense is recognised immediately when a disposal does not produce future economic benefits nor meets accounting criteria to be recorded as an asset.

- Likewise, an expense is recognised when a liability is incurred and no asset is recognised, as in the case of a liability relating to a guarantee

4.12 Borrowing Costs

Borrowing costs directly attributable to the construction or production of property developments or investment property, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. If borrowings have been obtained specifically for the construction of such assets, the interest and the other capitalised finance charges relate to the actual costs incurred in the year, less the income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets. To the extent that funds have been borrowed generally, the amount of borrowing costs eligible for capitalisation is determined by applying the capitalisation rate that relates to the weighted average of the borrowing costs applicable to the average borrowings outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

However, the capitalisation of borrowing costs is suspended during extended periods in which active development of a qualifying asset is suspended.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred, on an accrual basis, using the effective interest method.

4.13 Currency

The Group's functional currency is the Euro. Therefore, all balances and transactions denominated in currencies other than the euro are deemed to be "foreign currency balances and transactions".

On consolidation, the balances in the financial statements of the consolidated companies with a functional currency other than the Euro are translated to Euros as follows:

1. Assets and liabilities are translated to Euros at the exchange rates prevailing on the balance sheet date.

2. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly.

3. Equity is translated at the historical exchange rates.

4. Any translation differences arising are classified separately in equity. Such translation differences are recognised as income or as expenses in the year in which the foreign operation is realised or disposed of.

Goodwill arising on the acquisition of a foreign company is treated as an asset of the foreign company and is translated at the closing rate. Goodwill adjustments and fair value generated in the acquisition of a foreign entity are considered assets and liabilities of the foreign entity and are converted according to the current rate at closing date.

The detail of the main companies which contribute assets and liabilities denominated in currencies other than the Euro is as follows:

Company	Address	Activity
Constructora San José Cabo Verde, S.A.	Cape Verde	Construction
Branch office of Constructora Udra, Ltda. in Cape Verde	Praia (Cape Verde)	Construction
Constructora San José Argentina, S.A.	Buenos Aires (Argentina)	Construction
Tecnoartel Argentina, S.A.	Buenos Aires (Argentina)	Maintenance and facilities
Carlos Casado, S.A.	Buenos Aires (Argentina)	Agricultural productions
Branch office of Constructora San José in Argentina	Buenos Aires (Argentina)	Construction
Hospes Brasil Participaciones e Empreendimientos Lda.	Brazil	Construction and Real Estate Development
Aprisco Salvador Inv. Hoteleiros e Imobiliários, Ltda.	Brazil	Construction and Real Estate Development
Concesionaria San Jose Tecnocontrol, S.A.	Santiago de Chile (Chile)	Hospital Construction and Management
San José Tecnologías Chile Limitada	Chile	Construction
Tecnocontrol Chile Limitada	Chile	Industrial maintenance
Inversiones San José Chile, Lda.	Santiago de Chile (Chile)	Investment and real estate
Inversiones San José Andina, Ltda.	Santiago de Chile (Chile)	Investment and real estate
San Jose India Infraestructure & Construction Private Limited	New Delhi (India)	Construction
San José Construction Group, Inc	Washington (USA)	Construction
Inmobiliaria 2010, S.A.	Lima (Peru)	Construction and Real Estate
San José Inmobiliaria Perú, S.A.C.	Lima (Peru)	Construction
San José Perú Constructora, S.A.	Lima (Peru)	Construction
Parsipanny Corp. S.A.	Uruguay	Agricultural productions
Rincon S.A.G.	Paraguay	Agricultural productions
Agropecuaria de El Chaco, S.A.	Paraguay	Agricultural productions
Casado Agropecuaria, S.A.	Paraguay	Agricultural productions
Puerta de Segura, S.A.	Uruguay	Industrial, Trade
Branch office of Constructora San José, S.A. in Nepal	Nepal	Construction
Branch office of Constructora San José, S.A. in Timor	Timor	Construction
Branch office of Constructora San José, S.A. in Mexico	México	Construction
Branch office of Constructora San José, S.A. in Peru	Peru	Construction
Branch office of Constructora San José, S.A. in Abu Dhabi	Abu Dhabi	Construction
SJ Contracting, LLC.	Abu Dhabi	Construction
Consorcio Hospital Carlos Cisternas de Calama, S.A.	Chile	Construction
Sociedad Concesionaria Rutas del Loa	Chile	Construction
San José Nuevos Proyectos Salud Limitada	Chile	Construction

None of these countries, with the exception of Argentina (see Note 2.3), are considered to be hyper-inflationary economies as defined by IAS 29.

4.14 Profit (Loss) from operations

"Profit (Loss) from Operations" in the consolidated income statement includes the profits and losses from the Group companies' ordinary operations, excluding the financial loss and the share of results in associates.

4.15 Income tax

The income tax expense of the Spanish companies and the taxes of a similar nature applicable to the consolidated foreign companies are recognised in the consolidated income statement, except when they arise from a transaction whose results are recognised directly in equity, in which case the related tax is also recognised in equity.

The income tax expense represents the sum of the current tax expense and the changes in the deferred tax assets and liabilities recognised (see Note 20).

The difference, if any, between the taxable profit or tax loss and the tax income or expense recognised is treated as a deferred tax asset or liability, as applicable. A deferred tax liability is one that will generate a future obligation for the Group to make a payment to the related tax authorities. A deferred tax asset is one that will generate a right for the Group to a refund or to make a lower payment to the related tax authorities in the future.

The Group's liability for current income tax is calculated using tax rates which have been approved on the balance sheet date.

Tax assets relating to tax credits and tax relief and tax loss carry forwards are amounts that, after performance of the activity or obtainment of the profit or loss giving entitlement to them, are not deducted for tax purposes in the related tax return until the conditions for doing so established in the related tax regulations are met. The Group considers it probable that they will be deducted in future periods.

Deferred tax assets and liabilities are taxes expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the related tax bases used in the calculation of the taxable profit or tax loss. Deferred tax assets and liabilities are accounted for using the balance sheet liability method and are measured by applying to the related temporary difference or tax asset the tax rate that is expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences. A deferred tax liability is recognised for taxable temporary differences arising from investments in subsidiaries and associates and from interests in joint ventures, except when the Group is able to control the reversal of the temporary differences and it is probable that these differences will not reverse in the foreseeable future.

Notwithstanding the foregoing:

1. Deferred tax assets arising from temporary differences, tax credits, tax relief and tax loss carry forwards, if any, are recognised to the extent that it is considered probable that the consolidated companies will have sufficient future taxable profits against which they can be utilised; and

2. No deferred tax liabilities are recognised for non-deductible goodwill arising on an acquisition.

The deferred tax assets and liabilities recognised are reassessed at each balance sheet date in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

Since 1 January 2006, the Parent forms an integral part of the consolidated tax group. 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.

Poligeneraciones parc de L´Alba, S.A.

Xornal Galinet, S.A.U.

GSJ Solutions, S.L.U.

Fotovoltaica el Gallo 10, S.L.

Further, as from 1 January 2015, the associate “Erainkuntza Birgaikuntza Artapena, S.L.U.” has become the Parent of a consolidation tax group under the tax regime of the Basque Country, which also includes “Alexín XXI, S.A.U.” within its scope of consolidation:

4.16 Provisions

When preparing its consolidated financial statements, the San Jose Group made a distinction between:

1. 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; and

2. 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.

The Group's consolidated financial statements include all the material provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the consolidated financial statements, but rather are disclosed, as required by IAS 37.

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.

4.16.1 Provisions for urban development costs

These provisions relate to the estimated costs not yet incurred in the urban development of previously sold plots of land, estimated on the basis of technical and economic studies carried out. The distribution among the various plots of the total costs to be incurred in the urban development work is made in proportion to the square metres of the previously sold plots with respect to the total urban development area.

4.16.2 Provisions for completion of construction projects and warranty costs

Provisions for the completion of construction projects are recognised for the estimated amount required to meet the expenses necessary for the completion of the property developments in progress when these developments have been substantially completed, and the cost thereof is transferred to "Completed Buildings". Provisions for warranty costs required under Spanish regulations governing real estate companies are recognised at the date of sale of the relevant products, based on the best estimate of the expenditure required to settle the Group's liability (see Note 15). However, the Group has taken out insurance policies to cover the potential risks arising from the ten-year warranty.

4.16.3 Litigation and/or claims in process

At the end of 2020 certain litigation and claims were in process against the consolidated companies arising from the ordinary course of their operations. The Group's legal advisers and the Parent's directors consider that the outcome of litigation and claims will not have a material effect on the consolidated financial statements for the years in which they are settled.

4.17 Termination benefits

Under the legislation in force in each case, the Spanish consolidated companies and certain Group companies located abroad are required to pay termination benefits to employees terminated without just cause. There are no redundancy plans making it necessary to recognise a provision in this connection.

Also, the Company has recognised sufficient provisions under "Other Current Liabilities" on the liability side of the accompanying consolidated balance sheet at 31 December 2020 to meet the contract termination costs of temporary employees in accordance with legal provisions.

Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to affected parties.

4.18 Classification of current assets and liabilities

In the consolidated balance sheet, assets and liabilities expected to be recovered, used or settled within twelve months from the balance sheet date are classified as current items, except for inventories, which are presented in full under "Current Assets" in the consolidated balance sheet, since it is expected that they will be realised in the normal course of the building plot and property sale business, and the liabilities associated with inventories (borrowing costs and customer advances), which are presented under "Current Liabilities" in the consolidated balance sheet, regardless of their maturity. Prior to year-end, if a liability does not give the Group an unconditional right to defer the settlement for at least twelve months from the balance sheet date, the liability is classified as a current item. (Note 16)

The Group holds financial liabilities which are classified as current liabilities in the consolidated balance sheet, since they are subject to the financing of current property assets (see Note 16.2).

4.19 Transactions with associates

Grupo San Jos executes all transactions with associates at market price. In addition, transfer prices are borne appropriately, and therefore, Company Directors believe there are any significant risks in this regard for any potential substantial liabilities arising in the future.

4.20 Assets of natural environment

Assets of natural environment are those which are used for the Group's business activity and whose main goal is to minimise environmental impact and protection of the environment, as well as the reduction and elimination of future pollution.

The Groups' business activity, due to its nature, does not have a significant impact on the environment.

4.21 Consolidated cash flow statement:

The following terms are used in the consolidated cash flow statements, which was prepared using the indirect method, with the meanings specified:

1. 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.

2. Operating activities: the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.

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

4. 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. Earnings per share

5.1 Basic earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the Group (after tax and minority interests) by the weighted average number of shares outstanding during the year, excluding the average number of treasury shares held in the year. Accordingly:

	Year 2020	**Year 2019**	**Changes**
Net profit/(loss) for the year attributable to the Parent (thousands of Euros)	22,753	162,774	(140,021)
Weighted average number of shares (shares)	65,026,083	65,026,083	-
Basic profit/(loss) per share (Euros/Share)	0.35	2.50	(2.15)

5.2 Diluted earnings per share

There is no potential dilutive effect derived from stock options, warrants, convertible debt or other instruments as of 31 December 2020 and 31 December 2019.

On 31 October 2019, the Group proceeded to fully amortise the syndicated financial debt, the warrants that the Parent Company issued were also cancelled (see Note 16.3).

6. Segment information

6.1 Basis of segmentation

According to IFRS 8, operating segments are components of an entity for which separate financial information is available that is regularly evaluated by the highest authority in making operating decisions to decide how to allocate resources and to evaluate performance.

The business lines described below were established on the basis of the organisational structure of Constructora San Jose, S.A and Subsidiaries at 2020 year-end, taking into account, on the one hand, the nature of the goods and services offered and, on the other, the customer segments at which they are targeted.

In years 2020 and 2019, the Grupo engaged mainly in the following major lines of business, which were the basis for the Group's primary segment reporting:

1. Construction (civil engineering, building construction and industrial works).
2. Property and urban development.
3. Energy activity
4. Concessions and Services

Likewise, income and expenses that cannot be specifically attributed to any operating line, as well as consolidations adjustments are recorded under "Adjustments and Other".

The Group's operations are located in Spain, the United States, Latin America (Argentina, Peru, Panama, Paraguay, Chile, Brazil, Mexico, Bolivia and Colombia), Africa (Cape Verde, Mozambique and Morocco), Asia (India, UAE, East Timor and Nepal) and other European countries (Portugal, France and Germany).

6.2 Basis and methodology for segment reporting

Ordinary income attributed to a segment corresponds to the income contributed to the Group by the different units included in said segment, as well as the corresponding proportion of ordinary income from joint businesses consolidated by the proportional integration method.

Additionally, within the financial profit/(loss), income from interest and dividends, benefit from the sale of investments or from operations of redemption or extinction of debt, as well as the ordinary income by segments, the participation in the profit/(loss) of associated entities and businesses groups that are consolidated by the equity method, recognised by the units that are integrated in each of the segments, are included.

Segment expense is expense resulting from the segment's operating activities that are directly attributable to the segment. Segment expense includes the share of the expenses of proportionately consolidated joint ventures.

The segment's results are presented before any adjustments relating to the consolidation process, which are included in the "Consolidation Adjustments" column.

Segment assets and liabilities are those directly related to the operations of the segments and include the proportional part relating to joint ventures. Segment liabilities do not include income tax liabilities.

Segment information about these businesses is presented below.:

Year 2020:

	Thousands of Euros					
	Construction	Real estate and property development	Energy	Concessions and Services	Adjustments and other	TOTAL
Net Revenues:						
External sales	846,512	8,568	10,804	71,025	25,072	**961,981**
Inter-segment sales	21,068	-	-	1,507	(22,575)	-
Net Revenues:	**867,580**	**8,568**	**10,804**	**72,532**	**2,497**	**961,981**
EBITDA	**52,458**	**474**	**3,637**	**10,058**	**8,156**	**74,783**
Amortisation	(6,363)	(367)	(1,131)	(1,300)	(597)	**(9,758)**
Provisions	(19,415)	(1,911)	57	(179)	(683)	**(22,131)**
Impairment and Profit/(Loss) after disposal	(486)	-	(81)	43	1	**(523)**
PROFIT/(LOSS) FROM OPERATIONS	**26,194**	**(1,804)**	**2,482**	**8,622**	**6,877**	**42,371**
Financial income	4,837	436	-	7,629	(37)	**12,865**
Financial costs and similar expenses	(7,432)	2,026	(322)	(1,950)	(3,791)	**(11,469)**
Translation differences and other	96,529	(485)	-	534	(102,184)	**(5,606)**
Adjustment for inflation in hyperinflationary economies	489	(607)	-	-	(1,905)	**(2,023)**
Profit/(loss) from associates	1,076	(1,207)	-	-	(90)	**(221)**
Profit/(Loss) before tax	**121,693**	**(1,641)**	**2,160**	**14,835**	**(101,130)**	**35,917**

Year 2019:

	Thousands of Euros					
	Construction	Real estate and property development	Energy	Concessions and Services	Adjustments and other	TOTAL
Net Revenues:						
External sales	862,316	12,778	9,494	49,765	23,896	**958,249**
Inter-segment sales	14,163	-	-	906	(15,069)	-
Net Revenues:	**876,479**	**12,778**	**9,494**	**50,671**	**8,827**	**958,249**
EBITDA	**39,791**	**1,785**	**3,117**	**2,498**	**4,999**	**52,190**
Amortisation	(7,717)	(418)	(1,133)	(1,161)	(438)	**(10,867)**
Provisions	(11,813)	(6,215)	53	(3)	(78)	**(18,056)**
Impairment and Profit/(Loss) after disposal	1	-	(108)	-	52	**(55)**
PROFIT/(LOSS) FROM OPERATIONS	**20,262**	**(4,848)**	**1,929**	**1,334**	**4,535**	**23,212**
Financial income	57,835	1,682	-	7,660	(27,343)	**39,834**
Financial costs and similar expenses	(11,539)	(1,553)	(436)	(4,158)	(260)	**(17,946)**
Translation differences and other	(9,988)	147,969	1	194	1,051	**139,227**
Adjustment for inflation in hyperinflationary economies	-	(731)	-	-	(3,204)	**(3,935)**
Profit/(loss) from associates	71	(4,104)	-	-	(122)	**(4,155)**
Profit/(Loss) before tax	**56,641**	**138,415**	**1,494**	**5,030**	**(25,343)**	**176,237**

Sales between segments are made at market prices, amounting to EUR 22,575 thousand and EUR 15,069 thousand during 2020 and 2019, respectively. Additionally, under the item "Adjustments and others", during years 2020 and 2019, an amount of EUR 2,497 thousand and EUR 8,827 thousand, respectively, is included in relation to sales corresponding to other segments.

The Group presents its results in accordance with generally accepted accounting standards (see Note 2.1). 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 EBITDA as MARs, 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.

As of 31 December 2020, and 2019, the application of IFRS 16 "Leases" (see Notes 9 and 22.6), has led to an increase in amortisation expenses for the year for a total amount of EUR 4,486 thousand and EUR 5,729 thousand, respectively. positively affecting the EBITDA quantification, an effect mainly located in the Construction segment, amounting to EUR 3,967 thousand (EUR 5,215 thousand at 31 December 2019).

Information regarding the amount of assets and liabilities contributed to the Group by the defined segments is as follows:

Year 2020:

	Thousands of Euros					
	Construction	**Real estate and property development**	**Energy**	**Concessions and Services.**	**Adjustments and other**	**TOTAL**
Balance sheet:						
Non-current assets:						
Intangible assets	2,482	1,601	15,856	-	6,096	**26,035**
Property, plant and equipment	16,450	-	9,064	833	45,055	**71,402**
Real estate investments	-	11,560	-	-	324	**11,884**
Deferred tax assets	9,906	1,611	1,460	2,464	11,476	**26,917**
Other	12,113	15,090	3,482	24,192	(2,890)	**51,987**
Current assets:						
Inventories	18,100	64,625	-	3	6,555	**89,283**
Receivables	311,627	2,708	1,536	12,871	17,921	**346,663**
Other current assets	2,655	14	45	373	39	**3,126**
Short-term financial investments	8,157	-	1	69,033	(1,329)	**75,862**
Cash and cash equivalents	235,569	18,124	4,897	20,022	6,731	**285,343**
Total Assets						
In Spain	330,158	19,908	32,591	12,859	72,578	**468,094**
In foreign countries	286,901	95,425	3,750	116,932	17,400	**520,408**
Total Assets	**617,059**	**115,333**	**36,341**	**129,791**	**89,978**	**988,502**
Non-current liabilities:						
Long-term payables	9,049	90,995	4,227	110	3,686	**108,067**
Deferred tax liabilities	9,088	4,237	1,419	10,095	357	**25,196**
Other non-current liabilities	30,561	651	1,400	11,457	1,623	**45,692**
Current liabilities:						
Short-term debts	24,920	1,919	1,609	33,465	(3,741)	**58,172**
Trade payables	514,314	3,150	1,861	10,045	9,115	**538,485**
Other current liabilities	29,577	2,614	795	5,451	4,940	**43,377**
Total Liabilities						
In Spain	373,757	90,627	11,311	7,855	9,770	**493,320**
In foreign countries	243,752	12,939	-	62,768	6,210	**325,669**
Total Liabilities	**617,509**	**103,566**	**11,311**	**70,623**	**15,980**	**818,989**
Additions to fixed assets:						
In Spain	2,775	-	323	206	731	**4,035**
In foreign countries	2,727	9	275	77	323	**3,411**
	5,502	**9**	**598**	**283**	**1,054**	**7,446**

Year 2019:

	Thousands of Euros					
	Construction	Real estate and property development	Energy	Concessions and Services	Adjustments and other	TOTAL
Balance sheet:						
Non-current assets:						
Intangible assets	1,581	1,601	15,551	1,323	7,505	**27,561**
Property, plant and equipment	19,293	6	9,227	624	47,798	**76,948**
Real estate investments	561	8,979	-	-	2	**9,542**
Deferred tax assets	17,890	1,600	1,611	2,269	11,092	**34,462**
Other	12,022	15,230	3	35,164	9,170	**71,589**
Current assets:						
Inventories	26,860	75,059	-	7	7,953	**109,879**
Receivables	310,457	2,288	1,384	13,804	22,701	**350,634**
Other current assets	3,277	106	44	366	58	**3,851**
Short-term financial investments	25,186	481	105	56,171	818	**82,761**
Cash and cash equivalents	180,206	25,374	3,406	15,509	8,550	**233,045**
Total Assets						
In Spain	268,132	56,082	31,331	10,097	45,794	**411,436**
In foreign countries	329,201	74,642	-	115,140	69,853	**588,836**
Total Assets	**597,333**	**130,724**	**31,331**	**125,237**	**115,647**	**1,000,272**
Non-current liabilities:						
Long-term payables	2,526	89,567	5,620	33,437	1,852	**133,002**
Deferred tax liabilities	6,351	4,754	1,411	10,141	1,604	**24,261**
Other non-current liabilities	26,142	1,340	1,319	4,679	12,158	**45,638**
Current liabilities:						
Short-term debts	17,291	2,955	1,020	32,910	1,775	**55,951**
Trade payables	517,346	4,045	1,448	8,374	8,396	**539,609**
Other current liabilities	26,141	4,428	983	5,563	1,626	**38,741**
Total Liabilities						
In Spain	304,462	91,230	11,801	6,700	22,457	**436,650**
In foreign countries	291,335	15,859	-	88,404	4,954	**400,552**
Total Liabilities	**595,797**	**107,089**	**11,801**	**95,104**	**27,411**	**837,202**
Additions to fixed assets:						
In Spain	7,906	-	428	1,020	28	**9,382**
In foreign countries	8,118	-	-	6	268	**8,392**
	16,024	**-**	**428**	**1,026**	**296**	**17,774**

As of 31 December 2020, the item “Adjustments and others” includes assets and liabilities of the Group's productive units not included in the operational segmentation amounting to EUR 93,439 thousand and EUR 15,983 thousand, respectively.

There are no significant non-operating assets.

Of the total amount of the additions of fixed assets during years 2020 and 2019, an amount of EUR 5,221 thousand and EUR 5,948 thousand refers to the application of IFRS 16 "Leases" (see Note 22.6), mainly located in the "Construction" segment in both Spain and abroad, for amounts of EUR 2,440 thousand and EUR 1,959 thousand, respectively (EUR 7,291 and EUR 5,313 thousand at 31 December 2019).

The following table provides breakdown on several consolidated balances of the Group according to geographical distribution of arising entities:

	Thousands of Euros					
	Net Revenue		Total asets		Additions to property, plant and aquipment and investment property	
	2020	2019	2020	2019	2020	2019
Spain	603,105	521,532	468,094	411,438	4,035	9,567
Portugal	131,120	98,936	68,148	48,391	1,124	2505
Cape Verde	16,352	56,357	20,568	31,256	206	609
Argentina	5,518	6,637	31,584	30,596	554	969
Paraguay	2,248	5,677	46,476	55,638	201	456
Bolivia	-	-	9	7	-	-
The United States	-	-	2,560	1,557	30	70
Peru	12,271	40,181	49,659	68,343	13	464
Brazil	-	-	4,788	5,257	-	-
Panama	-	-	33	50	-	-
France	-	-	226	232	-	-
Germany	-	-	27	32	-	-
Chile	82,868	59,718	175,222	187,428	786	1,179
India	1,209	10,754	8,857	9,234	3	248
Abu Dhabi	103,537	150,917	103,720	138,969	484	1,666
Nepal	-	-	786	3,155	-	-
Timor	-	-	1	13	-	-
Morocco	-	-	-	76	-	-
Mozambique	-	-	65	86	-	-
Colombia	-	-	-	-	-	-
Mexico	3,748	7,540	7,095	7,886	10	41
Malta	5	-	584	628	-	-
TOTAL	**961,981**	**958,249**	**988,502**	**1,000,272**	**7,446**	**17,774**

Note 2.3 of the accompanying consolidated Notes includes a list of the main countries where the Group operates in a currency other than the Euro. From total assets at 31 December 2020 and 2019, EUR 451,423 thousand and EUR 539,551 thousand, respectively, correspond to assets in foreign currency. Likewise, from total revenue for years 2020 and 2019 the activity developed in said countries amounts to EUR 227,751 thousand and EUR 337,781 thousand, respectively.

7. Intangible assets

This item includes investments associated to the Group's concessions and licences.

The detail in the consolidated balance sheets at 31 December 2020 and 2019 is as follows:

Year 2020:

	Thousands of euros					
	Balance at 31/12/2019	Additions / Provisions	Disposals	Tranfers	Translation differences	Balance at 31/12/2020
Concessions	**24,319**	199	(2,888)	508	-	**22,138**
Patents, licences and trade marks	-	275	-	-	-	**275**
Other intangible assets	**7,891**	1	-	(508)	(73)	**7,311**
Total expense	**32,210**	**475**	**(2,888)**	-	**(73)**	**29,724**
Concessions	**(10,279)**	(662)	2,888	(34)	-	**(8,087)**
Patents, licences and trade marks	-	-	-	-	-	-
Other intangible assets	**(4,354)**	(805)	-	34	29	**(5,096)**
Total Accumulated Amortisation	**(14,633)**	**(1,467)**	**2,888**	**-**	**29**	**(13,183)**
Total Accumulated Impairment (Note 22.9)	-	(490)	-	-	-	**(490)**
Net carrying amount	**17,577**	**(1,482)**	**-**	**-**	**(44)**	**16,051**

Year 2019:

	Thousands of euros				
	Balance at 31/12/2018	Additions / Provisions	Disposals	Translation differences	Balance at 31/12/2019
Concessions	24,084	235	-	-	**24,319**
Patents, licences and trade marks	82	-	(82)	-	-
Other intangible assets	7,441	671	-	(221)	**7,891**
Total expense	**31,607**	**906**	**(82)**	**(221)**	**32,210**
Concessions	(9,658)	(621)	-	-	**(10,279)**
Patents, licences and trade marks	(33)	(11)	44	-	-
Other intangible assets	(3,837)	(699)	-	182	**(4,354)**
Total Accumulated Amortisation	**(13,528)**	**(1,331)**	**44**	**182**	**(14,633)**
Net carrying amount	**18,079**	**(425)**	**(38)**	**(39)**	**17,577**

The main additions made during the 2020, recorded under the item "Patents, licenses and others" for a total amount of EUR 275 thousand, refer to the expenses incurred in the promotion and development of photovoltaic parks in Chile.

Likewise, in 2020, the contracts for the maintenance and sale of energy of the Institute Catalo de la Salut expired, and the fixed assets, property of the Group, required for the provision of fixed assets, were removed from the balance sheet. of services required within the framework of said contracts, amounting to EUR 2,888 thousand, which were fully amortised, thus not reflecting any result in the attached consolidated profit and loss statement for year 2020.

During year 2020, the Group has transferred to the item "Concessions" the costs associated with the concession contract for the maintenance and sale of energy signed by the Ute District Heating of San Sebastián with the City Council of that town for a total amount of EUR 508 thousand, consisting mainly of the right to use the technical facilities and all the elements necessary for the provision of the service, to be amortised on a straight-line basis over a total period of 15 years.

Main additions during year 2019 refer to the rights of use and other expenses incurred into by the Group, mainly the works of the channelling and adjustments made to provide energy supply to new customers that will result in an increase in the flows of cash associated to the concession contracts that the Group currently has.

Additionally, at 31 December 2020, main intangible assets of the Group are as follows:

- Elements of construction and technical installations that constitute the cold & heat polygonation plant of the company “Polygonization Parc de alba ST-4, SA”, located in the Partial Plan “Directional Centre of Cardanol del Valleys” (Barcelona), recorded for a net cost at 31 December 2020 and 2019 of EUR 12,728 thousand and EUR 13,205 thousand, respectively.

  The Group has been granted a loan in the form of project finance, the amount pending repayment at 31 December 2020 amounts to a total of EUR 4,741 thousand (EUR 5,761 thousand in 2019) (see Note 16.1), the plant acting as a guarantee of the financing received.

- Leasing rights for a period of 25 years, arising from the stake of the Group in “Fotovoltaica el Gallo 10, S.L." referred to the use of land where the PV plant is located are recorded at 31 December 2020 and 2019 for a total amount of EUR 2,052 thousand and EUR 2,184 thousand, respectively.

- Real estate assets associated with the exploitation under concession regime of car parks in the town of Olvera, registered for a net cost at 31 December 2020 and 2019 of EUR 194 thousand and EUR 703 thousand, respectively. At 31 December 2020, EUR 490 thousand, recorded under "Impairment and disposal of property, plant and equipment" in the accompanying profit and loss account for year 2020 (see Note 22.9).

At 31 December 2020 there are no significant investment commitments in intangible assets.

8. Goodwill on consolidation

Breakdown of the item “Consolidation goodwill” in the consolidated balance sheet, based on the companies that originated it as of 31 December 2020 and 2019, is as follows:

	Thousands of Euros	
	31.12.2020	**31.12.2019**
Cartuja Inmobiliaria, S.A.U.	600	600
San José Perú Inmobiliaria, S.A.	1,601	1,601
Constructora San José, S.A.	7,662	7,662
Other	121	121
Total	**9,984**	**9,984**

According to the estimates and projections available to the Directors of the Group, the estimated revenue attributable to the Group of these companies adequately supports the carrying amount of goodwill allocated to the relevant registered CGUs. Likewise, the sensitivity of executed impairment tests allows deviations of key hypothesis (increase of sales, operating margin and discount rates) within standardised margin, without identifying impairment.

The most important goodwill is that referring to the associate “Constructora San José, S.A", representing 77% total goodwill of the Group. At 31 December 2020, the key assumptions on which the Group's management has based its cash flow projections for the valuation of the cash generating unit (CGU) representing this society, are as follows:

- Consolidation of economic recovery in the target areas, both domestic and international.
- Diversification of the portfolio at geographical level: consolidation of the increase in the international market in the coming years.
- 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 an average annual growth of total construction activity for the period of [3-6] %.

- For the discount of the projected cash flows a rate based on the weighted average cost of capital (WACC) is calculated. The Group uses a risk-free rate taking as reference the 5-year bond, depending on the location, and a market premium based on recent studies of long-term premiums used by analysts for the business and geographical areas where it operates. At 31 December 2020, the discount rate used by the Group in the CGU of "Constructora San José, S.A." is 6.5%.
- A 0% growth rate envisaged in perpetuity is considered.
- EBITDA margin relatively stable in the short term, standing at levels of 5.0%, increasing in the medium and long term, stabilising at levels of 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.

Forecasts used by the Management are in accordance with the Business Plan of Grupo SANJOSE, in accordance with the most recent business projections, which take into account the situation of the contracted portfolio, the historical evolution of the last years, as well as the situation of financial stability that has characterised the Group during the last years and, specially, after the repayment in year 2019 of the syndicated financial debt of the Group (see Note 16.3).

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.

The result of the impairment test of goodwill associated with CGU, conducted by the Group's management team at year-end 2020, shows a significant surplus of the recoverable amount over the carrying amount of the CGU, and basis said calculation in pessimistic scenarios that contemplate a reduction of 3 and 2.5 percentage points in growth and margin for the coming years, respectively, and an increase in the applied discount rate of 0.5 percentage points, without having to record any deterioration.

Further, the Group has recorded under the consolidated balance sheet at 31 December 2020 the following consolidation differences arising from the purchase operations with a position of dominance:

- Derived from the purchase of the group company "Carlos Casado SA" in 2008, and the subsequent domain position, the Group recorded as increased value of land under "Property, plant and equipment" of the consolidated balance sheet the surplus with respect to the price paid compared to the carrying value in books of the purchased stake (price purchase allocation - PPA). At 31 December 2020, the amount recorded amounts to EUR 17,532 thousand.

- The Group also records a PPP, as higher cost of inventories, as a result of the operations related to the takeover of the investee companies, "Zivar, Investments Immobilisations, SA" amounting to EUR 4,411 thousand. At 31 December 2020, said assets have an associated impairment amounting to EUR 1,416 thousand, respectively.

According to IFRS NIIF 3 "Business Combinations", fair value of purchased assets shall be reviewed up to a year after purchase date. During year 2020, PPA has not been altered in any way.

9. Property, plant and equipment

Changes in 2020 and 2019 under "Property, Plant and Equipment" in the consolidated balance sheet were as follows:

Year 2020:

	Thousands of Euros					
	Balance at 31/12/2019	**Additions / Provisions**	**Disposals**	**Transfers**	**Translation differencesand other**	**Balance at 31/12/2020**
Cost:						
Land and buildings	**65,743**	1,630	(422)	-	(2,916)	**64,035**
Plant and machinery	**40,229**	4,454	(3,491)	4,846	(1,154)	**44,884**
Other items of property, plant and equipment	**33,267**	557	(217)	(4,684)	(464)	**28,459**
Ongoing property, plant and equipment	**356**	321	-	(150)	(42)	**485**
Total expense	**139,595**	**6,962**	**(4,130)**	**12**	**(4,576)**	**137,863**
Accumulated amortisation:						
Land and buildings	**(8,162)**	(1,876)	159	-	215	**(9,664)**
Plant and machinery	**(25,691)**	(5,232)	2,512	(3,729)	983	**(31,157)**
Other items of property, plant and equipment	**(28,772)**	(1,139)	223	3,717	387	**(25,584)**
Total Accumulated Amortisation	**(62,625)**	**(8,247)**	**2,894**	**(12)**	**1,585**	**(66,405)**
Total Accumulated Impairment (Note 22.9)	**(22)**	(34)	-	-	-	**(56)**
Net carrying amount	**76,948**	**(1,319)**	**(1,236)**	**-**	**(2,991)**	**71,402**

Year 2019:

	Thousands of Euros						
	Balance at 31/12/2018	**IFRS 16 first application effect** (Note 22.6)	**Additions / Provisions**	**Disposals**	**Transfers**	**Translation differencesand other**	**Balance at 31/12/2019**
Cost:							
Land and buildings	**59,167**	1,929	3,762	(524)	1,721	(312)	**65,743**
Plant and machinery	**35,233**	4,709	3,968	(3,234)	(97)	(350)	**40,229**
Other items of property, plant and equipment	**31,421**	137	2,062	(429)	89	(13)	**33,267**
Ongoing property, plant and equipment	**340**	-	272	-	(217)	(39)	**356**
Total expense	**126,161**	**6,775**	**10,064**	**(4,187)**	**1,496**	**(714)**	**139,595**
Accumulated amortisation:							
Land and buildings	**(5,378)**	-	(1,870)	301	(1,494)	279	**(8,162)**
Plant and machinery	**(22,445)**	-	(5,815)	2,287	-	282	**(25,691)**
Other items of property, plant and equipment	**(27,282)**	-	(1,732)	236	(2)	8	**(28,772)**
Total Accumulated Amortisation	**(55,105)**	**-**	**(9,417)**	**2,824**	**(1,496)**	**569**	**(62,625)**
Total Accumulated Impairment (Note 22.9)	**(23)**	-	1	-	-	-	**(22)**
Net carrying amount	**71,033**	**6,775**	**648**	**(1,363)**	**-**	**(145)**	**76,948**

The main movement in this item during 2020 is the one corresponding to the application of IFRS 16 in the following terms: i) additions of property, plant and equipment for new contracts amounting to EUR 5,221 thousand; ii) reductions in fixed assets, due to maturities and / or cancellations amounting to EUR 3,586 thousand (see Note 22.6).

Outstanding additions for the year correspond mainly to investment in machinery and technical facilities incurred into by the Group for the development of its construction.

The main change under this item for the first half of year 2019 refers to the application of IFRS 16 as from 1 January 2019, recording an increase under items of property, property, plant and equipment amounting to EUR 6,775 thousand (see Note 22.6). Further, in terms of leasing contracts, year 2019 has recorded the settlement and/or cancellation, as well as new procurement, recording additions and withdrawals in the period amounting to EUR 5,948 thousand and EUR 3,843 thousand, respectively (see Note 22.6).

Outstanding additions for the year correspond mainly to investment in machinery and technical facilities incurred into by the Group for the development of its construction.

At 31 December 2020 and 2019, investment hold in foreign countries by the Group, detailed by associate is as follows:

	Thousands of Euros			
	31/12/2020		31/12/2019	
	Cost	Accum. Amort.	Cost	Accum. Amort.
Portugal	5,321	(3,449)	4,891	(2,783)
Argentina	1,460	(1,049)	2,455	(858)
Paraguay	44,595	(1,862)	46,358	(1,941)
Cape Verde	4,749	(3,414)	4,604	(2,917)
Chile	2,192	(1,266)	2,139	(830)
India	172	(89)	326	(96)
Perú	2,529	(2,166)	2,907	(1,883)
Abu Dhabi	4,701	(4,234)	5,280	(4,456)
México	68	(55)	53	(26)
Other countries	1,284	(1,228)	125	(70)
TOTAL	**67,071**	**(18,812)**	**69,138**	**(15,860)**

"Land and buildings" mainly include a net amount of EUR 42,055 thousand and EUR 44,985 thousand as of 31 December 2020 and 2019, respectively, corresponding to lands of the "Carlos Casado, SA" group, mainly agricultural land in the Paraguayan Chaco.

At 31 December 2020 there are no properties classified as property, plant and equipment in mortgage guarantee. Fair value of own use buildings at 31 December 2020 and 2019 amounts to EUR 21.6 million and EUR 21.3 million, respectively, according to estimates carried by independent valuers (Instituto de Valoraciones, S.A.). Carrying net cost at 31 December 2020 and 2019 amounts to EUR 8.8 million and EUR 11.4 million, respectively.

At 2020 and 2019 year-end, there were fully amortised items in use, with a total cost amounting to EUR 30.2 million and EUR 30.1 million, respectively.

At year end 2020 the Group does not hold significant investment commitments in property, plant and equipment.

The Group takes out insurance policies to cover the possible risks to which its investment property is subject. The Parent's directors consider that the insurance coverage arranged is sufficient.

10. Investment property:

The detail of "Investment Property" and changes therein in 2020 and 2019 is as follows:

Year 2020:

	Thousands of Euros				
	Balance at 31/12/2019	**Additions / Provisions**	**Transfers**	**Translation differences**	**Balance at 31/12/2020**
Cost:					
Land and buildings	**27,810**	9	3,389	(1,763)	**29,445**
Plant and machinery	**3,062**	-	-	(236)	**2,826**
Furniture, tools and other items	**465**	-	-	(39)	**426**
Total expense	**31,337**	**9**	**3,389**	**(2,038)**	**32,697**
Accumulated amortisation:					
Buildings	**(18,251)**	(41)	-	1,016	**(17,276)**
Technical facilities	**(3,057)**	-	-	231	**(2,826)**
Furniture, tools and other items	**(462)**	(3)	-	39	**(426)**
Total Accumulated Amortisation	**(21,770)**	**(44)**	**-**	**1,286**	**(20,528)**
Total Accumulated Impairment (Note 22.9)	**(25)**	(66)	(194)	-	**(285)**
Net carrying amount	**9,542**	**(101)**	**3,195**	**(752)**	**11,884**

Year 2019:

	Thousands of Euros			
	Balance at 31/12/2018	**Additions / Provisions**	**Translation differences**	**Balance at 31/12/2019**
Cost:				
Land and buildings	**29,285**	-	(1,475)	**27,810**
Plant and machinery	**3,234**	-	(172)	**3,062**
Furniture, tools and other items	**494**	29	(58)	**465**
Total expense	**33,013**	**29**	**(1,705)**	**31,337**
Accumulated amortisation:				
Buildings	**(18,548)**	(39)	336	**(18,251)**
Technical facilities	**(3,220)**	(51)	214	**(3,057)**
Furniture, tools and other items	**(489)**	(29)	56	**(462)**
Total Accumulated Amortisation	**(22,257)**	**(119)**	**606**	**(21,770)**
Total Accumulated Impairment	**(25)**	-	-	**(25)**
Net carrying amount	**10,731**	**(90)**	**(1,099)**	**9,542**

During 2020, the Company has recorded as an increase in investment property items for a total cost of EUR 3,195 thousand, which at 31 December 2019 were previously recorded under "Inventories" (see Note 12.1).

The cost of the investment property at 31 December 2020 and 2019 includes approximately EUR 7.5 million and EUR 8.2 million, relating to the carrying amount of the land relating thereto.

Use or nature of the investment property

Substantially all of the Group's investment property relates to properties earmarked for lease, located mainly in Argentina: Avellaneda, Quilmes and La Tablada Shopping Centres.

The detail of the use or nature of the Group's investment property devoted to leasing purposes at 31 December 2020 and 2019 is as follows:

Lease purpose	2020		2019	
	Surface for lease (m2)	Percentage	Surface for lease (m2)	Percentage
Offices	287	0%	287	0%
Shopping Centres	183,462	98%	183,462	99%
Other	2,777	2%	1,549	1%
	186,526	**100%**	**185,297**	**100%**

Mortgaged investment property

At 31 December 2020, there are certain real estate assets recorded under "Completed Construction Work" in the accompany consolidated balance sheet for a total net cost amounting to EUR 1,923 thousand, which act as mortgage hedge for banking borrowings (see Note 16.2).

Income and expenses from rental of investment property

At 31 December 2020 commercial premises, office building and car park spaces had been leased out to third parties under operating leases.

The detail, by maturity, of the lease payments payable to the Group under the operating leases and subleases contracted for by the Group with third parties at 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
	Year 2020	Year 2019
Up to a year	665	2,127
From one to five years	2,091	1,480
More than five years	1,391	1,617
	4,147	**5,224**

Calculation has not taken into consideration increase of CPI and, regarding variable rate contracts, amount for year 2020 has been considered. The reduction that occurs in the amount of income for year 2020 with respect to those corresponding to year 2019, is mainly due to the effect of the devaluation of the Argentine peso, as well as the fall in income from rents in the trade centres in Argentina, a consequence of the effects of the COVID-19 pandemic.

Total property rental income of the Group for years 2020 and 2019 amounts to EUR 1,091 thousand and EUR 1,724 thousand recorded under "Provision of services" in the accompanying consolidated income statement.

Insurance policy

The Group takes out insurance policies to cover the possible risks to which substantially all its inventories are subject. The Parent's Directors consider insurance coverage arranged to be sufficient.

Fair value of the investment property

Each year the Group commissions studies from independent valuers to determine the fair values of its investment property at the balance sheet date (see Note 4.4). During year 2020, the main variation that has been shown in the fair value of real estate investments is due to the effect of the devaluation of the Argentine peso (see Note 4.4).

In view of the aforementioned valuation report, in 2020 no valuation adjustments of assets registered by the Group as real estate investments was disclosed.

At 31 December 2020 and 2019, the fair value of real estate investments of the Group arising from the above-mentioned studies amounts to EUR 83.7 million and EUR 88.2 million, respectively. Said amount, at 31 December 2020 and 2019, includes EUR 44.5 million and EUR 44.3 million, respectively, corresponding to real estate investments of investees of the Group.

11. Investment in associates and joint ventures

At 31 December 2020 and 2019, this item includes the participation of the Group in associates and joint ventures. The Group's most significant investments in associates were as follows:

	Thousands of Euros	
	31.12.2020	**31.12.2019**
Cresca, S.A.	285	307
Pinar de Villanueva, S.L.	198	498
Distrito Castellana Norte, S.A. (DCN)	14,527	14,510
Panamerican Mall, S.A. (PM)	351	696
CSJ GVK Projects and Technical SS. P.L.	4,234	4,284
Total net	**19,595**	**20,295**

The changes, by company, in "Investments Accounted for Using the Equity Method" in 2020 and 2019 are as follows:

Year 2020:

	Thousands of Euros					
	Balance at 31/12/2019	**Profit/(Loss) for the year**	**Additions/Disposals**	**Dividends received**	**Translation differences**	**Balance at 31/12/2020**
Cresca, S.A.	307	(90)	-	-	68	285
Pinar de Villanueva, S.L.	498	(300)	-	-	-	198
Distrito Castellana Norte, S.A.	14,510	(757)	774	-	-	14,527
Panamerican Mall, S.A.	696	(150)	-	-	(195)	351
CSJ GVK Projects ´n Technical SS. P.L.	4,284	1,076	-	-	(1,126)	4,234
Total	**20,295**	**(221)**	**774**	**-**	**(1,253)**	**19,595**

Year 2019:

	Thousands of Euros						
	Balance at 31/12/2018	**scope / Transfers (Note 2.4.d)**	**Profit/(Loss) for the year**	**Additions**	**Dividends received**	**Translation differences**	**Balance at 31/12/2019**
Cresca, S.A.	25	-	293	-	-	(11)	307
Pinar de Villanueva, S.L.	2,792	-	(2,294)	-	-	-	498
Distrito Castellana Norte, S.A.	31,299	(21,110)	(1,060)	5,381	-	-	14,510
Panamerican Mall, S.A.	877	-	(750)	-	-	569	696
CSJ GVK Projects ´n Technical SS. P.L.	5,429	-	(344)	-	-	(801)	4,284
Total	**40,422**	**(21,110)**	**(4,155)**	**5,381**	**-**	**(243)**	**20,295**

The main movement during the year 2020 is the one corresponding to the “Distrito Castellana Norte, S.A.”.

- The Extraordinary General Meeting of the investee “Distrito Castellana Norte, S.A.” has agreed on a capital increase for EUR 7,742 thousand, granted through public deed on 11 November 2020. The Group, through its associate “Desarrollos Urbanísticos Udra, S.A.U.”, has subscribed and paid up the totality of its shares, for a total value of EUR 774 thousand. Therefore, it keeps its 10% participation within the share capital of “Distrito Castellana Norte, S.A.”.

The main movement during the year 2019 is the one corresponding to the “Distrito Castellana Norte, S.A.”.

- During the first-half of year, the AGM of the investee “Distrito Castellana Norte, S.A.” has agreed on a capital increase for EUR 22,000 thousand. The Group, through its associate “Desarrollos Urbanísticos Udra, S.A.U.”, has subscribed and paid up the totality of its shares, for a total value of EUR 5,381 thousand.

- 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 16.3).

The associate “Distrito Castellana Norte, S.A.” has as main business activity the urban development of the plat of land comprising the area of the “Extension of the Castellana” in Madrid., at is operation. Since its incorporation on 25 November 1993 up to now, the activity of this company has consisted in the development of any activities necessary for the acquisition of land property of the Administrator of Railway Infrastructures (ADIF) and Renfe-Operadora, for its urban development after its disuse for railway purposes within the real estate plan APR 08.03 and APE 05.27, in the municipal term of Madrid.

During the month of May 2019, the Madrid City Council received the ordinary strategic environmental statement of the Community of Madrid. Once the phase of review of allegations and sector reports has been completed, on 29 July 2019, the Plenary Session of the Madrid City Council provisionally unanimously approved the urban project “Madrid Nuevo Norte”, thus closing the last municipal administrative procedure of the planning phase

On 25 March 2020, the Governing Council of the Community of Madrid has definitively approved what will be the most important urban action in the coming years, both in Spain and in Europe. After the approval of the Community, the Madrid City Council has endorsed on 29 May the clarifications proposed by the Community so that "Distrito Castellana Norte, S.A." has received the approval of the Administrations so as to move on to the next stage of the project.

Appendix II includes a list of the main ownership interests in associates, detailing name, country and participation percentage. The Group does not consider very relevant the impact on assets, profit or net equity of its participation in these companies. However, next is listed financial information of the main associates of the Group:

At 31 December 2020

	Millions of Euros		
	DCN	**PM**	**GSJ GVK**
Non-current assets	6.1	333.8	-
Current assets	158.3	5.4	25.5
Total Assets	**164.4**	**339.2**	**25.5**
Non-current liabilities	0.5	72.0	-
Current liabilities	15.4	15.0	17.0
Total Liabilities	**15.9**	**87.0**	**17.0**
Income from ordinary activities	0.0	15.1	2.5
Profit/(Loss) from continued operations	(4.3)	1.7	2.2
Profit/(Loss) for the year	(4.3)	1.7	2.2

At 31 December 2019

	Millions of Euros		
	DCN	**PM**	**GSJ GVK**
Non-current assets	6.3	266.9	-
Current assets	155.2	8.1	25.9
Total Assets	**161.5**	**275.0**	**25.9**
Non-current liabilities	10.2	76.8	-
Current liabilities	6.1	17.0	17.8
Total Liabilities	**16.3**	**93.8**	**17.8**
Income from ordinary activities	0.0	12.4	22.5
Profit/(Loss) from continued operations	(4.9)	11.5	(0.7)
Profit/(Loss) for the year	(4.9)	11.5	(0.7)

A summary of the financial information of the main investees included within the accounting records of the Group is provided next:

At 31 December 2020

	Millions of Euros		
	DCN	**PM**	**GSJ GVK**
Total Net Equity	148.5	252.2	8.5
Participation % of Grupo SANJOSE	10.0%	20.0%	50.0%
Net carrying amount of the stake (VTC)	14.9	50.4	4.4
Amendments of the NCV and other	-	(50,0)	-
Cost of the participation of the Group	**14.9**	**0.4**	**4.4**

At 31 December 2019

	Millions of Euros		
	DCN	PM	CSJ GVK
Total net equity	145.2	181.2	8.1
% ownership of Grupo SANJOSE	10.00%	20.00%	50.00%
Net carrying amount of the stake (NCV)	14.5	36.2	4.2
Amendments of the NCV and other	-	(35.5)	-
Cost of the Groups' stake	**14.5**	**0.7**	**4.2**

The investee "Panamerican Mall, S.A." changed the valuation criteria of its investment assets, adopting the "fair value" criterion. This effect has been reversed prior to their integration in the Group's consolidated financial statements.

12. Inventories

The detail in the consolidated balance sheets at 31 December 2020 and 2019 is as follows:

Year 2020:

	Thousands of Euros					
	Balance at 31/12/2019	Additions	Disposals	Transfers	Translation differences and other	Balance at 31/12/2020
Acquired property	**8,393**	-	-	(3,389)	-	**5,004**
Land and plots of land	**64,003**	202	(70)	(604)	(1,375)	**62,156**
Goods	**2,260**	14,024	(13,926)	401	-	**2,759**
Raw materials and other supplies	**4,184**	1,303	(2,166)	236	(279)	**3,278**
Developments under construction						
- Short-cycle developments under construction	**18,035**	4,536	(3,909)	(8,905)	(2,996)	**6,761**
- Large-cycle developments under construction	**-**	-	-	8,925	-	**8,925**
Other current inventory	**3,269**	3,211	(3,237)	(433)	185	**2,995**
Completed construction works	**8,026**	-	(1,742)	-	-	**6,284**
Other finished products	**445**	1,224	(1,964)	380	(32)	**53**
Advances to suppliers	**18,525**	25,733	(32,154)	-	(1,057)	**11,047**
Impairment losses on inventories	**(17,261)**	(4,233)	1,087	194	234	**(19,979)**
Total	**109,879**	**46,000**	**(58,081)**	**(3,195)**	**(5,320)**	**89,283**

Year 2019:

	Thousands of Euros					
	Balance at 31/12/2018	**Additions**	**Disposals**	**Transfers**	**Translation differences and other**	**Balance at 31/12/2019**
Acquired property	**8,684**	-	(291)	-	-	**8,393**
Land and plots of land	**64,848**	-	-	(84)	(761)	**64,003**
Goods	**1,626**	4,663	(4,029)	-	-	**2,260**
Raw materials and other supplies	**5,504**	1,068	(2,593)	84	121	**4,184**
Developments under construction						
- Short-cycle developments under construction	**21,596**	6,776	(7,545)	(22)	499	**21,304**
- Large-cycle developments under construction						
Other current inventory						
Completed construction works	**8,633**	-	(1,056)	22	872	**8,471**
Other finished products	**-**	-	-	-	-	**-**
Advances to suppliers	**15,651**	16,906	(14,116)	-	84	**18,525**
Impairment losses on inventories	**(11,657)**	(6,772)	390	(40)	818	**(17,261)**
Total	**114,885**	**22,641**	**(29,240)**	**(40)**	**1,633**	**109,879**

12.1 Acquired property

Main changes recorded under this item correspond to deed of assignment in payment as collection of default rate. The ultimate purpose of the Group is to allocate these properties for sale to third parties in the normal course of operations. Main assets are the following:

- Housing units in Promópolis, in Seville
- Car parking spaces and housing units in Puerto Llano, Ciudad Real.
- Car parking spaces and housing units in Mairena de Aljarafe, Seville.

During 2020, the Company has recorded as an increase in investment property items for a total cost of EUR 3,195 thousand, which at 31 December 2019 were previously recorded under "Inventories" (see Note 10). During 2019 no significant additions took place.

12.2. Land and plots of land

This account balance corresponds to the acquisition price of several plots of land in their final phase or under urban management at 31 December 2020 and 2019 basically for residential purposes (even though there are also institutional or industrial plots). The Group has planned to allocate them to direct sale or property development by Group companies.

At 31 December 2020, this item includes mainly the following plots of land:

1. Plot of land in La Tablada, Seville, with a total surface of 149,619 sqm.

2. Urban plots of land Las Arenas and RP-9 Jalón industrial, both in Valladolid, with a surface amounting to 68,290 and 6,215 m^2.

3. Two plots of land of 3,965 and 9,532 m^2, La Catalana and Pueblo Mediterráneo, located in Vicalvaro (Madrid) and Manilva (Malaga).

4. A plot of land in Salvador de Bahía, Brazil, devoted to residential purposes, with a total surface amounting to 30.285 m^2..

5. La Tablada, located in Buenos Aires – Argentina, for residential and commercial purposes, with as total surface amounting to 808,102 sqm and a buildable surface amounting to 1,650,000 sqm.

6. Rustic plot of land in Herdade da Palheta, in the Concello de Redondo (Portugal) of 2,997,750 m^2 of surface.

At 31 December 2020 and 2019, the Group does not hold land as mortgage hedges.

At 31 December 2020, the Group owned land with a total area of 4,780,478 square meters, of which 27% amounting to 1,281,533 square meters are qualified as buildable land. The detail, by location, of the Group's land is as follows:

	Total M2^2	
	31.12.2020	**31.12.2019**
Spain	720,342	723,140
Peru	20,000	20,000
Portugal	2,997,750	2,997,750
Argentina	1,012,101	1,012,101
Brazil	30,285	30,285
TOTAL	**4,780,478**	**4,783,276**

<u>Land purchase commitments</u>

At 31 December 2020, the Group has not signed any promise or option contracts to purchase land and plots.

At 31 December 2019 and 2018, the Group had entered into various memorandums of understanding or agreements with purchase options for land totalling approximately EUR 2.4 million, of which the Group had paid EUR 602.5 thousand, amount recognised under "Advance payments to suppliers" in the accompanying consolidated balance sheet. In year 2020, the Group has decided not to execute the purchase option, therefore it has proceeded to rescind the purchase-sale contract, which has led to the return of the advance.

In connection with the advances associated with commitments or promises of sale, the Group has no obligation to buy any of them, may proceed with the execution or reject them at the option of the Group.

The rest of the advances correspond to advances to suppliers associated with the group's construction activity, mainly in Abu Dhabi, Portugal and Chile and India, for amounts of EUR 12.9 million, EUR 1.8 million and EUR 1.6 million, respectively.

12.3 Ongoing development

This heading mainly includes short and long cycle real estate stocks. The main element under this item at 31 December 2020 and 2019 is the urban development "Condominio NUEVAVISTA" in the District of Bellavista, located in Lima, Peru, whose construction began in year 2018 by the company of the Group "San José Inmobiliaria Perú, S.A.C." (company domiciled in Peru), having started during 2019 the delivery of homes in the first phases. During year 2020, it has delivered homes whose net cost amounted to EUR 3,909 thousand.

Additionally, the item "Other inventories in progress" mainly includes inventories in progress related to agricultural activity, amounting to EUR 2,995 thousand and EUR 3,269 thousand as of 31 December 2020 and 2019, respectively.

12.4 Completed works

The main property developments included under this item refer to not sold items of the following property developments:

- 111 housing units in Larrein" located in Vitoria- Gasteiz property of the Group company "Alexin XXI, S.L.U".

- Items under “Borinbizcarra” and “62 housing units in Mariturri”, for “Eraikuntza, Birgaikuntza Artapena, S.L.U.” (EBA).

- Promociones Quinta do Moleao (Lagos) of the branch office in Portugal of “Constructora San José, S.A.”.

During year 2020 and 2019, there were sales for a total amount of EUR 1,729 thousand and EUR 875 thousand, of housing units and car park spaces of the Larrein and Boronbizkarra urban development (Vitoria).

At 31 December 2020 and 2019, certain real estate assets are recorded under "Completed Construction Work" in the accompany consolidated balance sheet for a total net cost amounting to EUR 3,709 thousand and EUR 5,240 thousand, respectively, which act as mortgage hedge for banking borrowings (see Note 16.2).

Additionally, the item "Other inventories in progress" mainly includes inventories in progress related to agricultural activity, amounting to EUR 53 thousand and EUR 445 thousand as of 31 December 2020 and 2019, respectively.

Commitment to sell property developments in progress and completed buildings

At 31 December 2020 and 2019, the Group had entered into private agreements and reservation documents for the sale of property developments in progress and completed buildings at that date, for a total amount of EUR 8,474 thousand and EUR 8,797 thousand, for which the Group had received advances from the related customers totalling EUR 2,376 thousand and EUR 4,070 thousand, respectively (see Note 18.2).

12.5 Impairment of inventories

Detail of inventories at 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
	31.12.2020	**31.12.2019**
Goods	423	220
Acquired property	1,558	1,358
Land and plots of land	17,727	15,316
Completed construction works	271	367
TOTAL	**19,979**	**17,261**

Each year the Group commissions studies from independent valuers to determine the fair values of its investment property at the balance sheet data (see Note 4.4.)

At 31 December 2020 and 2019, the fair value of the Company's inventories based on the aforementioned study amounted to EUR 145.9 thousand and EUR 157.6 million, respectively, recording an impairment in 2020 amounting to EUR 4,233 thousand in 2019 (EUR 6,382 thousand in 2019) (see Note 22.2).

12.6 Insurance policy

The Group takes out insurance policies to cover the possible risks to which substantially all its inventories are subject. The Parent's Directors consider insurance coverage arranged to be sufficient.

12.7 Issuance rights

“Raw materials and other supplies” includes the greenhouse gas emission rights of the Group company “Poligeneració Parc de l´Alba ST-4, SA”, the total cost being as of 31 December 2020 and 2019 of EUR 445 thousand and EUR 473 thousand euros, respectively, being fully allocated to issues made during each year (the net cost recorded is zero).

Additionally, as of 31 December 2020 and 2019, the Group has recorded a short-term provision amounting to EUR 18 thousand and EUR 110 thousand, corresponding to the emissions made during year 2019 for which, at that date, it did not have purchased emission rights (see Note 15).

During year 2020, the Group has proceeded to the redemption before the Public Administration of the emission rights corresponding to the CO_2 emissions of year 2019, for a total amount of EUR 583 thousand.

13. Financial Assets

13.1 Trade and other receivables

This item of the accompanying consolidated balance sheet includes the present value of uncollected revenue, measured as indicated in Note 4.7, contributed by the Group's various lines of business and which form the basis of the profit or loss from operations.

The detail of "Trade receivables for sales and services" at 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
	31.12.2020	**31.12.2019**
Progress billings receivable and trade receivables for sales and services	192,435	200,267
Executed works pending billing (OEPC)	58,057	63,931
Retentions for guarantees	67,671	47,876
Customers, discounted instruments	21,163	27,344
Impairment (Note 15)	(33,505)	(28,474)
Total	**305,821**	**310,944**
Advances (Note 18.2)	(122,522)	(133,817)
Total net accounts receivable	**183,299**	**177,127**

The Group management considers that the carrying amount of trade and other receivables approximates their fair value.

"Amounts to be billed for executed works (OEPC)" includes the work performed during the year but not yet billed to customers, which is recognised as period revenue in accordance with the method of recognition of revenue for completed construction work (completion of the works), based on the percentage of completion method used by the Group detailed in Note 4.11. To the extent that the accounting criterion adopted by the Group for the recording of sales revenue, for the purpose of calculating the degree of progress, takes into account as total revenue budget of the work / project only the justified and technically approved part, and on which there is no doubt about its approval, the amount of the TPRB corresponds entirely to production executed to date associated with properly signed and valid contracts.

At 31 December 2019, the amount of the production carried out in the last months of the year referring to the works of “Improvement of the stretch Checca-Mazocruz”, in Peru, stands at EUR 5,564 thousand. During the month of February 2020, the Group has received notification from the client regarding the termination of said contract. The Group considers that the reasons alleged by the client for the termination of the contract are unfounded, and intends to request the initiation of the arbitration procedure provided for in the contract itself. As of 31 December 2020, the Group records the collection rights from the customer, derived from the aforementioned contract, as a non-current financial asset (see Note 13.4).

Likewise, and in relation to said contract, at 31 December 2019, “Advances” includes an amount of EUR 4,810 thousand, corresponding to the advance payment for execution of work received from the client.

The current liabilities "Advances" item from the consolidated balance sheet at 31 December 2020 and 2019 include EUR 93,393 thousand and EUR 82,147 thousand corresponding to "Amounts to be billed for work performed", which is recognised as the Group's lowest period revenue in accordance with the method of recognition of revenue based on the percentage of completion method. (See note 18.2)

At 31 December 2020, the Group does not have loans from clients allocated to financial institutions without recourse.

The Group does not have a significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Breakdown of trade receivables from Public Sector Customer and Private Sector Customers at 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
	31.12.2020	**31.12.2019**
Public Sector Customers	87,418	110,977
Private Sector Customers	218,403	199,967
	305,821	**310,944**

A high percentage of trade receivables relate to transactions with Public Entities and, mainly, with the State Central Authority. Therefore, the Company considers credit risk is very low. Regarding private sector customers, the Company has strengthened during the last years the risk policy procedure from contracting (valuation and rating of potential customers, payment requirements, etc.) till regular revision and analysis of the global position and individual analysis of most customers. From this analysis late payment and default rate provision is established.

Average collection period for trade receivables is approximately 64 and 107 days for years 2020 and 2019 and no significant changes have been experimented during the same.

The Group has a credit risk management department responsible for mainly the following tasks:

- To analyse the creditworthiness of potential customers, and take part in the procurement process.
- To identify the level of commercial risk (credit) assumed with every client.
- To control deviations that may occur in the established limits.
- To manage any collection incidents reported by the Finance Department.

To focus on preventive measures. The aim of the Group is to identify situations of default. Faced with possible situations of default customers, the Risk Department analyses the client. In cases where nothing can be done, the deterioration of the net asset held with such client is suggested. Said analysis is performed on an individual basis.

Proper compliance with the internal risk control process means that the amount of financial assets in arrears at the end of the year 2020 and 2019 is very relevant.

13.2 Cash and cash equivalents

"Cash and Cash Equivalents" includes the Group'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.

Breakdown at 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
	31.12,2020	**31.12,2019**
Other cash equivalents	35,587	71,622
Cash	293	394
Banks and credit entities	249,463	161,029
Total cash and other cash equivalents	**285,343**	**233,045**

Out of the total balance of this item, EUR 70,758 thousand and EUR 21,923 thousand correspond to joint ventures (see Annex III) for year 2020 and 2019, respectively.

13.3 Other current financial assets

This item includes deposits at banks, short-term deposits and other receivables maturing in over three months.

At 31 December 2020 and 2019, it mainly includes the following:

- the amounts derived from short-term deposits, amounting to EUR 20,710 thousand and EUR 42,830 thousand, respectively.

- Further, it includes short-term payments to be collected from the Ministry of Public Works of Chile, for the certificates issued by the Group company "Sociedad Concesionaria San Jose-Tecnocontrol, S.A.", for a total value of EUR 36,353 thousand and EUR 36,825 thousand at 31 December 2020 and 31 December 2018 for the construction of the Hospitals of Maipu and La Florida, in Santiago de Chile. During years 2020 and 2019, finance income arising from the update of said items amounting to EUR 2,101 thousand and EUR 1,896 thousand, respectively, were recorded (see Note 22.7).

- The part to be collected in the short-term amounting to EUR 15,753 thousand, referring to the transactional agreement reached with the Chilean Ministry of Public Works by the company of the Group “Sociedad Concesionaria San José-Tecnocontrol, SA”, in relation to the arbitration process that the parties maintained due to the extra costs and fines originated in the construction of the Maipú and La Florida hospitals, in Santiago de Chile (see Note 13.4).

13.4 Non-current financial assets and loans to related companies

The detail of "Loans to related companies" and "Other financial assets" in the accompanying consolidated balance sheet at 31 December 2020 is as follows:

	Thousands of Euros					
	Other financial assets, with changes in income statment (Note 11)	**Loans to related companies**	**Investments available for sale**	**Investments until maturity**	**Impairment**	**Total**
Balance at 31 December 2018	**40,422**	**-**	**6,953**	**99,550**	**(18,765)**	**128,160**
Entries or provisions	5,381	-	(1)	6,429	(1,376)	10,433
Transfers	-	-	793	(40,855)	(205)	(40,267)
Translation differences	(243)	-	(28)	(1,223)	421	(1,073)
Disposals, withdrawals or redundancies	(25,265)	-	(60)	(399)	60	(25,664)
Balance at 31 December 2029	**20,295**	**-**	**7,657**	**63,502**	**(19,865)**	**71,589**
Entries or provisions	774	-	379	24,834	(3,969)	22,018
Transfers	-	-	-	(36,733)	-	(36,733)
Translation differences	(1,253)	-	(29)	(4,157)	1,581	(3,858)
Disposals, withdrawals or redundancies	(221)	-	-	(808)	-	(1,029)
Balance at 31 December 2020	**19,595**	**-**	**8,007**	**46,638**	**(22,253)**	**51,987**

13.4.1 Investments available for sale

This item includes basically representative investments in equity securities of unlisted entities. Carrying net cost at 31 December 2020 and 2019 amounts to EUR 2,169 thousand and EUR 2,329 thousand, respectively. From total impairment recorded at 31 December 2020 and 2019, EUR 5,838 thousand and EUR 5,328 thousand, respectively, correspond to investments held for sale (see Note 22.11).

Net cost at which interest ownership of the Group is recorded, by associate, at 31 December 2020 and 2019, is as follows:

Company	Thousands of Euros	
	31.12.2020	**31.12.2019**
Bodegas Altanza, S.A.	736	736
Oryzon Gernomics, S.A. (*)	891	844
Other	542	749
	2,169	**2,329**

(*) Company listed in the Stock Exchange of Spain.

13.4.2 Held-until maturity financial assets

This item mainly includes credits and collection rights with third parties. Carrying net cost at 31 December 2020 and 2019 amounts to EUR 30,223 thousand and EUR 48,965 thousand, respectively. From total impairment recorded at 31 December 2020 and 2019, EUR 16,415 thousand and EUR 14,537 thousand, respectively, correspond to investments held for sale (see Note 22.11).

At 31 December 2020 and 2019, it mainly includes:

Loans and receivables due to certifications issued by "Sociedad Concesionaria San José-Tecnocontrol, S.A.", for a total amount of EUR 35,126 thousand at 31 December 2019, as payment for the execution works of the Hospitals of Maipu and La Florida in Santiago de Chile, under a concession regime contract, in compliance with IFRIC12 for concessions with no demand risk. During 2020, it was transferred the total amount to "Short Term financial investments" due to the last payment is the only remaining, being the maturity date the 31th of March of 2021 (See note 13.3)

The company "Sociedad Concesionaria San José-Tecnocontrol, S.A." has executed the design and construction of both hospitals and is responsible for their operation and maintenance under concession regime for a period of 15 years.

On 10 and 15 November 2013, certifications for the implementation of Maipú Hospital and La Florida Hospital in Santiago de Chile, opened on 7 and 28 December 2013 and with a total built surface of nearly 70 thousand sqm each, were received. Eventually, on 13 February 2015, definitive implementation certificates have been issued, expiring any risks from construction stage. The payment of the Chilean Ministry of Public Works is arranged into 8 annual instalments of UF 1.1 million each, having collected instalments on 31 March 2014, 2015, 2016, 2017, 2018, 2019 and 2020.

Likewise, this item includes at 31 December 2020 an amount of EUR 15,753 thousand, corresponding to the part to be collected in the long term derived from the transactional agreement signed on 27 November 2020 by the Group, through its subsidiary in Chile "Sociedad Concesionaria San José-Tecnocontrol, SA" with the Chilean Ministry of Public Works, in the arbitration process that the parties maintained in relation to the cost overruns and fines originated in the construction of the Maipú and La Florida hospitals, in Santiago de Chile. By virtue of the aforementioned agreement, which has been approved by the arbitration commission that processed the process, the Chilean Ministry of Public Works will pay the amount of UF 944,1 thousand (Chilean Unidad of Fomento - approximately EUR 31.5 million). This amount will be paid in four annual instalments of the same amount, the first three on 15 December 2020, 2021 and 2022, respectively, and the fourth instalment on 15 July 2023. This deferral will accrue interest at the rate set by the local authorities for forward operations. This agreement involves the liquidation of the construction phase of the public works concession contract whose purpose is the construction, maintenance and operation of the aforementioned hospitals. At 18 of February 2021, the first instalment was received.

Likewise, this item includes the Group's collection right against customers, derived from long-term debt renegotiation procedures, or due to discrepancies outstanding the resolution in a judicial or arbitration proceeding. Special mention deserves the following:

- Collection right for a total amount of EUR 9,496 thousand and EUR 9,877 thousand, as of 31 December 2020 and 31 December 2019, respectively, against the Chilean Ministry of Public Works, as a result of the termination of the contract and execution of the guarantees at the first request, which it was maintained with the company of the Group "Sociedad Concesionaria San Jose Rutas del Loa, SA", in Chile.

  During year 2019, the variation was due exclusively to the evolution of the exchange rate.

  Based on the analysis of the recoverability of said debt carried out by the Group, the impairment recorded associated with the same at 31 December 2020 and 2019 amounts to EUR 1,733 thousand and EUR 1,803 thousand, respectively. Further, as of 31 December 2020 and 2019, the Group has recorded a provision for possible liabilities that may arise from contract, for EUR 8,407 thousand and EUR 8,745 thousand, respectively (see Note 15).

- Right of collection for a total amount of EUR 11,730 thousand and EUR 13,217 thousand, as of 31 December 2020 and 31 December 2019, respectively, against the Civil Aviation Authority of Nepal (CAAN), as a result of the unilateral termination of the contract by the client and execution of the guarantees at the first request, referred to the construction contract for the improvement of the infrastructures in the Simikhot and Rara airports, in Nepal

  Based on the analysis of the recoverability of said debt carried out by the Group, the impairment recorded associated with the same at 31 December 2020 and 2019 amounts to EUR 11,730 thousand and EUR 11,261 thousand, respectively.

  On 3 December 2020, the arbitration award on the dispute maintained by the execution of the contract was notified, partially estimating both the claims of Constructora San José, SA, and those of Aviation Authority of Nepal (CAAN), resulting in a payment pending in favour of Aviation Authority of Nepal (CAAN), amounting to EUR 2.2 million. As a consequence, as of 31 December 2020, the Group has fully impaired the collection right that it held against it.

  The Group has recorded a provision for possible liabilities that may arise from contract, for EUR 2,684 thousand and EUR 1,098 thousand, respectively (see Note 15).

- Long-term collection right related to the “Improvement of the Checca-Mazocruz section highway”, in Peru, amounting to EUR 4,110 thousand, as a consequence of the unilateral termination of the contract by the client, notified in the month February 2020. The Group considers that the reasons alleged by the client for the termination of the contract are unfounded, and intends to request the initiation of the arbitration procedure provided for in the contract itself.

  Based on the analysis of the recoverability of said debt carried out by the Group, the impairment recorded associated with the same at 31 December 2020 amounts to EUR 1,478 thousand. Further, as of 31 December 2020, the Group has recorded a provision for possible liabilities that may arise from contract, for EUR 3,008 thousand (see Notes 13.1 and 15).

The Group considered that the reasons alleged by the client lacked a legal basis, setting in motion all the mechanisms contemplated in the contract for the effective defence of its interests. Its resolution is not expected in the short-term.

14. Net equity

14.1 Share Capital

At 31 December 2020 and 2019, share capital of the Parent was represented by 65,026,083 shares of EUR 0.03 par value each.

At 20 July 2009, Parent Company shares can be listed 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 6.72 for year 2019, respectively.

At 31 December 2020, the shareholder with a stake exceeding 10% in the share capital of the Parent 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 (see Note 16.3). 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 16.3).

14.2 Issuance fee

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.

14.3 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 31 December 2020, legal reserve was fully provided.

14.4 Distribution of dividends

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

Additionally, the Directors of the Parent Company at their meeting on 25 June 2020 have proposed the distribution of dividends charged to voluntary reserves, for a gross amount of 0.10 euros / share, amounting to a total of EUR 6,503 thousand, being approved by the AGM held on 29 July 2020 (see Notes 2.9 and 4).

14.5 Consolidated reserves

Breakdown at 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
	31.12.2020	**31.12.2019**
Reserves of the Parent	5,783	(196,736)
Consolidation reserves		
-From consolidated companies	174,465	58,642
-From companies considered equivalent	(5,423)	1,070
TOTAL	**174,825**	**(137,024)**

The breakdown, by company, of the balance of "Consolidated reserves" in the consolidated balance sheets, after taking into account the effect of consolidation adjustments, is as follows:

Net profit/(loss) for the year attributable to the Parent by Subsidiaries

	Thousands of Euros			
	2020		2019	
	Reserves	Profit	Reserves	Profit
Grupo Empresarial San José, S.A.	(20,294)	5,157	(227,357)	23,472
SJB Mullroser	(5,078)	24	(5,077)	(10)
Construction subgroup	214,321	16,134	101,745	141,220
Trade subgroup	8,296	1,358	8,714	2,582
Udra Medios subgroup	(14,974)	(69)	(14,469)	(511)
San José Concesiones y Servicios subgroup	3,383	169	3,121	182
San José Energía y Medio Ambiente subgroup	(5,514)	116	(5,463)	(49)
Cadena de Tiendas, S.A.U.	26	-	637	14
GSJ Solutions, S.L.U.	82	85	55	29
	180,248	**22,974**	**(138,094)**	**166,929**

Net profit/(loss) and reserves attributable to the Parent by companies accounted for valued using the equity method:

The breakdown, by company, of the balance of this account in the consolidated balance sheets, after taking into account the effect of the valuation adjustments, and of the translation differences recognised in equity as a result of the valuation process, is as follows:

	Thousands of Euros			
	2020		2019	
Company	Reserves	Profit	Reserves	Profit
Distrito Castellana Norte, S.A.	(2,874)	(757)	(1,814)	(1,060)
Panamerian Mall, S.A.	(1,876)	(150)	1,212	(750)
Pinar de Villanueva, S.L.	(5,924)	(300)	(3,628)	(2,294)
Cresca, S.A.	(257)	(90)	(547)	293
CSJ GVK Projects ´n Technical SS. P.L.	5,508	1,076	5,847	(344)
	(5,423)	**(221)**	**1,070**	**(4,155)**

14.6 Valuation adjustments

"Valuation adjustments" in the consolidated balance sheet includes the net amount of fair value adjustments of certain derivative instruments (see Notes 4.8, 4.10 and 17) due to the application of IFRS 9.

14.7 Treasury Shares of the Parent

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

14.8 Minority interests

At 31 December 2020 the of "Minority Interests" and "Profit (Loss) Attributable to Minority Interests" of consolidated companies is as follows:

	Thousands of Euros	
Company	**Total Interest Interests**	**Outcome attributed to minority**
Construction subgroup	24,420	(822)
Udra Medios subgroup	(240)	9
San José Energía y Medio Ambiente subgroup	2,007	119
	26,187	**(694)**

Changes under this item during years 2020 and 2019 are as follows:

	Thousands of Euros	
	2020	**2019**
Opening balance	**27,123**	**24,262**
Change in the scope of consolidation (Note 2.4)	-	99
Profit/(Loss) for the year	(694)	407
Translation differences	94	3,401
Dividends	(216)	(1,046)
Adjustments attributable to minority interests and other	(120)	-
Closing balance	**26,187**	**27,123**

14.9 Capital management

The Group's capital management focuses on achieving a financial structure that optimises the cost of capital while maintaining a solid financial position. This policy reconciles the creation of value for the shareholder with access to financial markets at a competitive cost in order to cover both debt refinancing requirements and investment plan financing needs not covered by the funds generated by the business.

As an indicator for capital management, the Directors of the Group consider the level of leverage, taking into account this ratio as the quotient of net financial debt and equity.

At 31 December 2020 and 2019, the amount mentioned is as follows:

	Thousands of Euros	
	31.12.2020	**31.12.2019**
Non-current bank borrowings and other financial liabilities (Note 16.1)	108,067	133,002
Current bank borrowings and other financial liabilities (Note 16.1)	58,172	55,951
Other current financial assets (Note 13.3)	(75,084)	(81,632)
Cash and cash equivalents (Note 13.2)	(285,343)	(233,045)
Total DFN / (Net Cash Position)	**(194,188)**	**(125,726)**
Corrected net equity	**169,513**	**163,070**
Leverage (%)	-	-

The Group presents its results in accordance with generally accepted accounting standards (see Note 2.1). 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 other, the Group identifies as MAR the net financial debt (DFN), defining it as the total amount of bank and non-bank financial debt, including financial leasing creditors and the valuation of obligations associated with financial derivative instruments, recorded under "Other current financial assets" and "Cash and cash equivalents" in the current assets of the balance sheet.

14.10 Equity situation of the Parent

At 31 December 2020, the parent records a positive net equity amounting to EUR 53,523 thousand, representing 31,6% of the subscribed and paid-up capital.

15. Provisions

The detail and movement during 2020 and 2019 of the main items under the accompanying consolidated balance sheet of the Group including recorded provisions are as follows:

	Thousands of Euros			
	Operating insolvencies (Note 13)	**Other operating provisions**	**Non-current provisions**	**Total**
Balance at 31 December 2019	**28,474**	**32,932**	**44,774**	**106,180**
Net provisions	4,287	3,680	9,225	17,192
Applications	-	(308)	(4,374)	(4,682)
Transfers and other	874	2,624	(2,011)	1,487
Translation differences	(130)	(2,536)	(2,690)	(5,356)
Balance at 31 December 2020	**33,505**	**36,392**	**44,924**	**114,821**

Other operating provisions

Current provisions classified under "Short-term provisions" include estimated amounts to face possible business contingencies.

Likewise, the amount of the Group's greenhouse gas emissions during years 2020 and 2019 is included, for which it does not have emission rights purchased as of 31 December 2020 and 2019, for an amount of EUR 18 thousand and EUR 110 thousand (see Note 12.7).

Non-current provisions

This item mainly includes provisions to cover possible contingencies that may arise in the Group, arising from litigation and court proceedings, mainly as a result of the development of its activity

It is worth noting the provisions that the Group has recorded in relation to the judicial and / or arbitration proceedings related to construction contracts resolved unilaterally by clients, for a total amount of EUR 12,924 thousand and EUR 9,843 thousand, as of 31 December 2020 and 2019, respectively (see Note 13.4.3).

Additionally, provisions classified under "Other operating provisions" included EUR 1,875 thousand to cover possible arbitrary processes (See note 13.4)

The Directors of the Parent consider that the probability of an outcome of litigation and claims to occur are insignificant to justify the registration of additional provisions. The Directors of the Parent consider that the probability of an outcome of litigation and claims to occur are insignificant to justify the registration of additional provisions. The directors of the different companies within Grupo SANJOSE consider that present provisions are enough to deal with the current processes of litigation and claims or will not have a material effect on the consolidated financial statements.

16. Bank borrowings and debt instruments and other marketable securities

The breakdown of said items in the consolidated balance sheets is as follows:

Year 2020:

	Thousands of Euros		
	Debts and accounts payable	**Derivatives**	**Total**
Non-current financial liabilities:			
Obligations and other securities (Note 16.4)	-	-	-
Bank borrowings (Note 16.1)	12,325	-	**12,325**
Derivatives (Note 17)	-	-	-
Other financial liabilities (Note 16.5)	95,742	-	**95,742**
Total non-current	**108,067**	-	**108,067**
Current financial liabilities			
Obligations and other securities (Note 16.4)	33,081	-	**33,081**
Bank borrowings (Note 16.1)	18,403	-	**18,403**
Derivatives (Note 17)	-	87	**87**
Other financial liabilities (Note 16.5)	6,601	-	**6,601**
Total current	**58,085**	**87**	**58,172**

Year 2019:

	Thousands of Euros		
	Debts and accounts payable	**Derivatives**	**Total**
Non-current financial liabilities:			
Obligations and other securities (Note 16.4)	32,995	-	**32,995**
Bank borrowings (Note 16.1)	5,278	-	**5,278**
Derivatives (Note 17)	-	169	**169**
Other financial liabilities (Note 16.5)	94,560	-	**94,560**
Total non-current	**132,833**	**169**	**133,002**
Current financial liabilities			
Obligations and other securities (Note 16.4)	32,653	-	**32,653**
Bank borrowings (Note 16.1)	18,170	-	**18,170**
Derivatives (Note 17)	-	-	**-**
Other financial liabilities (Note 16.5)	5,128	-	**5,128**
Total current	**55,951**	-	**55,951**

The detail of the variation existing in year 2020 in the total amount of financing received is as follows:

	Thousands of Euros							
	31.12.2019	**IFRS 16 effect**	**Cash flows**	**Transfers**	**Changes in fair value**	**Changes in the scope**	**Translation differences**	**31.12.2020**
Non-current financial liabilities:								
Obligations and other securities (Note 16.4)	**32,995**	-	-	(31,442)	426	-	(1,979)	**-**
Bank borrowings (Note 16.1)	**5,278**	-	11,225	(4,233)	112	-	(57)	**12,325**
Derivatives (Note 17)	**169**	-	(115)	(54)	-	-	-	**-**
Other financial liabilities (Note 16.5)	**94,560**	(770)	(315)	530	1,765	-	(28)	**95,742**
Total non-current	**133,002**	**(770)**	**10,795**	**(35,199)**	**2,303**	**-**	**(2,064)**	**108,067**
Current financial liabilities:								
Obligations and other securities (Note 16.4)	**32,653**	-	(32,583)	31,442	2,792	-	(1,223)	**33,081**
Bank borrowings (Note 16.1)	**18,170**	-	(3,943)	4,233	99	-	(156)	**18,403**
Derivatives (Note 17)	**-**	-	-	54	33	-	-	**87**
Other financial liabilities (Note 16.5)	**5,128**	149	2,226	(530)	-	(207)	(165)	**6,601**
Total current	**55,951**	**149**	**(34,300)**	**35,199**	**2,924**	**(207)**	**(1,544)**	**58,172**

Breakdown by maturity at 31 December 2020 is as follows:

	Thousands of euros				
	Year 2021	**Year 2022**	**Year 2023**	**Year 2024 and followings**	**TOTAL**
Obligations and other securities (Note 16.4)	34,391	-	-	-	34,391
Bank borrowings (Note 16.1)	17,029	7,004	4,000	3,179	31,212
Derivatives (Note 17)	628	-	-	-	628
Other financial liabilities (Note 16.5)	6,956	1,639	384	127,352	136,331
TOTAL	**59,004**	**8,643**	**4,384**	**130,531**	**202,562**

16.1 Bank borrowings

The detail in the consolidated balance sheets at 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
	31.12.2020	**31.12.2019**
Non-current:		
Finance leasing	31	119
Bank loans and credit facilities	11,626	5,159
Mortgage loans secured by inventories (Note 10, 12 and 16.2)	668	
Total non-current	**12,325**	**5,278**
Current:		
Finance leasing	88	59
Payables from discounted notes and bills	11,981	13,089
Bank loans and credit facilities	4,613	1,292
Mortgage loans secured by inventories (Note 10, 12 and 16.2)	1,808	3,730
Total current	**18,490**	**18,170**
TOTAL	**30,815**	**23,448**

All these loans bear interest at a rate tied to EURIBOR plus a market spread.

At 31 December 2020, “Non-current bank borrowings and loans" under non-current liabilities includes mainly:

- EUR 3,661 thousand and EUR 1,088 thousand, respectively (EUR 4,741 thousand and EUR 1,020 thousand at 31 December 2019) corresponding to Project finance, granted for the construction, commissioning and operation of the Plant and the facilities of the Group company Poligeneració Parc de LAlba ST-4, S.A.'s Policy Project (see Note 7). Said plant acts as collateral for credit facilities.

- On June 18, 2020, the Group company "Constructora San José, SA", has signed a guarantee loan from the ICO for an amount of 10,000 thousand euros with a maturity of three years and with a grace period of one additional year at a variable interest rate referenced to the Euribor plus a market differential.

Breakdown by maturity at 31 December 2020 is as follows:

	Thousands of euros				
	Year 2021	Year 2022	Year 2023	Year 2024 and followings	TOTAL
Finance lease	90	30	2	-	122
Payables from discounted notes and bills	11,981	-	-	-	11,981
Bank loans and credit facilities	4,710	6,720	3,738	1,404	16,572
Mortgage loans secured by inventories (Notes 10, 12 y 16.2)	248	254	260	1,775	2,537
TOTAL	**17,029**	**7,004**	**4,000**	**3,179**	**31,212**

During the month of November 2019, the Group has contracted multi-group discount policies, including the main national Group companies, for a total amount of EUR 14,000 thousand, with maturity in 2021, and at a variable interest rate referenced to the Euribor plus a market differential. At 31 December 2020 the amount made available amounts to EUR 11,981 thousand.

Additionally, through the JVs in which it participates, the Group has additional discount policies, not presenting a balance drawn down as of 31 December 2020 (EUR 132 thousand drawn down as of 31 December 2019).

During years 2020 and 2019, no breach of financial obligations has been recorded. On the other hand, as of 31 December 2020, the Group complies with all the ratios required by the financing contracts.

16.2 Mortgage loans

At 31 December 2020, the Group's mortgage loans refer entirely to the financing of real estate inventories: i) Garage spaces and commercial premises in Legazpi (Madrid), and; ii) 111 housing units in Larrein (Vitoria), recorded under the Group's consolidated current assets for a total net cost of EUR 5,631 thousand (see Note 10 and 12.4).

As indicated in Note 4.18, all the bank borrowings associated with "Inventories" (regardless of the maturity thereof) are presented in the consolidated balance sheet under "Current Liabilities". Mortgage loans secured by inventories at 31 December 2020 have a long-term maturity and concern entirely on subsidiaries.

These mortgage loans bear annual floating interest at a market rate, which in 2020 ranged from 2.04% to 2.89%.

The outstanding principal of these loans at 31 December 2020 matures approximately as follows:

Thousands of Euros				
Year 2021	**Year 2022**	**Year 2023**	**Year 2024 and following**	**TOTAL**
242	248	254	1,732	**2,476**

16.3 Syndicated financing

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 22.7).

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.

16.4 Obligations and other securities

On 24 March 2015 the Group issued bond in the capital market of Chile, through its associate “Sociedad Concesionaria San José-Tecnocontrol, S.A.” relying on Banco Itaú Chile as finance advisor. Total emission amounted to EUR 6,302 thousand UF (nearly EUR 223,684 thousand). Said bonds were used for the early repayment of the syndicated loan granted to the Group in Chile in 2011 for the financing of the construction of the hospitals of Maipú and La Florida in Chile.

It is repaid on an annual basis by equal instalments of 1,014 thousand UF, with maturity on 30 June 2021, with an average interest rate amounting to 3.1%. Said transaction had been guaranteed, with an average annual rate of 4.0%. During June 2020, the Company has paid the sixth instalment.

There are no other additional guarantees from said financing transaction.

The principal pending repayment as of 31 December 2020 corresponds to the last instalment established for the amount of EUR 33,081 thousand.

16.5 Other financial liabilities

The item "Other non-current financial liabilities" mainly includes the amount of the financial debt granted by the company "Merlin Properties Socimi, S.A." as part of the purchase price paid in the partial sale of the Group's stake in its investee company "Distrito Castellana, Norte, S.A." (see Note 11), signed on 31 October 2019, for the amount of EUR 86,397 thousand, with a single maturity of 20 years and an annual fixed interest rate of 2%, payable at maturity, having provided the participation of the income “in current 10% that the Group owns in the company “Distrito Castellana Norte, SA”

At 31 December 2020 and 2019, the debt arising from the loan amounts to EUR 88,117 thousand and EUR 86,690 thousand, respectively. The variation in year 2020 is due to accrued financial expenses pending payment net of the applicable tax withholding.

Likewise, items “Other long-term financial liabilities” and “Other current financial liabilities” at 31 December, 2020 include an amount of EUR 2,570 thousand and EUR 3,338 thousand, respectively (EUR 3,339 thousand and EUR 3,189 thousand at 31 December 2019), corresponding to the financial debt recorded by the Group in application of the provisions of IFRS 16 "Leases" (see Notes 22.6).

Future cash outflows not reflected in the valuation of lease liabilities to which the Group is potentially exposed are not significant as of 31 December 2020 and 2019

Further, the items "Other non-current financial liabilities" and "Other current financial liabilities" include, mainly, EUR 5,055 thousand and EUR 3,263 thousand at 31 December 2020 (EUR 4,531 thousand and EUR 1,939 thousand, respectively at 31 December 2019), corresponding to debts of companies of the Group with minority shareholders for the for acquisition of property assets.

Breakdown by maturity at 31 December 2020 is as follows:

	Miles de euros				
	Year 2021	Year 2022	Year 2023	Year 2024 y ss	TOTAL
IFRS16 "Leases"	3,693	1,073	384	1,113	**6,263**
Merlin Properties Socimi, S.A.	-	-	-	121,750	**121,750**
Other financial liabilities	3,263	566	-	4,489	**8,318**
TOTAL	**6,956**	**1,639**	**384**	**127,352**	**136,331**

17. Derivative Financial Instruments

The Group contracts OTC derivative financial instruments with national and international high credit rating banks.

To determine the fair value of interest rate derivatives (Fixed Rate Swaps or structures with options), the Group uses cash flow discounts based on assumptions established by the Euro interest rate curve according to market conditions at the date of measurement.

At 31 December 2020, derivative financial instruments of Grupo SANJOSE are mainly Interest Rate Swaps and cross-currency swaps.

For determining the fair value of interest rate derivatives and currency swaps, the Group applies an assessment method based on the discount of flows under implicit forward curve rates.

Interest rate derivatives contracted by the Group and effective at 31 December 2020 and 2019, together with their fair values at said date, are the following:

Year 2020:

			Thousands of Euros		
Company	**Financial Instrum.**	**Maturity**	**Initial par value**	**Remaining par value at 31.12.2020**	**Balance at 31.12.2020** Note (16)
Efficient Hedges:					
Trendy King, S.A.U.	CCS-GBP	15/02/2021	108	108	4
Trendy King, S.A.U.	CCS-GBP	15/03/2021	112	112	-
Trendy King, S.A.U.	CCS-GBP	16/02/2021	508	508	(18)
Trendy King, S.A.U.	CCS-GBP	15/04/2021	67	67	-
Trendy King, S.A.U.	CCS-GBP	15/06/2021	417	417	(10)
Trendy King, S.A.U.	CCS-GBP	15/06/2021	411	411	(4)
Trendy King, S.A.U.	CCS-GBP	15/02/2021	56	56	-
Trendy King, S.A.U.	CCS-GBP	16/08/2021	277	277	1
Poligeneraciò Parc de l´Álba ST-4, S.A.	IR Swap	15/12/2021	15,541	1,255	(55)
TOTAL			**17,497**	**3,211**	**(82)**

Year 2019:

			Thousands of Euros		
Company	**Financial Instrum.**	**Maturity**	**Initial par value**	**Remaining par value at 31.12.2019**	**Balance at 31.12.2019** (Note 16)
Effcient Hedges:					
Trendy King, S.A.U.	CCS-gbp	20/02/2020	179	179	10
Trendy King, S.A.U.	CCS-gbp	04/05/2020	167	167	10
Trendy King, S.A.U.	CCS-gbp	15/09/2020	116	116	1
Poligeneraciò Parc de l´Álba ST-4, S.A.	IR Swap	15/12/2021	15,541	2,451	(169)
TOTAL			**16,003**	**2,913**	**(148)**

Assets and liabilities as hedge financial instruments include the changes in the measurement of fair value of hedge financial instruments. At 31 December 2020, instruments hold by the Group company “Poligeneració Parc De L’Alba, S.A. (ST4)” and the commercial subgroup are Interest Rate Swaps and cross-currency swaps linked to assets and liabilities of the consolidated balance sheet, as well as to potential transactions in compliance with requirements established by IFRS 9 so as to be classified as hedge accounting.

Assets and liabilities as non-hedge financial instruments include the measurement of fair value of non-hedge financial instruments.

The Group records as equity the change in fair value of hedge accounting financial instruments. At 31 December 2020 and 2019 the change in fair value of Derivative Financial Instruments allocated as Hedge Elements for their effective portion accumulated in Equity amounts, in negative, to EUR 67 thousand and EUR 80 thousand, respectively

During 2020 and 2019, EUR 100 thousand and EUR 194 thousand before tax have been recycled from Equity to Interests costs as financial liabilities' interests being hedged pursuant to allocated Hedging Relationships were registered.

Classification of financial instruments

Regarding assets and liabilities measured at fair value, the Group follows hierarchy set out by IFRS 13 for their classification pursuant to input used for their measurement and market conditions:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs negative, to are unobservable inputs for the asset or liability.

According to IFRS 13, the hierarchy categorises the inputs used in valuation techniques of assets and liabilities into three levels. (Level 1, Level 2, Level 3). The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs

Derivatives of the Group are classified as Level 2. On a residual basis, as of 31 December 2020, the Group classified as Level 1 the investment made in shares of an investee (see Note 13.4).

No transfers from Level 1 to Level 2 have taken place during year 2020. Neither had taken place inputs or outputs of Level 3 at 31 December 2019.

Sensitivity analysis of interest rate and exchange rate

Changes in the fair value of the interest rate derivatives contracted by the Group depend mainly on the variation of the interest rate curve of the euro currency.

At 31 December 2020, changes in the value of financial instruments of the Group due to changes in interest rates are not significant,

18. Trade and other payables

18.1 Trade payables

"Trade and other payables" includes mainly the amounts outstanding for trade purchases and any related costs, as well as advances from customers (see Note 18.2).

The Group management considers that the carrying amount of trade and other receivables approximates their fair value.

Breakdown of "Suppliers" at year end 2020 and 2019 is as follows:

	Thousands of Euros	
	31/12/2020	**31/12/2019**
Trade payables for sales and services		
-in Euros	145,314	130,148
-in foreign currency	85,956	115,895
Notes payable	157,383	134,878
Total	**388,653**	**380,921**

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)	**49**	**42**
Ratio of paid transactions (days)	49	40
Ratio of outstanding transactions (days)	48	47
Total payments made (thousands of Euros)	550,373	515,762
Total outstanding payments (thousands of Euros)	216,713	199,736

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.

According to Act 15/2010 as of 5 July, amendment of Act 3/2004 on 29 December on default payment measures, maximum payment time in 2012 is 60 days as from 1 January 2013.

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

A significant part of the Group's transactions is 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.

18.2 Customer advances

This item relates fundamentally to the advances received from the buyers of the properties relating to the developments in progress or advances for the sale of real estate assets.

Real estate advances at 31 December 2020 and 2019 amount to EUR 2,376 thousand and EUR 4,070 thousand, respectively, and relate fundamentally to the advances received from the buyers for the properties relating to the developments in progress or completed developments at year-end, the completion and/or delivery of which are scheduled for subsequent years (see Note 12.4).

At 31 December 2020 and 2019 this item includes "Amounts Billed in Advance for Construction Work" totalling EUR 93,393 and thousand and EUR 82,147 thousand, respectively, (see Note 13.1) which relates to progress billings issued during the year for construction work yet to be performed and which are not recognised as revenue for the period in accordance with the method of recognition of revenue for completed construction work, based on the percentage of completion method used by the Group, described in Note 4.11.

Advances received from customers are recorded to finance the advancement of the works amounting to EUR 26,753 thousand and EUR 47,600 thousand at 31 December 2020 and 2019.

19. Risk exposure

19.1 Exposure to credit risk

The Group 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 Group'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 Group's credit risk is mainly attributable to trade receivables. 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 credit risk on liquid funds and derivative financial instruments is limited because the counterparts are banks with high credit ratings assigned by international credit rating agencies.

The Group does not have a significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Group, depending on the business sector, took out credit insurance enabling it to reduce commercial credit risk arising from transactions with debtors.

The Group 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.

19.2 Exposure to interest rate risk

Interest rate risks arises from changes in the future cash flows from variable rate borrowings (or with current maturity) as a result of changes in market interest rates.

The objective of interest rate risk management is to mitigate the impact on borrowing costs arising from fluctuations in interest rates. Financial derivatives which guarantee fixed interest rates or rates with caps and floors are for a substantial portion of the borrowings that may be affected by this risk. (see Notes 16 and 17).

The sensitivity of profit and equity of the Group to changes in the interest rate at 31 December 2020, considering the existing hedging instruments and financing fixed rate is as follows (considering fluctuations of fifty basic points in applicable interest rates):

	Variation scenarios	
(Millions of Euros)	**+ 50 pb**	**+ 50 pb**
Impact on the total profit/(loss) for the year	0.2	(0.2)
Impact on Equity	(0.1)	0.1

19.3 Exposure to exchange rate risk

The policy of the Group is to use its own currency for activity developed abroad. However, whenever this may not be possible, the Group hedges exchange rate risk with financial derivatives.

Its foreign currency risk exposure relates to its investments in the companies detailed in Note 4.13, and which are financed in local currency.

Exchange rate and equity sensitivity at 31 December 2020, considering the existing hedging instruments and a fixed interest rate, is as follows (considering fluctuations of fifty basic points in applicable interest rates):

(Millions of Euros)		**Impact of the profit/(loss) for the year**		**Impact on Equity**	
Country	**Currency**	**-5%**	**5%**	**-5%**	**5%**
Chile	CLP	1.6	(1.8)	(3.9)	4.3
Argentina	ARS	(0.1)	0.1	(0.9)	1.0
México	MEX	-	-	(0.2)	0.2
Peru	PEN	(0.2)	0.2	(1.8)	2.0
Abu Dhabi	AED	(0.2)	0.2	-	(0.1)
TOTAL		**1.1**	**(1.3)**	**(6.8)**	**7.4**

19.4 Exposure to liquidity risk

The Group pursues the prudent management of the liquidity risk based on the maintenance of sufficient cash and marketable securities, availability of financing through 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.

The detail of payment obligations derived from the Group's financial liabilities as of 31 December 2020, based on their maturity, using undiscounted amounts, is as follows:

	Thousands of Euros				
	Year 2021	Year 2022	Year 2023	Year 2024 and followings	Total
Obligations and other securities	34,391	-	-	-	**34,391**
Bank borrowings	16,939	6,974	3,998	3,179	**31,090**
Finance leasing	90	30	2	-	**122**
Other financial liabilities	6,956	1,639	384	127,352	**136,331**
Total financial debt	**58,376**	**8,643**	**4,384**	**130,531**	**201,934**
Derivatives	628	-	-	-	**628**
Debts with related entities	-	-	-	-	**-**
Total	**59,004**	**8,643**	**4,384**	**130,531**	**202,562**

At 31 December 2020 and 2019, the Group records a positive working capital amounting to EUR 160,2 million and EUR 145,9 million, what guarantees its feasibility regarding all current financial liabilities included within the accompanying consolidated balance sheet.

Additionally to payable discounted notes (See note 16.1) at 31 December 2021, the Group has confirming lines by an amount of EUR 105.000 thousand, EUR 57.541 thousand drawn down at the end of 2021.

20. Taxation

The Group companies file individual tax returns in accordance with the tax legislation in force in each country. With regard to Spain, the San Jose Group, composed of Grupo Empresarial San Jose, S.A. as the Parent and all the Spanish subsidiaries in which it holds a direct or indirect ownership interest of at least 75%, files income tax statements under the special taxation regime with number 002/06 (See Note 4.15).

For each of the consolidated companies, income tax is calculated on the basis of the accounting profit or loss determined by application of generally accepted accounting principles, which does not necessarily coincide with the taxable profit or tax loss.

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.

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

Tecnocontrol Instalaciones, S.L.U.

Tecnocontrol Sistemas de Seguridad, S.A.U.

Tecnocontrol Servicios, S.A.U.

Comercial Udra, S.A.U.

Basket King, S.A.U.

Arserex, 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.

Udramedios, S.A.U.

Xornal de Galicia, S.A.U.

Xornal Galinet, S.A.U.

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

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

Enerxías Renovables de Galicia, S.A.

Cadena de Tiendas, S.A.U.

GSJ Solutions, S.L.U.

Fotovoltaica el Gallo 10, S.L.

Further, as from 1 January 2015, the associate “EBA, SL.” has become the Parent of a consolidation tax group under the tax regime of the Basque Country, which also includes the following company within its scope of consolidation: Alexín XXI, S.A.U.

20.1 Years open for review by the tax authorities

Constructora San José, S.A. and the subsidiaries forming the consolidated tax group have the last four years and 2017 open for review.

Except for these companies and periods, the other Group companies have the last four years open for review for all the main taxes applicable to them.

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.

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 conformity. Mainly 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.

With respect to the other subsidiaries that are either not domiciled in Spain or do not form part of the consolidated tax group, the years open for review are in accordance with the maximum periods established in the legislation applicable in each country of residence, existing years open for review in Chile on some companies of the Group in said country. Tax inspections have not been started in the outstanding countries during year 2020.

Pursuant to available information, the Parent's Directors consider that no additional material liabilities will arise as a result of future audits of the years open for review.

20.2 Income tax

Income tax is calculated for each unit integrating the Group, in compliance with tax regulations for each country. Applicable tax rates for each country where the Group operates are as follows:

País	Tasa impositiva
España	25%
Perú	29,5%
Cabo Verde	22%
Portugal	24%
Chile	27%
México	30%
India	25,6%
Abu Dhabi	0%
Malta	35%
Paraguay	10%
Argentina	30%

The balance of "Income Tax" in the accompanying consolidated income statement for 2020 and 2019 was determined as follows:

	Thousands of Euros	
	2020	2019
Profit/(Loss) before tax	**35,917**	**176,237**
Increases at individual companies	46,835	38,669
Decreases at individual companies	(21,451)	(215,433)
Elimination trade consolidation	(744)	40,122
Non recorded losses tax credit	1,919	8,182
Adjustment for inflation in hyperinflationary economies	2,023	3,935
Equity method	221	4,155
Offset of prior years' tax losses	(49)	(955)
Taxable profit	**64,671**	**54,912**
Less taxable profit of companies not resident in Spain	(34,006)	(11,246)
Less taxable profit excluded from accounting records	-	-
Tax loss of consolidated group resident in Spain	**30,665**	**43,666**
Gross tax payable	**7,659**	**10,917**
Plus-deductions	(144)	(689)
Accrued tax expense	**7,515**	**10,228**
Regularisation previous year and change of tax rate	(1,773)	5,159
Adjustment for inflation in hyperinflationary economies	-	-
Non resident tax expense	8,116	(2,331)
Tax expense	**13,858**	**13,056**

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.

The impact of this regulatory change in the Group's consolidated financial statements as of 31 December 2020 has been negligible

20.3 Tax loss carry forwards

At 31 December 2020 total tax loss carry forwards pending Offset amounts to EUR 492,712 thousand (EUR 689,040 thousand in 2019). The Group records under “Deferred tax assets” in the accompanying consolidated balance sheet at 31 December 2020 a tax credit arising from said tax loss carry forwards amounting to EUR 11,021 thousand (EUR 14,740 thousand in year 2019).

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 the applicable 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 growth in line with inflation rate for the period (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.

The detail of the tax loss carries forwards of the consolidated companies at 31 December 2020 is as follows:

Company	Year of inclusion	Thousand of Euros
Grupo Empresarial San José S.a. and subsidiaries Tax consolidated group	2004-2015	415,562
Spanish companies not included within the consolidated tax group	2013-2014	831
Foreign companies	1999-2020	76,319
TOTAL		**492,712**

In the case of the Spanish companies and under current legislation, the tax losses of a given year since 1998 can be carried forward for tax purposes for an indefinite period of time. Tax loss carry forwards of companies for offset when becoming an integral part of the group, may be forwarded for the parent with the limit of the individual company. However, the final amount of the tax losses to be offset may be modified as a result of the review by the tax authorities of the years in which the losses were incurred into.

Directors' of the parent consider that the Tax Group, in accordance with the existing Business Plan, will be able to generate positive results in order to offset the recorded tax credits.

20.4 Deferred tax assets and liabilities

The deferred tax assets recognised in the accompanying consolidated balance sheet at 31 December 2020 and 2019 arose as a result of the following:

Year 2020:

	Thousands of Euros				
	31.12.2019	Changes affecting current year profit/(loss)	Equity adjustments	Reclassifications and other	31.12.2020
Assets from deductible temporary differences:	**16,245**	(334)	(18)	-	**15,893**
Tax credit carry forwards	**3,477**	(144)	-	(3,330)	**3**
Tax credits to offset loss	**14,740**	(1,863)	-	(1,856)	**11,021**
	34,462	**(2,341)**	**(18)**	**(5,186)**	**26,917**

Year 2019:

	Thousands of Euros				
	31.12.2018	Changes affecting current year profit/(loss)	Equity adjustments	Reclassifications and other	31.12.2019
Assets from deductible temporary differences:	**18,791**	(2,546)	16	(16)	**16,245**
Tax credit carry forwards	**4,564**	(35)	-	(1,052)	**3,477**
Tax credits to offset loss (Note 21.3)	**13,203**	(1,863)	-	3,400	**14,740**
	36,558	**(4,444)**	**16**	**2,332**	**34,462**

The balance of "Deferred tax liabilities" at 31 December 2020 relates basically to the following items:

1. Acknowledgement of tax credits arising from negative tax bases declared by companies of the Group.
2. Tax credit carry forwards pending application
3. Difference between concessions and projects in progress in certain countries.
4. The differences between accounting and fiscal criteria within the Spanish regulation regarding receivables, financial profit/(loss) and amortisations.

The deferred tax assets recognised in the accompanying consolidated balance sheet at 31 December 2020 and 2019 arose as a result of the following:

	Thousands of Euros	
	Year 2020	Year 2019
Initial balance	**24,261**	**25,635**
Profit changes	1,978	(1,352)
Equity adjustments	(12)	(15)
Other adjustments	(1,031)	(7)
Final balance	**25,196**	**24,261**

The balance of "Deferred tax liabilities" at 31 December 2020 relates basically to the following items:

1. Different criteria of projects in progress in different regulations.
2. Elimination of the outcome of intergroup transactions within the consolable tax Group pending incorporation.
3. Different accounting and tax criteria for the amortisation of assets.
4. Investment commitments of deferred income arising from property, plant and equipment sales made in the period from 1997 to 2001, inclusive, was reinvested in full before 31 December 2006.

20. 5 Tax credits

Tax credits earned in the 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 The Group has availed itself of the tax benefits provided for in the aforementioned legislation, having considered as a lower expense for corporate tax accrued in the year 2020 the amount of EUR 144 thousand.

20.6 Tax receivables and payables

The detail of the Group's tax receivables and payables at 31 December 2020 and 2019 is as follows:

	Thousands of Euros			
	31.12.2020		31.12.2019	
	Current	Non-current	Current	Non-current
Tax assets:				
Deferred tax assets	-	26,917	-	34,462
Tax receivables				
VAT receivables	13,534	-	15,636	-
Sundry receivables	21,945	-	18,209	-
	35,479	-	33,845	-
Total tax assets	**35,479**	**26,917**	**33,845**	**34,462**
Tax liabilities				
Deferred tax liabilities	-	25,196	-	24,261
Tax payables				
VAT payable	7,138	-	2,395	-
Personal tax payable	4,185	-	2,663	-
Sundry payables	843	-	2,468	-
Social Security payables	4,460	-	6,774	-
	16,626	-	14,300	-
Total tax liabilities	**16,626**	**25,196**	**14,300**	**24,261**

20. 7 Restructuring transactions

The following restructuring transactions have been executed pursuant to the provisions of the Structural Modifications Act 3/2009 and according to the provisions of the tax regulations applicable during the 7 Restructuring years which they took place in, that is 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 in force until 2015.

Transactions executed within the previous years:

1 - The company Parquesol Inmobililaria y proyecto S.L. was incorporated on 3 February 2000 by the absorption of several companies (Parquesol Alquileres S.l., Parquesol Inmuebles S.L., Parquesol Inmobiliaria MMM SA and

Parquesol Residencial y Desasarrollo S.L.) and the incorporation of two new companies, one of them Grupo Parquesol MM SL. More details of property, rights and obligations can be found on the Notes to the Financial Statements for year ending 31 December 2000 of Grupo Parquesol MM S.L.

2.- Merger trough absorption of the company Parquesol Inmobiliaria y Proyectos S.L. (former Miralepa Cartera) as absorbing company and Parquesol Inmobiliaria y Proyectos S.L. and Miralepa Cartera S.L. as absorpbed companies on 2 March 2006, with full effect as of 31 October 2005. More details of property, rights and obligations can be found on the Notes to the Financial Statements for year ending 31 December 2006 of Parquesol Inmobiliaria y Proyectos S.L.

3.- As of 29 December 2008 Constructora San José S.A. absorbed the subsidiaries Alcava Mediterranea S.A., Constructora Avalos S.A., Balltagi Mediterriani SA and Construcción, Rehabilitación y Conservación S.A. More details of property, rights and obligations can be found on the Notes to the Financial Statements for year ending 31 December 2008 of Constructora San José S.A.

4.- As of 30 January 2009 Sanjose Tecnologias S.A. absorbed the subsidiaries Artel Ingenieros S.L., Sefri Ingenieros S.A. Instal 8 S.A. y S.M. Klima S.A. More details of property, rights and obligations can be found on the Notes to the Financial Statements for year ending 31 December 2009 of Sanjosé Tecnologias S.A.

5.- On 16 June 2009 took place the merger trough absorption of Parquesol Inmobiliaria y Proyectos, S.A. as absorbing company of the associates Parzara, S.L.U., Guadalmina Inversiones, S.L.U., Fomento Inmobiliario de Gestión, S.A.U., Parquesol Promociones y Desarrollos Inmobiliarios, S.L.U. and Parque Usera, S.L. More details of property, rights and obligations can be found on the Notes to the Financial Statements for year ending 31 December 2009 of Grupo Empresarial Sanjose S.A.

6.- On 16 June 2009 took place the merger trough absorption of “Udra, S.A.” (currently GRUPO EMPRESARIAL SAN JOSÉ, S.A.) with “Grupo Empresarial San José, S.A.”, “San José Infraestructuras y Servicios, S.A.”, “Udramed, S.L.U.”, “Parquesol Inmobiliaria y Proyectos, S.A.” and “LHOTSE Desarrollos Inmobiliarios, S.L.”. More details of property, rights and obligations can be found on the Notes to the Financial Statements for year ending 31 December 2009 of Grupo Empresarial Sanjose S.A.

7.- On 28 December 2009 took place the merger trough absorption of Sanjose Tecnologías S.A. as absorbing company and Tecnocontrol S.A.U. as absorbed company. More details of property, rights and obligations can be found on the Notes to the Financial Statements for year ending 31 December 2009 of Sanjose TEcnologias, S.A.

8.- On 28 December 2009 Tecnocontrol transferred its branch of activity of maintenance of mechanical facilities in favour of Tecnocontrol Servicios SA. More details of property, rights and obligations can be found on the Notes to the Financial Statements for year ending 31 December 2009 of Tecnocontrol Servicios, S.A.

9- As of the 30 July 2010, segregation of the real estate branch of activity of Grupo Empresarial San Jose, S.A. (formerly, Udra, S.A.) in favour of "San Jose Desarrollos Inmobiliarios, S.A." (formerly, Inmobiliaria Udra, S.A.) and capital increase of the beneficiary company. *Segregation of the real estate activity* in order to obtain a greater detail of the assets, rights and obligations of a fiscal nature transmitted, all the accounting information required in the fiscal regulations is detailed in the Financial Statements for year ended 31 December 2010 of San José Desarrollos Inmobiliarios, SA

10- Spin-off of "Sanjose Tecnologias, S.A.U." in favour of "Constructora San Jose, S.A.", "Sanjose Energia y Medio Ambiente, S.A." and "Sanjose Concesiones y Servicios, S.A.U." on 27 December 2010. More details of property, rights and obligations can be found on the Notes to the Financial Statements for year ending 31 December 2010 of Constructora San José, S.A.”, “Sanjosé Energía y Medio Ambiente, S.A.” and “Sanjose Concesiones y Servicios, S.A.U

11.- On 3 December 2013 took place the merger trough absorption of the company Inmobiliria Europea de Desarrollos Urbanisticos S.A. of the companies Inversiones Patrimoniales Guadaiza S.L, Iniciativas Galebal S.L. and San pablo Plaza S.L. Merger has accounting effects as of 1 January 2013.

12.- On 21 December 2016, the Sole Shareholder of the company "Desarrollos Urbanísticos Udra, SAU" adopted the decision to dissolve its investee "Inmobiliaria Europea de Desarrollos Urbanísticos, SAU" in order to proceed to its absorption, without liquidation, by transferring all its assets, rights and obligations to the absorbing company, which acquires and assumes them as universal succession, being surrogated in all rights and obligations of the absorbed companies, which are dissolved without liquidation once granted through public deed the merger agreement on 21 December 2016, and filed and registered at the Trade Registry of Companies of Pontevedra on 28 December 2016.

21. Guarantee commitments to third parties

At 31 December 2020 and 2019, the Group had received from banks and insurance companies guarantees provided to third parties amounting to EUR 352 million and EUR 399 million (mainly project and definite tender and performance bonds to public and private bodies). EUR 0.04 million of which correspond to the parent company and the rest to the subsidiaries at the previous years.

Of the total of guarantees provided to third parties by the Group, EUR 222 million (approximately 63%) relate to the international activity of the Group, mainly in Abu Dhabi and India, amounting to EUR 107 million and EUR 45 million, respectively

Parent Company and subsidiaries Directors do not consider there will be any liability in connection to the committed guarantees.

22. Revenue and expenditure

22.1 Revenue

The detail of “Revenue” in the accompanying consolidated income statements for 2020 and 2019 is as follows (in thousands of Euros):

	Thousands of Euros	
	2020	**2019**
Construction:		
Civil works	61,610	100,001
Housing	290,987	313,962
Non-residential	492,717	450,101
Industrial	22,266	12,415
	867,580	**876,479**
Real Estate	8,568	12,778
Concessions & Services	72,532	50,671
Energy	10,804	9,494
Consolidation adjustments and other	2,497	8,827
Net Revenue	**961,981**	**958,249**

29% and 35% of construction revenues refer to sales to the public sector in years 2020 and 2019, respectively.

From the total net amount of the Group's turnover, in 2020 and 2019, EUR 151.5 million and 186.4 million, respectively, are derived from the participation of the Group's companies in JVs (see Annexure III).

Virtually all the work was performed as prime contractor.

The contracted backlog as of 31 December 2020 and 2019 amounts to EUR 1,820.7 million and EUR 1,868 million, respectively, and its breakdown is as follows:

	Millions of Euros	
	2020	**2019**
Construction:		
Civil works	181.5	221
Housing	347.5	358.4
Non-Residential	648.9	719.6
Industrial	56.4	13.7
Subtotal construction	**1,234.3**	**1,312.7**
Concessions and Services (**)	203.9	163.7
Energy	382.5	391.6
Total Backlog	**1,820.7**	**1,868.0**
Details by type of client:		
-Public	27.92%	37.89%
-Private	72.08%	62.11%
Details by geographical area:		
Domestic market	67.97%	62.36%
International market	32.03%	37.64%

(**) According to concession economic regime

This detail at 2019 does not include the amount corresponding to the “Improvement of the Checca-Mazocruz stretch of highway” contract in Peru, which amounted to approximately EUR 30.5 million, to the extent that during the month of February 2020 the Group has received notification from the client on the termination of this contract (see Note 13).

"Other operating income" of the accompanying consolidated income statement as of 31 December 2020 and 2019, mainly includes an amount of EUR 20,303 thousand and EUR 15,247 thousand, respectively, related to extraordinary income and repercussion cost. In 2020 it increased, mainly due to the signing of the agreement to close the construction phase in Chile

The Group presents its results in accordance with generally accepted accounting standards (see Note 2.1). 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 portfolio as MAR, defining it as the total amount of sales contracted by Group companies with customers, discounting the part realised and recognised as income in the income statement. In concession contracts, the total amount of sales is identified with the best estimate made by the Group, which is included in the economic-financial business plan of the concession.

22.2 Procurements and other external expenses

"Supply" in the accompanying consolidated income statement for years 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	**2019**
Procurement of raw materials and other supplies	187,282	248,363
Changes in inventories of ray materials and other supplies	(2,612)	(2,663)
Impairment of inventories (Note 12.5)	3,773	4,700
Works performed by other companies	490,686	420,293
Total procurement	**669,129**	**670,693**

"Works performed by Other Companies" includes work that forms part of the Group's own production process but is commissioned from subcontractors or other companies.

"Other current management expense" in the accompanying consolidated income statement for years 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	**2019**
R&D expenditure	7	36
Leases	26,728	26,743
Repair and maintenance services	1,450	2,011
Independent professional services	15,747	20,424
Transport and freight costs	1,222	2,299
Insurance premiums and banking services	4,054	3,884
Advertising and publicity	2,115	2,780
Utilities	11,351	10,921
Other Services	30,337	35,091
Taxes	5,991	5,702
Impairment losses and changes in provisions	21,672	14,747
Other operating expenses	2,568	1,999
Total	**123,242**	**126,637**

22.3 Staff costs

The detail of "Staff costs" and changes therein in 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	**2019**
Wages and salaries	109,802	111,101
Termination benefits	1,715	2,028
Employer social security costs	23,186	22,655
Other social costs	5,656	7,172
Total	**140,359**	**142,956**

The average workforce by gender and professional category for years 2020 and 2019 is as follows:

	2020		**2019**	
Category	**Men**	**Female**	**Men**	**Female**
University graduates	411	115	600	177
University three-year degree graduates	578	140	479	98
Clerical staff	150	111	188	176
Officers and technical personnel	2,196	110	2,179	90
	3,335	**476**	**3,446**	**541**

At 31 December 2020 and 2019, average workforce amounted to 3,637 employees (3,172 men and 465 women) and 3.879 employees (3,353 men and 526 women), respectively.

The average number of people employed in the course of the year with a disability greater than or equal to 33% is 13 workers at year end 2020 and 2019 (3 women and 10 men), mainly diploma graduates. 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.

22.4 Compensation in kind

At 31 December 2020 and 31 December 2019 there was no significant compensation in kind.

22.5 Share-based payment

There are no share-based payment systems.

22.6 Leases

The Group has applied IFRS 16 “Leases” for the first time on 1 January 2019, having used the option of applying it with a modified retroactive nature, without re-expressing the previous year (see Note 4.5).

In its tenant position, the Group has signed leases of underlying assets of different kinds, mainly machinery in the Construction activity and technical facilities and constructions for its own use in all the activities that the Group develops.

In general, leases subscribed by the Group do not include variable payments, only in certain contracts there are clauses for updating the income based mainly on inflation. The mentioned contracts present in some cases restrictions of use, the most common being those that limit the use of the underlying assets to geographical areas or to their use as an office or premises for productive use. Lease agreements do not include significant residual value guarantee clauses.

The Group determines the duration of the contracts by estimating the period during which the entity estimates that it will continue to use the underlying asset in accordance with its particular circumstances, so that the extensions that are reasonably expected to be exercised are contemplated.

The Group has carried out a detailed analysis of all the lease contracts that it has signed, both as lessor and lessee. With the adoption of IFRS 16, in the contracts in which it acts as a lessee, the Group recognises in the consolidated balance sheet the right to use the leased assets and the liabilities derived from most of the lease contracts. Certain contracts are excluded from the application of the aforementioned IFRS 16, either because there is no transfer of ownership of the leased item, or because they are low value assets or because their duration is less than twelve months (see Note 4.5). They are recorded as an expense under the item "Other operating expenses" in the accompanying consolidated income statement, for an amount during 2020 and 2019 of EUR 26,728 thousand and EUR 26,743 thousand, respectively (see Note 22.2). Of the total amount of the lease expense of contracts not considered for the purposes of IFRS 16, as of 31 December 2020 and 2019, approximately 57% and 51%, respectively, is due to lease contracts where there is no transfer of dominance of the underlying asset, 34% and 44%, respectively, is due to short-term exempt contracts and 9% and 5%, respectively, is due to exempt contracts for a reduced amount

In calculating the lease liability during years 2020 and 2019, the Group has applied the incremental rate of financial debt, which, in general, is equivalent to an effective interest rate of approximately 4% and, affecting a lower number of contracts, specific rates depending on the term and country applicable in the concerned country.

As of 31 December 2020, and 2019, the net book value of right-of-use assets amounts to EUR 5,552 thousand and EUR 6,307 thousand, respectively, with amortisation expenses of EUR 4,486 thousand and EUR 5,729 thousand, respectively (see Note 9).

The book value, additions and amortisations made during the year by class of underlying asset are detailed below:

Year 2020:

	Thousands of euros				
	31/12/2019	Additions / Provisions	Disposals	Translation differences	31/12/2019
Cost:					
Land and buildings	4,850	1,591	-408	66	6,099
Plant and machinery	3,992	3,613	-3,167	65	4,503
Other items of property, plant and equipment	38	17	-11	4	48
Total	**8,880**	**5,221**	**(3,586)**	**135**	**10,650**
Accumulated amortisation:					
Land and buildings	(846)	(1,534)	256	(17)	(2,141)
Plant and machinery	(1,723)	(2,931)	1,747	(26)	(2,933)
Other items of property, plant and equipment	(4)	(21)	2	(1)	(24)
Total	**(2,573)**	**(4,486)**	**2,005**	**(44)**	**(5,098)**
Total net cost	**6,307**	**735**	**(1,581)**	**91**	**5,552**

Year 2019:

	Thousands of euros			
	IFRS 16 first application effect	Additions / Provisions	Disposals	31/12/2019
Cost:				
Land and buildings	1,929	3,437	(516)	4,850
Plant and machinery	4,709	2,493	(3,210)	3,992
Other items of property, plant and equipment	137	18	(117)	38
Total	**6,775**	**5,948**	**(3,843)**	**8,880**
Accumulated amortisation:				
Land and buildings	-	(1,145)	299	(846)
Plant and machinery	-	(4,472)	2,749	(1,723)
Other items of property, plant and equipment	-	(112)	108	(4)
Total	**-**	**(5,729)**	**3,156**	**(2,573)**
Total net cost	**6,775**	**219**	**(687)**	**6,307**

At 31 December 2020, the amount of the financial debt recognised under liabilities in the accompanying consolidated balance sheet of the Group, derived from leases in compliance with provisions under IFRS 16, amounting to EUR 5,908 thousand (EUR 6,529 thousand at 31 December 2019), of which EUR 3,338 thousand (EUR 3,189 thousand at 31 December 2019) are qualified as current in the accompanying consolidated balance sheet (see Note 16.5).

22.7 Financial Income

Breakdown in the accompanying consolidated income statement at 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Interest on receivables	12,853	11,021
Other Financial Income	-	28,799
Income from equity investments	12	14
	12,865	**39,834**

“Interest of credits” for years 2020 and 2019, mainly includes:

- Interest for deferral of collection and settlement of exchange rate hedge instruments.
- "Interests on receivables" mainly includes the amounts receivable from the Chilean Ministry of Public Works as a result of the deferral of payment for the construction of hospitals in Chile, amounting approximately to EUR 2,867 thousand and EUR 5,337 thousand, respectively.
- This item also includes EUR 2,235 thousand and EUR 900 thousand in years 2020 and 2019, respectively, which correspond to late payment interest due to deferment of customer charges. The outstanding amount corresponds mainly to late interest for deferral of collection to customers and settlement of exchange rate hedge instruments.

"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 16.3).

22.8 Financial Expense

Breakdown at 31 December 2020 and 2019 is as follows.

	Thousands of Euros	
	2020	**2019**
Interest on receivables	4,235	12,007
Expense for finance update	355	293
Other Financial Expense	6,879	5,646
	11,469	**17,946**

As of 31 December 2020, within the item "Expense for financial updates" an amount of EUR 355 thousand (EUR 293 thousand as of 31 December 2019) is included, corresponding to the interest expense related to derivative financial liabilities of lease contracts recorded in compliance with the provisions of IFRS 16 (see Note 22.6).

At 31 December 2019, EUR 8,942 thousand are recorded as part of the financial expense for "Debt interest" derived from the settlement of interest on syndicated loans until amortisation (see Note 16.3).

22.9 Impairment and gains or losses on disposals of non-current assets

Breakdown at 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	**2019**
Gains/Losses on write-offs of fixed assets (Note 9)	67	52
Impairment and losses (Note 7, 9, 10)	(590)	(107)
	(523)	**(55)**

22.10 Change in inventories of finished goods and in progress

The breakdown of "Changes in inventories" at 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	**2019**
Changes in inventories for recorded expenses /sales	822	616
Change in impairment of inventories (Note 12.5)	460	1,682
Total	**1,282**	**2,298**

22.11 Impairment and gains or losses on disposals of non-current assets

In year 2020, the Group is recording under this item in the accompanying consolidated income statement a total amount of EUR 4,443 thousand, mainly including the impairment of assets and financial interests held by the Group, amounting to EUR 4,444 thousand in 2020 (EUR 5,260 thousand in 2019), as well as the profits or losses that may have been derived from its realisation against third parties, which in the year 2020 amounts to a profit of EUR 1 thousand (EUR 457 thousand profit in the year 2019).

22.12 Audit fees

In 2020 and 2019 the expense corresponding to the financial audit services and other services provided to the Group by Deloitte, S.L. and companies 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:

	Thousands of Euros	
Description	**Services provided by the main auditor**	**Services provided by other auditing firms**
Audit services	233	160
Other verification services	53	2
Total audit services and related services	**286**	**162**
Tax and fiscal advice services	-	32
Other Services	-	-
Total	**286**	**194**

Year 2019:

	Thousands of Euros	
Description	**Services provided by the main auditor**	**Services provided by other auditing firms**
Audit services	252	185
Other verification services	47	8
Total audit services and related services	**299**	**193**
Tax and fiscal advice services	-	26
Other services	-	-
Total	**299**	**219**

23. Balances and transactions with non-consolidated associates and joint ventures

All the material balances at year-end between the consolidated companies and the effect of the transactions performed between them during the year were eliminated on consolidation. The detail of the most significant balances between the Group and the non-consolidated associates and joint ventures and the effect of the transactions performed with them on the consolidated income statements are as follows:

	Thousands of Euros	
	2020	2019
Assets:		
Other	3,421	4,372
Liabilities:		
Other	2,118	1,490
Transactions:		
Income	40	3,145
Expense	2,531	2,554

The amount of the income corresponds mainly to the services provided to the partner company "CSJ GVK Projects and Technical SS. P.L." amounting to EUR 16 thousand and EUR 2.958 thousand in years 2020 and 2019, respectively.

24. Remuneration

24.1 Remuneration of Directors

The detail of the remuneration of all kinds earned in 2020 and 2019 by the Directors of Grupo Empresarial San José, S.A., 9 men and 2 women, and of the Group company, jointly controlled entity or associated obliged to pay such remuneration are as follows:

	Thousands of Euros	
Type of Directors	**2020**	**2019**
Executive board members	3,056	6,181
Independent board members	343	597
Other external board members	107	76
Total	**3,506**	**6,854**

Breakdown of remuneration taking into consideration type of director for years 2020 and 2019 are as follows:

	Thousands of Euros	
Type of compensation	**2020**	**2019**
Salary	2,925	5,975
Allowance	451	419
Other items	130	460
Total	**3,506**	**6,854**

The amount for 2020 and 2019 includes Directors' remunerations for the furtherance of their duties as Senior Management for EUR 2,925 thousand and EUR 5,975 thousand, respectively.

At 31 December 2020 and 2019, no advances, loans or other types of guarantees had been granted to the former or current directors and there were no additional pension or life insurance obligations to them. In addition, the Group does not have any other kind of transactions with related parties.

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 thousand in 2019).

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.
- Have no interest in the capital of entities with the same, analogous or complementary type of activity to the corporate purpose of the parent 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.

24.2 Remuneration and other benefits of senior executives

Total remuneration accrued for all items, from those employees who are considered Top Management in the Group, - excluding those who simultaneously have the status of member of the Board of Directors (whose remuneration has been detailed above) - during the years 2020 and 2019, can be summarised as follows:

Number of people	Thousands of Euros
***Year 2020*:**	
11 directors	1,829
***Year 2019*:**	
10 directors	2,275

Additionally, the Company does not have any pension or life insurance obligations to these executives.

25. Information on the environment

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.

26. Events after the reporting period

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

Appendix I

Consolidated subsidiaries

Company	Company Auditor	Address	Activity	% of voting rights controlled by Parent companies	
				Direct	Indirect
Alexin XXI, S.L.U.	-	Bilbao (Vizcaya).	Real Estate Development	-	100
Aprisco Salvador Inv. Hoteleiros e Imobiliários, Ltda.	-	Brazil	Construction and Real Estate Development	-	100
Argentimo, S.A.	Auren	Buenos Aires (Argentina)	Real Estate Development	-	100
Arserex, S.A.U.	-	Madrid	Trade and distribution of sport items	-	100
Basket King, S.A.U.	-	Madrid	Trade and distribution of sport items	-	100
Cadena de Tiendas, S.A.U.	-	Pontevedra	Trade, distribution, import and export of clothes	100	-
Carlos Casado, S.A.	Auren	Buenos Aires (Argentina)	Real Estate Development	-	52.19
Casado Agropecuaria, S.A.	-	Paraguay	Agricultural productions	-	99.99
Agropecuaria del Chaco, S.A.	-	Paraguay	Agricultural productions	-	100
Cartuja Inmobiliaria, S.A.U.	Deloitte	Seville	Construction	-	100
Centro Comercial Panamericano, S.A	Auren	Buenos Aires (Argentina)	Real Estate Development	-	100
CIMSA Argentina, S.A.	Auren	San Luis (Argentina)	Civil works	-	100
Comercial Udra, S.A.U.	-	Pontevedra	Trade	100	-
Sanjose Panamá, S.A.	BDO Audit, S.A.	City of Panama (Panama)	Construction	-	100
Constructora San José Argentina, S.A.	Auren	Buenos Aires (Argentina)	Construction	-	96.947
Constructora San José Brasil Limitada	-	Salvador de Bahía (Brazil)	Construction and Real Estate Development	-	100
Constructora San José Cabo Verde, S.A.	AYS	Cape Verde	Construction	-	100
Constructora San José, S.A.	Deloitte	Pontevedra	Construction	99.79	-
Constructora San José Timor, Unipessoal Lda.	-	Timor	Construction	75	-
Constructora Udra Limitada	Deloitte	Monaco (Portugal)	Construction, maintenance and repair	7	70
Desarrollos Urbanísticos Udra, S.A.U.	-	Pontevedra	Real Estate Development	-	100

Company	Company Auditor	Address	Activity	% of voting rights controlled by Parent companies	
				Direct	Indirect
Eraikuntza Birgaikuntza Artapena, S.L.U.	Deloitte	Vitoria Gasteiz	Construction	-	100
Enerxías Renovables de Galicia, S.A.	-	Pontevedra	Energy	-	100
Athlelic King S.A.U.	-	Madrid	Manufacturing, storage and distribution of goods	-	100
Fotovoltaica el Gallo 10, S.L.	-	Burgos	Energy	-	82.97
GSJ Solutions, S.L.	Deloitte	Madrid	Engineering services	100	-
Hospes Brasil Participaciones e Empreendimientos Lda.	-	Brazil	Construction and Development	-	100
Inmobiliaria 2010, S.L.	Deloitte	Lima (Peru)	Construction and Development	-	100
Inmobiliaria Americana de Desarrollos Urbanisticos, S.A.U.	-	Pontevedra	Real Estate Development	-	100
Inmobiliaria Sudamericana de Desarrollos Urbanísticos, S.A.	Auren	Buenos Aires (Argentina)	Real Estate Development	-	100
Inversión SanJose Chile Limitada	-	Santiago de Chile (Chile)	Investment and real estate	-	100
Inversiones San Jose Andina Ltda.	Deloitte	Santiago de Chile (Chile)	Investment and real estate	-	100
Sociedad Educacional Andina Lda. (antes Inversiones Hospitalarias Ltda.)	-	Santiago de Chile (Chile)	Capital investment	-	100
Inversiones Viales Andina Ltda.	-	Santiago de Chile (Chile)	Capital investment	-	100
Outdoor King, S.A.U.	-	Madrid	Manufacturing, storage and distribution of goods	-	100
O&M Parc de LÀlba ST-4, S.A.	-	Barcelona	Construction, remodelling and maintenance of facilities	-	65
Parsipanny Corp. S.A.	Moore	Uruguay	Real estate and agriculture and livestock	-	51.72
Poligeneraciones parc de L´Alba ST-4	Deloitte	Barcelona	Construction, implementation and maintenance of electric energy power stations	-	76
Puerta de Segura, S.A.	Moore	Uruguay	Industrial, Trade	-	51.72
San José Constructora Perú S.A.	Deloitte	Lima (Peru)	Construction	-	100
Rincon S.A.G.		Paraguay	Development of a tourist project in Alto Paraguay and agriculture activities in the same area.	-	51.72
Running King, S.A.U.	-	Pontevedra	Trade, distribution, import and export of clothes	-	100
Sociedad Concesionaria Rutas del Loa, S.A.	-	Santiago de Chile (Chile)	Construction	-	100
San José BAU GmBH	Wisbert & Partner	Berlin (Germany)	Construction	-	84

Company	Company Auditor	Address	Activity	% of voting rights controlled by Parent companies	
				Direct	Indirect
San José Concesiones y Servicios, S.A.U.	-	Pontevedra	Provisions of health care and social services	100	-
San José Construction Group, Inc	Dixon Hughes Goodman	Washington (USA)	Construction	-	100
San José France, S.A.S.	-	Le Haillan (France)	Holding company	-	100
San José Perú Inmobiliaria, S.A.C.	Deloitte	Lima (Peru)	Construction	-	100
Sáo José Mozambique, Sociedade Limitada	-	Mozambique	Construction	-	100
José Tecnologías Chile Ltda.	-	Santiago de Chile (Chile)	Construction	99.9	-
San Jose India Infrastructure & Construction Private Limited		New Delhi (India)	Development, construction and operation of Infrastructure	-	99.99
Sanjose Mahavir Supreme Building One Private Limited		New Delhi (India)	Construction	-	51
San José Real Estate Development, LLC	Dixon Hughes	Delaware (USA)	Real Estate Development	-	100
San José Energía y Medio Ambiente, S.A.U.	-	Pontevedra	Energy production	99.99	0.01
SanJosé Nuevos Proyectos Salud, Limitada	-	Chile	Construction	-	100
SanJosé Contracting, L.L.C.	EY	Abu Dhabi (UAE)	Construction	-	85
Sefri Ingenieros Maroc, S.A.R.L.	-	Morocco	Engineering and installations	-	75
Sociedad Concesionaria Chile Tecnocontrol	Deloitte	Santiago de Chile (Chile)	Infrastructure Concessions	-	100
San José Constructora Chile Ltda.	Deloitte	Santiago de Chile (Chile)	Construction	-	100
SJB Mullroser	Wisbert & Partner	Mullroser (Germany)	Construction	100	-
Tecnoartel Argentina, S.A.	Auren	Buenos Aires (Argentina)	Maintenance and facilities	-	100
Tecnocontrol Mantenimiento, S.L.U.	-	Tres Cantos (Madrid)	Maintenance and collection of public telephone services	-	100
Tecnocontrol Servicios, S.A.U.	Deloitte	Tres Cantos (Madrid)	Maintenance services	-	100
Tecnocontrol Sistemas de Seguridad, S.A.U.	-	Tres Cantos (Madrid)	Maintenance of security systems	-	100
Tecnocontrol Chile Ltda.	-	Santiago de Chile (Chile)	Construction	99.9	-
Trendy King, S.A.U.	Deloitte	Madrid	Trade and distribution of sport items	-	100
Udra Medios, S.A.U.	-	Pontevedra	Edition, production, reproduction and release of books, newspapers, magazines and video	100	-
Udra Mexico S.A. de C.V.	CyA Roldán	México	Construction	-	100
Udra Obras Integrales S.A. de CV	-	México	Construction	-	100
Vision King S.A.U.	-	Madrid	Trade, distribution, import and export of clothes	-	100
Xornal de Galicia, S.A.	-	Galicia	Press	-	92.73
Xornal Galinet, S.A.U.	-	A Coruña.	Press	-	100
Zivar, investimentos inmobiliarios C.	-	Portugal	Real Estate	-	52.5

Appendix II

Associates and companies included in the scope of consolidation

Company	Company Auditor	Address	Activity	% of voting rights controlled by Parent companies	
				Directos	Indirect
Sociedades asociadas:					
Distrito Castellana Norte, S.A.	KPMG	Madrid	Real Estate Development	-	10
Panamerican Mall, S.A.	PWC	Buenos Aires (Argentina)	Real Estate Development	-	20
Multigroup companies:					
Cresca S.A.	EY	Misiones esquina Perú No 593, Asunción, Paraguay	Sale of any type of mix farming product and sale, rental and construction of urban and rural property	-	50
CSJ GVK Projects and Technical SS.PL.	HN Patel&Co	India	Construction	-	50
Pinar de Villanueva, S.L.	-	Valladolid	Real Estate Development	-	50

Annexure III - Joint Ventures

Joint ventures	Ownership %	Net Revenue (*) (Thousands of Euros)
LOUVRE ABU DHABI MUSEUM	33.33%	2,734
Al Ain Hospital	50.00%	31,841
MAMSHA	50.00%	8,174
HOTEL FAMILY	50.00%	60,788
UTE Ruta 20	98.71%	-
UTE Canal Velarde - Salta	83.32%	-
Ute San Juan	55.00%	-
Ute Museo Rawson	55.00%	-
UTE SOCABÓN (SJ-VIALCO-OBRAS ANDINAS)	48.47%	-
AYSA	50.00%	4,163
ENLACE THADER	50.00%	-
Hospital De Plasencia	82.00%	(231)
REGADIO PARAMO BAJO	50.00%	-
EL REGUERÓN	33.33%	12,361
Pista Aeropuerto De Alicante	50.00%	-
CONSERVACIÓN A7 MURCIA	50.00%	1,211
CONSERVACIÓN A-30 LORCA	50.00%	880
HOSPITAL DE FERROL	46.00%	1,515
CONSERVACIÓN A-30 LORCA 2	50.00%	304
TEC48-CYMITEC SERV.CENT.CIUDAD CULT. SANTIAGO	50.00%	-
TEC77-POLIGENERACION CERDANYOLA DEL VALLES	95.00%	-
SJT01-CENTRAL ELÉCTRICA AE.SANTIAGO	60.00%	-
KAPPARA JOINT VENTURE	60.00%	5
CONSORCIO EL FARO	50.00%	-
Eugenia de Montijo	90.00%	-
Santa Marta Magasca	60.00%	-
I.E.S. Barrio Bajo	100.00%	-
Housing units Dehesa Vieja	50.00%	-
Headquarters Málaga	50.00%	-
Almanjayar	75.00%	-
Aeropuerto De Menorca	50.00%	-
Swimming pool Parla	100.00%	-
Housing units Alcosa	80.00%	-
Umbrete	100.00%	-
El Ejidillo	60.00%	-
Autovia A45 Encinas Reales	70.00%	-
Embalse Contreras	50.00%	-
Ceip San Jose Calasanz - Bigastro	100.00%	-
Plataforma AVE Ocaña	70.00%	-
El Tejar	70.00%	-
Escuela Univ. Magisterio Valencia	100.00%	-

ETSI. UNIV. VALENCIA	100.00%	-
Hospital of Gandia	100.00%	-
Palacio Justicia Paterna	60.00%	-
Zonas Verdes Ferrol	60.00%	-
Miamán Ponte Ambia	70.00%	-
Ampliación Aeropuerto Vigo	50.00%	-
UTE SJOSE-EJIDILLO VALLADOLID	60.00%	-
UTE EDIFICIO AERONAUTIC SUPPLIERS VILLAGE	80.00%	-
HOSPITAL ALBACETE	37.50%	-
VILLANUEVA DE LA JARA	50.00%	-
EDIF.NUEVO AMATE SEVILLA	100.00%	-
VARIANTE PAJARES-LOTE SUR	60.00%	-
Ute Edificio Lucía	100.00%	-
SAN JOSE EL EJIDILLO DASOTEC	60.00%	-
EDAR GANDARÍO	50.00%	-
XARDINS DE FERROL	60.00%	506
HOSPITAL CABRA	100.00%	-
FEDERACION FUTBOL CEUTA	100.00%	-
SAN JOSE EL EJIDILLO ALCOBENDAS	60.00%	-
PATRIMONIO JARDINES	40.00%	-
CONSERVACION RENEDO DE ESGUEVA	60.00%	44
ABASTECIMIENTO BURGOS	55.00%	-
PONTESUR	50.00%	777
OFICINAS SUBILLABIDE	50.00%	-
EL EJIDILLO SS.REYES	60.00%	1,966
EL EJIDILLO ARROYO DE LA VEGA	60.00%	-
HOSPITAL TXAGORRITXU DEL HUA	80.00%	-
CANAL OCTUBRE 2015	60.00%	-
FÁBRICA TABACOS	100.00%	886
REPOSICION ALUMBRADO BARCELONA	75.00%	-
HOSPITAL CACERES	60.00%	-
CENTRO SALUD AMURRIO	80.00%	-
CENTRO COMERCIAL TAMARACEITE	60.00%	-
AREA GENERACION URBANA DE JINAMAR	49.00%	-
EL EJIDILLO SUR-ESTE VALLADOLID	60.00%	-
EL EJIDILLO PARACUELLOS DEL JARAMA	60.00%	386
MARGEN IZDO.RIO PISUERGA	60.00%	-
CONSERVACIÓN CÁCERES	50.00%	1,093
AMPLIAC.PRQUE LINEAL DEL MANZANARES	60.00%	-
DESBROCES PARACUELLOS	60.00%	-
CORREOS CATALUÑA	100.00%	193
GALERÍA DE FOLLEDO	60.00%	266
MANT.PATRIM.VEGETAL CANAL ISABEL II	60.00%	9
CONSERV.INVERNAL PATRIM.NACIONAL	40.00%	-
SER MAS VERDE	25.00%	1,295
PINAR COLONIA LOS PINOS	50.00%	-
VÍA CICLISTA CENTRO HISTÓRICO CÁDIZ	100.00%	405
HUERTOS URBANOS ALCOBENDAS	60.00%	-

EL EJIDILLO ALCOBENDAS 2	60.00%	152
EL EJIDILLO ALCOBENDAS 3	60.00%	63
PLANTACIÓN MORUS ALBA	60.00%	-
EDIFICIO FONTAN	50.00%	2,389
VIVIENDAS CALLE IRÚN	50.00%	5,743
GREEN AREA DISTR.VICÁLVARO	50.00%	8
CONTORNO GRAN VÍA	60.00%	1,926
PARQUE SAN JUAN DE AUSTRIA	60.00%	-
HISTORICAL GARDENS	30.00%	803
ESCOLA BRESSOL SANTS-BADAL	50.00%	1,615
UTE CERRO DEL TIO PIO	50.00%	-
UTE SANGONERA TOTANA	40.00%	487
EL EJIDILLO VILLAVERDE	60.00%	67
RIBERA	60.00%	1,886
PROYECTO SIRUSA	50.00%	107
Ensanche Barajas	50.00%	251
AREAS AJARDINADAS PARDO-ZARZUELA	60.00%	100
PARQUE POLVRANCA	60.00%	214
DIONISIO RIDRUEJO	50.00%	154
INSTAL. TUNNELS OF PAJARES.	30.00%	-
MEJORA RIO PISUERGA	60.00%	280
TEC87-SERVICIOS ENERGÉTICOS LAS PALMAS	50.00%	495
TXOMIN	50.00%	215
TEC89-EFICIENCIA ENERG. AYTO.VITORIA	50.00%	1,118
TEC90-EDIF.OFICINAS PROVENZA	50.00%	1,961
		151,605

(*) JV Detail, aplying the participation coefficient

GRUPO EMPRESARIAL SAN JOSE, S.A.
and Subsidiaries

Management report for the year ending 31 December 2020

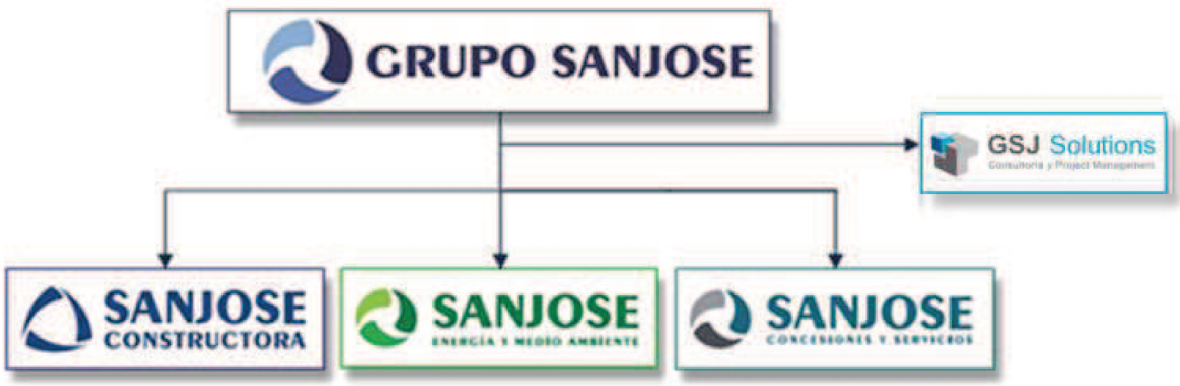
1. <u>Situation of the Company</u>

1.1. Organisational Structure

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.

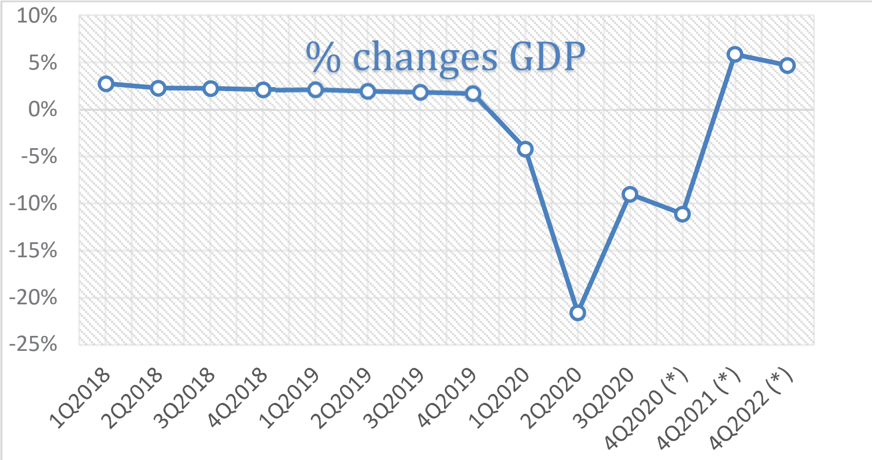
In this way, the Bank of Spain evaluates three possible scenarios for the national economy, the first ("soft scenario"), assumes a somewhat more favourable evolution of the pandemic from the first quarter of 2021 and a successful distribution of vaccines, which makes it possible that the incidence of 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

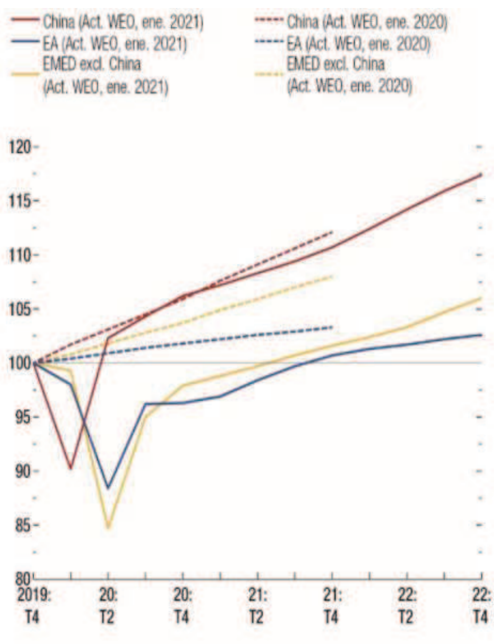
Source: Bank of Spain and National Institutte of Stadistics

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

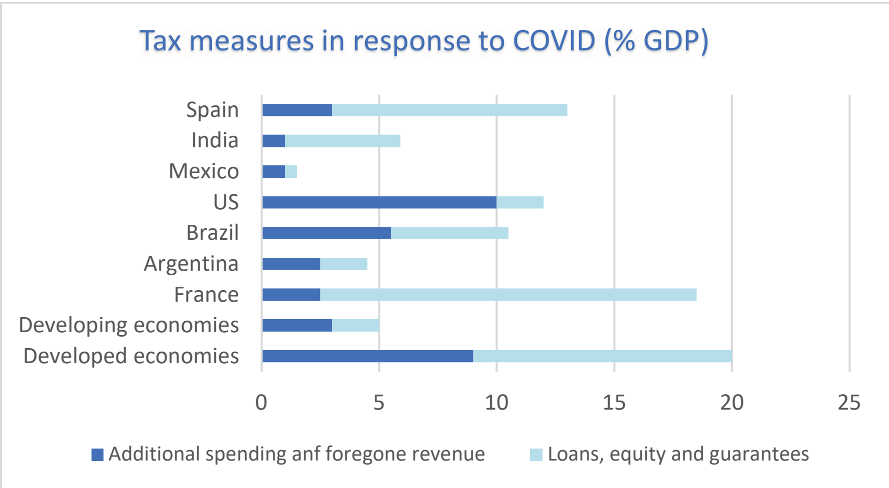
Source: International Monetary Fund

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.

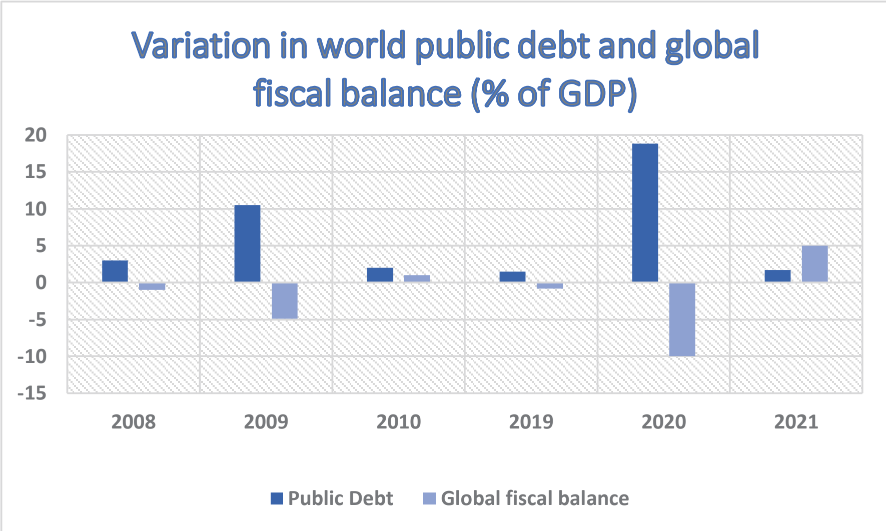


Source: International Monetary Fund

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.

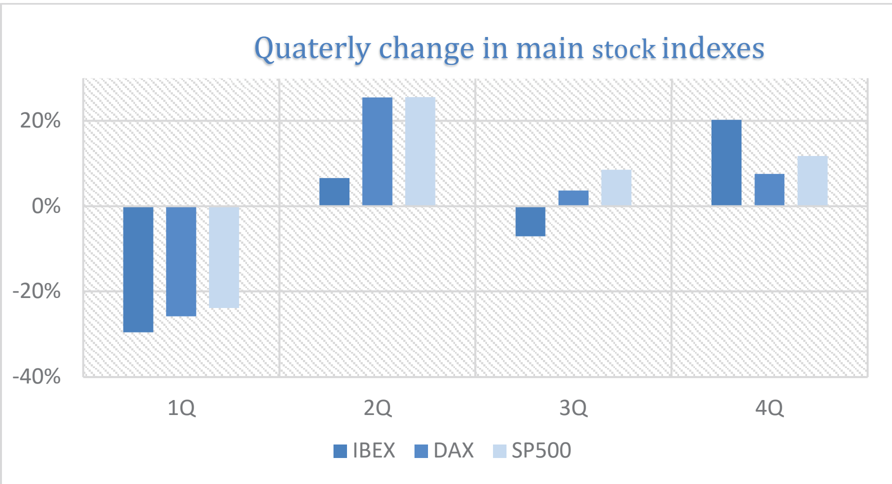
The sharp contraction in production and the consequent fall in income, together with considerable discretionary support, have led to an increase in debt and public deficits. In the baseline scenario, the

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.



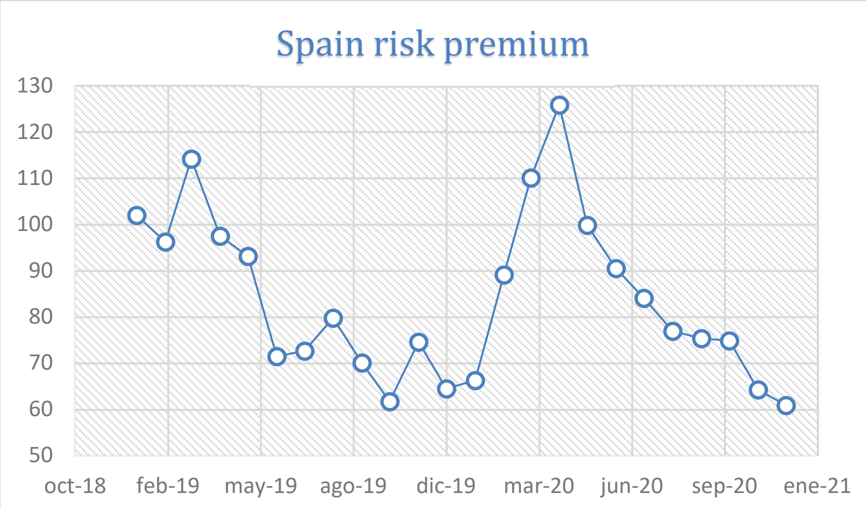
Source: International Monetary Fund

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).



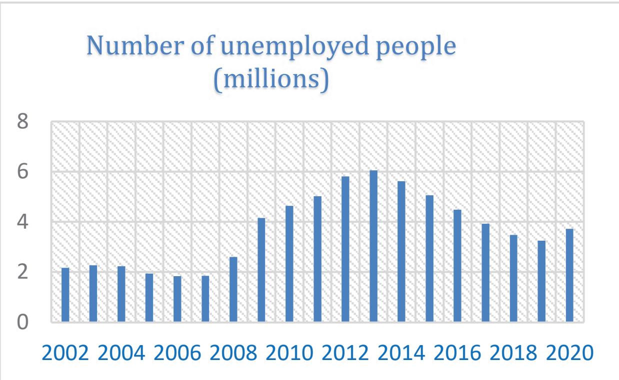
Source: Investing.com

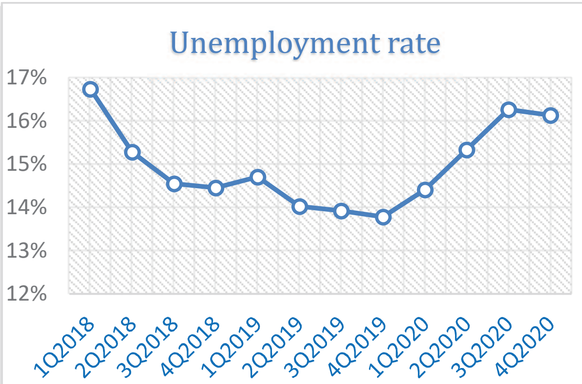
In contrast, the indicator that measures the perception of risk of the foreign investor, which translates into the risk premium (the differential of the Spanish 10-year bond with the German title "bund" at the same term) has recovered more quickly than the stock market. This ratio, which had closed the 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

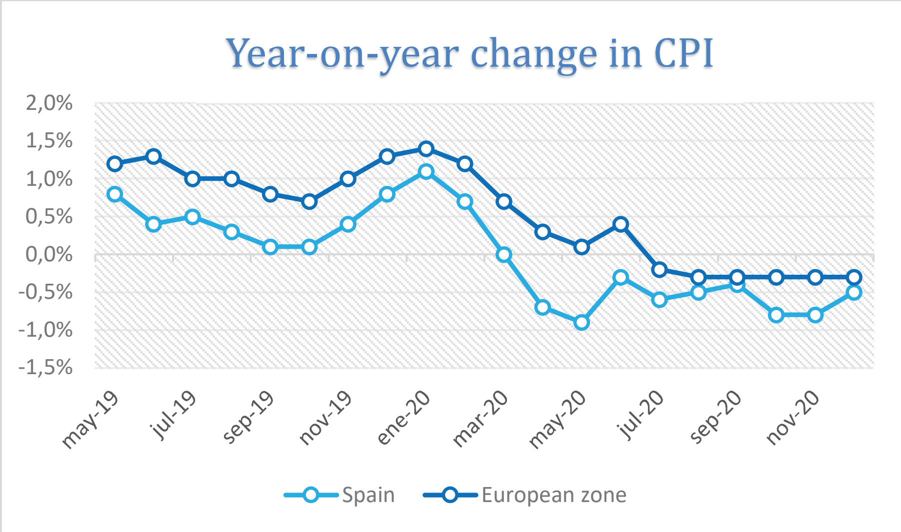
On the other hand, the number of unemployed people is still well below the levels reached in the financial crisis, when it reached 6 million unemployed in 2013. This is due in part to the temporary employment regulation (ERTE) files that have allowed companies to adjust the workforce to their low production 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.

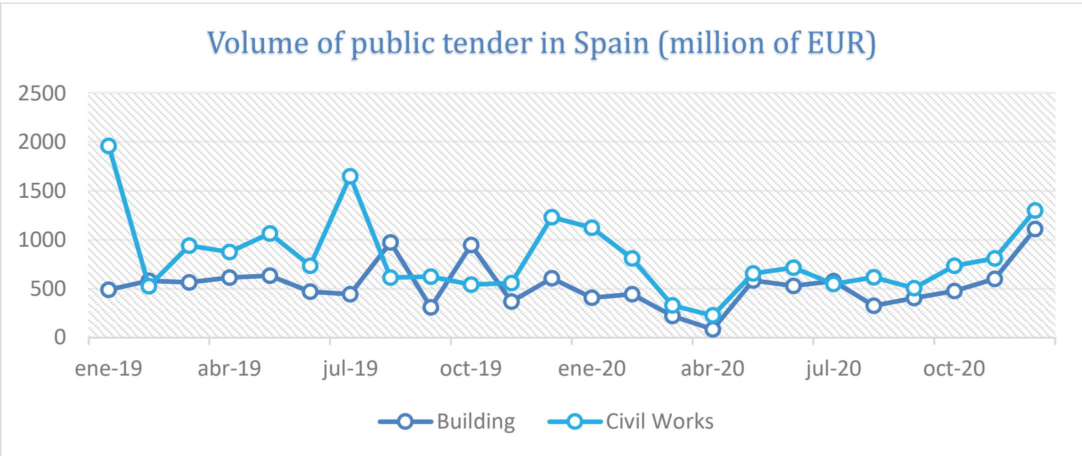


Source: National Institute of Statistics (Active Population Survey) and Bank of Spain.

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).

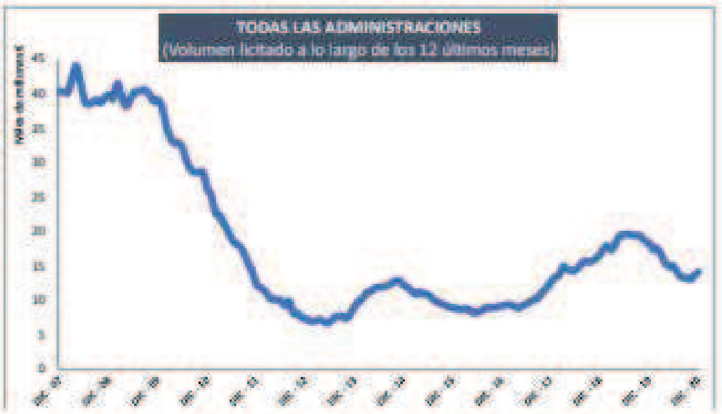
At a general level, the volume of public bidding in Spain had indicated signs of a slight recovery in the second half of 2019, but the current crisis is expected to reduce levels of investment in infrastructure again. On the other hand, injections of liquidity from the Central Banks to alleviate the 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. The following graph shows the evolution of the tender volume in Spain divided into civil works and building.



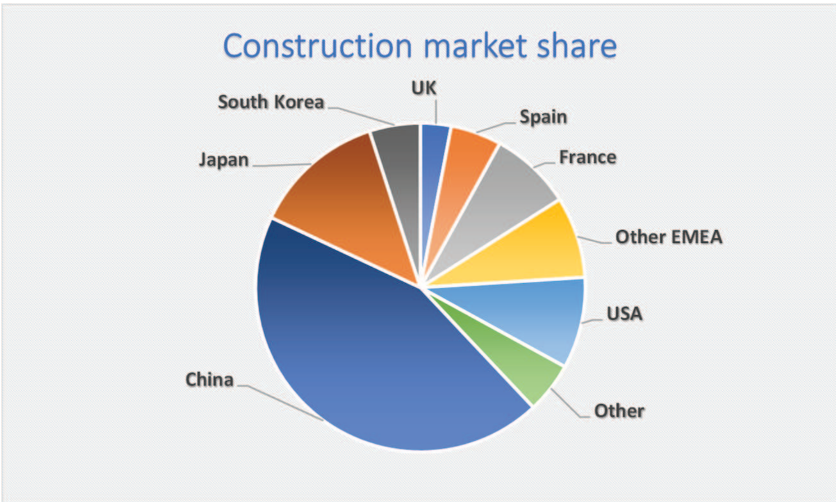
Source: Association of Construction Companies and Infrastructure Concessionaires (Seopan).

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.

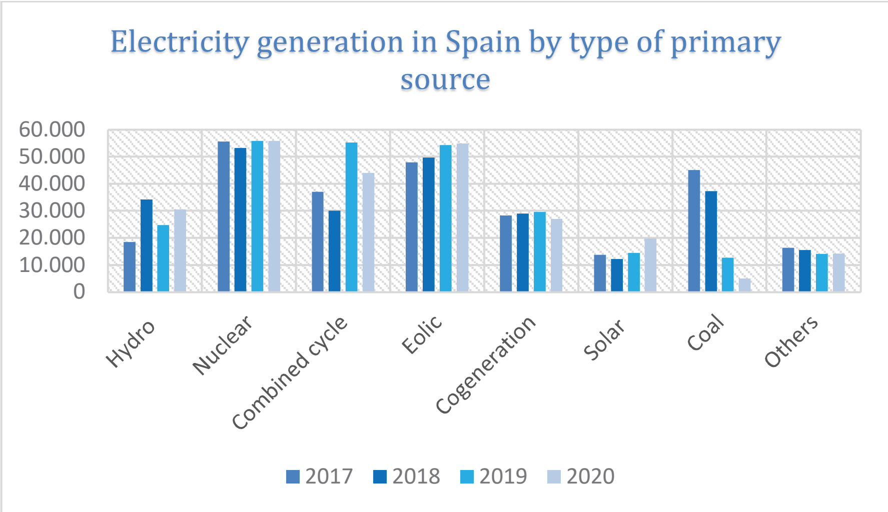
Within the CONCESSIONS and SERVICES segment, the Group has a solid presence in Spain with long-term contracts and whose main activity is the maintenance of buildings, sports facilities, gardens and hospitals, among others. Similarly, the SANJOSE group has had hospital concessions in Chile for several 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.

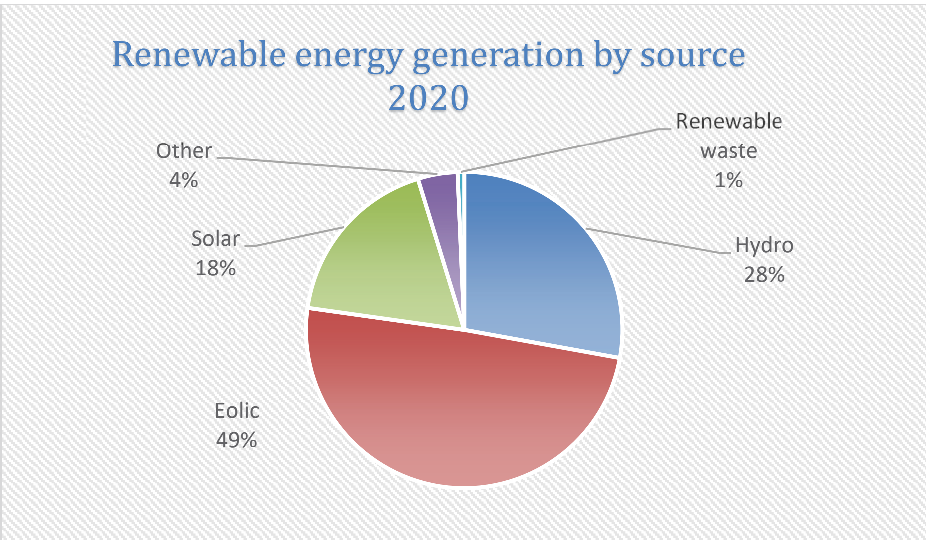
The energy sector has been constantly evolving towards clean energy for years, proof of this has been that the Greens / ALE party has obtained fourth place in the 2019 European Parliament elections, its best result ever, as well as Excellent results in the last local elections in France and Germany where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



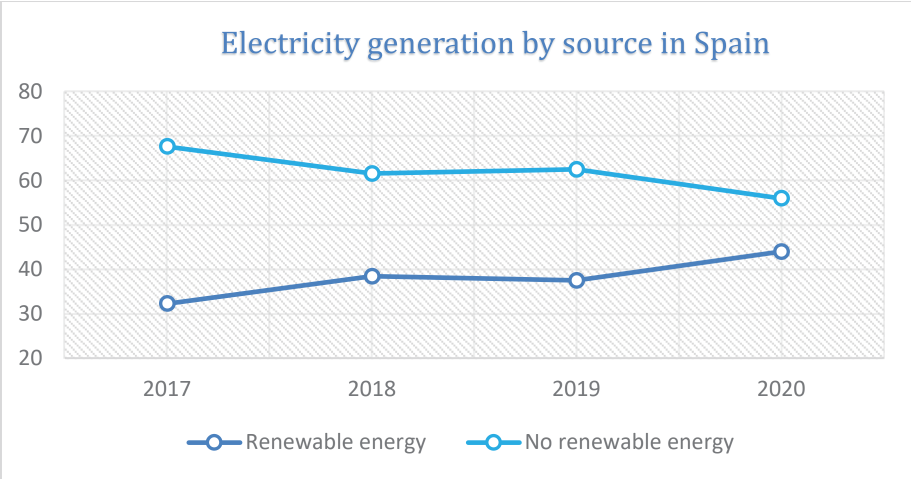
Source: Red Eléctrica de España.



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

	Grupo SANJOSE				
Revenues by activity	**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

	Grupo SANJOSE				
Revenues by geography	**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 2020 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

	Grupo SANJOSE		
REAL ESTATE AND PROPERTY DEVELOPMENT	**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

	Grupo SANJOSE		
ENERGY	**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

NET CASH POSITION	Dec. 20 Amount	%	Dec. 19 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%**

(*) Regardless of their effective date of amortization, financial liabilities are classified as "current" for accounting purposes if they are used to finance assets classified as "current" in the Balance Sheet.

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 Earnings 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 6,503 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 39,285 thousand and EUR 6,503 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 accompanying management report.

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 an integral part of the accompanying management report.

DISCLOSURE OF NON-FINANCIAL INFORMATION AND DIVERSITY INFORMATION OF GRUPO EMPRESARIAL SAN JOSÉ, S.A. & SUBSIDIARIES

FOR THE YEAR ENDING 31 DECEMBER 2020

GRUPO SANJOSE

DISCLOSURE OF NON-FINANCIAL INFORMATION AND DIVERSITY INFORMATION OF GRUPO EMPRESARIAL SAN JOSÉ, S.A. & SUBSIDIARIES FOR THE YEAR ENDING 31 DECEMBER 2020

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).

PURPOSE

The purpose of this report is to disclose non-financial information related to corporate social responsibility and to assess, monitor and manage the company's performance and its impact on Society.

SCOPE OF THE INFORMATION

Grupo SANJOSE is the Parent company of Grupo Empresarial San José, S.A. and subsidiaries. For detailed information on companies within the scope of the group, please check the consolidated financial statements accompanying this report.

The information included herein corresponds to Grupo Empresarial San José, S.A. and Subsidiaries with the exception of the agricultural business whose management is carried out independently, not having aggregate information.

Financial information for the year ending 31 December 2020 is provided in the consolidated Financial Statements of Grupo Empresarial San José, S.A.

CORPORATE POLICY

Grupo SANJOSE is committed to Corporate Responsibility to take part in the economic, social and environmental development of the regions where it operates. Corporate Responsibility Policy is based on the principles of the Global Compact and on internationally accepted agreements and resolutions that address matters related to Corporate Responsibility.

Grupo Empresarial San José, S.A.
Calle Rosalía de Castro, 44
36001, Pontevedra

Tres Cantos, 24 February 2021

CONTENTS

CONTENTS

1. BUSINESS MODEL OF GRUPO SANJOSE

1. BUSINESS MODEL OF GRUPO SANJOSE

SANJOSE is a business group that takes part in the development of key sectors for the world economy through its main business line of activity: Construction, Energy and Environment, Concessions and Services and Consultancy & Project Management

Grupo SANJOSE designs and builds modern basic infrastructures for the development of regions and countries. Projects that boost progress, promote circular economy and drive new technologies.

Grupo SANJOSE has a full commitment to sustainable development, efficiency and ethically responsible behaviour; understanding this term broadly, under social, environmental, safety and Good Governance criteria.

It is a multinational committed to the economic and social progress of the countries where it is present and with a determined orientation to customers and service culture. This corporate culture has generated competitive advantages that are the basis of its solid growth in a global environment, increasingly complex and competitive.

SANJOSE has consolidated a business model that guarantees maximum profitability for shareholders and generates value where it operates, acting as an engine of economic and social development through the development and maintenance of all types of transport infrastructure, buildings and energy projects.

Taking advantage of its global experience and the self-demand of all its professional teams Grupo SANJOSE offers the opportunity to structure customised and innovative solutions, adapted to the reality of the client and society, key qualities to increase efficiency ratios and productivity, optimise resources and minimise environmental impact.

Grupo SANJOSE shapes cities around the world, prioritising at all times the use of local resources, favouring the exchange of knowledge, the transfer of technology and the growth of an industrial fabric that boosts the growth of each country or region where it is present.

Likewise, and as a result of the diversification policy, the Group is present in other sectors of activity, such as the real estate sector, the commercial distribution sector of sports and fashion brands for more than twenty years and the agricultural-livestock sector

The business model of the Group SANJOSE is to design 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 or geographic concentration.

For many years, the Group has a clear international vocation, becoming increasingly important activities developed overseas, with a higher significance in the turnover of the Group.

Present in more than 20 countries, the Group's most important activity at international level is focused on the Middle East and South America.

GSJ WORLDWIDE

SANJOSE CONSTRUCTORA · SANJOSE ENERGÍA Y MEDIO AMBIENTE · SANJOSE CONCESIONES Y SERVICIOS · GSJ Solutions Consultoría y Project Management · Carlos Casado S.A.

A sustainable business model that provides employees, customers, shareholders and society with value:

A Dynamic and Diversified Company

Business lines: Construction, Energy and Environment, Concessions and Services and GSJ Solutions (Consultancy & Project Management).

Global company and long-standing presence

To grow, to create value, to innovate and to produce wealth at each country where it operates is the commitment of the Group since the beginning of its expansion overseas in the 90s.

Quality

GSJ is committed to excellence in all business activities; the history of the Group and the portfolio of projects developed endorse this differentia-ting factor.

Efficiency

The optimisation of costs and resources is essential for ensuring the competitiveness of the company and constitutes a key factor for the development and execution of works.

High Technical Capacity (R&D&I)

Execution of high-technology complex projects and commitment to constant innovation.

Smart Management and Adaptability

Changes happen more and more quickly. SANJOSE joints experience and flexibility when providing customised and tailored solutions to different clients and markets.

Corporate Social Responsibility

Commitment to the environment and sustainability. Exhaustive care in the prevention of occupational risks of all its professionals, as well their training and the development of successful careers.

Commitment to Clients Suppliers

Relationship of trust, transparency, professionalism, integrity and a strict compliance with all contractual terms. It is our core activity.

Reference within the sector for its experience in the execution of unique projects and for providing professional and tailored attention to each of its clients; Together with them, and providing them with all the technology and dedication of its team, it executes all kinds of building, transport infrastructure, industrial and energy projects, etc. The synergies between its different areas of activity have allowed it to create its own management models that generate operational efficiencies and improve each project in terms of quality, innovation, sustainability, profitability and safety. SANJOSE has been successfully exporting its business model and know-how since the 1990s to different geographical environments. Currently the company occupies position 128th within the "ENR Top 250 International Contractors", world ranking of the most international engineering and construction companies issued annually by the prestigious North American magazine ENR (Engineering News-Record).

BUILDING

SANJOSE has a wide record experience in the construction, enlargement and restoration of some of the most remarkable projects worldwide for their historical significance, their importance, their aesthetic value or the techniques used in their execution.

Hospitals, museums, theatres, faculties, schools, sport facilities, shopping centres, administrative buildings, hotels, great urban developments, etc. Buildings which improve the quality of life of people, generate wealth, foster sustainable growth and update both, cities and counties where they are developed, improving the quality of life of its citizens.

CIVIL WORKS

SANJOSE designs and builds communication channels that unite people. Bridges and tunnels that overcome the most complex natural environments, highways, roads, railway, airport, maritime, hydraulic, etc. All of them, infrastructures that promote the development of regions and countries and improve the lives of their inhabitants.

Essential infrastructure for the progress of society and the group understands them only under economic, social and environmental sustainability criteria. These projects shall be respectful with the existing biodiversity, capable of boosting development and increasing modernisation.

Therefore, SANJOSE meticulously studies each project, based on innovative building techniques and efficient management models and executed a careful implementation. Only in this way are we able to satisfy the objectives set by the client and the needs of the users.

ENGINERRING & INDUSTRIAL CONSTRUCTION

Technology and innovation are two key components of SANJOSE's organisation culture and basic pieces for its competitiveness and credibility.

SANJOSE Ingeniería y Construcción Industrial provides its experience developing new energy infrastructure and avant-garde facilities which improve services provided and boost efficiency of airports, hospitals and any kind of infrastructure for top level multinational companies.

SANJOSE provides customers with a wide range of services from complete execution of turnkey projects or EPC regime projects (Engineering, Procurement & Construction) to advice or assistance for the development of any stage within a project. It adapts to specific needs and requirements of each customer and project by designing tailored projects based on avant-garde technology and multidisciplinary teams of professionals capable of facing the most complex challenges.

SANJOSE ENERGÍA Y MEDIO AMBIENTE

Aware of the importance of the fight against climate change, the Group promotes the promotion of renewable energies and the research and development of sustainable energy solutions capable of reducing the consumption of primary energy and optimising the use of clean energies through the use of the most innovative technologies. Thus, adding to the efforts undertaken by important companies that, in coalition with governments around the world, it is committed to curbe global warming of the planet and reaching the emission reduction targets agreed at the world conferences on climate change.

SANJOSE, as an Energy Services Company (ESE or ESCO), brings to this sector a high added value for its experience as promoter and constructor of this type of projects, professional teams of great experience, continuous innovation, and services and specialised solutions offered to each customer in all stages of this type of initiatives: Engineering (design and analysis), Operation and Maintenance and Energy Management.

The Group currently holds a majority stake in several clean energy projects such as the El Gallo PV solar farm in the province of Jaen and a polygeneration plant in Catalonia.

The development of clean energies, the respect for the environment and the implementation of sustainable development policies and energy efficiency are the pillars of business activity of SANJOSE Energía y Medio Ambiente.

SANJOSE
CONCESIONES Y SERVICIOS

It develops business models to address long-term contracts capable of providing recurring income, promoting sustainability, optimising resources and boosting social development anywhere in the world.

The company creates value and promotes sustainable growth and improves the lives of people, actively collaborating in the development of new and innovative infrastructures through public-private partnerships under concession regime and in the provision of maintenance services in sundry areas capable of combining citizen welfare with efficiency and energy savings.

SANJOSE Concesiones y Servicios has multidisciplinary teams of professional that optimise resources, maximise profitability, encourage the use of new technologies and provide effective and tailored solutions to the concession or service required by its clients. The strategic policy of the company and its wide expertise in all its area of activity have enabled the establishment of a sound, innovative and competitive business area with great global growth potential.

GSJ Solutions
Consultoría y Project Management

Global provider of comprehensive consulting and project management services related to engineering, construction, energy and new technologies. It develops infrastructure that boosts productivity, promotes growth, encourages progress and contributes to the development of society in a more responsible and sustainable manner.

The development and execution of the GSJ Solutions projects are focused on an environment of collaboration, innovation and talent. Integrating people from diverse disciplines, systems, structures and business practices in a process capable of taking advantage of the best points of view of all the participants in the project.

The business provides integral solutions adapted to clients needs, both regarding the design of a project and in its global management. Its purpose is to optimise resources and guarantee economic feasibility, increase profitability, improve competitiveness and profitability of projects at any stage: planning, execution and operation.

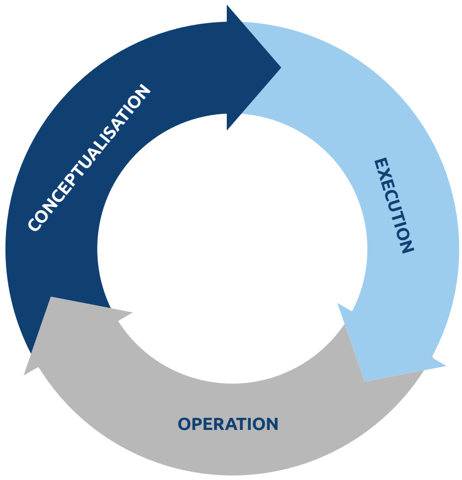
CONCEPTUALISATION

Technical feasibility

Design or review including social, economic and environmental requirements

Legal and regulatory framework

Optimisation of resources



EXECUTION

Financial structuring

Execution supervision

Incident management

Cost control

Completion in time and Agreed budgets

OPERATION

Profitability and return of the Investment

Sustainability

Commitment

GRUPO SANJOSE

2. CORPORATE GOVERNANCE

CAPITAL STRUCTURE

The share capital of Grupo Empresarial San José, S.A. (the parent company of Grupo SANJOSE) as of 31 December 2020 consists of 65,026,083 shares of € 0.03 par value each, fully subscribed and paid up, all with the same political and economic rights, and represented by in book-entry form, being the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (IBERCLEAR) and its participating entities responsible for its accounting record.

Data has not been altered with regards to that provided for the year ended 31 December 2020.

Date of last amendment	Social capital (€)	Number of shares	Number of voting rights
27/06/2008	1,950,782.49	65,026,083	65,026,083

All shares representing the capital of Grupo SANJOSE are listed on the stock exchanges of Madrid, Barcelona, Bilbao and Valencia through the stock exchange interconnection system (continuous market), since their admission to listing on 20 July 2009.

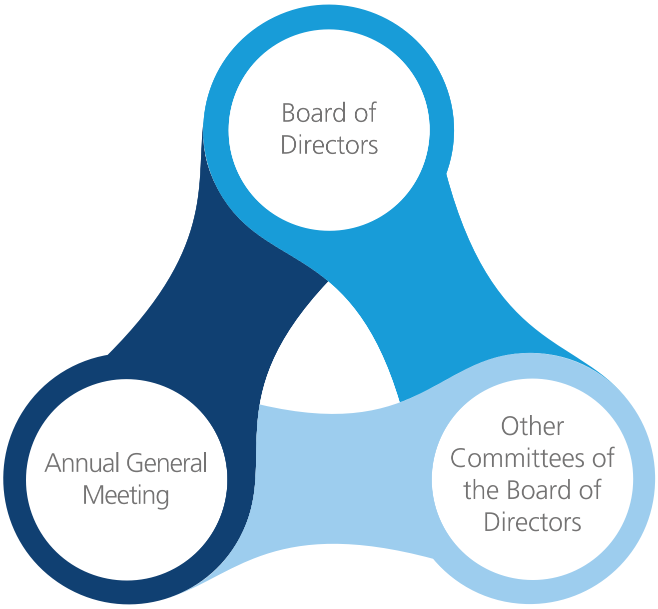
GRUPO SANJOSE	2020	2019
Capitalisation (Thousands of Euros)	291,642	390,156
No of shares (x 1,000)	65,026	65,026
Price end of the period (Euros)	4.49	6.00
Last price for the period (Euros)	4.49	6.00
Maximum price for the period (Euros)	6.86	9.33
Minimum price for the period (Euros)	2.76	4.59
Volume (Thousands of Euros)	20,172	41,113
Cash (Thousands of Euros)	99,764	291,797

At 2020-year end, shareholding structure (direct and indirect) of Grupo SANJOSE is as follows:

Name of Shareholder	%
Mr. Jacinto Rey González	48.291%
Ms. Julia Sánchez Ávalos	7.520%
Ms. Mª de las Virtudes Sánchez Ávalos	5.240%
Ms. Mª José Sánchez Ávalos	3.990%
Other Members of the Board of Directors	0.870%

CORPORATE GOVERNANCE STRUCTURE

The governance model implemented in Grupo SANJOSE follows the latest recommendations of the CNMV in its code of good governance of listed companies as well as the best corporate governance practices, and consists of the following bodies:



- Annual General Meeting.
- Board of Directors.
- Other committees of the Board of Directors:
    - Executive Committee.
    - Audit Committee.
    - Nominating, Compensation and Corporate Governance Committee.
    - International Executive Committee.

ANNUAL GENERAL MEETING

The AGM is formed as the main governing body of capital companies, being therefore the expression of the will and interests of the company, and where key operating decisions of the company are made.

Decisions of the AGM shall be adopted in accordance with the provisions of the Bylaws, obliging all shareholders equally, even those absent, dissenting and absented.

The AGM is responsible for the approval of the company's financial statements, the decision regarding the application of the profit/(loss) for the year and the approval of the corporate management.

Further, is has powers over the appointment and removal of directors, as well as any other functions that may be determined by the Law or the Bylaws.

The AGM is called by means of a public announcement on the company's website, on the CNMV's website and through the corresponding announcement in one of the newspapers with the largest circulation in Spain, as well as in the Spanish Stock Exchanges.

All shareholders of the Company whose shares are registered on their name in the corresponding accounting records five days prior to the date on which the meeting is to be held shall have the right to attend the meeting, and, in accordance with Article 16 of the By-Laws and Art. 8 of the AGM Regulations, all shareholders who, individually or in a group with other shareholders, are in possession of a minimum of one hundred shares, shall be entitled to attend the General Meeting.

BOARD OF DIRECTORS

The broadest powers are vested in the Board of Directors, responsible for representing the company and managing its activity as a supervising and control body, yet, it also directly assumes all responsibilities and decision-making regarding the management of the business.

Its management is subject to the approval of the AGM.

The board of directors of Grupo SANJOSE is responsible for the management and supervision at the highest level of the information provided to shareholders, institutional investors and other market members, and must safeguard, protect and facilitate the exercise of its rights and interests in the framework of the defence of social interest.

Personal or Corporate Name of Board Member	Type of Member	Position on the Board	Date of first Appointment	Date of last Appointment	Election procedure
Mr. Jacinto Rey González	Executive	Chairman and CEO	18/08/1987	21/06/2018	Resolution AGM
Mr. Ramón Barral Andrade	Independent	Member-Coordinator	30/06/2009	21/06/2018	Resolution AGM
Mr. Roberto Álvarez Álvarez	Independent	Member	27/06/2008	21/06/2018	Resolution AGM
Mr. Jacinto Rey Laredo	Executive	Vice Chairman	30/10/2006	21/06/2018	Resolution AGM
Mr. José Manuel Otero Novas	Independent	Member	28/08/2014	27/06/2019	Resolution AGM
Mr. Enrique Martín Rey	Dominical	Member	28/06/2013	27/06/2019	Resolution AGM
Ms. Altina de Fátima Sebastián González	Other External	Member	27/06/2008	21/06/2018	Resolution AGM
Mr. Javier Rey Laredo	Executive	Member	28/06/2012	21/06/2018	Resolution AGM
Mr. Nasser Homaid Salem Ali Alderei	Other External	Member	17/12/2015	17/12/2015	Resolution AGM
Mr. José Luis González	Executive	Chief Executive Officer	25/06/2020	25/06/2020	Resolution AGM
Ms. Amparo Alonso Betanzos	Independent	Member	17/12/2020	17/12/2020	Resolution AGM

According to the By-Laws of the company, the maximum number of directors will be 15 members and the minimum number will be 5 members, at the end of 2020 the number of members of the Board of Directors is 11 members.

Board of Directors	
Independent	4
Executive	4
Dominical	1
Other External	2

Below, we list those members of the Board of Directors, who hold positions in the organisation chart of the company and thus hold the status of Executive Directors, representing 36.36% of the total of the Board of Directors:

Personal or Corporate Name	Position in the of the Company
Mr. Jacinto Rey González	Chairman and CEO
Mr. Jacinto Rey Laredo	Vice chairman
Mr. Javier Rey Laredo	Member
Mr. José Luis González	Chief Executive Officer

As Independent External Directors are:

Personal or Corporate Name	Personal or corporate name of the significant shareholder they represent or proposed their appointment
Mr. Enrique Martín Rey	Ms. Mª José and Ms. Julia Sánchez Ávalos

Total number of Independent Directors is 1, representing 9.09% on total Members of the Board.

For its part, the total number of independent directors is 4 members, and they represent 36.36% of the total of the Board of Directors; there are also two members of the Board with the category of "other external directors" (18.18% of the total).

The appointments committee maintains its objective of trying to include a greater number of women on the Board of Directors in order to achieve a more balanced presence between men and women. In this sense, during the year the incorporation of Doña Amparo Alonso Betanzos took place.

In the future, the company will evaluate the desirability of appointing professionals of both genders with sufficient experience and knowledge that can contribute to the development of its business. The company has always defended non-discrimination on the basis of sex, as it appears in its CSR documentation and in the board of directors' selection policy.

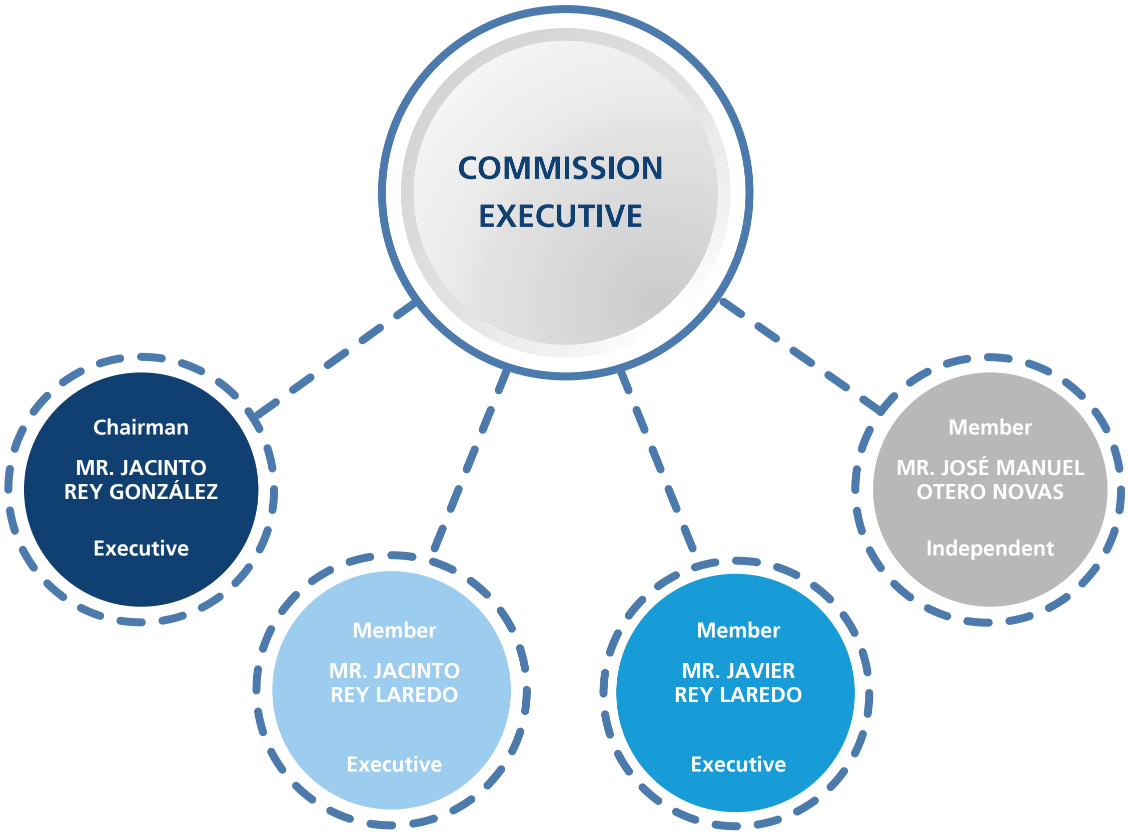
Both the remuneration of the Board of Directors and the Senior Management of the Group are detailed on the Corporate Governance Report and in the Remuneration Report of the Board of Directors. This information is available on the Group's website.

EXECUTIVE COMISSION

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, appointed by the Board of Directors among its components, for a period equal to the term in the office of each Member of the Board.

It 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.



AUDIT COMMITTEE

The Audit Committee is dealt with in Article 33 of the By-Laws and Articles 15 and 16 of the Board's Regulations.

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.

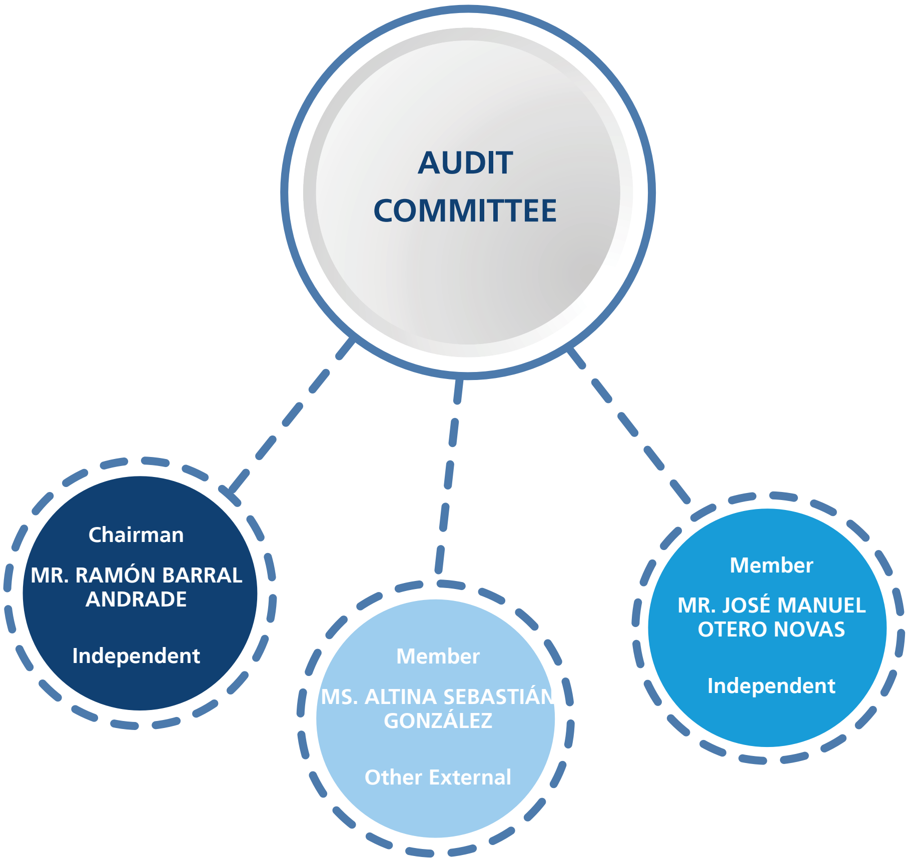
The Audit Committee shall meet not less than four times a year.

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 the proposal for the selection, appointment, re-appointment and replacement of the of external auditors.
- To create relationships 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 auditing of accounts.
- 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.

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

In addition, the Committee may request the collaboration of any employee or director of the company.



APPOINTMENTS, REMUNERATION AND GOOD GOVERNANCE COMMISSION

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, Compensation and Good Governance Commission.

Appointments, Compensation and Good Governance Commission will consist of a minimum of three members and a maximum of 5.

it is composed exclusively of non-executive directors appointed by the Board of Directors, two of whom, at least, shall be independent directors.

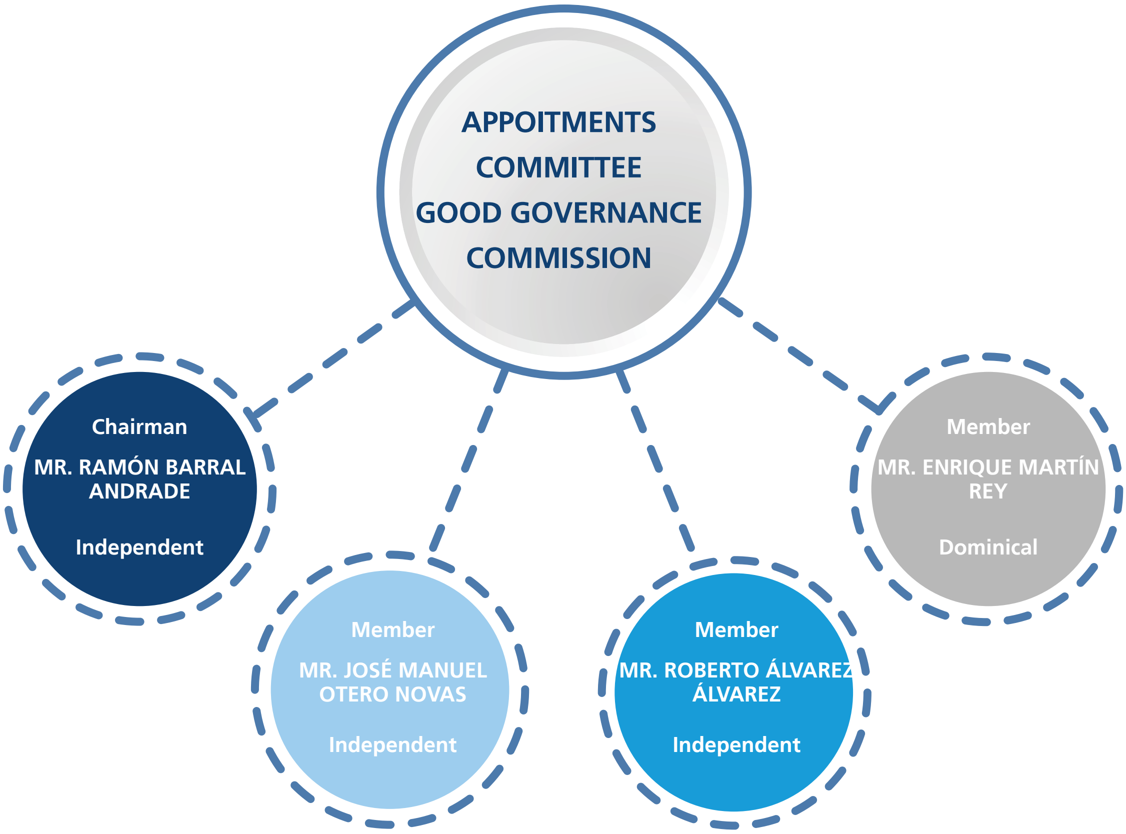
The term of office of the Chairman shall be 4 years.

A non-exhaustive list of the functions of the Commission is:

- To evaluate the competencies, knowledge and experience required for the Board of Directors. To define 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.
- To establish a goal of representation for the under-represented sex in the Board and draw up guidelines on how to achieve this objective.

- 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 AGM.
- To inform of the proposals for appointment and cessation of senior managers and the basic terms of their contracts.
- 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.
- To propose the remuneration policy of directors and executives to the Board of Directors.
- 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.

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



INTERNATIONAL EXECUTIVE COMMITTEE

Article 18 (2) of the regulations of the Board of Directors reflects the composition, functioning and internal regulation of the International Executive Committee.

The International Executive Committee will comprise a maximum of twelve (12) 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.

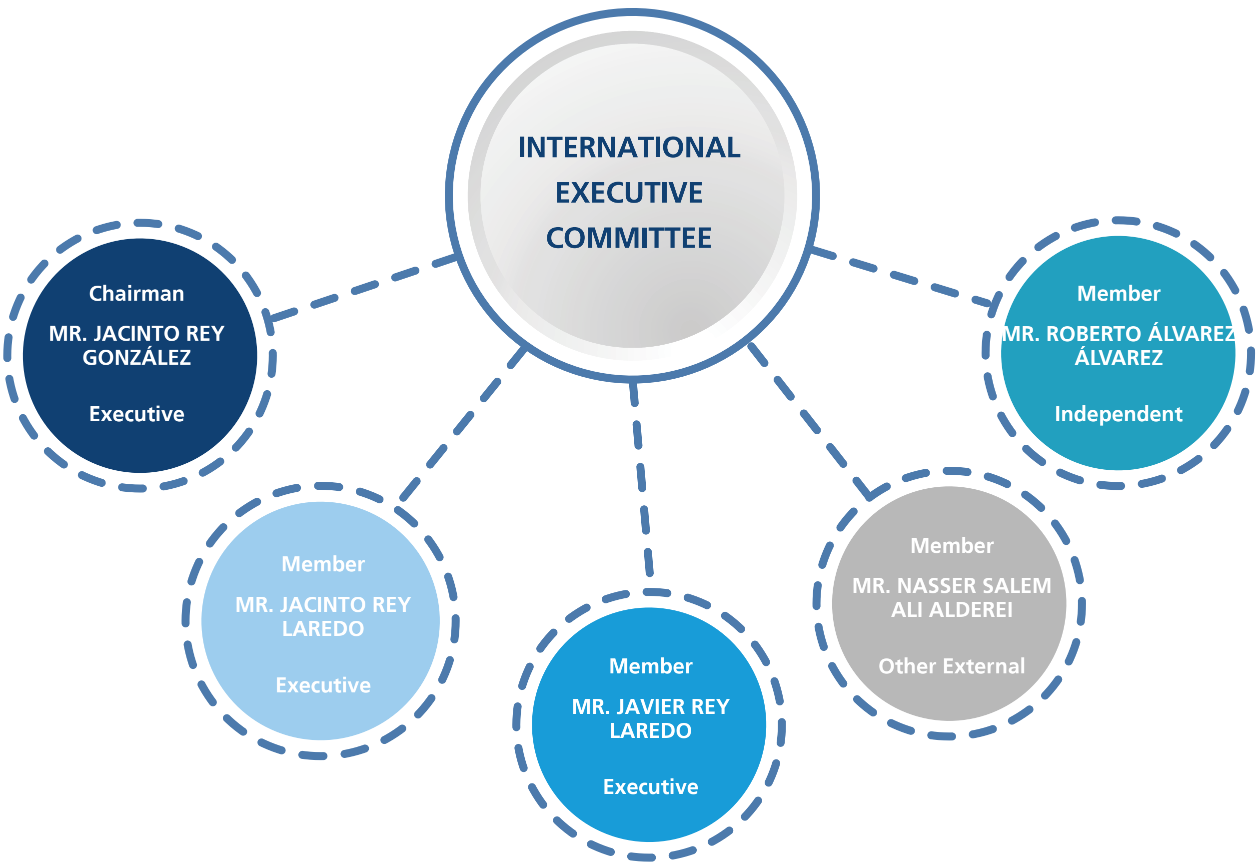
The Chairman of the Board of Directors shall chair the Executive Committee.

The International Executive Committee shall be whenever called by its chairman.

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.

Without prejudice to other tasks assigned by the Board of Directors, the International Executive Committee shall have the following powers:

- 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.
- To contribute to the increase of the international relations of the Group with public and private, local and international partners.
- To search for new business opportunities and projects, elaborate proposals.
- To raise capital and investment financing for international projects.
- To propose projects with the appropriate partners.



PRIVILEGED INFORMATION AND OTHER RELEVANT INFORMATION PUBLISHED DURING YEAR 2020

During year 2020, the Group has published the following relevant facts on the CNMV website in compliance with the obligations of a listed company:

- 19 February 2020. On the business and financial situation. Contract termination "Improvement Road Checca – Mazocruz" (Record # 17).
- 27 February 2020. Half-year financial reports and audit reports. The Company submits financial information on the second half of year 2019 (Record # 497).
- 27 February 2020. On the business and financial situation. Summary Report Grupo SANJOSE –Year 2019 (Record # 501).
- 27 February 2020. Annual Corporate Governance Report. The company submits the Annual Corporate Governance Report for year 2019 (Record # 502).
- 27 February 2020. Remunerations Report of Members of the Board. The company submits the Annual Remunerations Report for year 2019 (Record # 503).
- 08 May 2020. Management Statement. The company submits the interim management statement for the first quarter of year 2020 (Record # 2144).
- 25 June 2020. Call to the AGM. Call to the AGM (Record # 2994).
- 29 July 2020. Call to the AGM. Resolutions adopted by the AGM held on 29 July 2020 (Record # 3735).
- 29 July 2020. Half-year financial reports and audit reports. The Company submits financial information on the second half of year 2020 (Record # 3736).
- 29 July 2020. On the business and financial situation. Summary Report Grupo SANJOSE – First half of year 2020 (Record # 3743).
- 05 November 2020. Interim Management Statement. The company submits the interim management statement for the first quarter of year 2020 (Record # 5557).
- 27 November 2020. On the business and financial situation. Resolution of the Ministry of Public Works of Chile. (Record # 611).
- 03 December 2020. On the business and financial situation. Communication of the arbitration award regarding the termination of the Kathmandu Airport - Nepal contract (Record # 6037).
- 17 December 2020. Good Corporate Governance Changes in the Board of Directors (Record # 6273).

GRUPO SANJOSE

3. BUSINESS RISKS

From the Risk and Insurance Management area of the Group, an analysis is made of the risks that may accidentally affect the business and the people that constitute the Organisation, in order to contribute as much as possible to their mitigation through the establishment of internal actions in the development of activities and an insurance policy that allows the transfer to the Insurance Market of most of the risks that may cause significant damage to the balance of the Group, its employees and directors or its reputation. Further, it ensures compliance with the requirements that the Group's companies must legally and contractually meet in insurance matters.

The analysis of risks is carried out from a global point of view, taking into account the countries where the Group is present, in order to adapt the implemented insurance policy and insurance programmes to the real needs and regulatory requirements thereof.

Year 2020 has been marked by two issues of enormous importance and impact in our area. On the one hand, the pandemic caused by COVID-19 has caused a new scenario in terms of production and business management and new risks have appeared. On the other hand, the transformation process that was already started in the International Insurance Market, with an enormous restriction of the insurance capacity available for certain lines of insurance and the high increase in the price of these coverage, has also intensified as a consequence of the pandemic.

The declaration in March 2020 of the State of Alarm for Spain and the different measures that were adopted by the Governments of the countries in which the Group is present, led to the necessary review of the insurance policies contracted in order to guarantee that the new situation, with the paralysis of some of the ongoing projects, does not lead to a drop in policy coverage, through continuous dialogue and negotiation with our Insurers and with those responsible for the business to adopt the measures required to achieve this.

The insurance policy focuses on the protection against a great risk, which is likely to generate an impact that compromises the viability of the business or to have a large impact on the same, paying less attention to more frequent, yet of minor intensity risks, and less impact, that shall be managed from the business point of view. This involves the establishment of branch offices, which can be assumed by the business, helping to contain premiums and shared management in the risk management policy. Notwithstanding this, in countries with a high catastrophic risk, as in Chile, for example, with great earthquake risk, branch offices are necessarily higher as they are pre-determined by high accident rates and the impact, they have had on the Insurance Market.

The search for adequate levels of protection leads us to structure the basic lines of insurance in the following areas, for which we are looking for first level Brokers and Insurers in each specialty, with which we regularly quote, negotiate and discuss each area of the Insurance programmes.

CIVIL LIABILITY RISKS

Construction activity, which is the main activity of the Group, entails significant risks of accidents that could cause injuries to workers or third parties and their assets. The consequences derived from this, whether in the form of compensation, whether in costs of legal defence and establishment of civil bonds, must be duly covered.

For this purpose, in order to optimise the performance of these policies as business management and protection tools, procedures and measures are coordinated in the development of the activity, such as requirements for crack protocols of adjacent buildings, requests for underground channel plans, contractual requirements to subcontractors.

We focus on the Group's Civil Liability Protection Programme in a global way and with a vocation to equalise the coverage contracted in Spain for Europe with those non-European countries where we operate, because we are dealing with broader coverage, but adapting it to each country in accordance with the requirements and possibilities offered by local regulations and the local market.

In Peru, Argentina and Chile we reproduce the coverage scheme of the Master policy contracted in Spain through the issuance of mirror policies issued by Local Insurers in each country. Without prejudice to this, for specific works or projects we contract specific policies for works in compliance with the requirements of the contract documents that apply to the works and our mirror policies act in excess of those work policies and for all of the activities carried out in the country by the Group.

This system of local policy that covers all the activity in the destination country is also used in Mexico and in Cape Verde.

In Abu Dhabi, since all the activity is carried out in Joint Venture with local companies, work-to-work insurance is chosen, under the terms required in each contract, and our partners are sometimes responsible for contracting and managing it.

In India it is also performed at local level, work to work and sometimes through our partner or through the broker imposed by the client.

Within civil liability risks, we include for Spain and Portugal, fundamentally, the contracting of employer liability coverage.

We demand our subcontractors to hire their own Civil Liability with general liability coverage.

We have action protocols and claims management to act with efficiency and quick response capacity and those cases in which the integrity of people has been compromised are managed with the highest priority.

ENVIRONMENTAL LIABILITY

Even though there is no legal obligation to contract an Environmental Civil Liability insurance policy in Spain, the Group has contracted and in force an Environmental Civil Liability Insurance Scheme for an amount of EUR 20 million and EUR 100,000 franchise with scope of coverage for several countries, with a local policy issued in Portugal for a lower amount and in Cape Verde.

Locally in each of the countries where it operates, it meets the requirements that may exist legally or contractually in environmental issues and the specialised departments of the Group will analyse and adopt the necessary preventive measures to avoid the occurrence of an accident.

Among the coverage of the Group's General Civil Liability policy, we have also contracted third-party damage coverage for accidental contamination that reinforces the protection provided in this area by the Environmental Risk policy.

RATE OF ACCIDENTS OF OWN STAFF

In addition to the Employer Liability coverage, all accident insurance programmes established as mandatory by applicable collective agreements are contracted for all Group companies and our standard contracts establish the obligation to require all subcontractors to provide proof of holding in force insurance with respect to workers.

PROFESSIONAL GENERAL LIABILITY

The Group has a Professional Liability Insurance Programme where it incorporates those projects that are carried out or assumed by Group companies in terms of their design and execution in order to be protected against future claims arising from design errors, especially after the delivery of the works.

In some countries such as Abu Dhabi, project-specific insurance policies have been contracted with a discovery period of ten years from the completion of the works to comply with contractual requirements in this regard.

CIVIL LIABILITY OF BOARD MEMBERS AND EXECUTIVES

In order to protect the individual assets of each of the Directors and Executives of Group companies against claims that can be made due to financial losses attributable to a management error in the performance of their duties, we have contracted a worldwide insurance policy, with coverage of legal defence, civil bonds and payment of compensation where appropriate.

Local issues of policies with less coverage are made in those countries where we have a permanent presence: Chile, Argentina, Peru, Abu Dhabi and India.

This line of insurance has been the one that has suffered the greatest impact due to the tightening of the market, with very important restrictions on available capacity and much higher prices. Grupo SANJOSE has managed to maintain its levels of protection compared to previous years.

INSURANCE POLICIES TO COVER ASSETS OF THE GROUP

All the Group's real estate assets in Spain are adequately insured with damage policies, adapting each year the value according to the reviews that are made and made available to the Risk and Insurance Management area in order to achieve an adequacy to the reality of the risk to be covered.

The need to impose remote working in many of the work centres has led to a change in the protection scenario of properties that were occupied and that became unoccupied during certain periods with the consequent modification of the risk that the policies had predefined. It was possible to maintain the level of coverage during periods of remote working.

ALL RISK CONSTRUCTION POLICY FOR ALL WORKS WORLDWIDE

In order to protect the works in execution during the term of the contracts, against accidental risks arising from errors of design, execution, defects of materials, fire, risks of nature and atmospheric phenomena, theft, strike, riot, vandalism, etc., all of our works are covered by a fully-comprehensive construction insurance programme with broad coverage and standard exclusions and limitations of this type of policy have been significantly limited.

It is the Risk Management's responsibility to ensure that all our works are secured under this programme regardless of whether works are to be executed 100% by companies of the Group or in JV.

Work stoppages are cause for suspension of coverage of All Risk policies and in view of the scenario that was generated by the pandemic, a solution was arranged with our reference insurer to maintain the coverage of risks. During the stoppages, the same level of coverage was maintained in all works in Spain and the maintenance of coverage in international projects that suffered some type of stoppage was optimized to the maximum.

From the initial stage of study and bidding, the Risk and Insurance Management Area, in coordination with the contracting, legal and production areas of the Group, carry put an analysis of the contractual and legal requirements and assess need of providing coverage for risks that affect or may affect business, a cost estimate is made of the main insurance coverage and, in the event of becoming the successful tenderer, works focus on achieving the highest level of insurance protection possible given the specific circumstances of each project.

CLAIMS MANAGEMENT

An essential part of the functions of the Group's Risk and Insurance Management is focused on the correct management of claims affecting the Group. To this end, we are constantly working on the establishment of protocols to be followed in the event of an accident, the management and monitoring thereof, with Experts, Brokers and Insurers, negotiating the resolution and the management of the compensation. Thus, training sessions provided to personnel responsible for works management and carried out on a regular basis are essential.

In 2020 we have registered a total of 27 claims that were communicated to the Insurers that covered the impacted risks and at the end of the year 10 of them were closed, remaining open and in the process of resolution 17, of which 6 were of own damages and the rest of damages to third parties (4 of material damages and 7 of personal damages including personal accidents suffered by own or subcontracted workers).

Throughout 2020, several claims that corresponded to previous annuities have been closed but, since many involve injuries suffered by workers, it is impossible to close them within the same annuity since either the injuries are not consolidated or judicial procedures that determine the percentage of responsibility that may correspond and the extent of compensation are still pending resolution. 11 claims from 2019 have been closed.

BALANCE FOR THE YEAR 2020

The balance for year 2020 of the Risk and Insurance Management area of the Group is positive because, analysing the accidents or claims occurred during the development of the activity, we verified that the level of response to them from the Insurance Programme has been fully satisfactory and we have had no relevant impact without coverage. In addition, the response achieved in the face of the new crisis scenario experienced during the pandemic and the ability to negotiate satisfactory responses by the Insurers despite the process of tightening and restricting the capacity available in the market, has also been satisfactory.

The monitoring of international reference standards in the matter, mainly the guidelines and methodology implemented under the framework of ISO 31000, are increasingly implemented in our business development and allow updating the risk map in order to detect variations in exposure to traditional risks, as well as emerging risks.

Every year, an analysis of the results is carried out according to the claims that have occurred and been resolved during the year so as to correct any deviation that may arise and to obtain conclusions that allow the optimisation of the risk management system used.

The investment in preventive policies and in contracting insurance programmes fully adapted to the coverage needs has meant a clear return to the Group, not only in terms of compensation made, but also in a greater efficiency of resources used (use of economies of scale in the global negotiation of programmes, adaptation of coverage to the tailored needs of projects and activities, etc.), and above all, in a greater protection of our brand and reputation.

4. PEOPLE

4. PEOPLE

SANJOSE believes in the talent and responsibility of its entire human team as a driving force for the transformation of society, diversity and business success.

Self-responsibility and self-demand are part of the Group's business culture. With the aim of learning, improving and innovating in all areas, SANJOSE integrates ethics, social responsibility and sustainability throughout its formation.

SANJOSE's team is the most important capital of Group. Thus, its recruitment, training and management are a priority for the Group.

The experience, knowledge and flexibility of professionals are essential for increasing the company's competitiveness and for meeting the company's goals and objectives.

To invest in talent provides a top added value and innovative solutions on a par which customers' requirements. Grupo SANJOSE believes than investing in human resources is investing in leadership, growth, R&D& innovation in the future.

Likewise, Grupo SANJOSE fosters an inclusive, healthy and non-discriminatory work environment, working day by day to achieve excellence in order to reaffirm the talent of its teams.

All the teams that Grupo SANJOSE displaces to the different projects, both nationally and internationally, in which the Group participates, share a common objective, whose fundamental pillar is the values of Grupo SANJOSE itself, assuming the 10 principles of the Covenant of the United Nations World Cup on Human Rights, Environment and Anti-Corruption as its own.

All teams share a vision: to be a Constructor Group with international development, with a focus on customer service and creating value for society, offering global and innovative solutions for proper resource management, infrastructure improvement, and building city, with the aim of improving the quality of life of citizens and contributing to the sustainable progress of society.

The Human Resources Management is based on ethical codes of equal opportunity, cultural diversity, internal promotion and sound values, such as involvement, responsibility, perseverance, commitment, trust and respect.

STAFFING STRUCTURE OF GRUPO SANJOSE AT 31/12/2020

Total Payroll Grupo SANJOSE

3,637

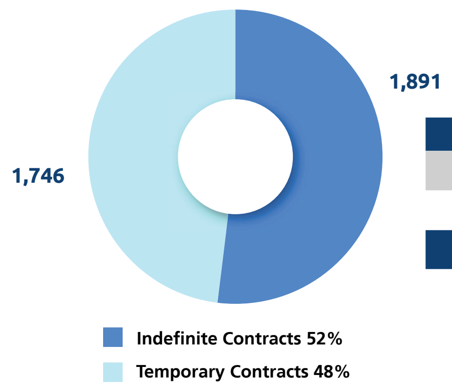
GRUPO SANJOSE

WOMEN	MEN
12.79%	87.21%
Average Age: 38 years	Average Age: 43 years
Average Seniority: 6.93 years	Average Seniority: 5.18 years

DISTRIBUTION BY GENDER

	Female	Men
University Graduates	108	381
University three-year degree Graduates	140	553
Non-qualified Technicians	43	336
Administration	110	143
Foremen and Supervisors	64	1.759
TOTAL	**465**	**3,172**
Employees with command post	**17**	**103**
Management Team	**4**	**17**

TYPE OF CONTRACT



Gender	Open-Ended	Temporary
Men	1,558	1,622
Female	333	124
TOTAL	**1,891**	**1,746**

Age	Open-Ended	Temporary
<30	227	287
30-45	909	847
>45	755	612
TOTAL	**1,891**	**1,746**

Category	Open-Ended	Temporary
Graduates	155	334
Under graduates	415	278
Non-qualified technicians	242	137
Adm.	186	67
Operators	893	930
TOTAL	**1,891**	**1,746**

Of all the contracts, 27 are part-time, which represents 0.74% of the total workforce distributed as follows:

Gender	Part-time
Men	15
Felmale	12
TOTAL	**27**

Age	
<30	0
30-45	9
>45	18
TOTAL	**27**

Category	Part-time
Graduates	2
Under graduates	4
Non-qualified technicians	8
Adm.	8
Operators	5
TOTAL	**27**

Salary ranges are established as follows:

Position	Salary Range
Qualified Technicians	30,000€ - 50,000€
Office Clerks	20,000€ - 35,000€
Operators	20,000€ - 45,000€

The average salary for women is € 29,333 and the average salary for men is € 31,226, which represents a 6.06% gap.

Gender	Graduates	Adm.
Men	369	43
Female	93	93

Average Salary	Average salary graduated	Average salary adm.
Men	36,427€	26,026€
Female	34,228€	24,438€

Age	Females G.	Females A.	Men G.	Men A.
<30	23	14	80	15
30-45	72	52	219	22
>45	19	27	70	8

Comparative	Average Female	Average Male	Gap
Year 2019	29,346€	30,980€	5.27%
Year 2020	29,333€	31,226€	6.06%

Gender	Dismissals Global
Men	146
Female	8
TOTAL	**154**

Age	Dismissals Age
<30	26
30-45	82
>45	46
TOTAL	**154**

Category	Dismissals
Graduates	4
Under graduates	14
Non-Qualified Technicians	53
Adm.	7
Operators	76
TOTAL	**154**

VOLUNTARY ROTATION 9.51%

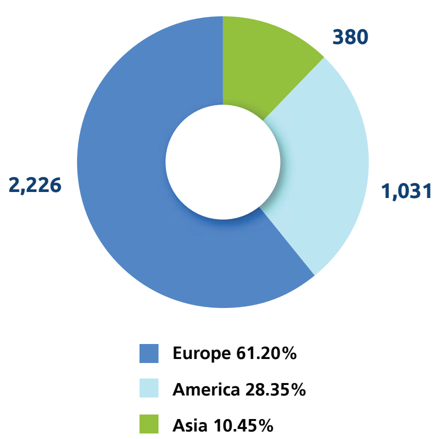
MEN: 331
FEMALE: 32
TOTAL: 363

ABSENTEEISM RATE 6.26%

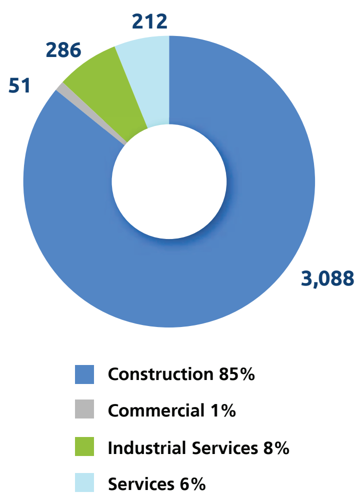
TOTAL ABSENTEEISM DAYS 87,189

PERSONNEL DISTRIBUTION

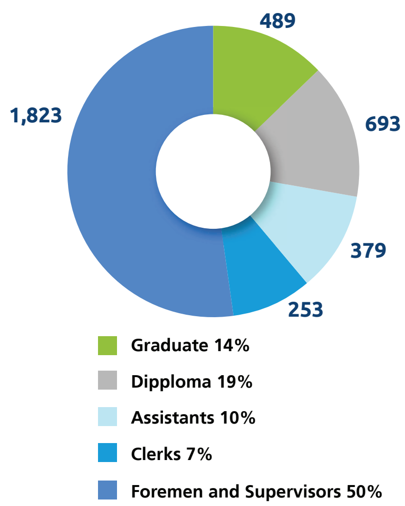
Distribution by Geographic Areas



Distribution by Business Areas



By Professional Group



The difference between the average salary of men and women within the organisation, so-ccalled in a technical form as the "Salary Gap" is 6.06%. In our quest to equalise salary compensation of all workers, always taking into account the responsibilities inherent to each position, the organisation fosters and moves towards equality in all labour aspects. It shall be indicated that this percentage is lower than that published in the study, entitled 'Analysis of the gender pay gap in Spain' in March of 2019 generated by the Spanish Confederation of Business Organizations (CEOE). According to this study, the national wage gap is 12.2% according to the latest data reported by the INE .

https://contenidos.ceoe.es/CEOE/var/pool/pdf/publications_docs-file-597-analisis-de-la-brecha-salarial-de-genero- en-espanav2.pdf

The salary structure is based on gross salaries that are made up of the same salary concepts for women and men. The concepts of the salary structure is as follows:

Base Salary - Attendance and Activity Bonuses - Extra-salary and Transportation Bonuses – Voluntary Supplements - Extras Pay - Vacations.

The absenteeism rate in the Group of Companies is 6.26% and it is determined by the days incurred in the different types of absenteeism (accident, illness, maternity / paternity, days of absences and leave, strike, days of suspension, work holidays) with respect to the total days worked by the media of workers, in working days of 8 hours.

The staff turnover index is the indicator that measures the relationship between workers who join the company, as well as those who leave it.

To calculate the index we must apply the following formula:

$$((X-Y) / Z) * 100 = IRP$$

Where:

X: Number of employees who have joined in the last year.

Y: Number of employees who have been made redundant in the last year.

Z: Total number of employees in the company.

IRP: Personnel turnover index.

Staff turnover is 36.48% with a total of 1,547 workers, 154 dismissals on average of 3,818 workers during 2020.

Voluntary staff turnover is a term that refers to the time the worker spends in each of the positions in the organisation, as well as the frequency with which he/she voluntarily resigns from said occupation.

Thus, redundancies at the will of the worker have been 363 (32 in women and 331 in men) within an average staff of 3,818 workers, which represents a voluntary rotation of 9.51%.

The Annual Corporate Governance Report published in the National Securities Market Commission presents the detail of Directors and members of Senior Management, as well as their average remuneration for the year.

Group employees are subject to the various collective agreements applicable in each of the Spanish provinces, as well as the labour regulations of the countries where it operates.

The human resources department carries out a centralised management of the selection processes. In the different countries where the Group operates, a search process is carried out to cover the demand for local labour, therefore not having aggregate information.

Among the measures adopted to promote employment, the company focuses on the different countries where it operates, attracting local candidates from each country in order to train and give value to local job recruitment according to the company's work philosophy. We promote employment through local hiring providing the company with direct costs and benefits according to the custom and standard of living of each country.

The company, in order to facilitate labour disconnection, ensures that all workers have exact knowledge of the working day with the established legal limits, as well as any schedules and time available to the company, respecting the daily, weekly or monthly rest through annually approved calendars. The management of the company considers this matter as a fundamental right of the worker.

In this sense, at the end of 2019 a time control system was implemented in the company in the physical offices and a work schedule control system managed by OBRALIA, responsible for controlling breaks, entrances and exits in order to guarantee the legally established limits.

Since the beginning of the pandemic caused by Covid 19 in March 2020 and in order to stop and contain the contagions produced by this virus, as well as the work conciliation with the difficulties caused due to this situation, in an exceptional and temporary way, the rotation of personnel between from home and bubbles of reduced face-to-face teams with the same legal limits of working hours have been implemented.

As measures for work and family conciliation, intensive days are established throughout the year and all employees have the chance of taking advantage of the reduction in working hours due to legal guardianship, leave of absence, as well as other benefits, such as pregnancy risk leave, to which you are entitled before or after maternity and paternity leave. Additionally, the possibility of early retirement is promoted to personnel who meet the legal requirements to access it.

The measures designed to facilitate the enjoyment of work and family conciliation are directed in addition to those established under legal norm to make tools and remote accesses available to employees. management programmes and in this way to be able to maintain the value of the employee in the functions.

Communication with staff is done via email, by phone and in a personalised way when the matter requires it. There is also a suggestion box available to workers, as well as a virtual mailbox on the company's website.

The representation of workers is made up of the two most representative unions in areas of social affairs. These unions are Comisiones Obreras (C.C.O.O.) and Unión General de Trabajadores (U.G.T.). There is no type of open active union conflict in which the company is involved, and the participation in labour issues and collaboration with unions is according to applicable regulations.

In the scope of Collective Bargaining, the national companies that make up Grupo SANJOSE are covered 100% by the different collective agreements and have not agreed any collective agreement of Business field. These are governed by the State or Provincial Collective Agreements negotiated and agreed by the different trade union and business associations corresponding to each activity that the companies develop.

In this sense we indicate that, within the companies of the construction sector, the Collective Agreement for all these is the Provincial Construction Agreement with 1,326 employees, which represents 94.65% of the total sector. However, SANJOSE Constructora also develops activities with the Collective Agreement at the provincial level of Siderometallurgy with 74 employees (5.28%) and residual activities with the Agreement Gardening with 1 employee (0.07%).

In the Commercial Sector the Collective Agreement for all the different companies that compose it, except Outdoor King S.A., is the Provincial Textile Trade Agreement with 28 employees, which means the 54.90% of the total for the sector. However, Comercial Udra S.A. also develops activities with the collective agreement of wholesale of sporting goods with 21 employees (41.18%) and the company Outdoor King also develops part of its activity governed by the provincial collective agreement on Sports Trade with 2 employees (3.92%).

In the Services Sector, all companies and JVs that compose it are governed by the State Collective Agreement of Gardening with 212 employees, 100% of the workforce.

Finally, in the Industrial Sector the predominant collective agreement is the Provincial Collective Agreement of Siderometallurgy with 282 employees, which represents 98.60% of the total sector, except for the companies Enerxias Renovables de Galicia with 2 employees (0.70%) and San José Energía y Medioambiente with 2 other employees (0.70%) who are governed by the Collective Agreement at State level of Engineering.

In the international area, collective bargaining does not operate with the same practice or organisation. Companies are governed by the labour laws in force in each country, agreeing, where appropriate, on any particular and individual issues that may arise from time to time.

It is the philosophy of the company to non-discriminate for any reason, sex, race, or any other type of condition.

The company's policy, among others, is to promote non-discrimination based on gender, including in its procedures egalitarian measures for all personnel who want to access the Company or who are already within it, seeking as its main value the growth of the employee and putting professional value first in all cases or any other type of condition.

In the same way, in order to promote measures that help to equate people with disability with those who do not have it, favouring an environment of space, atmosphere, etc. that does not entail any type of exclusion due to disability, being all office facilities adapted in this regard with parking spaces, entrances, bathrooms, etc., as indicated by the legal precept of November 2013 on the rights of people with disabilities and their social inclusion. In the same way, it promotes that disabled personnel have the same facility to be able to apply for a job that a person who does not have a disability through open job offers and free access to all types of candidates, as well as the equal internal promotion for the components of this group that are part of the template prevailing the conditions of safety and comfort.

PERSONNEL WITH DISABILITIES

In order to comply with Royal Decree 364/2005 of 8 April, the Spanish companies of Grupo SANJOSE with more than 50 workers on the staff have taken a series of measures that are detailed below:

On 10 May 2019, it was granted a certificate of exceptionality that justifies the adoption of the substitute measures regulated by the aforementioned Royal Decree 364/2005, to Tecnocontrol Servicios, S.A.

For the company Tecnocontrol Servicios, S.A. and following the calculation stipulated in Royal Decree 364/2005, of 8 April to determine the number of workers in order to establish the reserve quota of 2% in favour of personnel with disabilities, in order to justify the aforementioned measures, there were 287 workers on staff, which implied the obligation to have 5 disabled personnel on staff.

On 22 April 2019, it was granted a certificate of exceptionality that justifies the adoption of the substitute measures regulated in the aforementioned Royal Decree 364/2005, to Cartuja Inmobiliaria, S.A.

For the company Cartuja Inmobiliaria, S.A. and following the calculation stipulated in Royal Decree 364/2005, of 8 April to determine the number of workers in order to establish the 2% reserve quota in favor of personnel with disabilities, in order to justify the aforementioned averages, it had 83 workers on staff, which implied the obligation to have 1 worker with a disability on staff.

On 30 March 2020, a request for exceptionality was submitted that justifies the adoption of the substitute measures regulated in the aforementioned Royal Decree 364/2005, to Constructora San José, S.A. that, positively understood by administrative silence after more than two months since its presentation without notification some in this regard, we imagine due to the current situation of Covid-19.

For the company Constructora San José, S.A. and following the calculation stipulated in Royal Decree 364/2005, of 8 April to determine the number of workers in order to establish the reserve quota in favor of personnel with disabilities, in order to justify the aforementioned averages, it had 1,044 eligible workers, which meant the obligation to have 20 disabled personnel on staff.

In the period corresponding to 2020, the aforementioned companies have entered into commercial contracts with different authorised centres, which allow to substitute the hiring of personnel with disabilities:

Companies of Grupo SANJOSE	No of disabled employees on payroll	Commercial contracts concluded with Special Employment Centres during 2020	No of disabled Employees as replacement contract
Constructora San José, S.A.	6	European Green Protection S.L. Interserve Centro Especial de Empleo S.L. Lógica Informática y Suministros de Material Integral S.L. Celima Centro Especial de Empleo y Desarrollo, S.L.U. Fundación Juan XXIII Servicios Integrales de Fincas Urbanas de Madrid S.L.	14
Cartuja Inmobiliaria, S.A.	0	European Green Protection S.L. Interserve Centro Especial de Empleo S.L. Fundación Juan XXIII	1
Tecnocontrol Servicios, S.A.	2	European Green Protection S.L. Interserve Centro Especial de Empleo S.L. Lógica Informática y Suministros de Material Integral S.L. Fundación Juan XXIII	3

RECRUITMENT

Staff selection procedure aims to find qualified professionals who meet the requirements of the position requested in terms of training, experience, skills and competencies.

Recruitment takes place in collaboration with first-rate Universities and Training Centres and trough the incorporation of reputable professional which provide the Group with their experience and know-how.

Human resources selection policies are based on seeking, attracting, motivating and retaining talented people, with the aim of promoting excellence and a job well done.

The following are the channels used by Grupo SANJOSE for the search of candidates, which vary according to the profile of the location (national and international) as well as according to the degree of qualification required by the vacant position:

- Interns: Universities with which a framework agreement of collaboration between the Company and said University has been established.
- Managers and foremen: employment service web sites.
- University graduates without experience: employment service web sites, employment offices of universities, school.
- University graduates with experience: Employment service websites, Master's Job Exchange (IE, IESE, ESADE, CEF, CUNEF ...), Official Schools, direct search, LinkedIn.

Similarly, in some vacancies, the use of internal resources is resorted to, and in some specific cases, internal promotion is preferred.

All the selection processes in Grupo SANJOSE are backed up by the highest standards of professionalism and transparency in the treatment of the candidate. So, we make sure that those candidates included in a selection process are always promptly informed of the steps to follow at each stage of the process:

- Recall of candidates.
- Personal interview(s).
- Psycho-technical tests.
- Technical interview.
- Decision-making.
- End of the recruitment procedure.

The pandemic situation due to the high incidence of COVID worldwide, during 2020, has made the Selection Department adapt the selection process to give continuity to the service and guarantee social distance. To this end, a selection system based on interviews and online psychotechnical tests has been designed and implemented.

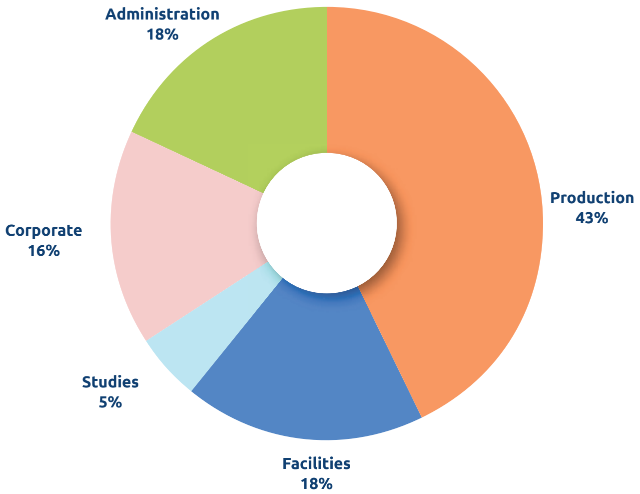
During 2020, Grupo SANJOSE conducted interviews with a total of **1,245** candidates among the different areas of activity of the Group where a vacancy has arisen, both nationally and internationally.

A total of **926** men and **319** women have taken part in recruitment procedures.

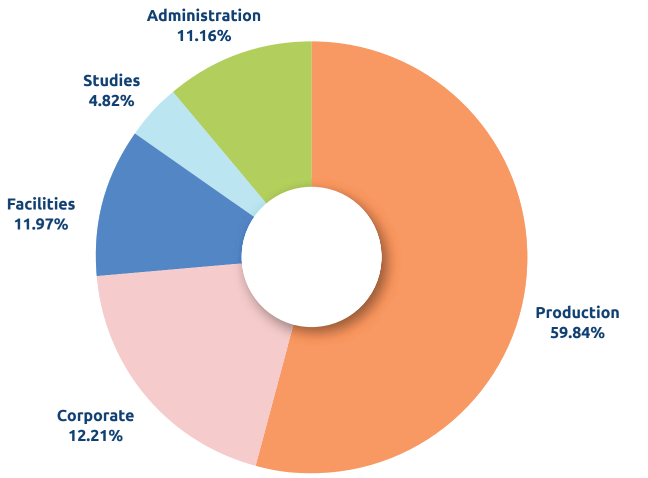
	Men	Female
2019	1,637	529
2020	926	319

The number of candidates interviewed in Grupo SANJOSE during 2020 has been **1,245**, being the detail by departments as follows:

Candidates in selection processes by department **2019**

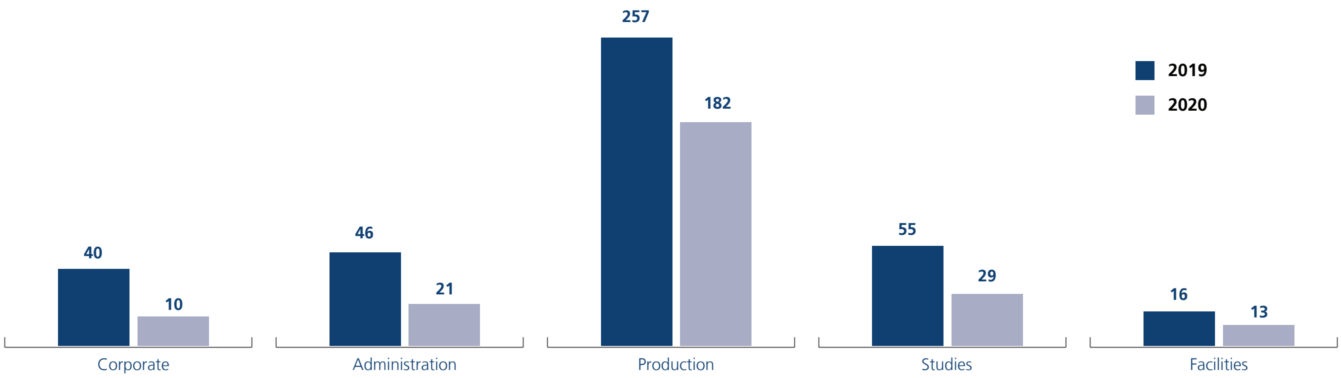


Candidates in selection processes by department **2020**

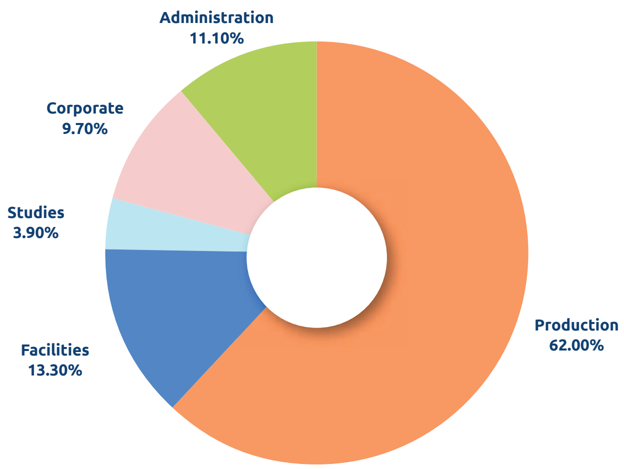


During 2020, the number of selection processes has decreased by 38.41% in reference to 2019 as the main consequence derived from the current global pandemic situation due to the effects of COVID.

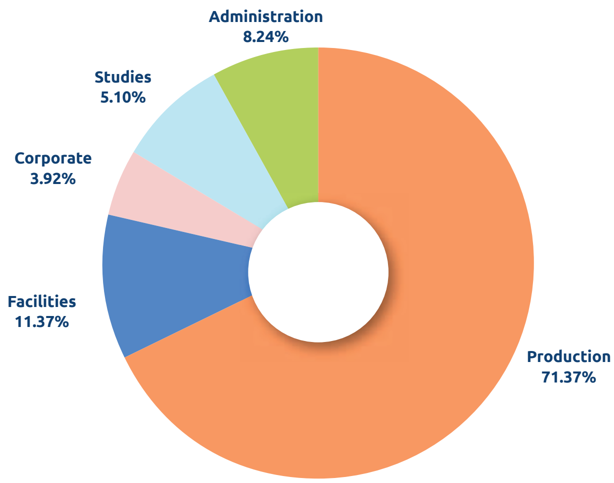
Likewise, the number of selection procedures opened in Grupo SANJOSE during 2020 has been **255**, with the detail by departments being as follows:



Recruitment procedures by department **2019**



Recruitment procedures by department **2020**



All new structure personnel to Grupo SANJOSE receive the Welcome Manual, including the values and norms of conduct of the Company and its internal functioning so as to facilitate their integration as much as possible. All employees receive the information necessary to access the Group's computer systems, and according to their position, more specific or technical information for the correct development of their job in accordance with SANJOSE standards.

All the employees of Grupo SANJOSE rely on the following tools to carry out tasks entrusted:

- Corporate ERP (management tool to control and analyse the different development procedures in the different business areas.

  It is a web-based tool, which provides greater agility in its management and availability in different supports.

  Access is restricted to authorised personnel of the company through a username and password, with different levels of authorisation depending on the degree of responsibility within the structure.

- Help Desk - To report on incidents, basic and obligatory tool of communication between users and the computer department, where to notify any issues that may arise in the workplace and / or the different systems or to check any doubts on a given process.

- Forum, from this website, the different areas of the company shall disclose guidelines and corporate procedures for the operation of the different systems.

- My data - Self Service, is a website for the management of corporate contact data, it also allows the management of passwords for the different systems, check contact data of the company's personnel.

- Email, tool for communication by mail, through the IBM LOTUS mail client, which will also be available via webmail. Provided with the IBM Sametime.

Each country has the responsibility to get in touch with the human resources department in the event of hiring needs. Through the tool included in the ERP of the Group under personnel request, fulfilling information related to the needs to be covered as well as the main tasks of the vacant position. Upon its filling, the recruitment teams starts the search for candidates. By means of different searching channels (universities, business schools, social networks, etc.).

TRAINING

The situation produced by the World Pandemic not only caused changes at the political, economic, social and health level. This situation affected the training of the workers during lockdown, having to cancel the face-to-face training with external entities, with the exception of the language courses that could be maintained through Remote Classroom.

The professional development of employees is a priority that contributes to increase the potential of the Group, thus maintaining a strong commitment to employees to continuously improve their skills, capabilities, their degree of responsibility and motivation, forging up-to-date and competent teams for a global market, promoting new technologies and everything related to Safety, Quality, R + D + i and the Environment.

Training plans developed are sectorised and online to cover training gaps, being updated annually to adapt them to the needs of each business. To determine the effectiveness of the training programmes, courses provided at different levels are evaluated: satisfaction of the participants, knowledge acquired by them and impact on the performance of the participants in the area they have been trained.

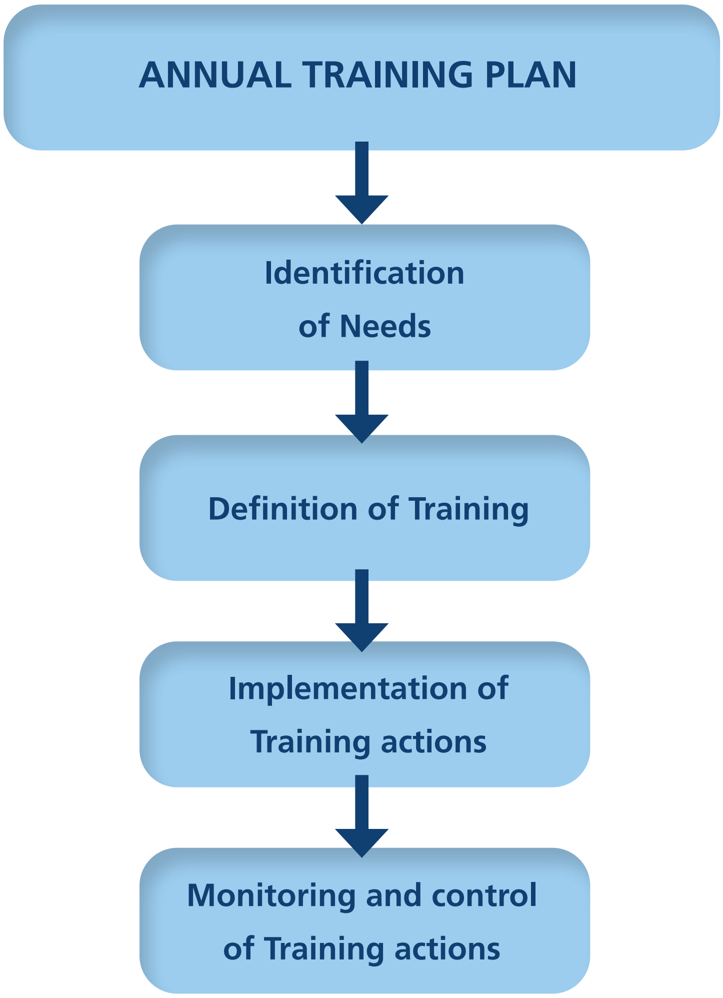
These plans are necessary for a correct adaptation of the jobs while at the same time offering them a guarantee of consolidation, promotion and professional development in the company.

Features of the Training Programmes. Type:

- Mandatory, which includes training in Prevention of Work Hazards, and training in Quality and Environment.
- Specific training, which includes other types of training that are necessary, but may be replaces by others that are emerging with a greater priority.

Further, it has ongoing training and skills development programmes, whose ultimate goal is to fill the gaps and training needs of employees identified during the year.

This specific training is tailored to the needs of each business, and ultimately, to the specific needs of each person.



In 2019, a new initial training model was implemented, which during 2020 has continued to develop within the circumstances marked by the pandemic. This training model is aimed at all recently incorporated technical personnel receiving the following training upon joining the company:

- Training on Accident Prevention and Health at work.
- Training on Environmental Action.

Training 2020 by type

Training Actions	No of training Actions	No of participants	Hours	Female	Men
Quality & Environment (*)	11	54	201	12	42
Languages	95	92	5,665	29	63
Other training actions	42	157	4,163	17	140
TOTAL	**148**	**303**	**10,029**	**58**	**145**

(*) This training programme is completed with the PHAROS Platform, adding 3,555 hours.

Training 2020 by business areas

Business Area	No of training Actions	No of participants	Hours	Female	Men
Construction	119	233	5,873	57	176
Concessions and Services	20	61	3,623	0	61
Energy and Environment	1	1	76	0	1
Other (Group Structure)	8	8	456.5	1	7
TOTAL	**148**	**303**	**10.029**	**58**	**245**

Type Professional	Female	Men
Management Team	3	9
Middle Management	3	24
Technicians	48	139
Clerks	4	2
Operators	0	71
TOTAL	**58**	**245**

Type Professional	No hours received
Management Team	701
Middle Management	1,767
Technicians	3,973
Clerks	306
Operators	3,283
TOTAL	**10,029**

JAS Training

	Number of courses	Number of students	Training hours
JAS Training 2019	98	988	21,288
JAS Training 2020	63	1,505	7,347

Courses Provided	Total JAS Training Hours Implemented 2020
Masonry	6
Permanent classroom or elementary level	8
Good preventive practices for general security risks	12
Good preventive practices in the use of forklift	8
Good preventive practices within the office sector	40
Good preventive practices in the use of PVD	8
Good preventive practices in ergonomics	52
Good preventive practices in fires and emergency plans	152
Good preventive practices in cargo handling	24
Good preventive practices for general security risks	4
Good preventive practices in first aid	128
Good preventive practices in biological risks	20
Good preventive practices in electrical risks	216
Good preventive practices in road safety	140
Good preventive practices in the use of PVD	4
Forklift trucks	72
Coronavirus: prevention measures	1,428
Formok	6
Confined spaces	2
Assembly of scaffolds	32
Assembly of supported scaffolds	105
Occupational Prevention Hazards Elementary level	2,220
Norma ISO 45001:2018	180
Forklift operator	16
Operator of mobile personnel lifting platforms	28
Operator of mobile personnel lifting platforms	15
Operator of mobile personnel lifting platforms	64
Prevention of Occupational Hazards at job position	16
Prevention of Occupational Hazards at job position Head	4
Prevention of occupational hazards: Supervisor	8
Prevention of occupational hazards: head of production	2
Prevention of occupational hazards: maintenance personal	48
Prevention of occupational hazards: facility technician	4
Prevention of occupational hazards: Prevention of occupational hazards technician	2
Prevention of occupational hazards on collective protective measures on site	6
Prevention of Occupational Hazards on working from home	1,424

Recycling for the performance of the positions of starter / load operator and drill / blast operator; picador, auger and mining assistant, in inland extractive activities (ITC 02.1.02)	10
Second level of Prevention of Occupational Hazards On site clerks	40
Second level of Prevention of Occupational Hazards Masonry	18
Second level of Prevention of Occupational Hazards Electricity: Assembly and maintenance of low and high voltage facilities	180
Second level of Prevention of occupational hazards: Electricity, Assembly and Maintenance of facilities	60
Second level of Prevention of Occupational Hazards Operators of lifting equipment	20
Second level of Prevention of Occupational Hazards Operators of lifting equipment	138
Second level of Prevention of Occupational Hazards Prevention of Occupational Hazards on plumbing and conditioning works	40
Second level of Prevention of Occupational Hazards Prevention of Occupational Hazards on plumbing and conditioning works	12
Second level of Prevention of Occupational Hazards Electricity. Assembly and maintenance of low and high voltage facilities	20
Second level of Prevention of Occupational Hazards Electricity. Assembly and maintenance of low and high voltage facilities	12
Second level of Prevention of Occupational Hazards Plumbing and conditioning facilities	18
Second level of Prevention of Occupational Hazards Assembly of tubular structures	90
Second level of Prevention of Occupational Hazards Operator of earthmoving machinery	12
Work at height	8
Emergency	3
Ergonomics and self-care for office work and telecommuting	2
Leading in the Context of the COVID-19 Crisis	2
Accident investigation method Cause tree	4
Rigger crane operator	8
First response towards healthcare emergency	4
Noise exposure protocol-prexor	4
Legal responsability in terms of health and safety at work	28
Operating techniques for Rigger cranes	16
Use of fire extinguishers	14
Training of internal auditors ISO 9001:2015 - ISO 14001:2015 - ISO 45001:2018	40
Understanding ISO 9001:2015, ISO 14001:2015, ISO 45001:2018	40
TOTAL	**7,347**

KNOWLEDGE PLATFORM (PHAROS PROJECT)

The development of this training project "INTERNATIONAL PLATFORM for Access to knowledge for Grupo SANJOSE" began at the end of 2018, with the motto: "We want to reach everyone."

The objective of this project is to provide all employees of GESJ in the countries where it operates with equal opportunities in the development of their careers.

This platform offers the best opportunities to know: technological innovation tools, new constructive methodologies, as well as training skills, environmental management, sustainability, etc.

Implementation was carried out during 2019 and about 28,500 hours of study were carried out and 548 workers accessed the courses.

Training provided during 2020:

PHAROS 2020						
Participants	Training actions	Female	Men	Total Hours	Hours Female	Hours Men
163	163	33	130	6,864	1,353	5,511

PHAROS 2020							
Type	Training actions	Participants	Female	Men	Total Hours	Hours Female	Hours Men
WATER AND ENVIRONMENT	2	2	1	1	120	60	60
ARCHITECTURE, BUILDING & URBANISM	10	10	3	7	460	140	320
BIG DATA	2	2	2	0	80	80	0
BIM	9	9	2	7	604	93	511
ROADS	2	2	0	2	100	0	100
FINANCE	5	5	0	5	355	0	355
PRODUCTION AND TRANSPORT OF ELECTRIC ENERGY	8	8	0	8	465	0	465
MANAGEMENT	7	7	1	6	185	35	150
PROJECT MANAGEMENT AND CONTRACT MANAGEMENT	2	2	2	0	85	85	0
ENVIRONMENT	80	80	15	65	3,555	660	2,895
REGULATIN: QUALITY, COMPLIANCE AND PREVENTION OF OCCUPATIONAL HAZARDS	3	3	3	0	120	120	0
PORTS	1	1	0	1	60	0	60
SOFTWARE	25	25	4	21	640	80	560
STELENTIA	7	7	0	7	35	0	35
TOTAL	**163**	**163**	**33**	**130**	**6,864**	**1,353**	**5,511**

Professional Group	Female	Men
Senior Management	2	4
Managers	0	4
Technicians	27	110
Clerical staff	4	0
Operators	0	12
Total	**33**	**130**

Professional Group	No hours received
Senior Management	220
Managers	105
Technicians	5,864
Clerical staff	125
Operators	550
TOTAL	**6,864**

PHAROS is a living platform that will be updated continuously, incorporating training programmes related to the sectors of activity of the company at domestic and international level that aim to complement the existing Training Plans in the company. The training will be available in Spanish and, depending on the course, the English version will be available.

This platform offers:

- Degrees of Academic Institutions such as the Polytechnic University, University of Comillas, EOI (School of Industrial Organisation), UAX (University Alfonso X el Sabio), University of Isabel I, Institute of Engineering of Spain, etc.
- Constant update of contents.
- Regular incorporation of new courses demanded by the sector.
- Universal Access to all courses.
- Access for all employees of the organisation.
- Tutorials carried out by Experts (100 tutorials).
- Service for downloading and printing documentation in .pdf.
- Download of Diplomas.
- Courses both in English and Spanish.

The monitoring of the satisfaction level is carried out from the training area to users through internal questionnaires within the platform. Reaching an optimum level.

Collaboration with Training Entities

Fundación Laboral de la Construcción: Training entity dedicated to the Construction Sector in which work has been done to provide workers with the resources that make possible a more professional and trained sector, in terms of safety. Grupo SANJOSE during 2018 has continued with the Training Plan on Safety and Prevention, counting with numerous training actions developed by this entity.

ADEMI: During 2020, Grupo SANJOSE has participated actively (with the exception of the lockdown) in the training designed by this Association as well as in the Training Committee developed through the Virtual Classroom, where the associated companies exchange information , deepening the knowledge of the Sector in its different facets, activities, providing modernization and optimization of processes, all in order to improve the competitiveness of companies in an increasingly globalized world that requires continuous adaptation to market demands.

During this year we have used **the Online English Platform EF (Education First)** of international education worldwide, present in all countries. In this area, training adapted to each worker has been developed, offering blended training. This platform has established a research unit in the department of theoretical and applied linguistics at the University of Cambridge.

Depending on the type of courses required, we work with other entities that have transformed the face-to-face methodology for the online one due to the Pandemic, such as: Agremia, Conycal, Cualtis, Grupo CIEF, Inesem, Infologista, Kursalia, etc.

All the training carried out after lockdown in the area of Occupational Risk Prevention, which, due to its modality, has had to be carried out in person, have complied with the hygienic-sanitary regulations, as is the case of the Fundación Laboral de la Construcción and ADEMI among others, by using extensive facilities where the regulatory personal distance was allowed at all times, the continuous use of hydroalcoholic gels and maximum ventilation.

INTEGRATION AND DEVELOPMENT PROGRAMME

The Integration and Development programme aims to train, motivate and begin to define the career of each of the people who make it up the company based on their strictly professional values.

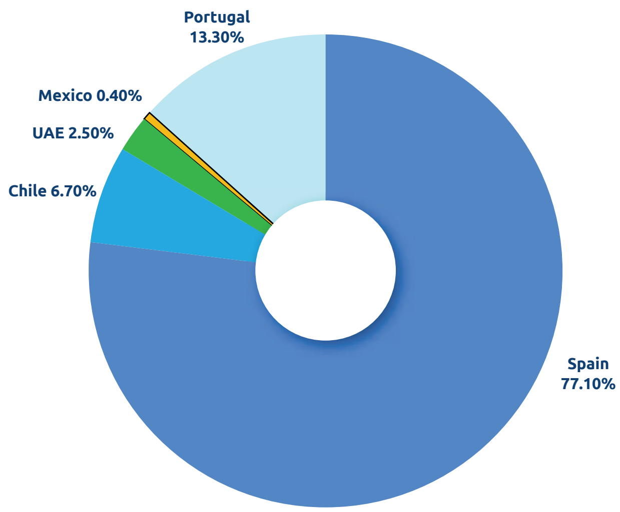
The programme has an established duration of two years and is intended for profiles whose experience to perform the position which they apply for is limited. The training and development of the professional is under the responsibility of a tutor appointed by the Company who will be in charge of the half-year monitoring and evaluation.

In 2020, a total of 240 professionals participated, of which 74% correspond to men and 26% to women. Currently, 87% of the Group's workforce are men, so the above data allows us to perceive a greater incorporation of women to the structure of Grupo SANJOSE.

PARTICIPANTS IN THE INTEGRATION AND DEVELOPMENT PROGRAMME

	Technicians	Clerical staff	TOTAL
Spain	100	22	122
Chile	8	1	9
UAE	2	0	2
Mexico	1	0	1
Portugal	30	1	31
TOTAL	141	24	165
% initial	**67%**	**83%**	**69%**

PARTICIPANTS IN THE INTEGRATION AND DEVELOPMENT PROGRAMME



NOTE: During 2020, the number of participants in the Group's Integration and Development Programme was 240 people compared to the 258 who participated in 2019. This difference is related to a decrease in registrations of the Company and of profiles in training in particular. All as a consequence of the COVID health crisis.

SOCIAL BENEFITS

In order to maximise the net remuneration of workers, Grupo SANJOSE, through new alternative compensation formulas, provides workers with a series of social benefits, which allow employees to have more cash.

Through a series of services hired by the company, employees who adhere to this formula of social benefits, will save on these services the withholdings that the Treasury would perform on their salary since, by law, when a business organisation assumes these services for the benefit of their workers, these services are exempt from personal tax withholdings.

This type of remuneration policy is addressed and available to all staff members of the Organisation structure, from foremen to administrative officers, having the option to join the same since the moment of registration within the company and upon request and subsequent approval.

Grupo SANJOSE has the following Social benefits available to its workers:

- Lunch Ticket (Eden Red).
- Nursery Ticket (Eden Red).
- Transport Ticket (Eden Red).
- Medical Insurance (Sanitas).

With charge to the gross fixed remuneration, each worker will have access to one or several of the options indicated as social benefits, with those limitations that for each of the modalities the Law indicates and taking into consideration that the agreement salary cannot be reduce to opt for this new alternative remuneration policy.

In year 2020, changing rooms / showers have been built in the Group's central offices in order to favour the reconciliation of sports or similar activities in the hours freely available to workers.

EQUALITY PLAN & PLAN FOR THE PREVENTION OF SEXUAL HARASSMENT

Grupo SANJOSE declares its commitment to the establishment and development of policies that integrate equal treatment and opportunities between women and men, without discriminating directly or indirectly due to sex, religion, race, or any other condition or personal or social circumstance, as well as in the promotion of measures to achieve real equality within our organisation, establishing equal opportunities between women and men as a strategic principle of our corporate and human resources policy.

In each and every one of the areas where the activity of the company is carried out, from the selection to the promotion, going through the salary policy, training, employment conditions, occupational health, organisation of working hours and family conciliation, the principle of equal opportunities between women and men is assumed.

In compliance with Organic Law 3/2007 and Royal Decree Law 6/2019, for the effective equality of women and men, there is an Equality and Harassment Prevention Plan. Of the measures established in matters of equality, highlight:

- The effective application of the principle of equality between men and women, guaranteeing the same opportunities for access, professional development and working conditions.
- The commitment to sustainability and social responsibility, favouring a culture oriented towards equal opportunities and the prevention of discrimination based on sex.
- The existence of channels that facilitate communication at all levels of the organisation in this area.
- The disclosure of information and awareness campaigns for personnel in this area.

In relation to training and awareness-raising actions, it should be noted that during the health pandemic, work has been done to incorporate a distance course on Equal Opportunities into the Pharos knowledge platform. This initiative will be implemented and be made available to the Company's workers next semester with the aim of promoting the continuity of training in this area.

The Company has a Protocol of Action in matters of harassment, which aims to establish action guidelines that identify situations that could involve sexual harassment, harassment based on sex and / or psychological harassment, since they involve violations of dignity, harmful to the working environment and generate undesirable effects on health, moral, confidence and self-esteem of people.

To this end, an effective and agile research procedure has been established and will be launched whenever one of these behaviours is reported. In this procedure, the confidentiality and protection of the identity of the people affected will be guaranteed, as well as that of all those involved in the process.

In order to guarantee the protection of the fundamental rights of a person, Grupo SANJOSE is committed to prevent and not tolerate inappropriate conduct of harassment at work, prevent the appearance of any behaviour that could be deemed as harassment in the workplace, and, therefore, any action or conduct of this nature is prohibited.

This protocol aims to establish a procedure to be followed when behaviours that may involve sexual harassment based on sex and psychological harassment occur within the organisation.

Complaints shall be issued in writing, and submitted by e-mail to the address provided for such purpose available at the internal Forum of the company, or delivered by hand to the Harassment Officer of the Group.

Employees lacking access to email, can phone the telephone number provided for this purpose, available in the company's internal forum.

Privacy, confidentiality and dignity of the people affected is protected; thus, a strict confidentiality will be maintained in all internal researches carried out.

There is a Harassment Prevention Committee in charge of verifying periods of pending compliance, providing innovations and suggestions and changes.

In the event of harassment, a series of corrective and disciplinary measures will be adopted, including the opening of a disciplinary file in accordance with the applicable disciplinary regime.

Relevant corrective measures will be taken in relation to situations of harassment, to ensure the health of all members of the organisation.

With regards to the protection of the victims, the appropriate measures will be taken, so that when the sanction imposed on the harasser does not entail the leaving of the company, the appropriate measures will be taken so that the harasser and the victim di d not share the working environment.

False Complaints are also included in this protocol; if it is proven that there has been no harassment in the situation reported, because the complaint lacks justification and grounds, in addition to its presentation under bad faith by the complainant, the corresponding disciplinary measures would be adopted.

The corresponding disciplinary measures will also be adopted if reprisals or acts of discrimination occur on the complainant, the victim or any other person involved in the process, whether determined or not the existence of harassment in any of its modalities.

Notification channels

- Research file.
- E-mail.
- Telephone.

With regards to year 2020, no complaint regarding harassment has been recorded.

5. ENVIRONMENTAL, QUALITY AND SUPPLY CHAIN MANAGEMENT

GRUPO SANJOSE

5. ENVIRONMENTAL, QUALITY AND SUPPLY CHAIN MANAGEMENT

ENVIRONMENTAL SYSTEM

Grupo SANJOSE considers the preservation of the environment and sustainable development as fundamental premises within its strategic lines of business.

The general principles of SANJOSE's commitment to the environment and the promotion of sustainable development of society are established through our environmental policy, highlighting the following premise:

- Protection of the environment through the prevention or mitigation of environmental impacts, the prevention of pollution, the reduction of waste generation, the sustainable use of resources and energy efficiency.
- Continuous improvement in the management of our environmental performance, through the establishment and monitoring of environmental objectives and goals, aimed at contributing to the improvement of processes and services.
- Compliance with applicable environmental legislation and regulations, as well as other commitments voluntarily acquired by the Group.
- Qualification and awareness, through training and awareness activities aimed at its own staff, subcontractors and other interested parties.

Since 1999 the Grupo has maintained a firm commitment to the environment in continuous review and adaptation to needs and expectations of the society and the environment. The implementation of its environmental management model where it operates, in order to integrate business development, the generation of social value and environmental protection is a priority for the Group.

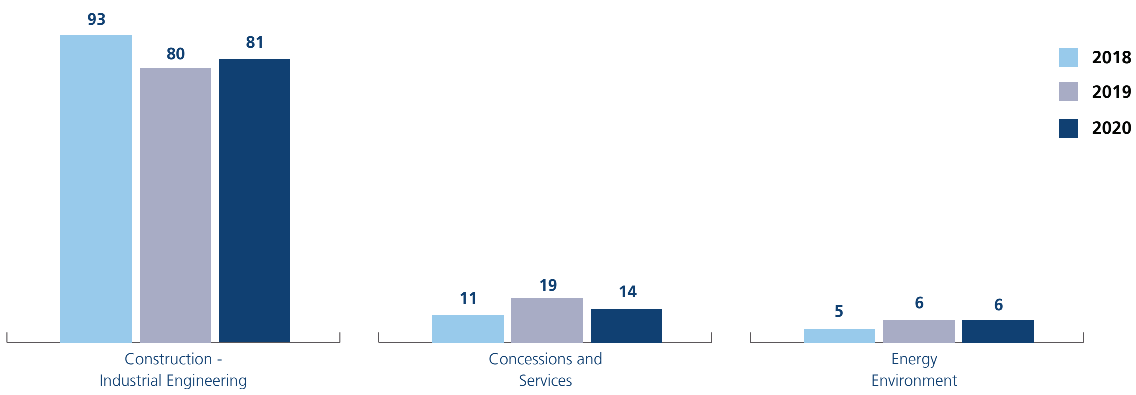
Company	Certificate Number
Constructora San José, S.A.	GA-2003/0398
Cartuja, S.A.U.	GA-2006/0028
EBA, S.L.	GA-2007/0371
Tecnocontrol Servicios, S.A.	GA-2007/0395
San José Energía y Medioambiente, S.A.	GA-2007/0395-002/00
Construtora San José Portugal, S.A.	GA-2009/0351
Construtora Udra, Lda.	GA-2011/0013
Sociedad concesionaria San José Tecnocontrol, S.A.	BVCSG10072
San José Contracting, L.L.C.	G17300267

SANJOSE has obtained recognition of its commitment to the environment through the certification of its management system in accordance with the requirements of ISO 14001: 2015, by accredited entities of recognised international prestige, such as AENOR International, Bureau Veritas or Gabriel Registrar.

These certificates are internationally accepted through the multilateral recognition agreements (MLA) signed between the accreditation entities.

During 2020 a total of 101 audits were carried out, maintaining the trend with respect to previous periods.

NUMBER OF AUDITS **2018-2020**



Breakdown by scope of the audit: 96,04% Quality, Environment and Energy, 2,97% R&D and innovation Management 0.99, 0,99% Energy.

QUALITY MANAGEMENT SYSTEM

SANJOSE has as identity sign the continuous improvement of services and the adaptation to needs and expectations of customers, with the sole aim of providing clients with top quality and achieve the full satisfaction.

The result of this strategy is a quality, flexible and effective system appropriate to the business sectors of the Group, which provides the framework for setting and achieving improvement targets that result in the optimisation of services and adaptation to growing demands of customers.

The general principles of SANJOSE's commitment to the environment and excellence are developed through our quality policy, highlighting the following premise:

- To offer a service adapted to the requirements and expectations of our clients, guaranteeing the continuous improvement of the services provided.
- To provide a high level of quality in our works and services, ensuring compliance with applicable legislation and regulations, as well as other commitments voluntarily acquired by the Group.
- To provide permanent training programmes that allow us to have a staff with a high level of qualification, involved, motivated and committed to identifying, satisfying and even anticipating our clients' needs.
- To establish quality objectives aimed at contributing to the improvement of processes and services.

The involvement, motivation and commitment of the entire Group with quality is total and global, having obtained recognition through the ISO 9001 certification of the following Group companies:

Company	Certificate Number
Constructora San José, S.A.	ER-0510/1997
Cartuja, S.A.U.	ER-1363/1999
EBA, S.L.	ER-1170/2004
Tecnocontrol Servicios, S.A.	ER-1202/1998
San José Energía y Medioambiente, S.A.	ER-1202/1998-002/00
Construtora San José Portugal, S.A.	ER-0011/2002
Construtora Udra, Lda.	ER-0102/2011
Sociedad concesionaria San José Tecnocontrol, S.A.	BVCSG10071
San José Contracting, L.L.C.	GR17300266-R1

The Company is responsible for activities subsequent to the delivery of the work or termination of the service during the period of legal guarantee, contractual obligations, regulations or other commitments acquired by the Company. For this purpose, it has the necessary means to attend, monitor and resolve incidents and customer complaints both during the execution of the work and after the delivery of the work or the end of the service, establishing the necessary corrective actions. Customer claims are managed in the corresponding regional scope of action, locally managing each country or region the claims of its competence, not having consolidated information.

SUSTAINABILITY AND SUSTANABLE CONSTRUCTION

SANJOSE works for a committed construction that represents our values as a society. With buildings that are innovative, functional, inclusive and capable of overcoming the challenges that come and are increasingly more pressing; those related to the environment and climate change, the optimization and exemplary management of natural resources, energy efficiency, self-sufficiency, the reduction of emissions and renewable energies, mobility, etc.

The smart construction of sustainable buildings represents an extraordinary opportunity to promote the circular economy and reduce the ecological footprint to the minimum expression. To incorporate environmental responsibility criteria into construction is a productive strategy. Buildings are often a large and long-term investment, and the returns, both economic and social, are greater when their design and construction are based on considerations based on efficiency from all points of view: location and orientation, selection of materials, thermal insulation, self-consumption, use of new technologies...

SANJOSE's environmental management model focuses on its commitment to sustainable development and responding to increasingly demanding and sensitive social and environmental needs:

- The conservation of available resources by reusing and recycling them.
- The management of the life cycle.
- The efficient use of energy and global water applied to the construction of the building and its use during its operation.

- The reduction of the environmental impact caused by the use of construction materials, products, systems and technologies.

Environmental certification is a tool that allows us to measure the degree of sustainability of a building, evaluating its environmental, economic and social aspects.

These certifications are voluntary and guarantee us a quality standard regarding the behaviour of the building, with important economic and social benefits in aspects such as energy and water consumption, air quality, reduction of impacts on natural resources., well-being and comfort, reduction of waste, savings in maintenance costs, etc.

The Group has extensive experience in construction according to the main sustainability standards in the world (LEED / United States, BREEAM / United Kingdom, PASSIVHAUS / Germany, GREEN / Spain, HQE / France), which have guided it in the execution of more than 1 million square meters around the world. Some examples:

- Louvre Abu Dhabi Museum (UAE). Leed Silver Certificate.
- Delgado Private Hospital (Peru). First building in Peru to be granted the LEED Certificate for Led Healthcare.
- LUCIA Building: University Launching Platform for Applied Research Centres for the University of Valladolid (Spain). Certified as the most sustainable building of Europe and the second worldwide. According to LEED methodology. LEED Platinum Certification and 5 Hojas Verdes.
- Torre Aulario IndUVA for the School of Industrial Engineering of the University of Valladolid (Spain). LEED Platinum Certification and 5 Hojas Verdes.
- Bankinter Headquarters in Alcobendas (Spain). Leed Platinum Certification.
- Cine Building - Norvento Headquarters, Lugo (Spain). BREEAM ES Commercial Certification with exceptional rating.
- Building at 4, Paseo de Recoletos St. (Abanca Headquarters), Madrid (Spain). BREEAM® ES Commercial Certificate with Very Good rating.
- Infant School of the Lycée Français of Madrid (Spain). First project in Spain with the French quality rating HQE™.
- Residential building Colón 11. in Vigo (Spain). First multi-family building in Galicia to obtain the German Passivhaus certificate.

Similarly, highlight some projects, which without any of the aforementioned certifications, have also been recognised with sundry awards for representing an important contribution in the field of environmental, social and economic sustainability. Two good examples of pioneering projects in this area that were able to strengthen and promote the current sustainable trend: The El Carmen Dr. Luis Valentín Ferrada de Maipú Hospital in Santiago de Chile and the Spanish Pavilion for Expo 2008 in Zaragoza.

CARE AND PROTECTION OF ECOSYSTEMS AND BIODIVERSITY

The effects on the natural environment, the conservation of biodiversity and the responsible use of natural heritage during the development of works and services is a strategic objective of SANJOSE.

In the projects that require it, the most significant impacts on biodiversity are contemplated in Environmental Impact Statements or equivalent figures according to the legal framework of the country, transferred to specific environmental monitoring plans applying the corresponding preventive, corrective and compensatory measures.

The implementation of measures for the conservation of flora and fauna is one of the environmental criteria applied to operational control and planning of work, especially when they occur in areas of high ecological value.

In order to preserve biodiversity, preventive or restoration measures are adopted, such as physical protections and / or transplantation of vegetation and trees, restoration of affected soils through the use of local species, planning of work taking care of the vital cycles of affected animal species, transfer of animal species, installation of protection barriers and construction of settling basins, etc.

In 2020, activities were carried out together in total of 28.07 hectares of protected areas that correspond to project areas subject to the Environmental Impact Statement or equivalent figure, therefore identifying the possible environmental impacts associated with the project that can be generated, in order to ensure adequate prevention of them, while establishing effective correction or compensation mechanisms.

ENVIRONMENTAL PERFORMANCE AND MANAGEMENT OF ENVIRONMENTAL RISKS

The Group's environmental management establishes the necessary resources and controls for the control of environmental risks, compliance with applicable regulations and the improvement of environmental performance.

The Group's Environmental Management System also contemplates the principle of environmental precaution, identifying risks and establishing action plans and appropriate measures to prevent damage. In this regard, indicate that there are provisions and guarantees for environmental risks as indicated in the business risks section of this report.

Among the resources allocated by the Group for the prevention of environmental risks, the following stand out:

- Procedures for the identification and evaluation of environmental aspects produced during the execution of the works, and that cause or may cause both direct and indirect impacts on the environment, and that are the basis of operational control and the establishment of improvement objectives.
- A team of professionals with extensive experience who act as support and control teams in order to ensure the prevention and management of environmental risks in works and services.
- Specific budget items for the mitigation of environmental impacts (waste management plans, restoration programs, environmental surveillance plans, monitoring plans, environmental training, etc.).

The most significant environmental impacts identified in works and services and therefore considered as the main current and foreseeable effects derived from the company's activities on the environment are:

- Generation of waste.
- Atmospheric pollution: dust, noise, vibrations, etc.

- Decrease in natural resources: consumption of water, electricity, fuel, raw materials, etc.
- Affection to the environment (flora, fauna, etc.).

In order to minimise the impact on the environment and improve our environmental performance, the following measures are established:

- Adequate planning, monitoring and control of activities.
- The use of materials or execution procedures more respectful with the environment.
- Optimisation in the use of materials.
- Optimisation in the consumption of natural resources and raw materials.
- Flora and fauna protection.
- The implementation of good environmental practices.
- Training and awareness in environmental matters.

CLIMATE CHANGE

SANJOSE shares the concern of society and interested parties in relation to climate change, assuming responsibility for the possible impacts derived from the development of works on site and in services.

To adapt to the consequences of climate change, the Group promotes mitigation and adaptation measures that contribute to the transition to a low-carbon economy, among which we highlight:

- Energy saving and efficiency measures, substituting equipment and facilities for more efficient ones or promoting the generation of renewable energies.
- Study and implementation of environmental proposals to the client to improve the resilience of buildings in the face of the expected effects of climate change, promoting energy savings, the use of renewable energies, proper waste management, the integration of vegetation in projects.
- Sensitisation and awareness of all personnel involved in the development of projects and services in order to stimulate behaviours that contribute to reducing energy consumption and the environmental impact of the activities carried out.
- Energy services designed and executed in order to provide integral solutions adapted to customers' needs in order to guarantee the maximum energy efficiency of facilities, ensuring and developing sustainable energy solutions capable of reducing the consumption of energy and optimising its reuse.

REDUCTION OF POLLUTANT EMISSIONS

Similarly, SANJOSE is committed to the prevention and minimisation of greenhouse gas emissions, noise emissions and other possible discomforts derived from activity such as light pollution. Among the actions aimed at preventing and reducing them, highlight:

- Establishment of objectives and goals aimed at reducing emissions.
- Implementation of energy management measures under the ISO 50001 standard.

- Study and execution of works under standards of sustainability and almost zero energy consumption buildings.
- Training programmes.
- R&D& innovation towards reduction of emissions.
- Replacing conventional lighting with more efficient systems that minimise light pollution in work centres.

Similarly, and taking into account the conditions of the environment and / or project, operational control measures are established in works and services, aimed at the prevention and reduction of polluting gases and particles, noise pollution and light pollution, such as:

- Protection of powdery material during transport, storage and use.
- Shielding of broadcasting activities to minimize the impact on the environment.
- Preventive maintenance programs for machinery.
- Wetting of surfaces.
- Use of approved machinery.
- Establishment of working hours and limitation of the simultaneous use of machinery.
- Establishment of night lighting systems that respect the environment (directional lighting, presence detectors or timers, etc.).

WASTE PREVENTION AND MANAGEMENT

One of the strategic objectives of the Group is the reduction of generation of waste, favouring reuse, recovery and recycling, promoting procedures aimed at preventing the generation of waste, correct segregation and treatment of waste and the development of R&D and investment projects focused on the use of recycled materials.

Earthworks shall be highglighted as the activity that generates the greatest environmental impact in the works. On-site reuse and optimisation of surplus land management leads to a significant reduction in waste generated, emissions associated with its transport, and better landscape integration.

SANJOSE promotes the implementation of the following measures to prevent the generation of waste on site and in service, which facilitates its recycling and subsequent reuse:

- To optimize the number of materials necessary for the execution of the work, considering that an excess of materials is the origin of more waste left over from execution.
- To give preference to suppliers that make their containers / products with recycled, biodegradable, or returnable materials for reuse (pallets, wood, etc.).
- To give priority to the acquisition of recyclable materials over others with the same benefits but difficult or impossible to recycle.
- To collect the materials out of transit areas of the work, so that they remain well packaged and protected until the moment of use, in order to avoid breakage and its consequent residues.
- Demolitions will preferably be carried out selectively.

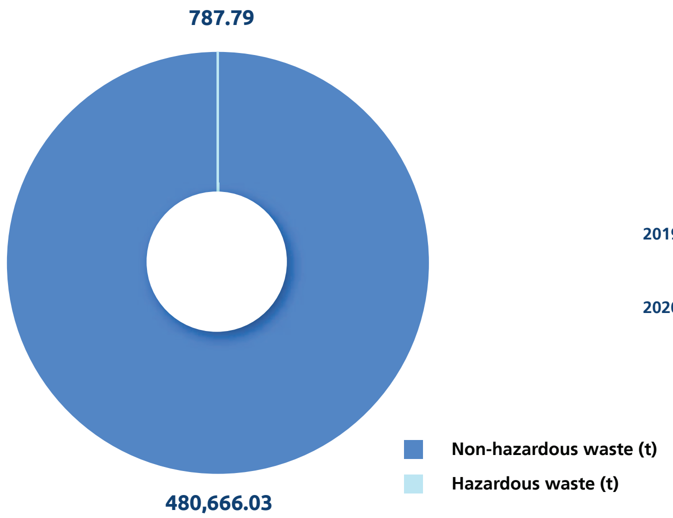
- To separate waste by type to facilitate the management and recycling by authorised managers, collecting waste separately, by correctly identified containers.
- To select, as far as possible, those products with the longest useful life.
- To request suppliers to send products with the least number of packaging, managing the return of pallets and reusable packaging.
- To consider the adequate storage conditions established by the supplier / manufacturer, in terms of moisture protection, etc.
- To carry out the earth moving planning so as to minimise the number of surpluses due to excavation and to enable the reuse of the earth in the work itself.

In relation to food waste, due to the type of activity carried out by SANJOSE, it is not considered a relevant aspect.

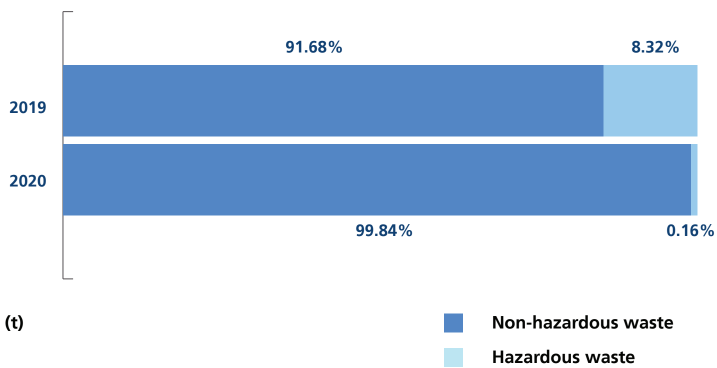
Fluctuations in the ratios of waste generated throughout the periods analysed are mainly due to variations in the portfolio of works and services of the Group, as well as to the type and execution phases of certain works.

In year 2020, SANJOSE has managed a total of 481.5 thousand tons (311.6 thousand tons in 2019) of waste, being the breakdown as follows:

WASTE DATA GRUPO SANJOSE 2020



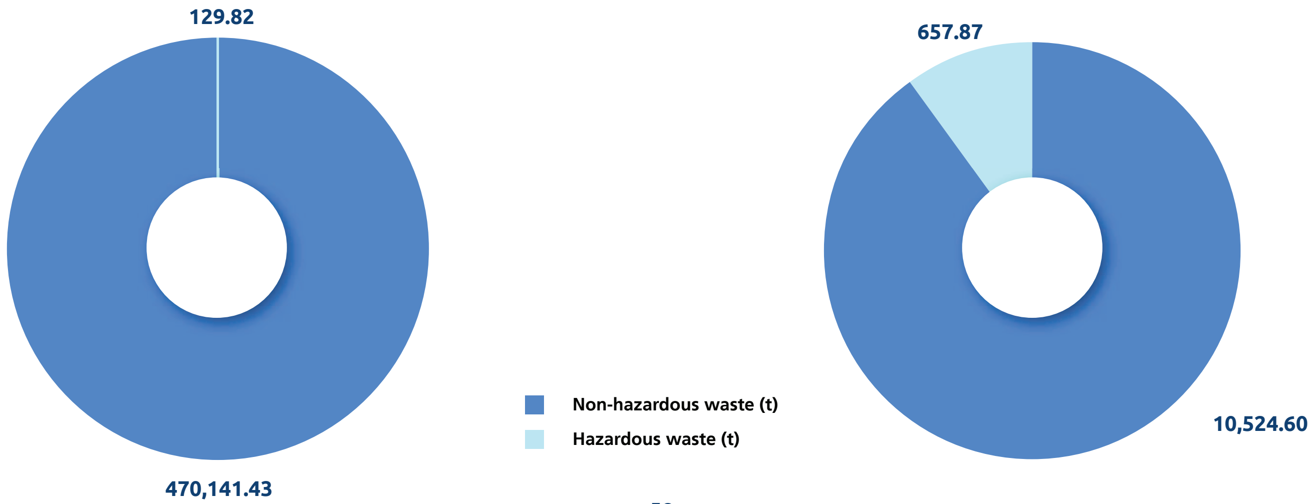
Breakdown by type of waste **2019-2020** (%)



DATA BY AREA OF ACTIVITY

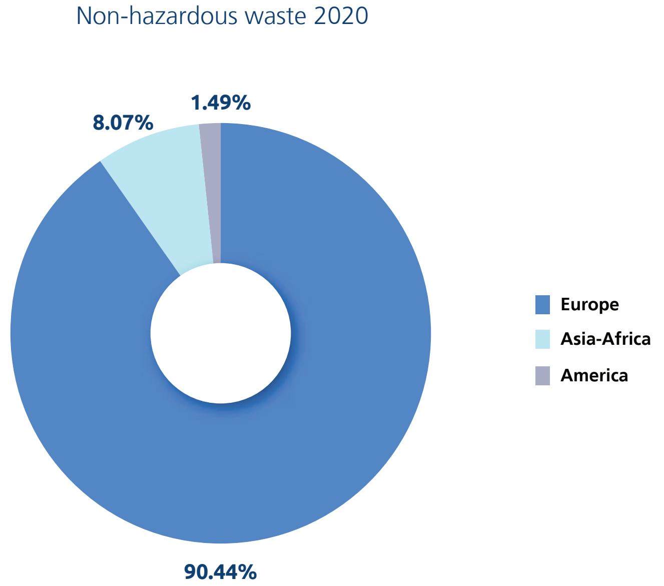
Construction 2020

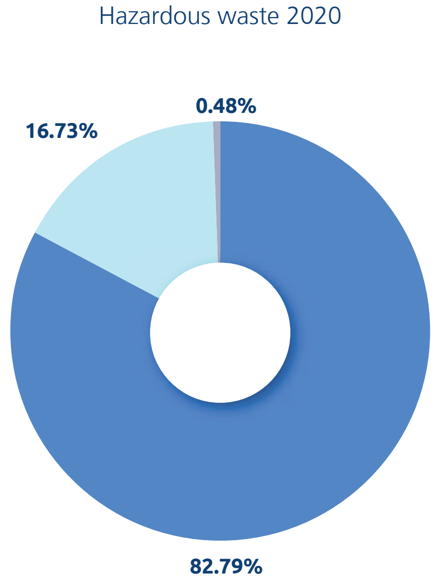
Concessions and Sercices 2020



DATA BY GEOGRAPHIC DISTRIBUTION

	Non-hazardous waste (t)	Hazardous waste (t)
Europe	434,691.92	131.77
Asia-Africa	38,800.01	3.79
America	7,174.10	652.23

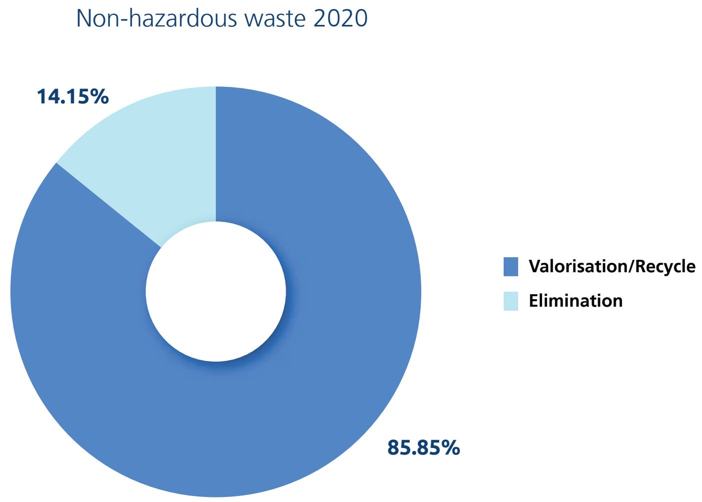


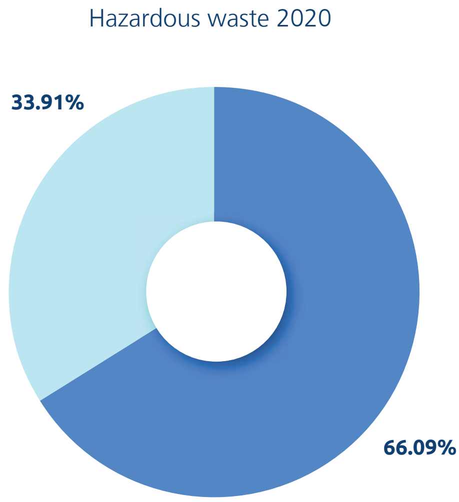


NOTE: Waste is managed according to the regulations in force in each country. Being delivered to managers or treatment plants, duly authorised, for recycling, recovery or disposal.

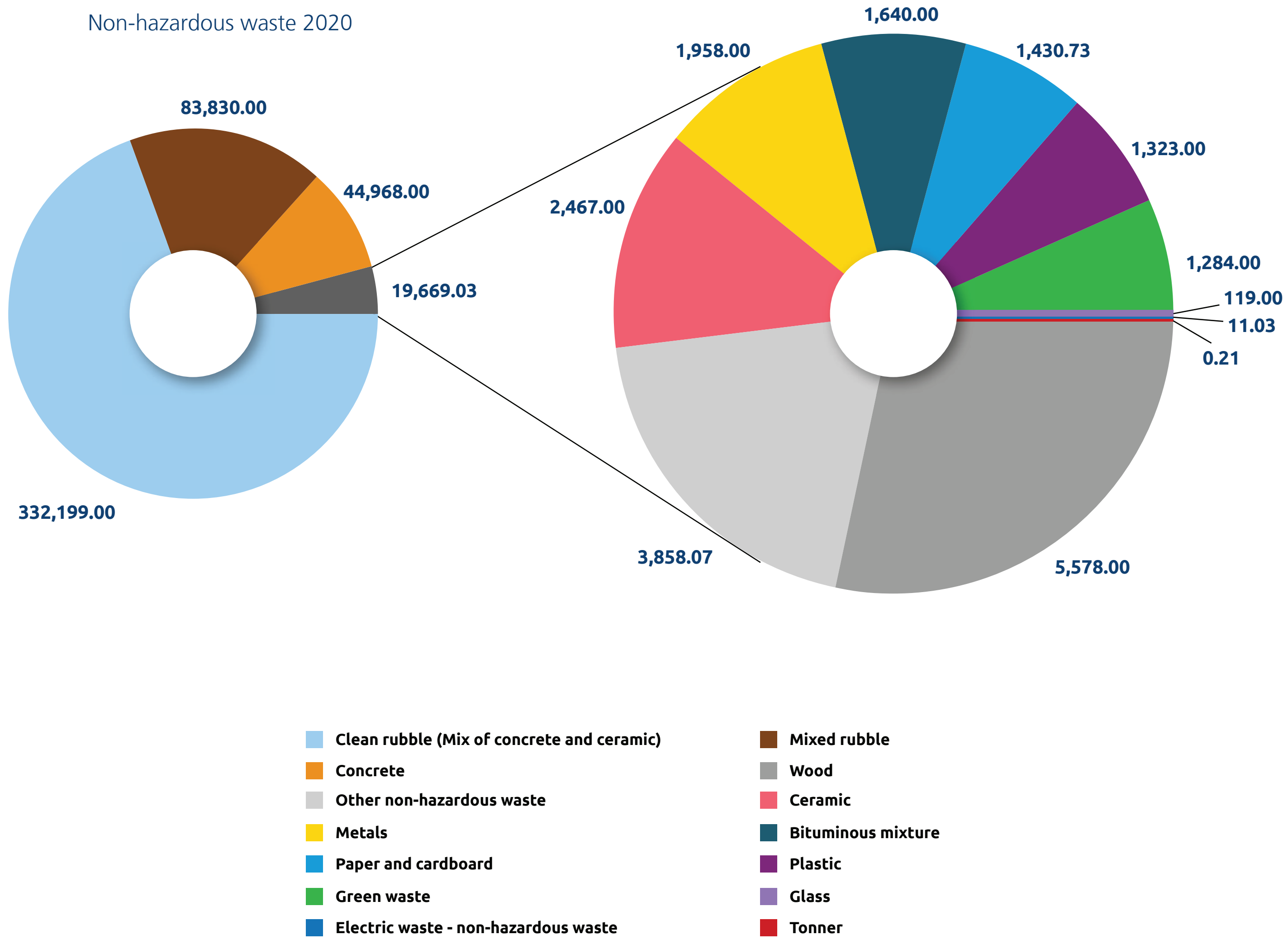
WASTE DATA BY REATMENT METHOD

	Valorización/Reciclaje (t)	Eliminación (t)
Non-hazardous waste	412,661.90	68,004.13
Hazardous waste	520.66	267.13





NON-HAZAROUS WASTE BY TYPE (T)

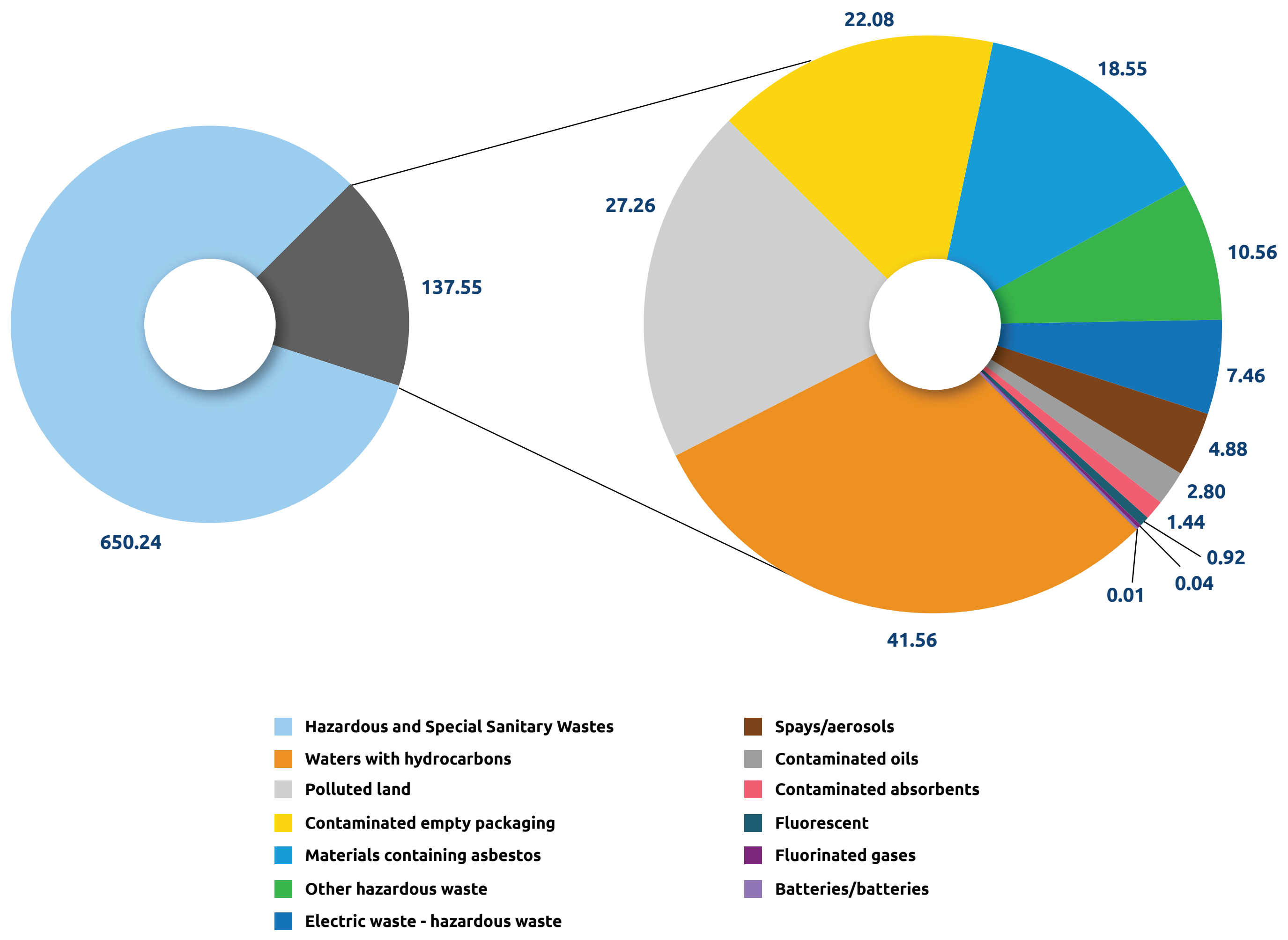


NOTE: Excavation surplus clean earth and stones are excluded from the data previously presented, amounting to 664,263 m^3, which have been fully valued.

NOTE: Mixed debris is mostly delivered to treatment plants where the waste is subjected to segregation and recovery processes.

NON-HAZAROUS WASTE BY TYPE (T)

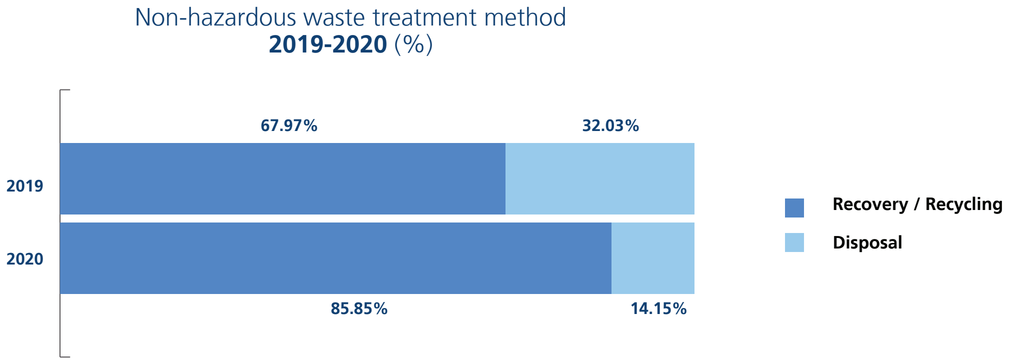
Hazardous waste 2020

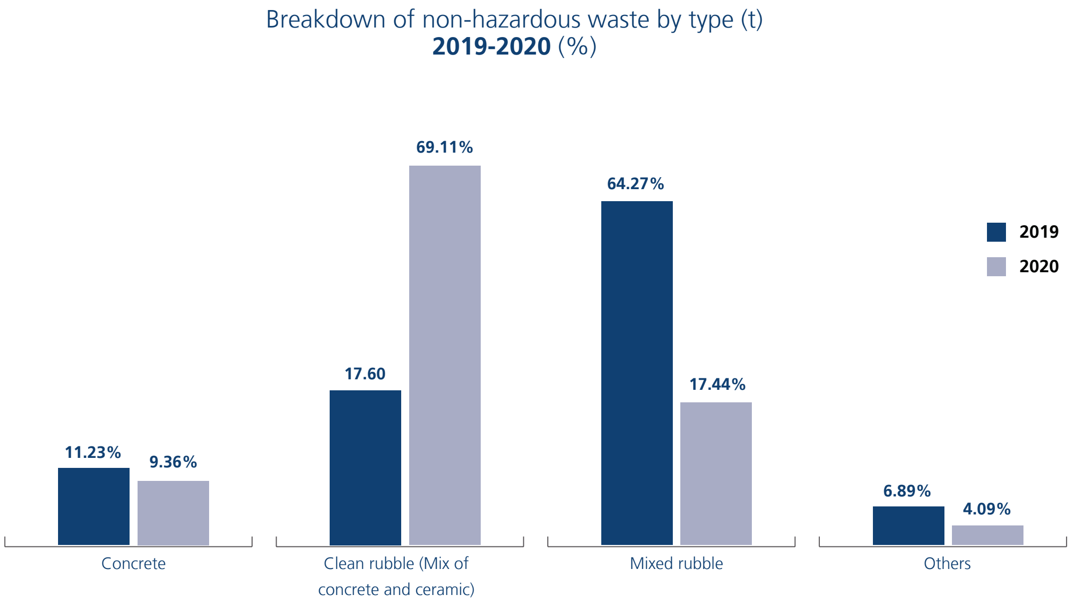


NOTE: Waste from health activity corresponds to concession contracts in hospital facilities, which include the management of waste produced therein.

Regarding the distribution by type of waste, as can be seen in the graphs, most of the waste generated is considered non-hazardous.

Therefore, we attach two comparative graphs corresponding to non-hazardous waste in relation to the most outstanding treatment methods and typologies.





CIRCULAR ECONOMY AND RESPONSIBLE MANAGEMENT OF RESOURCES

The construction sector is one of the key sectors of our economy, its conversion to a circular economy being key, given that its optimisation and less use of resources will help to generate a more competitive and resilient economic system.

SANJOSE's commitment to the circular economy encompasses the entire life cycle of the construction process, not being limited to the management of waste produced in its activities.

The process begins from the study of the construction project, planning the space taking into account the current circumstances (situation, use, selection of resources and local suppliers, etc.), optimising the use of materials, minimising the production of waste and the consumption of natural resources, seeking alternatives for the use of industrialised construction elements, promoting the use of products that can be reused or recycled after use and providing for maintenance and possible deconstruction.

In accordance with the principles of the circular economy, the Group adopts the following measures to improve the efficiency of the sustainable use of resources:

- Use the minimum number of natural resources necessary, including efficient energy and water management (in accordance with possible established local limitations), to satisfy the needs required at all times.
- Selecting resources wisely, minimizing non-renewable and critical raw materials, and favouring the use of recycled materials whenever possible.
- Efficiently manage the resources used, maintaining and recirculating them in the economic system for as long as possible and minimizing the generation of waste.
- Minimize environmental impacts.

The responsible, efficient and rational consumption of natural resources are guidelines established by SANJOSE in the development of its activities. All employees are responsible for environmental performance within their professional performance and rely on two key tools, training and a specialised human support team. Thus, one of the strategic objectives of SANJOSE is to promote the ecological awareness of workers by involving them in the Group's environmental strategy.

SUPPLY CHAIN

Grupo SANJOSE considers it essential to have orderly purchasing management within the different sectors that allows analysing, optimizing and always choosing the most appropriate option for their needs, establishing an intermediate point between decentralization and centralized global purchasing.

In order to incorporate social, gender equality and environmental issues into Grupo SANJOSE's purchasing policy, the Group includes in all contracts entered into with third parties such as subcontractors, suppliers, business partners and other agents, a clause intended to provide information on the values which the culture of regulatory compliance of the Group is based on and the acceptance of its application in all commercial relationships with this Business Group. To this end, Sanjose makes available to these third parties access to the Code of Conduct, which is available on the group's corporate website. (www.gruposanjose.biz)

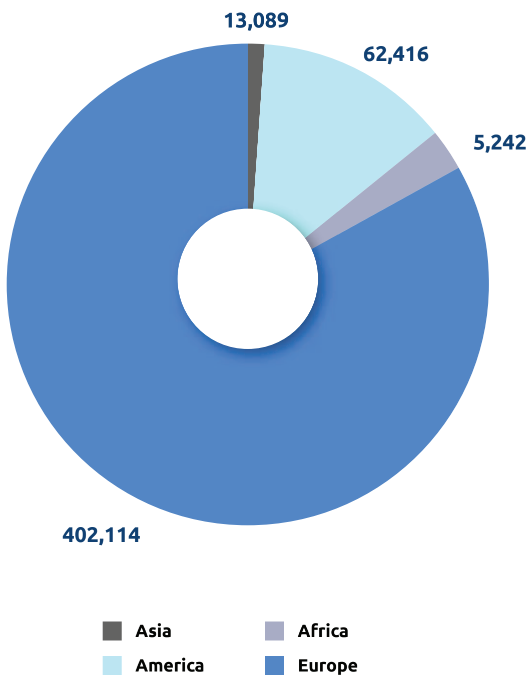
In year 2020, SANJOSE has made the following main consumptions of raw materials for the development of its activity:

		Total Asia	Total America	Total Africa	Total Europe	Total Worldwide
Type	Ud	Total	Total	Total	Total	Total
301.1-LANDFILLS / FILLINGS WITH CONTRIBUTION	m3	14,440	51,076	42,826	256,934	**365,276**
301.10-FACILITIES	kg	13,118	17,836	1,980	8,005	**40,939**
301.11-PAPER	kg	151	793	0	16,165.5	**17,109.5**
301.12-FLUORATED GAS	kg	0	0	0	1	**1**
301.2-LANDFILLS / FILLINGS WITH IN SITU MATERIAL	m3	9,173	20,785	12,030	1,474,000	**1,515,988**
301.3-FACILITIES	m3	13,089	62,416	5,242	402,114	**482,861**
301.4-LAMINATED STEEL	kg	714,960	603,611	0	6,650,879	**7,969,450**
301.5-CORRUGATED STEEL	kg	1,215,430	5,411,678	1,780,513	42,166,439	**50,574,060**
301.6-FACILITIES	Tm	0	17	2,019	43,626	**45,662**
301.7-NATURAL STONE	m3	2,624	497	5	20,205	**23,331**
301.8-GLASS	m3	1,480	70	4	1,500	**3,054**
301.9-WOOD	m3	1,442	2,837	39	10,211	**14,529**
302.1-CONSUMED ELECTRICAL ENERGY	Kwh	440,220	6,070,263	503,437	16,596,212.4	**23,610,132.4**
302.2-FUEL	Litros	2,263,051	384,081	106,381	2,011,625.5	**4,765,138.5**
302.3-GAS	Kwh	0	616,404	0	73,046,535.3	**73,662,939.3**
303.1-CONSUMPTION OF WATER FROM MUNICIPAL SUPPLY	m3	61,878	74,344	9,142	183,150.3	**328,514.3**
303.2-CONSUMPTION OF WATER FROM ELIMINATION PROCESS	m3	5,244	672	873	10,544	**17,333**

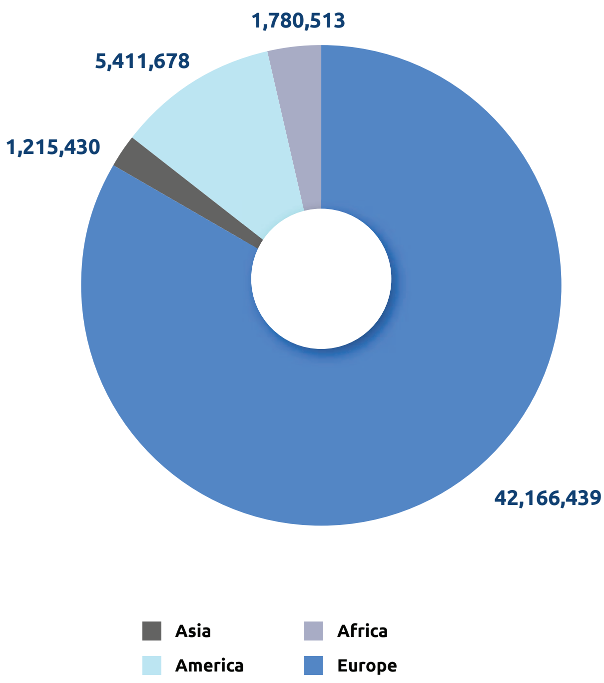
NOTE: In 2020, consumption from ST4 (Heat and Cold Polygeneration Centre of the Science and Technology Park of Cardanyola del Valles, Barcelona) has been included.

Consumption of concrete and corrugated steel by continent year 2020:

Consumption of concrete by continent in m³



Consumption corrugated steel by continent in kg



Some of the main purchases made in the construction sector such as concrete, corrugated steel, rolled steel, etc. have suffered a small decrease in their purchase volume in 2020 due to the pandemic, in many cases due to periods of paralysis, although it should be noted that the decreases have been little noteworthy, having very little impact on production, As shown, for example, that at the global level Grupo SANJOSE's purchases of corrugated steel have suffered a decrease of 7.6% compared to 2019, or of 13.7% in rolled steel.

Although we must highlight that the aforementioned decreases have been offset at the production level by other purchases inherent to the finishing phase in the works, such as wood, glass or natural stone, which have had very significant increases in 2020 compared to 2019:

Comparison of main consumptions year 2019 with year 2020:

Tiype	Ud	Total 2020	Total 2019	%Increase/decrease
301.1-LANDFILLS / FILLINGS WITH CONTRIBUTION	M3	365,276	1,449,867	-296.9%
301.2-LANDFILLS / FILLINGS WITH IN SITU MATERIAL	M3	1,503,377	1,405,184	6.5%
301.3-CONCRETE	M3	482,861	630,318	-30.5%
301.4-LAMINATED STEEL	KG	7,969,450	9,064,000	-13.7%
301.5-CORRUGATED STEEL	KG	50,574,060	54,438,470	-7.6%
301.6-CHIPBOARD	Tn	45,662	56,093	-22.8%
301.7-NATURAL STONE	M3	23,331	10,290	55.9%
301.8-GLASS	M3	3,054	1,580	48.3%
301.9-WOOD	M3	14,529	12,850	11.6%
302.1-CONSUMED ELECTRICAL ENERGY	KWH	11,820,239	12,317,095	-4.2%
302.2-FUEL	L	4,765,138.5	10,200,336	-114.1%
303.1-CONSUMPTION OF WATER FROM MUNICIPAL SUPPLY	M3	278,128	473,315	-70.2%
303.2-CONSUMPTION OF WATER FROM ELIMINATION PROCESS	M3	26,833	29,541	-10.1%
301.-PAPER	KG	58,048	53,590	7.7%

NOTE: Consumption from the ST4 in 2019 and 2020 is not included in the comparison (Heat and Cool Poly-generation Central of the Science and Technology Park of Cerdanyola del Valles, Barcelona).

Unlike Industry, Construction purchases are found with widely dispersed production centres in the territories of the various countries where Grupo San José has a presence. The works and therefore the purchasing needs occur at very different points within the same country or territory and to this must be added the temporary nature of the supplies, which makes purchasing and subcontracting especially difficult when so much must be contributed the workmanship as the material.

On many occasions it must be taken into account that purchases must be made locally and we must adapt to their particularities, we could put as an example the purchases of concrete, aggregates or landfills, we can also find other cases of low volume works which are subject to local hiring.

We should also mention that the different regulations of each country make it difficult to centralize purchases since we will find ourselves with different requirements for the purchase of the same material. However, for large volume purchases, the options of the price of materials plus the cost of transport and export tariffs are studied versus local supply.

For this reason, Grupo SANJOSE establishes purchase management options that vary according to the country, the company and the type of work to be executed, as well as by volume of purchase, and based on the parameters set forth above, purchasing regulations are established by country. by company or by work, when deemed necessary, but always on the basis of a common and generalized purchasing policy.

One of the bases of the success of Grupo SANJOSE is the global interconnection of all countries and their works with the purchasing centre in such a way that the most important actions that are being carried out are always known, both by communication between those responsible and the purchasing centre as well as through its computer tool so that at any time you can have access to a specific work, suppliers, prices, quality of execution of a company or subcontractors in the markets in which it is present.

In accordance with the internal purchasing policy, all Group suppliers are subject to a rigorous selection and assessment procedure based, among others, on criteria of sustainability, technical feasibility, etc.

The Group enhances environmental criteria such as the use of materials made from recycled raw materials, contracting services with recognition of environmental management or manufacturing processes that respect the environment, as well as the proximity of materials to minimize the impact of the carbon footprint on the environment.

SANJOSE is currently participating in works with the Leed or Breeam seal, where the minimization of environmental impact is promoted from the beginning of the project to the final execution, as well as the achievement of increasingly sustainable buildings with high energy efficiency that will minimize the CO_2 emissions.

RELATIONSHIP WITH CLIENTS AND SUPPLIERS

The relationship, management and control over the suppliers and subcontractors with which it works is of vital importance for the SANJOSE Group, so to be able to formalize a purchase or subcontracting it is necessary that the supplier or subcontractor has previously passed an approval, since the Work or supplies to be carried out will have a direct impact on the good execution of the project.

Grupo SANJOSE works so that its subcontractors and suppliers collaborate in the execution of the works complying with the requirements of safety, quality, environment, deadline and price, being one of the objectives of SANJOSE the loyalty of the companies with which these goals are achieved, in short, the search for a final product that satisfies our customers.

Loyalty will ensure that both our customers and subcontractors and suppliers choose us over our competitors.

The data shows the great loyalty of our suppliers and subcontractors.

In 2020, the most important contracts were analysed, representing 35-40% of the total amount of contracts. Of these, 81% of the largest contracts are made with suppliers and subcontractors who had previously worked with Grupo SANJOSE.

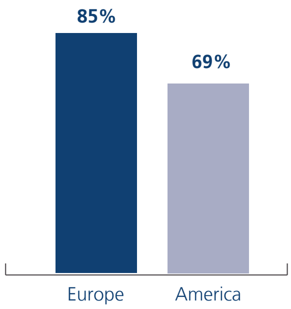
Total Global Grupo SANJOSE Año 2020	Total
Number of contracts with greater value	304
New contracts with greater value	58
Repetition of companies	246
Percentage of subcontractors or suppliers that return to work for the SANJOSE Group in the most important contracts	**81%**

This percentage shows that companies, once they have worked with the SANJOSE Group, want to continue working not only on one project but on more, seeking long-term synergies, which will generate greater loyalty with our Group that will allow us to attract other companies. The objective being to collaborate with the best to obtain the best product.

Loyalty by continent and country

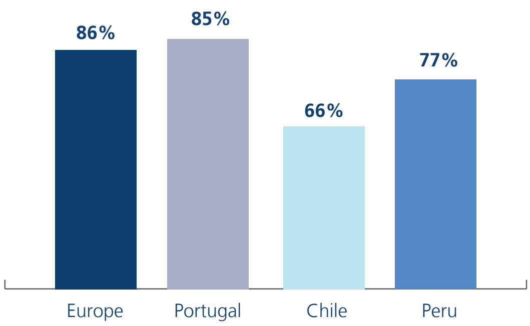
Loyalty and repetition of existing companies have been analysed both by country and by continent, obtaining the following data.

Loyalty by continent



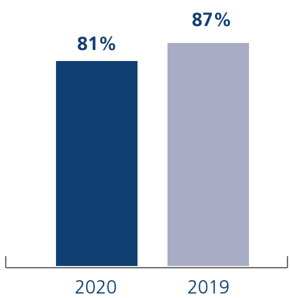
NOTE: Asia has not been considered because currently each work is generated with UTES with local companies and Africa due to the small volume existing this year.

Most representative loyalty by country



Comparing 2019 with 2020, the stability of the hi-fi data has been contrasted. During these two years, more than 80% of the most representative contracts are with already consolidated suppliers or subcontractors.

Suppliers loyalty year 2019-2020



Communication channels for incidents with customers and suppliers

The Company has established two communication channels on the Group's website, through which both customers and suppliers can contact the company. The control of these emails is managed by a director of the company who redirects them to each corresponding line of business.

In year 2020, either through these channels or through the addresses of the different business lines, 16 incidents were received. As of 31 December 2020, all were resolved and closed.

ENERGY AND EMISSIONS

The EU has agreed ambitious targets for 2030 in relation to reducing greenhouse gas emissions, renewables and energy efficiency. In 2018, the Commission published its long-term strategic vision for a prosperous, modern, competitive and climate-neutral economy by 2050.

The current situation calls for swift and decisive action to reduce greenhouse gas (GHG) emissions and create a low-carbon economy that is resilient to climate change. SANJOSE assumes and promotes the reduction of greenhouse gas emissions as well as the use of renewable energies and energy efficiency.

The Group is committed to the efficient use of energy for the development of its activities by boosting the necessary mechanisms so as to constantly improve energy performance.

SANJOSE designs and executes integral solutions adapted to customers' needs in order to guarantee the maximum energy efficiency of facilities, ensuring and developing sustainable energy solutions capable of reducing the consumption of energy and optimising its reuse. In turn, it promotes the use of renewable energies, both for its activity and its clients.

As a result of this business commitment, the Group has developed its own know-how in the field of energy efficiency that has been successfully implemented in the numerous projects executed. This methodology is complemented by the numerous accreditations, homologations and certifications obtained by companies of the Group as well as its professionals, which allow to guarantee the fulfilment of objectives with the highest quality, in strict compliance with current regulations. Among others:

- Energy Services Provider according to Royal Decree 56/2016 as of 12 February and registered in the List of Energy Services of IDAE, Registration Numbers: 2016-01152-E, 201601153-E and 2016-01154-E.
- Energy Services Provider according to standard UNE, 216701. PSE-2016/0030.
- Energy management systems according to standard UNE-EN ISO 50001.
    - Constructora San José, S.A. GE-2013/0010-002/1.
    - Tecnocontrol Servicios, S.A. GE-2013/0010-001/1.
- Certified professionals in measurement and verification of savings (CMVP).
- Professional installer license.

Grupo SANJOSE is a member of the board of directors of prestigious associations in the field of energy efficiency and renewable energy, such as AMI or ADHAC, and collaborates with public and private entities in the dissemination and development of the same.

SANJOSE works on the research and development of sustainable energy solutions capable of reducing the consumption of energy and optimising the use of clean energies by the application of Avant Garde technologies.

Grupo SANJOSE assumes efficient energy management as a differentiating factor. Therefore, it annually establishes objectives and energy efficiency measures that are audited annually and verified by means of a verification and measurement protocol.

These measures are focused on the facilities of the object building (air conditioning, lighting, etc.) as well as on own operation and maintenance.

It also performs global audits every 4 years in compliance with Royal Decree 56/2016, taking appropriate measures and communicating the results to the Administration

On the other hand, it promotes energy efficiency, production and acquisition of green energy with a certificate of origin in third-party facilities and implements improvement measures that result in the energy performance of the facilities subject to the contracts.

Similarly, SANJOSE is committed to the prevention and minimisation of greenhouse gas emissions, noise emissions and other possible discomforts derived from activity such as light pollution.

Among the actions aimed at preventing and reducing them, highlight:

- R & D and Innovation actions aimed at reducing acoustic impact during the execution of works.
- Replacing conventional lighting with more efficient systems that minimise light pollution in work centres.
- Study and execution of works under standards of sustainability and almost zero energy consumption buildings nZEB (Nearly Zero Energy Buildings).
- Promotion of the use of electric vehicles and / or low emissions.
- Training and awareness programmes in this reference area.

The energy balance of emissions for 2020 was as follows:

$TNCO_2$	Asia-Africa	America	Europe	Total
Energy Electricity consumed	712.60	2,451.62	3,923.82	**7,088.05**
Natural gas consumed	0.00	126.09	13,570.06	**13,696.15**
Fuel consumed	6,390.82	1,035.94	5,425.73	**12,852.50**
Refrigerants	-	-	0.58	**0.58**
Supplied electricity	-	-	10,407.51	**10,407.51**
Supplied heat	-	-	680.04	**680.04**
Supplied cold	-	-	1,444.09*	**1,444.09**
Total $TnCO_2$ net emissions				**21,105.63**

Sources for emission factors:

https://emissionfactors.com by Echometric based on AIE.

Document of the OECC year 2018. Ministry of Environment Spain.

REE report on energy mix Spain year 2020. Ministry of the Environment of Spain.

United Nations Framework Convention on Climate Change Program CDM IPCC (International Panel of Climate Change), revision 4.

The emission factors for electricity contemplate the different energy mixes of each country and, therefore, are different in each region.

The emission factors for natural gas are also different for each country and depend both on their nature and on their distribution and storage network.

The emission factors for fuels and refrigerants are inherent in their nature.

* Conversion factor = 0.08033, corresponding to the production of cold by electricity with a COP = 3.

Indicators

The energy indicators for business activity are broken down below:

GHG Emissions:

The indicators related to GHG emissions reported by SANJOSE are the following:

- Direct GHC emissions

Key indicators	Measurement unit	Outcome
Direct GHG emissions from sources belonging to the company or controlled by it, excluding generation	Tons of CO_2	17,247.42 tCO_2

- Indirect GHC emissions from generation of electricity, steam, heat or refrigeration for sale to third parties

Key indicators	Measurement unit	Outcome
Indirect GHC emissions from generation of electricity, steam, heat or refrigeration for sale to third parties	Tons of CO_2	16,393.27 tCO_2

- Purpose of the GHC emissions

Key indicators	Measurement unit	Outcome
Purpose reduction of the GHC emissions	Tons of CO_2 Reduction, with regards to the basis year (Tm/M€) in a 5% up to 2025	It shall be assessed at the end of the cycle
Objective to reduce GHG emissions from electricity consumption at all the headquarters in Spain	10% reduction with regards to year 2025	At least 30% green energy It shall be assessed at the end of the cycle

Energy:

Indicators are as follows:

Key indicators	Measurement unit	Outcome
Total energy consumption from non-renewable sources	MWh	145,781.76 MWh
Total energy consumption from renewable sources	MWh	342.00 MWh
Total energy consumption from high efficiency resources	MWh	5,746.82 MWh
Total energy production from non-renewable or high efficiency sources	MWh	15,484.94 MWh
Total energy production from renewable sources	MWh	9,303.96 MWh
Total energy consumption from high efficiency resources	MWh	39,386.96 MWh

Energy Efficiency:

Indicators are as follows:

Key indicators	Measurement unit	Outcome
Improvement in consumption per million euros of turnover at a global level	Percentage	% improvement by 2025 versus base year 2019 by 2025 (1% annual improvement). It shall be assessed at the end of the cycle

Material risks:

Indicators are as follows:

Key indicators	Measurement unit	Outcome
Assets pledged in regions likely to be more exposed to material, acute or chronic climatic risks	€	No assets in risks have been detected

R&D AND INNOVATION

SANJOSE is fully committed to technological development and innovation. Key elements for the competitiveness of the company, driving progress and being able to offer more effective solutions adapted to real needs of its customers and society.

R&D and investment is a priority of all business areas of SANJOSE. In this sense, a commitment has been made from the Top Management and an organisational structure has been developed so as to promote the generation of ideas and the most innovative practices.

R&D&I policy focuses on enhancing the generation of new technology to construction activities, highlighting applied technology, optimisation of resources and procedures and seeking continuous improvement and efficiency. Among the technology areas, highlight the following:

- Technology applicable to construction works.
- Durability and safety of construction works.
- New materials and execution procedures.
- Renewable energy and energy efficiency.
- Industrial automation.
- Specialised maintenance services of facilities.
- Preservation of the environment, etc.

Among the innovative initiatives undertaken by the Group, highlights the “R&D& innovation project for a fixed system and automatic detection and dissipation by fog precipitation using hygroscopic agents”. The method designed and created by SANJOSE Solutions has been proposed by SANJOSE Constructora to the Ministry of Transport, Mobility and Urban Agenda to solve the existing problem on the A-8 highway of the Cantabrian

Sea as it passes through Alto do Fiouco, in the province of Lugo, which is frequently affected by heavy and persistent fogs, with very specific characteristics that seriously affect visibility throughout of 4 kilometers. Said highway has an annual intensity of more than 1,600,000 vehicles. The method has been selected by the aforementioned ministry for the final phase of developing a 200-meter-long full-scale prototype to be located near the A-8 highway.

The system has given rise to two patents, allowing its use on highways, railways and airport infrastructure. This method consists in the dissipation of fog by means of an automatic diffusion system by sprinklers / diffusers of a hygroscopic material, which agglutinates water droplets in the air, giving rise to others of greater size and that by this greater size precipitate in the form of rain or snow, all lodged in a fixed structure along the roadways. For the arrangement of diffusers, a lightweight pergola (it only has to support its own weight and that of the diffusers) with sufficient clearance for the passage of vehicles, with a section equivalent to that of a road tunnel, is executed. The installation of the hygroscopic material contribution will be fully automatic.

Another relevant project is the so-called Inovwall. Its objective is to develop an innovative production technology with a view to the industrialisation of a multifunctional stone wall system, which consists of the interconnection of a set of modular panels and their fixation to the structure of the buildings. The modular system must respect all the technical and functional requirements of an exterior wall, have a high aesthetic / architectural value and demonstrate physical, mechanical and durability characteristics compatible with the sundry intended applications

Likewise, Grupo SANJOSE has projects in the area of R &D and investment related to the construction activity, which have been financed by the CDTI (Centre for Industrial Technological Development), included in the Law on Science, Technology and innovation as the financing agent of the General State Administration of business R&D and investment.

It is worth highlighting the following projects of Grupo SANJOSE that have been financed with funds from CDTI:

Name of the Project	Project #	Financing entity
Selection and evaluation of the potential of implantation of autochthonous xerophilous species in gardens of continental Mediterranean climate	IDI-2010-0256	CDTI
Research on the structural behaviour of the granular layers that make up a firm in function of humidity	IDI-2010-1292	CDTI
Acoustic insulation system using tubular screens based on the Kundt effect	IDI-2010-1737	CDTI
Use of recycling products in Civil Works	IDI-2011-0109	CDTI
Fixed and automatic system for detecting and dissipating fog due to precipitation using hygroscopic agents	IDI-2015-0870	CDTI

Other projects in which the SANJOSE Group has been immersed in the R&D area have been the following:

Name of the Project	Company Certification
Development of new anchoring systems for facades	EQA
Tunnel pumping test development in high permeability terrain	EQA
Research and Development in ecological and landscape restoration	EQA
New special curtain wall developments	EQA
Development of new energy efficient systems for sustainable buildings	EQA
Efficient thermal and PV solar plants minimising the environmental impact	EQA

SANJOSE aims to provide value in each project and positively impact society in terms of quality, sustainability, efficiency ... For this, it promotes the sustainable origin of raw materials, optimises resources, boosts the respect for the natural environment, reuse, recycling, and projects capable of reducing consumption, innovating in areas such as energy efficiency, the rational use of water, new construction systems, management models, materials, valuation, etc.

The R&D&I system implemented has obtained recognition trough the certification of UNE 166002 standard.

Company	Certificate Number
Constructora San José, S.A.	IDI-0056/2010
San José Energía y Medio Ambiente	IDI-0055/2010

GRUPO SANJOSE

6. HUMAN RIGHTS

For the Group, it is essential to have solid, transparent ethical principles and apply them in each action and market.

SANJOSE assumes as own the 10 principles of the United Nations Global Compact, based in turn on the Universal Declaration of Human Rights, the Declaration on principles and Rights at work, International Labour Organisation, the Declaration of Rio on Environment and Development and the United Nations Convention against Corruption:

- To support and respect the protection of internationally proclaimed human rights in the international arena.
- To make sure they are not complicit in human rights abuses.
- To respect freedom of association and the effective recognition of the right to collective bargaining.
- To eliminate all forms of forced or compulsory labour.
- To effectively abolish child labour.
- To eliminate discrimination in respect of employment and occupation.
- To support preventive methods with respect to employment and occupation.
- To undertake initiatives to promote greater environmental responsibility.
- To encourage the development and diffusion of environmentally harmless technology.
- To work against corruption in all its forms, including extortion and bribery.

SANJOSE understands the Corporate Social Responsibility as its commitment to society and people. It is a key element of business strategy and a differentiating item which has been in continuous development since its foundation. This commitment is materialised as follows:

- Maximum attention to people, to the quality of their working conditions, equality and training.
- Work Risk Prevention as company culture, especially preventive at all hierarchical levels of the Group.
- Respect for diversity and creation of a policy of equal opportunities and personal and professional development.
- Commitment to sustainable development and greater respect for the environment, avoiding any possible pollution and minimizing waste generation.
- Public Vocation and wealth. Understanding of R&D&I and the quality of products and services as the GSJ contribution to improve the social, economic and environmental development of the regions or countries where it operates.
- Implementation of formal procedures and open dialogue with all stakeholders.
- Transparency policy.

Throughout 2020, the Organization has not received any type of complaint for cases of human rights violations.

As indicated throughout the Non-Financial Information Report, Grupo SANJOSE transfers to all divisions and countries an egalitarian policy of values and good governance. Thus, the principles of the United Nations Global Compact are transferred to the entire organization and are reflected in the policies of human resources, contracting with suppliers and clients, as well as in any other aspect that could have an impact on these principles.

Grupo SANJOSE has due diligence mechanisms in the field of human rights, having established operational procedures and communication channels in order to forge appropriate behaviours by all the people who make up or participate in the Company and facilitate access to information and established standards.

All employees who join the Group receive access to this training through the available tools and communication channels, including the Hal computer system, the internal forum and the corporate web, providing relevant information on this matter: Code of Conduct, Anti-corruption Policy, Organisation and management model for crime prevention, welcome manual, etc.

Likewise, we shall indicate that in addition to having the general communication channel of the Company, there are other information channels aimed at specific interest groups, such as shareholders and investors, customers, suppliers, etc. in order to make them participate in the established policies by the Company in matters of Human Rights.

7. ETHICAL MANAGEMENT AND REGULATORY COMPLIANCE

7. ETHICAL MANAGEMENT AND REGULATORY COMPLIANCE

The Group has an Organisation and Management Model for the Prevention of Crimes that has as main objective to institutionalise the corporate ethical culture implemented in the Group, which is aimed to regulatory compliance and the development and improvement of corporate social responsibility.

During the 2020 financial year, no complaint has been produced, so the intervention of the Surveillance Authority in relation to the areas mentioned below has not been necessary:

- Urban crimes.
- Environmental crimes.
- Offenses of corruption and transnational bribery.
- Bribery crimes to officials.
- Influence trafficking crimes.
- Crimes against worker's rights.
- Crimes of discovery and revelation of secrets.
- Hacking.
- Scam.
- Crimes of manipulation of market prices.
- Offenses of improper use of privileged information.
- Money laundering.
- Offenses against the Treasury Department.
- Offenses of breach of accounting obligations and falsification of financial information.
- Offenses of alteration of prices in public calls and auctions.

CODE OF CONDUCT AND ANTI-CORRUPTION POLICY

In order to establish professional, ethical and responsible behaviour guidelines and to establish a system for monitoring their implementation and the identification of possible irregularities, SANJOSE has a "Code of Conduct" and an "Anti-Corruption Policy" of mandatory compliance for all Directors, officers and employees.

SANJOSE's Code of Conduct and Anticorruption Policy include the basic principles that should guide the activity of the Group and each of its companies and professionals, regardless of the activity they carry out, the country where the registered office is and where they develop their activity.

The Group has an Internal Surveillance Authority (who maintains a fluid and constant communication relationship with the Board of Directors) to oversee the proper operation and compliance with the principles defined by the Group, the Company.

Both the Code of Conduct and the Anti-Corruption Policy of Grupo SANJOSE are published in full on its website – www.gruposanjose.biz – for the knowledge of its professionals, stakeholders and all third parties whom it interacts with.

The Organisation and Management Model for the Prevention of Crimes contemplates, as a basic pillar to ensure an adequate culture of compliance, the existence of a series of tools, guidelines, protocols and procedures implemented by the Group, that minimise the risk of default. It is worth highlighting the existence of computer control tools implemented in the Group, especially the corporate ERP. It is a computer system devoted to the 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 complete management of works and projects, etc. Specifically, it provides a powerful support for the registration of financial information and management of documentation, ensuring an adequate and complete system of registration, documentation and approval of transactions.

- The ERP is an essential tool for internal control system of non-financial information.

The body in charge of analysing potential events of default and propose, if necessary, corrective actions and / or sanctions is the Surveillance Body. It is an internal body responsible for supervising the performance and compliance of the Model through the execution, among others, of the following tasks:

- To review of the adequacy of the Model and its update whenever deemed appropriate.
- To disclosure and disseminate the Model and to supervise the training activities carried out.
- To receive and manage complaints received through the Whistleblowing Channel.
- To address internal review procedures that are carried out whenever there is any indication of wrongful act.
- To report to the Board of Directors.

The Supervisory Body is appointed by the Board of Directors, following a report from the Appointments, Remuneration and Good Governance Committee, and enjoys full autonomy and independence to carry out its functions. Its components include the figure of the Compliance Officer, who is responsible for leading the actions entrusted to the Surveillance Body.

MONEY LAUNDERING

Grupo SANJOSE is subject to and applies the regulations on the prevention of money laundering.

In compliance with this regulation, the acquisition, conversion and transfer of goods of illicit origin, the acts of concealment, the provision of aid to avoid the legal consequences of illegible acts, and the concealment of the true nature, origin, location, destination, movement or rights over goods or property thereof, knowing their illicit origin are strictly forbidden.

To guarantee the effectiveness of these prohibitions, all administrators, managers and employees of Grupo SANJOSE must apply internal regulations on the prevention of money laundering and financing of terrorism.

In this sense, Grupo SANJOSE has various protocols and internal tools to guarantee the faithful compliance with the measures taken. Among them, highlight the following:

- Procedure for the control and limitation of powers through the existence of a protocol of authorisations by which, depending on different criteria (type of provider / creditor, volume contract, etc.), ratification by different levels of the Organisation is necessary.
- Internal control department that, through the Group's ERP, assesses the reasonableness and evolution of the different economic magnitudes at different levels of detail.
- Internal audit department that ensures regulatory compliance of all departments of the Organization such as purchases, treasury, stocks, etc.

- The Compliance Officer and the Surveillance Body enjoy full autonomy and supervise the operation and control of the Organisation and Management Model for Crime Prevention.

DATA PROTECTION

Grupo SANJOSE requires its directors, executives and employees to comply with the current regulations on the protections of data, intellectual and industrial property, protecting the confidential information entrusted by customers, employees, candidates in selection processes or by other third parties. In compliance of this requirement, all directors, managers and employees of Grupo SANJOSE must keep the strictest confidentiality on all information to which they have access as a result of the performance of their professional activity. Grupo San José has adopted the corresponding Security Documents that contain technical and organisational measures to guarantee the security of personal data and to prevent the alteration, loss, treatment or unauthorised access of the same. All personnel involved in processing of personal data must respect the contents of the Security Documents.

PREVENTION OF OCCUPATIONAL HAZARDS

SANJOSE boosts preventive training of all its employees and compliance with any applicable regulations on the prevention of risks that may affect the health and safety of workers.

In relation to the Covid-19 pandemic, the Instructions of the Health Authorities, both the central Government and the Autonomous Communities, have been strictly followed. The Prevention of Occupational Hazards Technician, in their frequent visits to work centres, have verified that the measures that the Authorities have been dictating were being extreme. Any incidents arising have been successfully solved out.

The Occupational Management System implemented for many years in the company is revised annually and certified under OHSAS 18001 and reflects the reality of the prevention policy throughout the corporate structure. This system includes the companies: Tecnocontrol Servicios, S.A., Eraikuntza Birgaikuntza Artapena, S.l. (EBA), Cartuja Inmobiliaria, S.A.U. and Constructora San José, S.A.

Prevention is an essential tool to protect against risks that may affect the health or safety of people and SANJOSE invests it in their professionalism and adequate training, aware that their employees are their most valuable asset and that their protection is a priority objective.

During year 2020, Grupo SANJOSE has provided its employees with the necessary material for their personal protection against COVID. To do this, it has made hydroalcoholic gels, masks, helmet screens, methacrylate screens, gloves, disinfection mats available to the staff.

In 2020, accident rate has been as follows:

- 108 accidents without medical leave (84 in 2019).
- 126 minor accidents with medical leave (88 in 2019).
- 14 accidents with medical leave in itinere (13 in 2019).
- 1 severe accident (2 in 2019).
- 0 mortal accidents (0 in 2019).
- 0 accident due to professional illness (1 male en 2019).

Incidence rate 39.80 (47.02 in 2019).

The incidence rate is defined as the number of professional contingency processes with sick leave, excluding traveling accidents and relapses, which occur during the working day, for every 1,000 workers exposed to risk.

Severity rate 0.75 (0.62 in 2019).

The severity index is defined as the number of days lost per 1,000 hours of work. Relapses are included and in itinere processes are excluded.

Frequency rate: 22,68 (26,87 in 2019).

The frequency index is defined as the number of professional contingency processes with leave, excluding commuting accidents and relapses, occurring during the working day, for every million hours worked of employees exposed to risk.

Accidents by gender:

- Men 97.2% (96.3% in 2019).
- Female 2.8% (3.7% in 2019).

Regarding the Joint Prevention Service of the construction area in Spain, which covers a total of 1,486 people (1,362 people in 2019). During 2020 the following preventive activities have taken place:

- Review or update of risks assessment 291 affected employees (827 in 2019).
- Planning of preventive activity 291 affected employees (827 in 2019).
- Emergency plans 291 affected employees (827 in 2019).
- Planning of the individual Health Surveillance 1,486 affected employees (1,362 in 2019).

The Joint Prevention Service that covers Constructora SANJOSE, Cartuja Inmobiliaria, EBA and Tecnocontrol Servicios, assumes the following preventive specialties or disciplines:

- Safety at work.
- Industrial hygiene.
- Ergonomics and applied psychosociology.

The occupational medicine specialty is contracted with an External Prevention Service (Cualtis) and is renewed annually.

The rest of the Group companies have contracted the four preventive specialties (safety at work, industrial hygiene, ergonomics and applied psychology and occupational medicine) with an external Prevention Service. These concerts are renewed annually.

TRAINING IN COMPLIANCE

Grupo SANJOSE reaffirming its commitment to compliance with regulations and the observance of ethically correct behaviour as the core of its business activity, agreed as of 12 May 2016 on a Model of Organisation and Management for the Prevention of Crimes, a set of elements, that the organisation adopts so that its members, in all business activities, do what the rules require and do not do what the rules prohibit.

And, in order to ensure the correct implementation of the Model, Grupo SANJOSE wants to make sure that the principles and contents of the Model are sufficiently known. For this reason, the Surveillance Body has delivered to the Group's staff specific training related to five key elements of the aforementioned Model of Organisation and Management for the Prevention of Crimes, such as:

- The Code of Conduct.

- The Anti-Corruption Policy.
- The Supervisory Board.
- Whistle-blower Channel.
- The Disciplinary Action.

The viewing of such training and the commitment to the rules of action explained in it are mandatory for the members of Grupo SANJOSE, given the relevance they have to inculcate a true culture of compliance within the organisation.

At 31 December 2020, all payroll has received training on compliance.

HEALTH AND SAFETY

The company guarantees to all its workers, the monitoring of their state of health based on the risks inherent to the workplace, for this purpose it carries out regular medical examinations on an annual basis, as well as for all the new incorporations that take place in Grupo SANJOSE.

WHISTLE-BLOWER CHANNEL

The directors, officers and employees of the Group shall inform the Supervisory Body of any fact 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, guidelines, protocols and internal procedures), including those related to aspects of a financial or accounting nature.

For reporting allegedly unlawful acts or non-compliance events (including irregular conduct of a financial, accounting or any other similar nature) the complainant may use any of the following channels:

- By email, at the address established by the Group for these purposes.
- Through a personal interview or telephone 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 will perform the instructional activities deemed appropriate to assess, analyse and resolve the complaints that arise, relying, always within the total and absolute confidentiality and discretion, on internal and / or external experts.

With regards to irregularities of a financial and accounting nature, the Supervisory Body will adequately inform the Audit Committee.

During year 2020, no claims have been received.

8. COMMITMENT TO SOCIETY

GRUPO SANJOSE

8. COMMITMENT TO SOCIETY

SANJOSE intends to create a positive impact on society and facilitate the day to day of people with each project developed. Boost growth, provide added value in a responsible and sustainable manner and help day-to-day activities of people and society.

- Promotion, design and execution of more than 5,500 social housing units in Peru. SANJOSE is executing top quality affordable important social housing developments under the framework of the My Home Programme which provides home purchase assistance to thousands of families in LATAM. The Group is currently promoting and building an important urban development in Lima, the new Nuevavista Condominium, with 1,104 housing units, in the Bellavista district, emphasising that during the 2020 period stages I and II of the projects have been delivered (72 and 128 homes respectively) and the works of stages III and IV that are estimated to be available for delivery during 2021 are continued.

  The Group also developed and delivered 1,392 housing units of the Condominio del Aire (already sold in its entirety); and 3,072 housing units of the Parques de la Huaca Condominium (already sold in their totality), and in which the restoration and enhancement of a Huaca (archaeological remainder) of 3,651 m^2 was sponsored in close collaboration with the National Institute of Culture.

- Training on Quality and Risk Prevention in various Latin American countries.

- Full commitment to energy efficiency and the use of renewable energies, as well as collaboration with public and private entities for the dissemination and development of them.

- The European Union has ruled that the continuous exposure to radon poses a serious risk to health, in fact exposure to this gas is the second cause of lung cancer after smoking. Radon is present in granite areas around the world, which are very abundant in Galicia (second European producer of granite and fifth in the world). The gas expands and can be found in areas of mountain water that are not treated and in rocky soils. his causes the radon gas to be found in rural Galicia.

  SANJOSE has participated with various research and technology organisations to create an association to study carefully and find innovative solutions to this problem.The main objective of the project is to reduce levels of radon concentration and make them within the appropriate thresholds so that it is not harmful to health and remains below those allowed by state, local and EU legislation and regulations.

During 2020, Grupo SANJOSE has continued to carry out and participate ins solidary actions, among which highlight:

INDIA

Participation in the project “Training programme for the promotion of the quality of life of women and girls in Vulnerable Situation” to be held in the Delhi-NCR area and other parts of India and It will be carried out through AK Mishra Foundation (AKMF); this programme will favour the integration of 100 girls and women within the 18-40 age group.

- The programme will design a way to provide extensive technical and business training in 3 trades: custom cutting and tailoring, embroidery and lace, and fashion design for women and girls, so they can access different trades and obtain the adequate training to obtain employment and self-employment in nearby cities and metropolitan areas.

- The majority of young people in different parts of India, including women and girls, lack employment, education and job training of any kind. The main reason for this is the lack of technical and business skills. Poverty also influences the sense that they cannot afford the cost of technical education and, in addition, the area lacks the educational facilities necessary to improve the quality of life of its inhabitants. The situation becomes desperate due to the non-implementation of the programme by the state and central government. Poor youth cannot access a source of empowerment and self-employment in order to raise their socioeconomic status and get rid of the curse of poverty and therefore tend to get involved in antisocial work.
- The skills development training programme has been designed in such a way that it provides extensive technical and business training to unemployed women and girls. This will allow them to train in different trades and access empowerment and self-employment in different parts of the country. Training in different potential trades has tremendous scope for the empowerment and self-employment of the beneficiaries. The demand for these trades is increasing at a very rapid pace, creating a great demand for personnel. Therefore, it is expected that after completing the training programmes, the young women trained will obtain adequate employment in large and small cities and thus improve their socioeconomic status.

Participation in the project "Proposal for educational support for poor students from state and private schools in Delhi-NCR".

- The AK Mishra Foundation (AKMF), which will develop this programme, presents this proposal to support poor students and for a better education and quality of life. The programme is expected to reach more than two thousand beneficiaries.
- The Foundation wishes to provide poor students with free educational materials, such as books, uniforms, bags, shoes, pens, pencils, geometry boxes, notebooks, erasers, water bottles, lunch boxes and notebooks.
- Education is recognised as a fundamental right, along with other needs, such as food, housing and water. Education allows people to make informed decisions about their lives and their rights as citizens who are members of a democracy. Gender justice receives a boost when women have access to education, which by improving their knowledge and employment capacity increases their sense of autonomy and self-esteem. The health status of people improves as their education levels increase.

SPAIN

As an honorary member, patron and collaborator of the Celta de Vigo Foundation, SANJOSE Constructora has participated and collaborated in the various activities carried out by the Foundation:

- National and international summer camp.
- Football school.
- Fundación Celta-integra.
- Sundry clinics.
- Solidarity tier.
- Training for trainers.
- Mus, domino and other championships.
- Christmas card contest.

- Recycling campaign together with ecoembes of selective waste collection, as well as sundry environmental awareness, education and dissemination activities.

Grupo SANJOSE, has been collaborating with the Spanish Red Cross for several years. During 2020, it has made several donations associated with the social emergency of the Coronavirus.

SANJOSE Constructora participates as a partner in the MWCC Association, Madrid World Capital of Construction, Engineering and Architecture.

This association is made up of important companies in the sector, as well as government agents, technological institutes, universities and foundations.

The main objective is the international positioning of Madrid and Spain as a world reference in the attraction of companies, talent, congresses and fairs, as well as implementing the positioning of Madrid and Spain as a hub of innovation, sustainability and responsibility.

PROFIT/(LOSS) PER COUNTRY

In 2020, profit/(loss) per country has been as follows:

Country	Operating profit/(loss) (EBITDA)
Spain	36,123
Chile	30,290
Portugal	7,151
Cape Verde	3,239
Abu Dhabi	2,034
Others	(4,054)
Total Grupo SANJOSE	**74,783**

NOTE: The information contained herein corresponds to Grupo Empresarial San José, S.A. and subsidiaries.

DUTIES AND TAXES

In 2020, SANJOSE has returned EUR 19.8 million, of which EUR 13.9 corresponds to Corporate Tax and the outstanding (EUR 6.0 million) to local taxes and fees.

From the total, 88.7% is located in Spain.

Country	Accrued income tax	Taxes and fees	Total (Thousands of Euros)
Spain	14,294	3,309	17,603
Chile	6,009	337	6,346
Portugal	1,730	296	2,026
Peru	693	114	807
Argentina	5	445	450
Mexico	342	1	343
Others	(9,216	1,489	(7,727)
Total Grupo SANJOSE	**13,857**	**5,991**	**19,848**

NOTE: The information contained herein corresponds to Grupo Empresarial San José, S.A. and subsidiaries. Grupo SANJOSE has received public grants during year 2020 amounting to €50 thousand.

NOTE: During the 2020 financial year, Grupo Empresarial San José S.A. and subsidiaries have contributed to foundations and non-profit organisations the amount of EUR 113 thousand.

ANNEXURE I

Materiality analysis

Grupo SANJOSE is committed to the transparency of information to the market through the continuous improvement of communication channels with all its stakeholders, based on innovative corporate information that, in addition to financial aspects, takes into account environmental and social issues, human rights, anti-corruption measures, etc.

The Company's Stakeholders are those individuals and groups with a legitimate interest, who are impacted by current and future activities of the Group. This definition includes both, stakeholders within the chain value of the Group (shareholders, employees, investors, customers and suppliers) and external (Administrations, Governments, means of communications, analysts, unions and society as a whole).

In order to prepare this Report, criteria established by the Management have been taken into account, taking into consideration the different sensitivities across stakeholders based on a series of international standards (ISO 9.001, ISO 14.001, OSHA 18.001) implemented in the group.

Information regarding relevant non-financial matters has been reported in accordance with the Global Reporting Initiative Standards (indicated in Annexure II), including the additional applicable information required by the Construction and Real Estate sector whose details are presented in annexure II of this report.

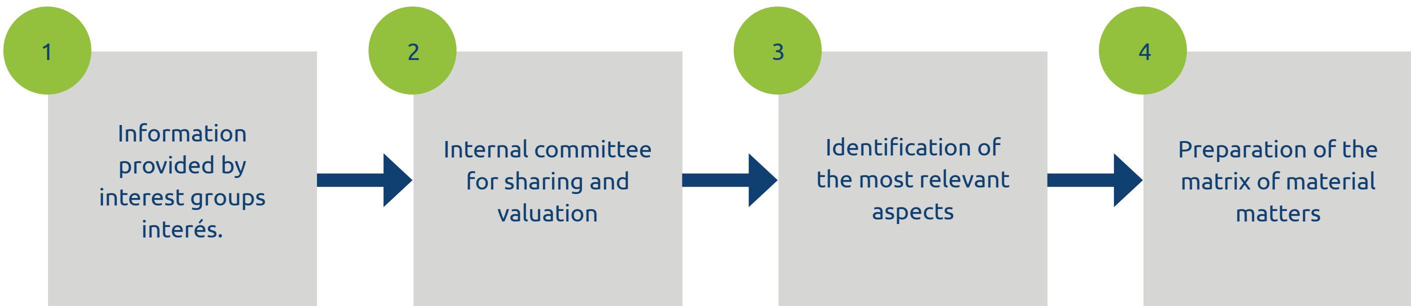
This information has been verified by an independent third party.

Additionally, the Activity Report for year 2020 is presented on the Group's website, which is partially fed by the information contained in this Non-Financial Information Report. Said document is not subject to verification.

Grupo SANJOSE has carried out a materiality analysis process for which both public and private sources linked to the sector where the Group operates are analysed.in order to identify the main trends and challenges of the sector and has evaluated them in accordance with the regulatory changes introduced in the area of reporting non-financial information and diversity (Law 11/2018).

Internally, the information provided by the different interest groups is evaluated through the day-to-day business. In this way, those responsible for each of the business branches (customers), the purchasing manager (suppliers), the management in direct dealings with the shareholders and the human resources management, meet regularly to jointly assess what are the most relevant aspects for the purposes of the content of the Non-Financial Information Report.

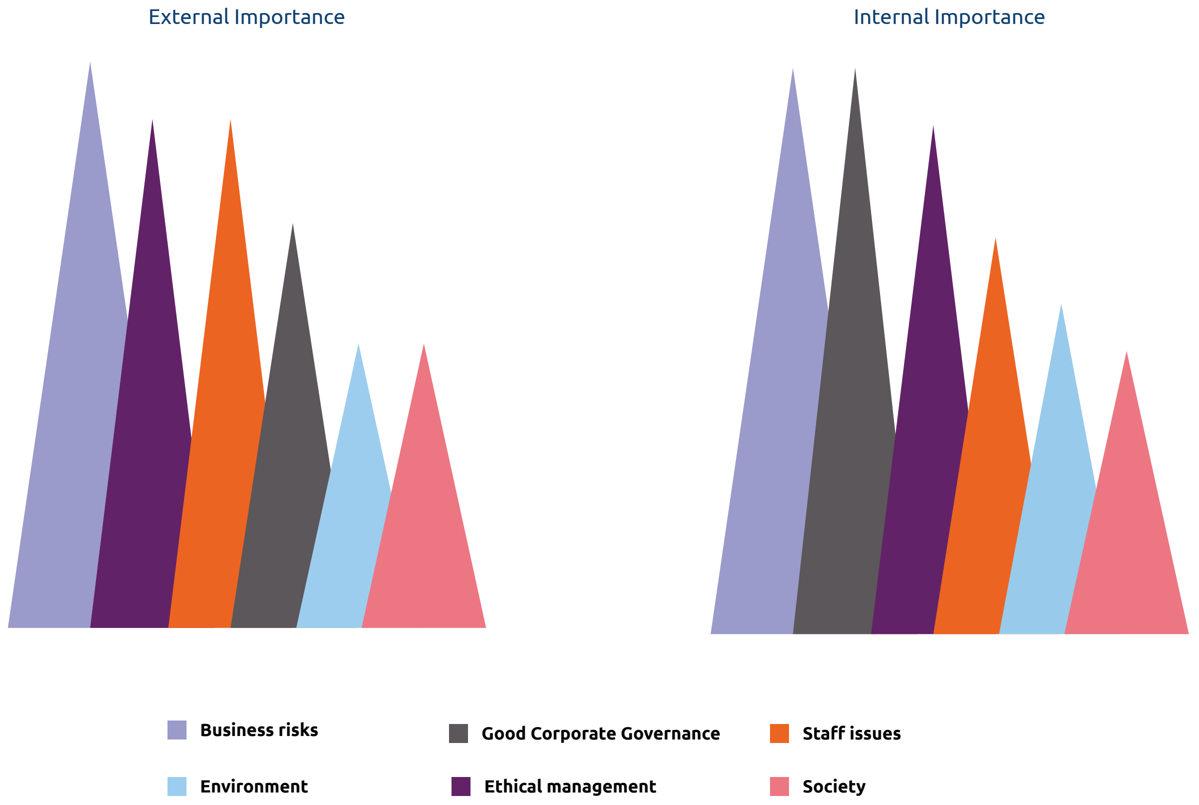
Following this methodology, the materiality study has been divided into the following phases:



Thus, the most relevant identified issues in our materiality analysis have been:

- Values of the Organisation and good Corporate Governance.
- Risks linked to the business.
- Social & Staff Issues.
- Environmental and Quality issues.
- Ethical management issues.
- Issues regarding the commitment of the Group to society.

In order to present a more detailed result, the analysis carried out is presented in a materiality matrix that represents the results obtained based on its external and internal relevance:



At an external level, the different interest groups express as special concern the ethical management of the company and the business risks. At a lower level, they are interested in how the company collaborates with society and its concern for the environment.

Internally, ethical management and good governance are detected as the main concern, as well as personnel matters and business risks; To a lesser extent, there is concern about the company's contribution to society and the environment.

Grupo SANJOSE gives higher priority to those aspects that, internally and externally, generate greater concern in this sense, during 2020 the appropriate measures have been taken to reinforce ethical management and personnel matters. In the year 2021, the evaluation of the outstanding material relevant aspects and not classified as main risks is planned.

ANNEXURE II

Index of contents required by Law 11/2018 on 28 December.

Geographical	Content	Related GRI standards
Business Model	Business Lines of Activity. Organisation. Structure. Markets where it operates. Business environment.	102-1/102-2/102-3/102-4/102-5/102-6/102-7
Corporate Governance	Capital Structure. Corporate Governance Structure. Annual General Meeting. Board of Directors. Other committees of the Board of Directors. Relevant facts published during the year ended 31 December 2020.	102-18/102-19/102-20/102-22/102-23/102-24/102-26/102-27/102-28
Business risks	Civil Liability. Environmental Liability. Rate of accidents of own staff. Professional General Liability. Civil Liability of Board Members and Executives. Insurance policies to cover assets of the Group. All-risk construction policies. Management of accidents and balance for the year.	102-15
People	Staffing structure of Grupo SANJOSE at 31/12/2020. Staff with disabilities. Recruitment Training. Knowledge Platform (Pharos Project). Integration and Development Programme. Social Benefits. Equality Plan & Plan for the Prevention of Sexual Harassment.	102-8/401-1/403-2/404-1/405-1/405-2
Environmental, Quality and Supply Chain Management	Environmental System. Quality Management System. Sustainability and Sustanable Construction. Care and Protection of Ecosystems and Biodiversity. Environmental Performance and Management of Environmental Risks. Climate Change. Reduction of Pollutant Emissions Waste. Prevention and Management. Circular Economy and Responsible Management of Resources. Supply Chain. Relationship with Clients and Suppliers. Energy and Emissions. R&D and investment.	102-9/302-1/303-1/305-1/306-2/306-4
Human Rights	Promotion and compliance with the provisions of the fundamental conventions of the International Labour Organisation related to respect for freedom of association and the right to collective bargaining. The elimination of discrimination in employment and occupation. The elimination of forced or compulsory labour. The effective abolition of child labour. Complaints for cases of violation of human rights.	406-1/407-1/408-1/409-1
Ethical Management and Regulatory Compliance	Measures taken to prevent corruption and bribery. Measures to fight money laundering. Data protection. Prevention of Occupational Hazards. Training in Compliance. Health and Safety. Whistle-blower Channel.	102-16/102-17
Commitment to Society	Support for social and solidarity causes. Cultural and leisure activities. Profit/(Loss) per country 2020. Fees and taxes in year 2020.	102-12/102-13/201-1/203-1/413-1

Non-Financial Information Verification Statement

AENOR verification statement for

GRUPO EMPRESARIAL SAN JOSE, S.A.

concerning the consolidated statement of non-financial information

DISCLOSURE OF NON-FINANCIAL INFORMATION AND DIVERSITY INFORMATION OF GRUPO EMPRESARIAL SAN JOSÉ, S.A. & SUBSIDIARIES

according to law 11/2018

for the period ending on December 31, 2020

In Madrid 24 de febrero de 2021

Rafael García Meiro
Chief Executive Officer

1995/0146/VNOF-2021

GRUPO EMPRESARIAL SAN JOSE, S.A (hereinafter the organization) with registered office at: : CL ROSALÍA DE CASTRO, 44, 36001, PONTEVEDRA and on its behalf, D. Ramón BARRAL ANDRADE, in charge of independent board member, has commissioned AENOR to carry out a verification under a limited level of assurance of its Non-Financial Information Statement (hereinafter EINF) in accordance with Law 11/2018 amending the Commercial Code, the revised text of the Law on Corporations approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on the Auditing of Accounts, with regard to non-financial information and diversity (hereinafter Law 11/2018).

As a result of the verification carried out, AENOR issues this Statement, of which the verified EINF forms part. The Declaration is only valid for the purpose entrusted and reflects only the situation at the time it is issued.

The purpose of the verification is to provide the interested parties with a professional and independent opinion about the information and data contained in the organization's EINF, prepared in accordance with Law 11/2018.

Responsibility of the organization. The organization was responsible for reporting its non-financial information status in accordance with Law 11/2018. The formulation and approval of the EINF, as well as its content, is the responsibility of its Governing Body. This responsibility also includes designing, implementing and maintaining such internal control as is deemed necessary to ensure that the EINF is free from material misstatement due to fraud or error, as well as the management systems from which the information required for the preparation of the EINF is obtained. The organisation, in accordance with the commitment formally undertaken, has informed AENOR that no events have occurred, from the date of the close of the financial year reported in the non-financial report until the date of verification, that might require corrections to be made to the report.

Verification program in accordance with ISO/IEC 17029:2019 AENOR, in accordance with the aforementioned Act, has carried out this verification as an independent provider of verification services. The verification has been developed under the principles of "evidence-based approach, fair presentation, impartiality, technical competence, confidentiality, and accountability" required by the international standard ISO/IEC 17029:2019 "Conformity assessment - General principles and requirements for validation and verification bodies".

Likewise, in the verification program, AENOR has considered the international requirements of accreditation, verification or certification corresponding to the information matters contemplated in the Law:

- European Regulation EMAS (Environmental Verification)

- SA 8000 (international labour principles and rights in accordance with the ILO (International Labour Organization), the Universal Declaration of Human Rights and the Convention on the Rights of the Child. SAAS Procedure 200)
- Environmental Management System (ISO 14001).
- Social Responsibility Management System, IQNet SR 10 and SA8000 schemes
- Quality Management System (ISO 9001).
- Energy Management System (ISO 50001).
- Occupational Health and Safety Management System (ISO 45001).

Additionally, the criteria and information that have been taken into account as a reference to carry out the Verification Program have been:

1) Law 11/2018 of 28 December, which amends the Commercial Code, the revised text of the Companies Act approved by Royal Legislative Decree 1/2010 of 2 July, and Law 22/2015 of 20 July on the Auditing of Accounts, with regard to non-financial information and diversity.

2) Directive 2014/95/EU of the European Parliament and Council of 22 October 2014 amending Directive 2013/34/EU as regards the disclosure of non-financial information and diversity reporting by certain large companies and certain groups.

3) Communication of the European Commission 2017/C 215/01, Guidelines on non-financial reporting (methodology for non-financial reporting)

4) the international standard ISO/IEC 17029.2019 Conformity assessment - General principles and requirements for validation and verification bodies

5) The criteria established by the global sustainability reporting initiative in the GRI standards where the organisation has opted for this recognised international framework for disclosure of information relating to its corporate social responsibility performance

AENOR expressly disclaims any liability for decisions, investment or otherwise, based on this Declaration.

During the verification process carried out, under a limited level of assurance, AENOR conducted interviews with the personnel in charge of compiling and preparing the Report and reviewed evidence relating to:

- Activities, products and services provided by the organization.
- Consistency and traceability of the information provided, including the process followed to collect it, sampling information about the reported.
- Completion and content of the statement of non-financial information in order to ensure the completeness, accuracy and veracity of its content.
- Letter of statements from the Administrative Body.

The conclusions are therefore based on the results of this sample process, and do not absolve the Organization of its responsibility for compliance with applicable legislation.

The personnel involved in the verification process, the review of findings and the decision to issue this Statement have the knowledge, skills, experience, training, supporting infrastructure and capacity to effectively carry out these activities.

CONCLUSION

Based on the foregoing, in our opinion, there is no evidence to suggest that the statement of non-financial information included in the DISCLOSURE OF NON-FINANCIAL INFORMATION AND DIVERSITY INFORMATION OF GRUPO EMPRESARIAL SAN JOSÉ, S.A. & SUBSIDIARIES and for the year ended December 31, 2020, does not provide accurate information on the performance of GRUPO EMPRESARIAL SAN JOSE, S.A. and subsidiaries consolidated in the non-financial report, in terms of social responsibility under Law 11/2018. Specifically, with regard to environmental, social and personnel issues, including the management of equality, non-discrimination and universal accessibility, human rights, the fight against corruption and bribery, and diversity.

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

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:

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 S tate 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

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

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:

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 [ ]

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 [ ]

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

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

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 financial statements prepared in accordance with applicable accounting standards present a true and fair view of consolidated equity, the consolidated financial position and the consolidated results obtained by the issuer and its consolidated companies taken as a whole and that the consolidated 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 Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and Notes to the Financial Statements for the year ending on 31 December 2020, issued on 100 sheets of common paper, as well as the Directors' Report (which included the Non-Financial and Diversity information Report and the Annual Corporate Governance Report) issued on 185 pages 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 consolidated condensed financial statements and explanatory notes, as well as the attached consolidated management report, corresponding to the yaer 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. and Subsidiaries

Registered data of the Company:

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 285 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

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Fernando Calbacho Losada
Deputy Secretary to the Board of Directors