

**Grupo Empresarial San José, S.A.
and subsidiaries**

Auditor's report
Consolidated financial statements and Consolidated management report
at December 31,2023



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent auditor's report on the 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 company) and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, and the income statement, statement of recognized income and expenses, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2023, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

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

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated financial statements in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

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

Key audit matters	How our audit addressed the key audit matters
<p data-bbox="277 443 707 501">Revenue recognition in construction contracts</p> <p data-bbox="277 537 821 808">A significant part of the Group's net revenues come from construction contracts in which the input-based method has been considered the most appropriate method to determine the progression in the fulfillment of obligations, measuring the costs incurred with respect to the total estimated costs to complete the contract, giving rise to a portion of the degree of completion.</p> <p data-bbox="277 840 821 1111">This method requires estimates of the margin of each of these contracts, the costs pending to be incurred and the probability that income will be received in relation to amounts in the process of modification, claim or dispute of said contracts. The information related to the construction activity is broken down in note 4.11.1 of the attached consolidated financial statements.</p> <p data-bbox="277 1142 821 1413">Recognition of revenue in these contracts therefore entails the use of relevant judgment by management. These estimates take into account all the costs and income related to the contracts, which are updated, among others, with additional costs to those initially budgeted, as well as income that is estimated from modifications, claims or ongoing disputes with clients.</p> <p data-bbox="277 1444 821 1592">As disclosed in notes 6 and 22.1 to the consolidated financial statements, net revenues related to the construction segment amount to 1,205,383 thousand euros in fiscal year 2023.</p> <p data-bbox="277 1624 821 1771">The relevance of the estimates made in the recognition of this revenue and its quantitative importance, mean that the revenue recognition in construction contracts is considered a key audit matter.</p>	<p data-bbox="837 537 1420 651">We have made an understanding of the controls established by the management of the Parent company for the recognition of revenue in construction contracts.</p> <p data-bbox="837 683 1444 831">Our procedures include, among others, testing the design, implementation and operational effectiveness of certain relevant controls that mitigate the risks associated with the revenue recognition process in this type of contracts.</p> <p data-bbox="837 862 1460 920">Additionally, we have carried out, among others, the following audit procedures:</p> <ul data-bbox="837 952 1469 1783" style="list-style-type: none"> <li data-bbox="837 952 1469 1312">• We have selected a sample of projects applying quantitative and qualitative criteria. For the selected projects we have obtained the contracts for reading and understanding, as well as the work certifications and other relevant information on the progress of such projects, including aspects such as the evolution of margins. Likewise, we have received explanations about the reconciliation between the financial information and the supporting documentation provided by management. <li data-bbox="837 1344 1469 1491">• We have recalculated the revenue resulting from the degree of progress on the costs incurred in all the projects and compared the results with the calculation made by the management. <li data-bbox="837 1523 1469 1615">• In relation to contract modifications, we have obtained evidence of the technical and economic approvals that support them. <li data-bbox="837 1646 1469 1783">• We have verified, where applicable, whether the main obligations and risks of the selected contracts have been provisioned at the end of the year. <p data-bbox="837 1814 1444 1895">Likewise, we have evaluated the sufficiency of the information disclosed in the notes to the consolidated financial statements on this matter.</p> <p data-bbox="837 1926 1469 2024">The result of the procedures carried out has made it possible to reasonably achieve the audit objectives for which said procedures were designed.</p>

Other matters

On 28 February 2023, other auditors issued their audit report on the consolidated financial statements for the 2022 financial year in which an unqualified opinion was expressed.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2023 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, is to:

- a) Verify only that the consolidated statement of non-financial information, certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as referred to in the Auditing Act, have been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.
- b) Evaluate and report on the consistency between the rest of the information included in the consolidated management report and the consolidated financial statements as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated financial statements for the 2023 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit committee for the consolidated financial statements

The Parent company's directors are responsible for the preparation of the accompanying consolidated financial statements, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the aforementioned 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 company'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 aforementioned directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent company's audit committee is responsible for overseeing the process of 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 legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment 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 company's directors.
- Conclude on the appropriateness of the Parent company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and 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 company's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the Parent company's audit committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the aforementioned those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Parent company'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.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of Grupo Empresarial San José, S.A. and its subsidiaries for the 2023 financial year that comprise an XHTML file which includes the consolidated financial statements for the financial year and XBRL files with tagging performed by the entity, which will form part of the annual financial report.

The directors of Grupo Empresarial San José, S.A. are responsible for presenting the annual financial report for the 2023 financial year in accordance with the formatting and markup requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation).

Our responsibility is to examine the digital files prepared by the Parent company's directors, in accordance with legislation governing the audit practice in Spain. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the consolidated financial statements included in the aforementioned digital files completely agrees with that of the consolidated financial statements that we have audited, and whether the format and markup of these accounts and of the aforementioned files has been effected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined completely agree with the audited consolidated financial statements, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the audit committee of the Parent company

The opinion expressed in this report is consistent with the content of our additional report to the audit committee of the Parent company dated 29 February 2024.

Appointment period

The General Ordinary Shareholders' Meeting held on 20 April 2023 appointed us as auditors of the Group for a period of three years, as from the year ended 31 December 2023.



Services provided

Services provided to the Group for services other than the audit of the accounts are disclosed in note 22.12 to the consolidated financial statements.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original signed by

Fernando Chamosa Valín (21402)

29 February 2024

Grupo Empresarial San José, S.A. and Subsidiaries

Consolidated Financial Statements
for the year ended 31 December 2023
and Consolidated Directors' Report

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

Translation into English of consolidate Financial Statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails.

GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiaries

Consolidated balance sheet at 31 December 2023 and 2022

(Thousand of Euros)

ASSETS	Note	31-12-2023	31-12-2022	EQUITY AND LIABILITIES	Note	31-12-2023	31-12-2022
NON-CURRENT ASSETS:				EQUITY:			
Intangible assets	7	15,480	17,050	Share capital		1,951	1,951
Goodwill on consolidation	8	9,984	9,984	Reserves		40,587	41,530
Property, plant and equipment	9	82,789	80,418	Legal and statutory		390	390
Land and buildings		61,197	57,411	Other reserves		40,197	41,140
Plant and other equipment		21,592	23,007	Reserves in consolidated companies		166,194	155,141
Investment property	10	11,682	15,820	Translation differences		(47,026)	(40,823)
Investments in associates and joint ventures	11	22,841	20,509	Equity-Valuation adjustments		(268)	24
Long-term investments	13.4	19,520	20,631	Profit for the year attributable to the parent company		19,944	16,613
Equity instruments		7,175	6,602	Equity attributable to Parent shareholders		181,382	174,436
Loans to third parties		11,659	13,378	Minority interests		35,536	32,117
Other financial assets		686	651	TOTAL EQUITY	14	216,918	206,553
Deferred tax assets	20	18,392	27,838				
TOTAL NON-CURRENT ASSETS		180,688	192,250	NON-CURRENT LIABILITIES:			
				Long-term provisions	15	39,727	27,337
				Long-term debt	16	100,876	100,027
				Bank loans and overdrafts		2,672	3,415
				Other financial liabilities		98,204	96,612
				Deferred tax liabilities	20	12,250	18,324
				Long-term advances		751	783
				TOTAL NON-CURRENT LIABILITIES		153,604	146,471
				CURRENT LIABILITIES:			
CURRENT ASSETS:				Short-term provisions	15	29,231	35,252
Inventories	12	77,489	85,879	Current bank borrowings	16	13,539	12,467
Trade and other receivables		463,369	369,350	Bank loans and overdrafts		8,728	9,755
Trade receivables for sales and services	13.1	426,629	339,890	Other financial liabilities		4,811	2,712
Related companies receivables	23	748	2,635	Payable to related companies	23	1,592	727
Sundry accounts receivable		5,995	5,644	Trade and other payables	18	713,970	569,844
Public administrations	20	29,997	21,181	Trade payables		563,592	455,724
Investments in associates and joint ventures	23	2,071	7,600	Sundry creditors		2,357	3,082
Short-term investments	13.3	2,848	13,861	Staff, remuneration payable		9,828	7,227
Short-term accruals		3,251	2,718	Tax payables	20	17,620	12,377
Cash and cash equivalents	13.2	406,764	307,005	Advances from customers	13.1	120,573	91,434
TOTAL CURRENT ASSETS		955,792	786,413	Short-term accruals		7,626	7,349
TOTAL ASSETS		1,136,480	978,663	TOTAL CURRENT LIABILITIES		765,958	625,639
				TOTAL EQUITY AND LIABILITIES		1,136,480	978,663

Accompanying notes 1 to 26, as well as the Appendix I, II and III, are part of the Consolidated Balance Sheet as 31 December 2023.

Translation into English of consolidate Financial Statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails.

GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiaries

Consolidated income statement for years 2023 and 2022

(Thousand of Euros)

	Note	Year 2023	Year 2022
CONTINUING OPERATIONS			
Revenue	22.1	1,335,835	1,092,213
Change in inventories of finished goods and work	22.10	(1,746)	(2,768)
Work performed by the Group for its property, plant and equipment	7 y 9	1,332	5,032
Procurements	22.2	(977,423)	(775,264)
Cost of raw materials and other consumables used		(251,973)	(210,913)
Works performed by other companies		(725,106)	(564,133)
Impairment of goods held for resale, raw materials and other supplies	12.6	(344)	(218)
Other operating income	22.1	10,811	21,168
Non-core and other current income		10,688	21,042
Operating grants taking to income		123	126
Staff costs	22.3	(173,729)	(149,751)
Wages and salaries		(133,130)	(115,634)
Social charges		(40,599)	(34,117)
Other operating expenses	22.2	(143,881)	(149,283)
Outside services		(121,183)	(115,567)
Tributes		(6,764)	(12,414)
Impairment losses and changes in provisions for trade		(9,760)	(16,509)
Other operating expenses		(6,174)	(4,793)
Depreciation and amortisation charge	7, 9 y 10	(11,837)	(9,111)
Excessive provisions		-	558
Impairment and gains or losses on disposal of non-current assets	22.9	(534)	(364)
PROFIT FROM OPERATIONS		38,828	32,430
Finance income	22.7	12,525	5,847
On group companies and associates equity shares		55	57
Other financial instruments		12,470	5,790
Finance costs	22.8	(6,986)	(8,611)
On debts to third parties		(6,986)	(8,611)
Change in fair value of financial instruments		(179)	(123)
Exchange differences		(1,695)	743
Adjustment for inflation in hyperinflationary economies	2.3	(2,585)	(1,188)
Impairment and gains or losses on disposal of financial instruments	22.11	(7,410)	(3,227)
FINANCIAL PROFIT		(6,330)	(6,559)
Profit/(Loss) of companies accounted for using the equity method	11	(643)	(566)
PROFIT/ (LOSS) BEFORE TAXES		31,855	25,305
Income Tax	20	(10,443)	(9,915)
PROFIT/ (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		21,412	15,390
PROFIT / (LOSS) ATTRIBUTABLE TO EXTERNAL PARTNERS		1,468	(1,223)
PROFIT / (LOSS) FOR THE YEAR		19,944	16,613
PROFIT PER SHARE: (Note 5)			
Basic		0.31	0.26
Diluted		0.31	0.26

Accompanying notes 1 to 26 to the Annual Report and Appendix I, II and III form an integral part of the Consolidated Income Statement of year 2023.

Translation into English of consolidate Financial Statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails.

GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiaries

CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSES FOR YEARS 2023 AND 2022

(Thousand of Euros)

	Note	Year 2023	Year 2022
A) CONSOLIDATED PROFITS / (LOSSES) OF THE YEAR		21,412	15,390
B) ITEMS NOT RECLASSIFIABLE TO PROFIT OR LOSS FOR THE YEAR		-	-
C) ITEMS RECLASSIFIABLE TO PROFIT OR LOSS FOR THE YEAR		(4,588)	16,079
Income and expenses recognised directly in equity		(4,745)	15,430
-For cash flow hedges		(735)	(296)
-Translation differences		(5,166)	13,668
-Equity method accounted companies		873	1,908
-Other		133	101
-Tax effect		150	49
Transfer to income statement		157	649
-For cash flow hedges		294	2
-Translation differences	2.4.d	-	741
-Equity method accounted companies		-	-
-Other		(86)	(124)
-Tax effect		(51)	30
TOTAL RECOGNISED INCOMES / (EXPENSES)		16,824	31,469
a) Attributable to Parent		13,449	29,274
b) Attributable to minority interests		3,375	2,195

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 for year 2023.

Translation into English of consolidate Financial Statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails.

GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR YEARS 2023 AND 2022

(Thousand of Euros)

	Note	Share Capital	Issurance premium	Legal Reserve	Other reserves of the parent	Consolidated Reserves		Translation differences	Equity Adjustments	Profit of the year	Total Equity attributable to parent	Minority interests	Total Equity
						In consolidated companies	In associated companies						
Balance at December 31, 2021		1,951	-	390	44,679	152,544	(6,538)	(53,719)	259	12,099	151,665	30,478	182,143
Distribution of profit for year 2021:													
-To reserves		-	-	-	2,964	11,947	(2,812)	-	-	(12,099)	-	-	-
-Dividend payment		-	-	-	-	-	-	-	-	-	-	(407)	(407)
Other equity movements	14.4	-	-	-	(6,503)	-	-	-	-	-	(6,503)	(149)	(6,652)
Total recognized income/expenses year 2022		-	-	-	-	-	-	12,896	(235)	16,613	29,274	2,195	31,469
Balance at December 31, 2022		1,951	-	390	41,140	164,491	(9,350)	(40,823)	24	16,613	174,436	32,117	206,553
Distribution of profit for year 2022:													
-To reserves		-	-	-	5,560	11,619	(566)	-	-	(16,613)	-	-	-
-Dividend payment		-	-	-	-	-	-	-	-	-	-	(18)	(18)
Other equity movements	14.4	-	-	-	(6,503)	-	-	-	-	-	(6,503)	62	(6,441)
Total recognized income/expenses year 2023		-	-	-	-	-	-	(6,203)	(292)	19,944	13,449	3,375	16,824
Balance at December 31, 2023		1,951	-	390	40,197	176,110	(9,916)	(47,026)	(268)	19,944	181,382	35,536	216,918

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 for year 2023.

GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiaries

CONSOLIDATED CASH FLOW STATEMENTS FOR YEAR 2023 AND 2022

(Thousand of Euros)

	Note	Year 2023	Year 2022
Cash flows from operating activities:			
(+) Profit (Loss) before tax		31,855	25,305
(+) Depreciation and amortisation charge	7, 9 y 10	11,837	9,111
(+/-) Changes in operating allowances		7,376	17,943
(-) Imputation of subsidies for the year		(123)	(126)
(-) Financial income	22.7	(12,525)	(5,847)
(+) Financial costs	22.8	6,986	8,611
(+/-) Exchange differences		4,280	445
(+/-) Result of changes in value of financial instruments		179	123
(+/-) Result of companies accounted for using the equity method		643	566
(+/-) Result of property, plant and equipment		534	364
(+/-) Impairment and gains or losses on disposals of financial investments	22.11	7,410	3,227
(+/-) Other gains or losses		(2,501)	(3,329)
Total Cash Flows from operating activities		55,951	56,393
Variation in working capital:			
<u>Operating working capital assets</u>			
a) (Increase)/Decrease in inventories		4,550	(1,417)
b) (Increase)/Decrease in debtors and other receivables		(57,593)	(27,398)
c) (Increase)/Decrease in other current non financial assts		-	-
<u>Operating working capital liabilities</u>			
a) (Increase)/Decrease in trade payables		122,190	41,077
b) (Increase)/Decrease in other current non financial liabilities		-	-
Other operating cash flows:			
(-) Income tax paid in the year		(15,743)	(19,270)
(+/-) Other collections / (payments) due to operating activities		(5,974)	(17,780)
1. TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES		103,381	31,605
Investments:			
(-) Intangible assets		(228)	(201)
(-) Property, plant and equipment and investment property		(5,284)	(6,169)
(-) Shares and other financial assets		(3,493)	(5,891)
Total Investments		(9,005)	(12,261)
Dividends received			
		55	635
Disposals:			
(+) Intangible assets		1,012	274
(+) Property, plant and equipment		204	233
(+) Shares and other financial assets		2,577	896
Total Disposals		3,793	1,403
Financial interests received			
		13,342	5,876
Other collections / (payments) due to financing activities			
		14,226	(1,864)
2. TOTAL NET CASH FLOWS FROM FINANCING ACTIVITIES		22,411	(6,211)
Other collections / (payments) due to treasury share transactions			
		62	(149)
Dividends paid			
	14. 4	(6,521)	(6,910)
Increase / (decrease) in financial borrowings			
Non current		(514)	831
Current		(2,099)	(6,504)
Financial interests paid		(9,104)	(4,123)
Other collections / (payments) due to financial activities			
		-	-
3. TOTAL NET CASH FLOWS FROM FINANCIAL ACTIVITIES		(18,176)	(16,855)
4. TOTAL NET CASH FLOWS FROM FINANCIAL ACTIVITIES		(7,857)	2,970
TOTAL CASH FLOWS FOR THE YEAR		99,759	11,509
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR			
		307,005	295,496
Changes in the year			
		99,759	11,509
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
		406,764	307,005

Accompanying 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 2023

Grupo Empresarial San José, S.A. and Subsidiaries

Consolidated Report for the year ended 31 December 2023

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.", 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 VAI identification numbers A-36.046.993.

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

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

b) Legal framework

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

c) Activities

The 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 audiovisual 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 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.

Grupo Empresarial San José, S.A. has its registered office and fiscal address in Pontevedra, at 44, Rosalía de Castro St., and its headquarters in Tres Cantos (Madrid), at 11, Ronda de Poniente St.

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 Concesiones y Servicios, S.A.U. (maintenance services), San Jose Energia y Medio Ambiente, S.A. (energy), and Desarrollos Urbanisticos Udra, S.A.U. (urban development).

The specific lines of business of each subsidiary, jointly controlled entity and associate are disclosed in Annexes 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 2023 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 2023 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 2022, 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 20 April 2023. Further, 2023 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

The standards and interpretations adopted by the European Union which, where applicable, have been used by the Group in the preparation of these consolidated financial statements at 31 December 2023 are set out below:

Approved for use in the European Union		Compulsory application for financial years starting from:
Amendments and/or interpretations		
Amendment to IAS 12. "International tax reform: Pillar 2 model standards".	On the one hand, the amendment to IAS 12 is required to be applied immediately and retrospectively in accordance with IAS 8 and on the other hand, disclosures relating to current tax expense and known or reasonably estimable Pillar 2 income tax exposure are mandatory for annual periods beginning on or after 1 January 2023.	1 January 2023
Amendment to IAS 1. Breakdown of accounting policies.	IAS 1 has been amended to improve disclosures about accounting policies to provide more useful information to investors and other primary users of financial statements.	1 January 2023
Amendment to IAS 8. Definition of accounting estimates.	Amendments to help distinguish between changes in accounting estimate and changes in accounting policy.	1 January 2023
Amendment to IAS 12. Deferred taxes arising from assets and liabilities resulting from single transactions.	Clarifications on how entities should account for deferred tax arising on transactions such as leases and decommissioning obligations.	1 January 2023
Amendment to IFRS 17 Insurance Contracts - Initial Application of IFRS 17 and IFRS 9. Comparative Information	Amendments to IFRS 17 transition requirements for insurers applying IFRS 17 and IFRS 9 for the first time at the same time.	1 January 2023
IFRS 17 Insurance Contracts.	It replaces IFRS 4 and sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts, with the objective that an entity should provide relevant and reliable information to enable users of financial information to determine the effect of insurance contracts on the financial statements.	1 January 2023

The entry into force of these standards and interpretations has not had a significant impact on these consolidated financial statements. With regard to those standards and interpretations that will come into force in 2024, no significant impact is expected

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 they had not been adopted by the EU.:

Non-adopted for use within the EU		Compulsory application as from:
Amendments and/or interpretations		
Amendment of IAS 1 Classification of liabilities as current and non-current and classification of non-current liabilities with covenants.	Clarifications regarding the presentation as current or non-current liabilities, and in particular those with maturities condition by compliance with covenants	01 January 2024
Amendment of IFRS 16 Lease liability in a Leaseback	This amendment clarifies the subsequent accounting for lease liabilities arising on Leaseback transactions.	01 January 2024

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 directors of the Group with the aim of quantifying certain 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. 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).
3. The assessment of potential impairment losses of certain assets (see Notes 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7 and 4.8).
4. The probability of occurrence and the amount of uncertain or contingent liabilities (see Note 4.16 and 4.17).
5. The fair value of certain financial instruments (see Note 4.8).
6. The fair value of assets and liabilities acquired in business combinations (see Notes 2.4 and 8).
7. The assessment of the recoverability of tax credits (see Note 4.15).
8. Judgements and assumptions considered in contracts under the IFRS 16 Leasing standard (see Note 4.5).

Although these estimates were made on the basis of the best information available at 31 December 2023 on the events analysed, events that may take place in the future may 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, "Accounting policies, changes in accounting estimates and errors", 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 main closing and average exchange rates for the period used in the process of preparing these consolidated annual accounts for the 2023 financial year are as follows:

Country	Currency	Year-end exchange rate	Average exchange rate
The United States /East-Timor	US Dollar (USD)	1.105	1.082
Argentina	Argentine Peso (ARS)	894.712	332.606
Mexico	Mexican Peso	18.690	19.211
Cape Verde	Cape Verde Escudo	110.265	110.265
Panama	Panamamanian Balboa	1.105	1.082
Uruguay	Uruguayan Peso	42.520	41.425
Paraguay	Guaraní	8,089.920	7,902.555
Peru	Peruvian Sol	4.378	4.276
Chile	Chilean Peso (CLP)	970.050	909.209
Brazil	Brazilian Real	5.354	5.405
India	Indian Rupee	91.840	89.374
Nepal	Nepalian Rupee	147.610	143.432
United Arab Emirates	UAE Dirham	4.053	3.975
Colombia	Colombian Peso	4,272.870	4,670.737
Morocco	Morocco Dirham	10.710	10.846
Bolivia	Boliviano	7.431	7.278

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 2023, the Group had negative Conversion differences recorded by the Parent under net equity amounting to EUR 47,026 thousand (EUR 40,823 thousand at 31 December 2022). The breakdown as of 31 December 2023 and 31 December 2022 by country is as follows:

		Thousands of euros	
Country	Currency	31.12.2023	31.12.2022
Argentina	Peso argentino	(13,891)	(11,027)
Paraguay	Guaraní	(4,889)	(4,064)
Perú	Soles peruanos	(3,327)	(3,408)
Chile	Peso chileno	(15,592)	(13,996)
Abu Dhabi	Dirham de Emiratos Árabes	(5,093)	(5,060)
Others	-	(4,234)	(3,268)
Total		(47,026)	(40,823)

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

Hyperinflationary economies

As of 1 July 2018, as a consequence of reaching in the financial year a cumulative inflation of more than 100% during the last three financial years, Argentina was declared a hyperinflationary economy. Consequently, as at 31 December 2022 and 2023, the provisions of IAS 29 "Financial Reporting in Hyperinflationary Economies" are applicable.

The inflation considered for this calculation in the year 2023 has been 211.4%. 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	31.12.2021	31.12.2022	31.12.2023
Price index based	100.0	124.8	184.3	283.5	385.9	582.5	1,134.6	3,533.2
Annual variation	n/a	24.8%	47.7%	53.8%	36.1%	50.9%	94.8%	211.4%

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 as functional currency, corresponding to the year ending 31 December 2023, amounts to a loss of EUR 2,585 thousand (EUR 1,188 thousand for the year ended 31 December 2022).

During the financial year 2023, the effect on consolidated equity of the revaluation of non-monetary items is negative, amounting to EUR 26,117 thousand (the effect on equity in the financial year 2022 was positive, amounting to EUR 13,880 thousand). This amount is recorded together with the Conversion differences generated by translating the restated financial statements of the subsidiaries in Argentina into euros, under the heading "Conversion differences in consolidated companies" in the Group's consolidated equity.

2.4 Basis of Consolidation

a) Subsidiaries

Subsidiaries are considered to be those over which the Parent Company has the capacity to exercise control, a capacity that is manifested when the Parent Company is exposed, or has the right, to variable returns from its involvement in the investee and has the ability to influence these returns. through its power over it.

In application of IFRS 10 "Consolidated financial statements", the Parent Company controls an investee if and only if it meets all of the following elements:

- Power over the investee.
- Exposure or right to variable returns from their involvement in the investee.
- Ability to use its power over the investee to influence returns.

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 value of identifiable net assets acquired, that is, the discount in the acquisition, is recorded as profit or loss 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.

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

b) Joint agreements

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.

Joint ventures are those jointly controlled by two or more unrelated entities. The Group recognises its interest in the joint ventures in which it has an interest by applying the equity method, in accordance with the option set out in IFRS 11 - "Joint Arrangements".

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, income and expenses of joint ventures is recognised in the consolidated income statement on the basis of its own nature.

Financial information provided by consolidated financial statements of the Group by multi-group companies, in aggregate, at 31 December 2023 and 2022 is as follows:

	Millions of Euros	
	31.12.2023	31.12.2022
Non-current assets	1.2	1.3
Current assets	96.2	99.2
Non-current liabilities	8.5	1.9
Current liabilities	88.7	93.5
Total income	107.8	125.7
Total expense	(103.3)	(107.3)

Annex II and III to the consolidated financial statements detail the joint ventures included within the scope of 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 fair value of the identifiable net assets of the associated company that the Group owns on the acquisition date is recognised as 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.

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

d) Changes in the scope of consolidation

During years 2023 and 2022 there have been no significant changes in the scope of consolidation of the Group. In any case, main corporate transactions are detailed below:

Year 2023:

1. During the first quarter of 2023, the associated company "Crea Madrid Nuevo Norte, S.A." (previously called "Distrito Castellana Norte, S.A.") carried out a capital increase for a total amount of 21,027 thousand euros. The Group, through its investee "Desarrollos Urbanísticos Udra, S.A.U.", has subscribed and paid up all the shares corresponding to its shareholding, for a total amount of 2,103 thousand euros. As a result, it maintains its 10% interest in the investee's share capital, having significant influence insofar as it is represented on its governing body (see Notes 2.4.c and 11).
2. In October 2023, the Group liquidated the investee "Xornal Galinet, S.A.U.". This transaction had no significant effect on the Group's consolidated income statement for 2023.
3. During 2023, the Group company "Constructora San José, S.A." has proceeded to liquidate and close its branches in Nepal, Panama and Bolivia, as well as its investee "San José Panamá, S.A.". These liquidation operations have had no significant direct effect on the Group's consolidated income statement for 2023. However, in accordance with Spanish tax legislation, the profit at source contributed to the Group by these units is included as a permanent difference in the Group's taxable income for the year (see Note 20.2).

Year 2022

1. On 23 March 2022, the associated company "Crea Madrid Nuevo Norte, S.A." (previously called "Distrito Castellana Norte, S.A.") carried out a capital increase for a total amount of EUR 10,449 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 1,045 thousand. Consequently, it maintains its 10% stake in the capital stock of the associated company, holding significant influence to the extent that it maintains its representation in the board of directors (see Note 2.4.c and 11).
2. In July 2022, the Group liquidated the investee companies "Tecnocontrol Instalaciones, S.L.U." and "Tecnocontrol Sistemas de Seguridad, S.A.U.". These transactions have not had a significant effect on the accompanying consolidated income statement for the year ended 31 December 2022.
3. In July 2022, the Group company "Constructora San José, S.A." established a branch in Italy, as well as a company called "Jose' Costruzioni, S.R.L.", holding 100% of its share capital, for the purpose of carrying out the company's activities in that country.
4. During the month of October 2022, the Group liquidated the investee company "Inmobiliaria Sudamericana de Desarrollos Urbanísticos, S.A.". Derived from said operation, negative conversion differences that it

contributed to the Group, amounting to 741 thousand euros, have been recycled to the income statement, as a higher expense for exchange differences in the consolidated income statement for the year 2022, attached. Additionally, this transaction has not had a significant effect on the accompanying consolidated income statement for the year ended 31 December 2022.

2.5 Comparison of information

Information recorded on the consolidated financial statements for year 2022 is provided for comparison purposes only with that provided as of the year ended 31 December 2023.

2.6 Changes in the accounting criteria

Accounting criteria applied during year 2023 is the same as that implemented in year 2022.

During year 2023, no significant changes have been applied compared to those applied in year 2022.

3. Distribution of the Parent's profit

The Directors of the Parent Company will propose the AGM to distribute the profit for the year ended 31 December 2023, amounting to EUR 4,057 thousand, to "Voluntary reserves".

In the last five years, the Parent Company has distributed dividends in years 2020, 2021, 2022 and 2023 for a gross amount of EUR 0.10 per share, amounting to a total of EUR 6,502,608.30 each year.

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 2023 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.

At the end of each reporting period, goodwill is tested for impairment to reduce its recoverable amount to below its carrying amount and, if so, written down with a charge to "Impairment and gains or losses on disposal of non-current assets" in the consolidated income statement. In accordance with IAS 36 - "Impairment of assets", an impairment loss recognised in goodwill will not be reversed in subsequent periods.

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.

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

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 "Service Concession Agreements" 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.

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 property, plant and equipment depreciation charge for the period is 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:

	Annual 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.

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 sale price and the carrying amount of the asset and it is recorded under the consolidated income statement.

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 2021, 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 mortgaging 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 mortgaging 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 2023 and 2022, 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 2023 and 2022, the Group has contracted the services of "Instituto de Valoradores, SA", 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 2023 and 31 December 2022, 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, land and plots of land: valuation method by comparison (for finished products) and residual dynamic method (basically, for land and plots of land 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 habitual interest rates in the mortgage market.

Also, in the valuation of given plots of land, purchase-sale transactions that would have occurred in the area, are taken as a reference for comparison purposes.

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.

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 2023, changes that occurred in the value of financial instruments of the Group due to changes in interest rates is not significant.

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, 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 (See Note 22.6).

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: operating leases

The accounting of lease contracts where the Group companies act as lessor has not been affected by the application of IFRS 16: Items leased by the Group mainly relate to real estate assets, and the acquisition cost of the leased assets is presented under "Investment property" in the consolidated balance sheet. 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, direct labour costs and production overheads, including the costs that have been incurred into 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 stocks

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.

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.

Advances to suppliers

Inventories include advances paid to suppliers in the course of the Group's ordinary purchasing activity, totalling EUR 8,392 thousand and EUR 10,102 thousand at 31 December 2023 and 2022, respectively (see Note 12).

Issuance rights

Greenhouse gas emission rights are recognised in the consolidated balance sheet when the rights giving rise to them arise for the Group. 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. 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 equity 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 equity: 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)".

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 - "Revenues from contracts with customers" 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 - "Leases", 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 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 2023 and 2022. Likewise, no transactions involving treasury shares were carried out during years 2023 and 2022.

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. Risks are, chiefly, 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 hedged items. 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 recognised in the cash flow hedge reserve in equity.

The Group holds 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 derivative financial instruments contracted by the Group that meet the aforementioned requirements to qualify as cash flow hedges, changes in fair value are recognised under "Valuation adjustments" in equity 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).

The accounting standard IFRS 13 - Measurement of Fair Value considers credit risk in the measurement of fair value. Pursuant to IFRS 13, fair value is defined as the price to be charged for selling an asset or to be paid for transferring a liability at a market transaction at measurement date (for example, starting price) regardless said price has been estimated or corresponds to market conditions.

IFRS 13 indicates that fair value of assets and liabilities shall include credit risk of the entity itself and of its counterparty. This principle affects derivative financial instruments of Grupo SANJOSE.

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 counterparty 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 2023 and 2022, the Group has foreign currency forward contracts for a total amount of EUR 26,823 thousand and EUR 5,360 thousand, respectively, maturing in the short term. The pre-tax impact on the Group's consolidated equity of the change in fair value arising from these contracts at year-end 2023 and 2022 is EUR -735 thousand and EUR -296 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.

Income and expenses are recognised when control of the good or service is transferred to the customer.

In application of IFRS 15 - "Revenues from contracts with customers", 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 income, generally, in accordance with the "Input-based method", as described in IFRS 15, as a progress grade procedure. The Group recognises total contract costs incurred into and income from said contracts, and reasonably assured sales relating to completed construction work.

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. Likewise, an expected loss on the construction contract is recognised as an expense immediately.

For any works performed not included within the scope of 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 which 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 balance sheet.

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 "Trade creditors and other accounts payable" of current liabilities in the consolidated balance sheet.

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 balance sheet, 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 to 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.

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 benefits 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 benefits 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 is 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 Foreign 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 Conversion differences arising are classified separately in equity. Such Conversion 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 and fair value adjustments generated in the acquisition of a foreign entity are recorded as assets and liabilities of the foreign entity and are converted according to the currency 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
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
Sucursal de Constructora San José en 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 José - Tecnocontrol, S.A.	Santiago de Chile (Chile)	Hospital Construction and Management
San José Tecnologías Chile Limitada	Chile	Construction
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 Infrastructure & Construction Private Limited	Nueva Delhi (India)	Construction
San José Construction Group, Inc	Washington (US)	Construction
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
Agropecuaria de El Chaco, S.A.	Paraguay	Agricultural productions
Casado Agropecuaria, S.A.	Paraguay	Agricultural productions
Sucursal de Constructora San José, S.A. en México	Mexico	Construction
Sucursal de Constructora San José, S.A. en Perú	Peru	Construction
Sucursal de Constructora San José, S.A. en Abu Dhabi	Abu Dhabi	Construction
SJ Contracting, LLC.	Abu Dhabi	Construction
Consorcio Hospital Carlos Cisternas de Calama S.A.	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 - "Financial reporting in hyperinflationary economies"

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 2023, 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 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.

- 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, Contingent Liabilities and Contingent Assets".

Provisions 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. Provisions are also 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.

Main provisions of the Group by type are as follows:

4.16.1 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.

4.16.2 Litigation and/or claims in process

At the end of 2023 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 2023 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 (see Note 16).

Financial liabilities might be classified as current liabilities in the consolidated balance sheet, as they finance the current property assets.

4.19 Transactions with associates

Grupo SAN JOSE 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.

Grupo SANJOSE considers the preservation of the environment and sustainable development as fundamental premises within its strategic lines of business.

Due to the type of activity carried out by Group Companies, as well as the concern and awareness measures implemented internally so as to minimise the environmental impact, the Group has no expenses, assets, provisions or contingencies of an environmental nature. that could be significant in relation to equity, financial position and profit/(loss) for the year (see Note 25).

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 2023	Year 2022	Changes
Net profit/(loss) for the year attributable to the Parent (thousands of Euros)	19,944	16,613	3,331
Weighted average number of shares (shares)	65,026,083	65,026,083	-
Basic profit/(loss) per share (Euros/Share)	0.31	0.26	0.05

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 2023 and 31 December 2022.

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 Grupo SAN JOSE, at 2023 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 2023 and 2022, the Grupo engaged mainly in the following major lines of business, which were the basis for the Group's primary segment reporting:

1. Construction: includes the different activities related to construction, whether in civil engineering, building or industrial works contracts.
2. Real estate development and urban development: includes operations related to the purchase and holding of land reserves or other real estate assets, the development of real estate or urban development projects, the sale of land, the development and sale of real estate assets, and the management of real estate investments and their rental to third parties.
3. Energy activity: mainly includes the development of energy projects, as well as the production and sale of electricity, heat or other energy.
4. Concessions and services: mainly includes activity related to infrastructure maintenance contracts (roads and other transport routes, hospitals, sports centres, offices, etc.), as well as urban cleaning services, garden maintenance and others.

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

On the other hand, the Group's operations are located mainly in Spain, Portugal, South America (Argentina, Chile, Peru, Paraguay, Brazil and Mexico), the USA, Africa (Cape Verde), and Asia (India and United Arab Emirates).

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 disposal 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 "Adjustments and Others" 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 2023:

	Thousands of Euros					
	Construction	Real estate and property development	Energy	Concessions and Services	Adjustments and other	TOTAL
Net Revenues:						
External sales	1,197,691	15,508	14,496	72,338	35,802	1,335,835
Inter-segment sales	7,692	-	-	2,411	(10,103)	-
Net Revenues:	1,205,383	15,508	14,496	74,749	25,699	1,335,835
EBITDA	39,863	3,939	3,721	3,182	11,277	61,982
Amortisation	(9,478)	(4)	(1,129)	(650)	(576)	(11,837)
Provisions	(8,987)	266	124	(2,018)	(168)	(10,783)
Impairment and Profit/(Loss) after disposal	5	-	(640)	100	1	(534)
PROFIT/(LOSS) FROM OPERATIONS	21,403	4,201	2,076	614	10,534	38,828
Financial income	6,794	1,156	1,123	3,336	116	12,525
Financial costs and similar expenses	(3,450)	(171)	(1,022)	(197)	(2,146)	(6,986)
Translation differences and other	(7,875)	(273)	(652)	238	(722)	(9,284)
Adjustment for inflation in hyperinflationary economies	(705)	(2,337)	-	-	457	(2,585)
Profit/(loss) from associates	(562)	(81)	-	-	-	(643)
Profit/(Loss) before tax	15,605	2,495	1,525	3,991	8,239	31,855
Income Tax	(7,841)	(1,861)	(829)	(721)	809	(10,443)
Profit/(Loss) for the year	7,764	634	696	3,270	9,048	21,412

Year 2022:

	Thousands of Euros					
	Construction	Real estate and property development	Energy	Concessions and Services	Adjustments and other	TOTAL
Net Revenues:						
External sales	962,735	23,228	18,006	62,861	25,383	1,092,213
Inter-segment sales	6,333	-	-	2,897	(9,230)	-
Net Revenues:	969,068	23,228	18,006	65,758	16,153	1,092,213
EBITDA	35,516	7,740	2,245	2,997	9,452	57,950
Amortisation	(6,668)	(7)	(1,130)	(646)	(660)	(9,111)
Provisions	(15,927)	425	147	(462)	(228)	(16,045)
Impairment and Profit/(Loss) after disposal	20	-	(387)	2	1	(364)
PROFIT/(LOSS) FROM OPERATIONS	12,941	8,158	875	1,891	8,565	32,430
Financial income	1,941	645	132	2,792	337	5,847
Financial costs and similar expenses	(5,343)	(263)	(265)	(119)	(2,621)	(8,611)
Translation differences and other	2,293	(1,700)	190	2,379	(5,769)	(2,607)
Adjustment for inflation in hyperinflationary economies	(1,056)	(1,159)	-	-	1,027	(1,188)
Profit/(loss) from associates	(878)	474	-	-	(162)	(566)
Profit/(Loss) before tax	9,898	6,155	932	6,943	1,377	25,305
Income Tax	(6,911)	(1,520)	21	(820)	(685)	(9,915)
Profit/(Loss) for the year	2,987	4,635	953	6,123	692	15,390

Sales between segments are made at market prices, amounting to EUR 10,103 thousand and EUR 9,230 thousand during 2023 and 2022, respectively. Additionally, under the item "Adjustments and others", during years 2023 and 2022, an amount of EUR 35,802 thousand and EUR 25,383 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.

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

Year 2023:

	Thousands of Euros					
	Construction	Real estate and property development	Energy	Concessions and Services.	Adjustments and other	TOTAL
Balance sheet:						
Non-current assets:						
Intangible assets	8,383	1,601	15,470	9	1	25,464
Property, plant and equipment	20,276	-	8,013	1,764	52,736	82,789
Real estate investments	-	11,634	45	-	3	11,682
Deferred tax assets	4,578	776	1,101	577	11,360	18,392
Other	16,932	22,742	9	7,844	(5,166)	42,361
Current assets:						
Inventories	11,417	53,367	244	30	12,431	77,489
Receivables	415,537	1,513	1,389	19,719	25,211	463,369
Other current assets	2,330	78	59	702	82	3,251
Short-term financial investments	3,905	113	1	879	21	4,919
Cash and cash equivalents	326,396	24,046	22,374	27,314	6,634	406,764
Total Assets						
In Spain	596,045	56,379	31,702	17,709	44,899	746,734
In foreign countries	213,709	59,491	17,003	41,129	58,414	389,746
Total Assets	809,754	115,870	48,705	58,838	103,313	1,136,480
Non-current liabilities:						
Long-term payables	2,519	95,532	-	355	2,470	100,876
Deferred tax liabilities	3,993	5,072	1,402	1,524	259	12,250
Other non-current liabilities	26,516	169	1,391	10,948	1,454	40,478
Current liabilities:						
Short-term debts	7,064	18	1,691	360	4,406	13,539
Trade payables	693,885	2,512	2,042	12,513	3,018	713,970
Other current liabilities	26,190	(10)	497	7,169	4,603	38,449
Total Liabilities						
In Spain	615,956	93,188	6,878	9,994	14,136	740,152
In foreign countries	144,211	10,105	145	22,875	2,074	179,410
Total Liabilities	760,167	103,293	7,023	32,869	16,210	919,562
Additions to fixed assets:						
In Spain	10,707	-	274	350	1,238	12,569
In foreign countries	2,794	29	-	698	469	3,990
	13,501	29	274	1,048	1,707	16,559

Year 2022:

	Thousands of Euros					
	Construction	Real estate and property development	Energy	Concessions and Services	Adjustments and other	TOTAL
Balance sheet:						
Non-current assets:						
Intangible assets	8,384	1,601	17,040	8	1	27,034
Property, plant and equipment	16,312	-	8,458	1,494	54,154	80,418
Real estate investments	-	15,818	-	-	2	15,820
Deferred tax assets	11,535	1,684	1,398	1,368	11,853	27,838
Other	12,052	20,374	7	8,232	475	41,140
Current assets:						
Inventories	11,132	61,754	153	75	12,765	85,879
Receivables	329,860	443	1,199	23,623	14,225	369,350
Other current assets	1,772	100	59	738	49	2,718
Short-term financial investments	10,619	52	2	10,753	35	21,461
Cash and cash equivalents	230,405	20,364	17,191	31,499	7,546	307,005
Total Assets						
In Spain	376,796	55,458	31,345	24,868	37,491	525,958
In foreign countries	255,275	66,732	14,162	52,922	63,614	452,705
Total Assets	632,071	122,190	45,507	77,790	101,105	978,663
Non-current liabilities:						
Long-term payables	1,639	93,983	1,371	547	2,487	100,027
Deferred tax liabilities	9,364	5,684	1,389	1,046	841	18,324
Other non-current liabilities	14,463	212	1,137	10,225	2,083	28,120
Current liabilities:						
Short-term debts	5,319	31	1,680	1,415	4,022	12,467
Trade payables	538,059	4,441	2,430	15,163	9,751	569,844
Other current liabilities	29,192	2,463	539	6,411	4,723	43,328
Total Liabilities						
In Spain	420,873	91,575	8,523	13,022	17,563	551,556
In foreign countries	177,163	15,239	23	21,785	6,344	220,554
Total Liabilities	598,036	106,814	8,546	34,807	23,907	772,110
Additions to fixed assets:						
In Spain	6,610	-	285	618	3,610	11,123
In foreign countries	2,265	5	115	761	407	3,553
	8,875	5	400	1,379	4,017	14,676

As of 31 December 2023, the item "Adjustments and others" includes assets and liabilities of the Group's productive units not included within the operational segmentation amounting to EUR 103,313 thousand and EUR 16,210 thousand, respectively (EUR 101,105 thousand and EUR 23,907 thousand at 31 December 2022).

There are no significant non-operating assets.

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 assets		Additions to property, plant and equipment and investment property	
	2023	2022	2023	2022	2023	2022
Spain	1,091,662	818,158	746,734	525,958	12,569	11,126
Portugal	138,842	150,362	101,142	113,717	1,208	1,085
Cape Verde	3,855	4,308	21,774	15,092	5	27
Argentina	3,468	7,302	31,849	46,534	132	240
Paraguay	7,265	2,764	51,344	51,253	454	404
Bolivia	-	-	-	10	-	-
The United States	-	-	7,122	8,186	470	148
Peru	22,009	18,925	39,534	39,645	248	215
Brazil	-	-	4,101	4,027	-	-
Panama	-	-	-	34	-	-
France	-	-	218	220	-	-
Germany	-	-	1,294	1,199	-	-
Malta	-	422	17	671	-	-
Italy	526	-	2,355	39	199	-
Chile	59,770	65,570	97,655	120,406	999	1,241
India	28	392	1,923	2,311	207	63
Abu Dhabi	4,546	23,969	22,015	43,678	36	108
Nepal	-	-	2	3	-	-
Timor	-	-	1	1	-	-
Morocco	-	-	-	-	-	-
Mozambique	-	-	42	95	-	-
Colombia	-	-	-	-	-	-
Mexico	3,864	41	7,358	5,584	32	19
TOTAL	1,335,835	1,092,213	1,136,480	978,663	16,559	14,676

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 of the Group at 31 December 2023 and 2022, EUR 284,720 thousand and EUR 336,859 thousand, respectively, correspond to assets in currency other than the Euro. Likewise, from total revenue for years 2023 and 2022 the activity developed in said countries amounts to EUR 104,805 thousand and EUR 123,271 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 2023 and 2022 is as follows:

Year 2023:

	Thousands of euros					
	Balance at 31/12/2022	Additions / Provisions	Disposals	Transfers	Translation differences	Balance at 31/12/2023
Concessions	22,585	224	(616)	172	(1)	22,364
Patents, licences and trade marks	2,307	-	(395)	-	(134)	1,778
Other intangible assets	7,173	4	(1)	37	(164)	7,049
Total expense	32,065	228	(1,012)	209	(299)	31,191
Concessions	(9,129)	(553)	-	(172)	-	(9,854)
Patents, licences and trade marks	-	-	-	-	-	-
Other intangible assets	(5,222)	(135)	-	-	164	(5,193)
Total Accumulated Amortisation	(14,351)	(688)	-	(172)	164	(15,047)
Total Accumulated Impairment	(664)	-	-	-	-	(664)
Net carrying amount	17,050	(460)	(1,012)	37	(135)	15,480

Year 2022:

	Thousands of euros				
	Balance at 31/12/2021	Additions / Provisions	Disposals	Translation differences	Balance at 31/12/2022
Concessions	22,416	169	(6)	6	22,585
Patents, licences and trade marks	2,430	30	(268)	115	2,307
Other intangible assets	7,055	2	-	116	7,173
Total expense	31,901	201	(274)	237	32,065
Concessions	(8,618)	(511)	-	-	(9,129)
Patents, licences and trade marks	-	-	-	-	-
Other intangible assets	(4,973)	(134)	-	(115)	(5,222)
Total Accumulated Amortisation	(13,591)	(645)	-	(115)	(14,351)
Total Accumulated Impairment	(664)	-	-	-	(664)
Net carrying amount	17,646	(444)	(274)	122	17,050

At 31 December 2023, the Group's main intangible assets are those associated with concession contracts which, in application of IFRIC 12 - "Service concession arrangements" (see Note 4.2), irrespective of their nature, are recognised under this heading in the consolidated balance sheet. Specifically, the following should be highlighted:

- Elements of construction and technical installations constituting the polygeneration plant for electrical energy, heating and cooling of the Group company "Poligeneración Parc de l'Alba ST-4, S.A.", located in the "Centro Direccional de Cerdanyola del Valles" (Barcelona) Partial Plan, recorded at a net cost at 31 December 2023 and 2022 of EUR 10,653 thousand and EUR 11,783 thousand, respectively. The Group has been granted a *project finance loan*, the outstanding amount of which at 31 December 2023 totals EUR 1,371 thousand (EUR 2,521 thousand at 31 December 2022) (see Note 16.1), with the plant acting as security for the financing received.

For these facilities, there is a multi-year technical shutdown and maintenance plan foreseen throughout the life of the concession. Non-current liabilities in the Group's consolidated balance sheet include a provision which, on an accruals basis, reasonably covers the expected costs (see Note 15).

- 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 2023 and 2022 for a total amount of EUR 1,657 thousand and EUR 1,789 thousand, respectively.

Main additions during 2023 and 2022 refer to expenses incurred into in the promotion and development of wind and photovoltaic farms, mainly in Spain and Chile.

Under "Patents, licences and similar" the Group records the cost incurred in the development of energy projects which, at the current date, are in progress. The cost incurred at 31 December 2023 amounts to Euros 1,778 thousand (Euros 2,307 thousand at 31 December 2022).

The main retirements during 2023 relate to adjustments to the cost capitalised at 31 December 2022, justified by a worsening of expectations for the success of the projects. These adjustments have been fully recognised in the consolidated income statement for the year (see Note 22.9).

At 31 December 2023 there are no significant investment commitments in intangible assets. As for the closing of years 2022 y 2021, there were fully amortised assets in use, whose total cost amounted to 1.3 million euros, in both exercises.

8. Goodwill

Breakdown of the item "Goodwill" in the consolidated balance sheet, based on the companies that originated it as of 31 December 2023 and 2022, is as follows:

	Thousands of Euros	
	31.12.2023	31.12.2022
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
Others	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", Entirely concerned with the construction activity, representing 77% total goodwill of the Group. At 31 December 2023, 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:

- 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 [2,5-5,5] %.
- 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 2023, the discount rate used by the Group in the UGE of "Constructora San José, S.A." is 7.5%.
- A 0% growth rate envisaged in perpetuity is considered.
- EBITDA margin relatively stable in the short term, standing at levels of 4.0%, increasing in the medium and long term, stabilising at levels of [4.5-6.0] %.
- 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.

The projections used by directors are conservative with the SANJOSE Group's Business Plan, in accordance with the most recent commercial projections, which take into account the situation of the contracted portfolio, the historical evolution of recent years, as well as the situation of financial stability that has characterized the Group in recent years.

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 2023, 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.

9. Property, plant and equipment

Changes in 2023 and 2022 under "Property, Plant and Equipment" in the consolidated balance sheet were as follows:

Year 2023:

	Thousands of Euros					
	Balance at 31/12/2022	Additions / Provisions	Disposals	Transfers	Translation differences and other	Balance at 31/12/2023
Cost:						
Land and buildings	70,209	2,943	(2,008)	5,771	(2,790)	74,125
Plant and machinery	47,653	9,291	(3,670)	-	(764)	52,510
Other items of property, plant and equipment	30,127	2,946	(4,721)	33	(820)	27,565
Ongoing property, plant and equipment	4,761	1,122	-	(5,696)	(74)	113
Total expense	152,750	16,302	(10,399)	108	(4,448)	154,313
Accumulated amortisation:						
Land and buildings	(12,798)	(2,329)	1,969	-	230	(12,928)
Plant and machinery	(32,811)	(7,260)	3,577	-	672	(35,822)
Other items of property, plant and equipment	(26,667)	(1,545)	4,649	-	803	(22,760)
Total Accumulated Amortisation	(72,276)	(11,134)	10,195	-	1,705	(71,510)
Total Accumulated Impairment	(56)	34	-	-	8	(14)
Net carrying amount	80,418	5,202	(204)	108	(2,735)	82,789

Year 2022:

	Thousands of Euros					
	Balance at 31/12/2021	Additions / Provisions	Disposals	Transfers	Translation differences and other	Balance at 31/12/2022
Cost:						
Land and buildings	68,037	2,595	(1,179)	-	756	70,209
Plant and machinery	44,988	6,739	(4,578)	97	407	47,653
Other items of property, plant and equipment	30,079	1,857	(2,262)	(13)	466	30,127
Ongoing property, plant and equipment	1,477	3,284	-	-	-	4,761
Total expense	144,581	14,475	(8,019)	84	1,629	152,750
Accumulated amortisation:						
Land and buildings	(11,466)	(2,457)	1,191	42	(108)	(12,798)
Plant and machinery	(31,745)	(4,674)	4,365	(138)	(619)	(32,811)
Other items of property, plant and equipment	(27,178)	(1,277)	2,230	12	(454)	(26,667)
Total Accumulated Amortisation	(70,389)	(8,408)	7,786	(84)	(1,181)	(72,276)
Total Accumulated Impairment	(56)	-	-	-	-	(56)
Net carrying amount	74,136	6,067	(233)	-	448	80,418

The main movement in this heading during 2023 and 2022 is the application of IFRS 16 relating to rental contracts, mainly for property and machinery, as follows: i) additions to property, plant and equipment due to new contracts amounting to Euros 9,728 thousand and Euros 6,122 thousand in 2023 and 2022, respectively; ii) reductions in property, plant and equipment due to maturities and/or cancellations amounting to Euros 4,675 thousand and Euros 4,490 thousand in 2023 and 2022, respectively (see Note 22.6). In addition, in 2023 the Group completed the construction of an industrial building for its own use, which came into operation in October 2023.

The remaining additions in the year mainly relate to investments in plant and equipment and other fixed assets made by the Group in the ordinary course of business.

At 31 December 2023 and 2022, investment hold in foreign countries by the Group, detailed by associate is as follows:

	Thousands of Euros			
	31/12/2023		31/12/2022	
	Cost	Accum. Amort.	Cost	Accum. Amort.
Portugal	5,228	(4,208)	4,768	(4,126)
Argentina	2,789	(1,642)	4,064	(2,880)
Paraguay	47,651	(2,693)	49,836	(2,536)
Cape Verde	4,724	(4,442)	4,719	(4,188)
Chile	3,052	(1,534)	2,511	(1,173)
India	378	(189)	227	(189)
Perú	2,661	(2,574)	2,764	(2,642)
Abu Dhabi	2,570	(2,493)	2,824	(2,663)
México	140	(127)	99	(86)
Other countries	1,899	(1,488)	1,479	(1,369)
TOTAL	71,092	(21,390)	73,291	(21,852)

"Land and buildings" mainly includes a net amount of EUR 44,330 thousand and EUR 46,762 thousand as of 31 December 2023 and 2022, respectively, corresponding to lands of the group through its investee "Carlos Casado, SA", mainly agricultural land in the Paraguayan Chaco. The fair value of these assets, according to an external valuation carried out by an independent expert, exceeds their net book value.

At 31 December 2023 there are no properties classified as property, plant and equipment in mortgage guarantee. Fair value of own use buildings at 31 December 2023 and 2022 amounts to EUR 31 million and EUR 28 million, respectively, according to estimates carried by independent valuers (Instituto de Valoraciones, S.A.). Carrying net cost at 31 December 2023 and 2022 amounts to EUR 15.2 million and EUR 13.6 million, respectively.

At 2023 and 2022 year-end, there were fully amortised items in use, with a total cost amounting to EUR 33.3 million and EUR 30.9 million, respectively.

At year-end 2023, the Group has no significant investment commitments in property, plant and equipment. Likewise, no significant repair, maintenance or improvement costs are foreseen for these assets.

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 2023 and 2022 is as follows:

Year 2023:

	Thousands of Euros				
	Balance at 31/12/2022	Additions / Provisions	Transfers	Translation differences	Balance at 31/12/2023
Cost:					
Land and buildings	44,323	28	41	(13,525)	30,867
Plant and machinery	4,388	1	-	(1,409)	2,980
Furniture, tools and other items	684	-	-	(232)	452
Total expense	49,395	29	41	(15,166)	34,299
Accumulated amortisation:					
Buildings	(28,218)	(11)	-	9,329	(18,900)
Technical facilities	(4,388)	-	-	1,408	(2,980)
Furniture, tools and other items	(684)	-	-	232	(452)
Total Accumulated Amortisation	(33,290)	(11)	-	10,969	(22,332)
Total Accumulated Impairment	(285)	-	-	-	(285)
Net carrying amount	15,820	18	41	(4,197)	11,682

Year 2022:

	Thousands of Euros				
	Balance at 31/12/2021	Additions / Provisions	Transfers	Translation differences	Balance at 31/12/2022
Cost:					
Land and buildings	37,739	-	-	6,584	44,323
Plant and machinery	3,715	-	-	673	4,388
Furniture, tools and other items	572	-	-	112	684
Total expense	42,026	-	-	7,369	49,395
Accumulated amortisation:					
Buildings	(23,469)	(58)	-	(4,691)	(28,218)
Technical facilities	(3,715)	-	-	(673)	(4,388)
Furniture, tools and other items	(572)	-	-	(112)	(684)
Total Accumulated Amortisation	(27,756)	(58)	-	(5,476)	(33,290)
Total Accumulated Impairment	(285)	-	-	-	(285)
Net carrying amount	13,985	(58)	-	1,893	15,820

During years 2023 and 2022, no significant changes have been noted down.

The cost of the investment property at 31 December 2023 and 2022 includes approximately EUR 11 million and EUR 15 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 2023 and 2022 is as follows:

Lease purpose	2023		2022	
	Surface for lease (m2)	Percentage	Surface for lease (m2)	Percentage
Administrative buildings	287	0%	287	0%
Shopping Centres	179,298	98%	179,029	98%
Other	2,545	2%	2,548	2%
	182,130	100%	181,864	100%

Mortgaged investment property

At 31 December 2023 and 2022 there are no real estate assets pledged to secure the repayment of bank loans (see Note 16.2).

Income and expenses from rental of investment property

The Group has 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 2023 and 2022 is as follows:

Term	Thousands of Euros	
	Year 2023	Year 2022
Up to a year	613	583
From one to five years	1,755	2,182
More than five years	575	1,070
	2,943	3,835

Calculation has not taken into consideration increase of CPI and, regarding variable rate contracts, amount for year 2023 has been considered.

The Group's rental income in 2023 and 2022 amounts to EUR 1,517 thousand and EUR 2,272 thousand, respectively, recognised under "Revenue" 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).

At 31 December 2023 and 2022, the fair value of real estate investments of the Group arising from the above-mentioned studies amounts to EUR 89,1 million and EUR 90,3 million, respectively; mostly owed to the Group's real estate investments in Argentina. Said amount, at 31 December 2023 and 2022, includes EUR 44,6 million and EUR 45,4 million, respectively, corresponding to real estate investments of associates.

At year-end 2023, the Group has no significant investment commitments in investment property. Likewise, no significant repair, maintenance or improvement costs are foreseen for these assets.

In view of the aforementioned valuation report, in 2023 and 2022 no valuation adjustments of assets registered by the Group as real estate investments was disclosed.

11. Investment in associates and joint ventures

Details by company and movement during 2023 and 2022 are as follows:

Year 2023:

	Thousands of Euros					
	Balance at 31/12/2022	Profit/(Loss) for the year	Additions / Disposals (Note 2.4.d)	Dividends received	Translation differences	Balance at 31/12/2023
Cresca, S.A.	86	-	-	-	-	86
Pinar de Villanueva, S.L.	148	(1)	-	-	-	147
Crea Madrid Nuevo Norte, S.A.	16,880	(391)	2,103	-	-	18,592
Panamerican Mall, S.A.	3,333	311	-	-	350	3,994
CSJ GVK Projects ín Technical SS. P.L.	62	(562)	-	-	522	22
Total	20,509	(643)	2,103	-	872	22,841

Year 2022:

	Thousands of Euros					
	Balance at 31/12/2021	Profit/(Loss) for the year	Additions / Disposals (Note 2.4.d)	Dividends received	Translation differences	Balance at 31/12/2022
Cresca, S.A.	330	(163)	-	-	(81)	86
Pinar de Villanueva, S.L.	148	-	-	-	-	148
Crea Madrid Nuevo Norte, S.A.	16,262	(427)	1,045	-	-	16,880
Panamerican Mall, S.A.	1,671	900	-	(578)	1,340	3,333
CSJ GVK Projects ´n Technical SS. P.L.	290	(876)	-	-	648	62
Total	18,701	(566)	1,045	(578)	1,907	20,509

These are companies whose shares are not listed on organised markets.

The main movement in 2023 and 2022 relates to the increase in the cost of the stake in "Crea Madrid Nuevo Norte, S.A.", as a result of the capital increases in this investee company, which were fully subscribed and paid up in accordance with the Group's shareholding (see Note 2.4).

The main activity of the associated company "Crea Madrid Nuevo Norte, S.A." (formerly called "Distrito Castellana Norte, S.A.") is the urban development of the land comprising the area known as "Prolongación Castellana Norte", in the real estate development areas known as APR 08.03 and APE 05.27, in the municipality of Madrid. Grupo SANJOSE has participated in this company since its constitution, on 25 November 1993. On 29 July 2019, the Plenary Session of the Madrid City Council provisionally unanimously approved the urban project, so-called "Madrid Nuevo Norte" and, finally, on 25 March 2020, the Governing Council of the Community of Madrid definitively approved what will be the most important urban action in the coming years.

Annex 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 2023

	Millions of Euros		
	CMNN	PM	GSJ GVK
Non-current assets	6.1	279.0	-
Current assets	193.1	9.8	5.3
Total Assets	199.2	288.8	5.3
Non-current liabilities	1.0	72.7	-
Current liabilities	9.0	3.0	4.7
Total Liabilities	10.0	75.7	4.7
Income from ordinary activities	2.8	16.9	0
Profit/(Loss) from continued operations	(3.9)	12.4	(1.1)
Profit/(Loss) for the year	(3.9)	12.4	(1.1)

At 31 December 2022

	Millions of Euros		
	CMNN	PM	GSJ GVK
Non-current assets	5.3	415.7	-
Current assets	175.1	5.2	6.0
Total Assets	180.4	420.9	6.0
Non-current liabilities	1.0	104.6	-
Current liabilities	7.0	9.8	5.3
Total Liabilities	8.0	114.4	5.3
Income from ordinary activities	4.5	35.6	0
Profit/(Loss) from continued operations	(4.3)	(24.0)	(1.8)
Profit/(Loss) for the year	(4.3)	(24.0)	(1.8)

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

At 31 December 2023

	Millions of Euros		
	CMNN	PM	CSJ GVK
Total net equity	189.2	213.1	0.6
% ownership of Grupo SANJOSE	10.00%	20.00%	50.00%
Net carrying amount of the stake (NCV)	18.9	42.6	0.3
Amendments of the NCV and other	-	(38.6)	(0)
Cost of the Groups' stake	18.9	4.0	0.0

At 31 December 2022

	Millions of Euros		
	CMNN	PM	CSJ GVK
Total net equity	172.4	306.5	0.7
% ownership of Grupo SANJOSE	10.00%	20.00%	50.00%
Net carrying amount of the stake (NCV)	17.2	61.3	0.4
Amendments of the NCV and other	-	(58.0)	(0)
Cost of the Groups' stake	17.2	3.3	0.1

The Group proceeds to homogenise the financial information of the associated companies prior to its consideration. The main effect is that referred to "Panamerican Mall, S.A.", a company that values its investment assets according to the "fair value" criterion.

12. Inventories

The detail in the consolidated balance sheets at 31 December 2023 and 2022 is as follows:

Year 2023:

	Thousands of Euros					
	Balance at 31/12/2022	Additions	Disposals	Transfers	Translation differences and other	Balance at 31/12/2023
Acquired property	4,951	-	(12)	(40)	-	4,899
Land and plots of land	63,440	150	-	-	(3,738)	59,852
Goods	6,851	16,612	(17,265)	-	-	6,198
Raw materials and other supplies	4,279	6,018	(6,500)	(786)	(27)	2,984
Developments under construction						
- Short-cycle developments under construction	4,956	1,732	(5,420)	4,872	55	6,195
- Large-cycle developments under construction	4,874	-	-	(4,874)	-	-
Other current inventory	4,953	3,041	-	(2,669)	458	5,783
Completed construction works	4,673	-	(369)	-	-	4,304
Other finished products	100	-	(3,062)	3,453	4	495
Advances to suppliers	10,102	22,035	(22,403)	(100)	(1,242)	8,392
Impairment losses on inventories	(23,300)	(446)	2,403	(310)	40	(21,613)
Total	85,879	49,142	(52,628)	(454)	(4,450)	77,489

Year 2022:

	Thousands of Euros					
	Balance at 31/12/2021	Additions	Disposals	Transfers	Translation differences and other	Balance at 31/12/2022
Acquired property	4,984	-	-	-	-	4,951
Land and plots of land	64,550	533	(3,647)	-	2,004	63,440
Goods	1,331	20,496	(14,976)	-	-	6,851
Raw materials and other supplies	3,464	4,073	(2,389)	(897)	(5)	4,279
Developments under construction						
- Short-cycle developments under construction	4,861	1,793	(7,369)	5,098	573	4,956
- Large-cycle developments under construction	6,417	3,566	-	(5,109)	-	4,874
Other current inventory	4,430	3,524	(2,635)	(265)	(101)	4,953
Completed construction works	5,450	-	(774)	-	(3)	4,673
Other finished products	72	1,619	(2,761)	1,173	(3)	100
Advances to suppliers	10,153	20,632	(20,717)	-	34	10,102
Impairment losses on inventories	(23,085)	(276)	58	-	3	(23,300)
Total	82,627	55,960	(55,210)	-	2,502	85,879

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.

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 2023 and 2022 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.

There were no significant movements in this caption in 2023. During 2022 the sale of the rural land of Herdade de Palheta, in the municipality of Redondo (Portugal) took place, the recorded cost of which amounted to Euros 3,600 thousand.

At 31 December 2023, 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 225.000 m2.
3. La Catalana and Pueblo Mediterráneo urban plots of 3,965 and 9,532 m2, respectively, located in Vicálvaro (Madrid) and Manilva (Málaga).
4. A plot of land in Salvador de Bahía, Brazil, devoted to residential purposes, with a total surface amounting to 30.285 m2.
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.

At 31 December 2023 and 2022, the Group does not hold land as mortgage hedges.

At 31 December 2023, the Group has a land portfolio with a total area of approximately 1.5 million m2, approximately 69.3% of which is qualified land. The breakdown, according to location, is as follows:

	31.12.2023	31.12.2022
Spain	43.9%	43.9%
Portugal	0.0%	0.0%
Argentina	54.1%	54.1%
Brazil	2.0%	2.0%
TOTAL	100%	100%

Land purchase commitments

At 31 December 2023 and 2022, the Group has not signed any promise or option contracts to purchase land and plots.

The advance payments made to suppliers refer, in their entirety, to payments on account made by the Group to its suppliers in the ordinary course of construction activity, mainly in Abu Dhabi, Portugal and Chile, amounting to EUR 0.2 million, EUR 1.6 million and EUR 0.4 million, respectively.

12.3 Ongoing development

This item mainly includes the real estate inventories corresponding to the "NUEVAVISTA Condominium" development that the Group builds and promotes in Lima, Peru. Said urban development was started in year 2018. It includes 10 stages, having started during 2019 the delivery of homes in the first phases. During year 2023, housing units were delivered with a net cost of EUR 5,420 thousand (Euros 7,369 thousand at 31 December 2022).

12.4 Agricultural stocks

These are those associated with the agricultural and livestock business carried on by the Group through the company "Carlos Casado, S.A." and its subsidiaries (Casado Group). These mainly include agricultural and livestock biological assets. The detail is as follows:

	Thousands of Euros	
	31.12.2023	31.12.2022
Raw materials and other supplies	832	845
Other current inventory	5,354	4,896
Other finished products	97	93
TOTAL	6,283	5,834

The Group's sales from its agricultural and livestock activities in 2023 amount to Euros 7,286 thousand, contributing a positive operating profit of Euros 2,560 thousand (Euros 2,785 thousand and a loss of Euros 1,566 thousand, respectively, in 2022).

At 31 December 2023, the Casado Group companies contribute non-current and current assets to the Group amounting to EUR 48.2 million and EUR 13.8 million, respectively (31 December 2022: EUR 49.4 million and EUR 8.7 million), while non-current and current liabilities amount to EUR 1.6 million and EUR 5.3 million, respectively (31 December 2022: EUR 2.6 million and EUR 6.9 million).

12.5 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".
- "Borinbizcarra" and "62 housing units in Mariturri", for "Eraikuntza, Birgaikuntza Artapena, S.L.U." (EBA).
- "Quinta do Moleao (Lagos)" of the branch office in Portugal of "Constructora San José, S.A."

During financial years 2023 and 2022, there have been sales totalling EUR 343 thousand and EUR 857 thousand of housing units and garages in the Larrein real estate development.

Commitment to sell property developments in progress and completed buildings.

At 31 December 2023 and 2022, 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 1,806 thousand and EUR 8,047 thousand. At 2023 and 2022-year-end said date, the Group had received advances from the related customers totalling EUR 692 thousand and EUR 4,089 thousand, respectively (see Note 18.2).

12.6 Impairment of inventories

Detail of inventories at 31 December 2023 and 2022 is as follows:

	Thousands of Euros	
	31.12.2023	31.12.2022
Acquired property	2,312	2,242
Land and plots of land	18,610	18,292
Goods	242	225
Raw materials and other consumables	-	2,377
Completed construction works	449	164
TOTAL	21,613	23,300

Each year, the Group commissions independent experts to carry out studies to determine the fair values of its property inventories (see Note 4.4).

At 31 December 2023 and 2022, the fair value of the Group's property inventories as derived from the above study amounts to EUR 127,5 million and EUR 132,6 million respectively, with a net impairment of EUR 419 thousand recorded in 2023 (in 2022, the Group recorded a net impairment of EUR 218 thousand) (see Note 22.2).

12.7 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.

12.8 Issuance rights

The item "Raw materials and other supplies" includes the greenhouse gas emission rights of the Group company "Poligeneració Parc de l'Alba ST-4, S.A.", with the total cost of the rights purchased at 31 December 2023 and 2022 amounting to EUR 1,209 thousand and EUR 2,105 thousand, respectively, with those corresponding to CO2 emissions for the year, amounting to EUR 965 thousand and EUR 2,048 thousand in 2023 and 2022, respectively, having been applied to production and pending redemption with the Public Administration.

13. Financial Assets

13.1 Trade and other receivables

This item of the accompanying consolidated balance sheet includes the current value of the amounts pending collection from sales and services rendered by Group companies, and which are the basis of the consolidated operating result.

The detail of Trade receivables for sales and services at 31 December 2023 and 31 December 2022 is as follows:

	Thousands of Euros	
	31.12.2023	31.12.2022
Progress billings receivable and trade receivables for sales and provision of services	266,355	216,412
Executed works pending billing (OEPC)	57,756	66,531
Retentions for guarantees	96,882	61,971
Customers, discounted instruments	23,609	17,968
Impairment (Note 15)	(17,973)	(22,992)
Total	426,629	339,890
Advances (Note 18.2)	(120,573)	(91,434)
Total net accounts receivable	306,056	248,456

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 the part of the budget of the work / project duly justified and technically approved, and on which there is no doubt regarding its approval, the amount of the TPRB corresponds entirely to production executed to date associated with properly signed and valid contracts. The amount of executed work pending certification is made up of the contribution of a large number of works and without, in general, there being any work that contributes a significant amount. The average term of construction contracts of the Groups in 1 and 2 years.

The item "Advances" under current liabilities of the consolidated balance sheet at 31 December 2023 and 2022 includes EUR 101,623 thousand and EUR 74,231 thousand corresponding to "Amounts billed in advance", which are recognised as reduced revenue in accordance with the method of recognition of revenue based on the percentage of completion method (see Note 18.2).

At 31 December 2023 and 2022, 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. The amount pending collection from customers at 31 December 2023 and 2022, is very fragmented, between a large number of counterparties and customers, without, in general, there being any customer with a significant amount receivable.

Breakdown of trade receivables from Public Sector Customer and Private Sector Customers at 31 December 2023 and 2022 is as follows:

	Thousands of Euros	
	31.12.2023	31.12.2022
Public Sector Customers	122,605	109,753
Private Sector Customers	304,024	230,137
	426,629	339,890

A part of trade receivables relates to transactions with Public Entities and, mainly, with the State Central Authority. Therefore, the Company considers that 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. The result of this analysis is the provision for doubtful collections that covers the estimate of expected loss.

Average collection period for trade receivables is approximately 64 and 63 days for years 2023 and 2022 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.

Usually, the efforts are mainly focused on preventive tasks. The aim of the Group is to identify situations of default. Said analysis is performed on an individual basis.

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 2023 and 2022 is as follows:

	Thousands of Euros	
	31.12.2023	31.12.2022
Other cash equivalents	190,445	72,271
Cash	214	334
Banks and credit entities	216,105	234,400
Total cash and other cash equivalents	406,764	307,005

The Group's finance management makes short-term placements of liquidity peaks, based on the Group's cash budget, which are recorded under "other cash equivalents". Most of these are placements in bank deposits in Spain and Chile.

Out of the total balance of this item, EUR 49,652 thousand and EUR 45,489 thousand correspond to joint ventures (see Annex III) at 31 December 2023 and 2022, respectively.

13.3 Short-term financial investments

This item includes bank deposits, short-term deposits with a maturity of more than three months and other current loans.

At 31 December 2023 and 2022, it mainly includes the following:

- the amounts derived from short-term deposits, amounting to EUR 1,913 thousand and EUR 2,646 thousand, at 31 December 2023 and 2022, respectively.
- At 31 December 2022 included the fourth and final instalment of Euros 10,043 thousand relating to the settlement agreement reached with the Chilean Ministry of Public Works by the Group company "Sociedad Concesionaria San José-Tecnocontrol, S.A." in November 2020, which constituted the settlement of the construction phase of the Maipú and La Florida hospitals in Santiago de Chile. It was collected in full in financial year 2023.
- The Group also records under this heading the positive value at year-end of the financial derivatives contracted (see Note 17).

13.4 Long-term financial investments

Details of and movements in "Other non-current financial assets" in the accompanying consolidated balance sheet at 31 December 2023 are as follows:

	Thousands of Euros			
	Investments available for sale	Investments until maturity	Impairment	Total
Balance at 31 December 2021	8,092	26,320	(10,512)	23,900
Entries or provisions	4,783	1,481	(39)	6,225
Transfers	-	(9,772)	-	(9,772)
Translation differences	(118)	1,116	(239)	759
Disposals, withdrawals or redundancies	-	(481)	-	(481)
Balance at 31 December 2022	12,757	18,664	(10,790)	20,631
Entries or provisions	1,272	606	(1,163)	715
Transfers	-	(38)	-	(38)
Translation differences	(603)	(583)	124	(1,062)
Disposals, withdrawals or redundancies	-	(726)	-	(726)
Balance at 31 December 2023	13,426	17,923	(11,829)	19,520

13.4.1 Financial assets at fair value through profit or loss

This item includes basically representative investments in equity securities of entities. From total impairment recorded at 31 December 2023 and 2022, EUR 6,285 thousand and EUR 6,155 thousand, respectively, correspond to financial assets at fair value (see Note 22.11).

Net cost at which interest ownership of the Group is recorded, by associate, at 31 December 2023 and 2022, is as follows:

Company	Thousands of Euros	
	31.12.2023	31.12.2022
Bodegas Altanza, S.A.	736	736
Oryzon Gernomics, S.A. (*)	573	573
Madrid Affordable Housing	5,000	5,000
Others	866	866
	7,175	7,175

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

During the first half of 2022, the Group's investee, "Constructora San José, S.A.", has purchased shares equivalent to 10% of its share capital in "Madrid Affordable Housing 2021, S.A." and "Madrid Affordable Housing Development 2021, S.A.", for a total amount of EUR 4,423 thousand, companies whose main activity is related to the execution of residential works for the Community of Madrid, where the Group carries out construction. Additional contributions of Euros 577 thousand were made in 2023. The Group does not exercise control or significant influence over these investees. Group management considers that the amount recognised for these investments does not differ significantly from their fair value.

13.4.2 Financial assets at amortised cost

This item mainly includes credits and collection rights with third parties. Carrying net cost at 31 December 2023 and 2022 amounts to EUR 12,345 thousand and EUR 14,029 thousand, respectively.

At 31 December 2023 and 2022, this item mainly includes the Group's receivables from clients arising from the renegotiation of long-term debt, or due to discrepancies pending resolution in legal or arbitration proceedings. Special mention deserves the following:

- Collection right for a total amount of EUR 8,549 thousand and EUR 9,053 thousand, as of 31 December 2023 and 31 December 2022, respectively, against the Chilean Ministry of Public Works, as a result of the termination of the contract and execution of the guarantee at the first request, which was maintained with the company of the Group "Sociedad Concesionaria San Jose Rutas del Loa, SA", in Chile.

Based on the analysis of the recoverability of said debt carried out by the Group, under the legal framework of IFRS 9, the impairment recorded at 31 December 2023 and 2022 amounts to EUR 1,560 thousand and EUR 1,653 thousand, respectively. Further, as of 31 December 2023 and 2022, the Group has recorded a provision for possible liabilities that may arise from this contract, amounting to EUR 7,569 thousand and EUR 8,016 thousand, respectively (see Note 15). During 2023 and 2022 the change in both cost and impairment is due to exchange rate movements.

Long-term collection right related to the "Improvement of the Checca-Mazocruz section highway", in Peru, amounting to EUR 4,153 thousand and EUR 4,170 thousand at 31 December 2023 and 2022, respectively, 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 has started the arbitration procedure provided for in the contract itself. During years 2023 and 2022, the variation was mainly due to the evolution of the exchange rate.

Based on the Group's analysis of the recoverability of this debt, in the context of the application of IFRS 9, mainly considering counterparty risk, the associated impairment recorded at 31 December 2023 and 2022 amounts to Euros 2,545 thousand and Euros 1,500 thousand, respectively. During 2023, mainly due to the delay in the arbitration process, the Group has increased this impairment by Euros 1,077 thousand. Additionally, at 31 December 2023 and 2022, the Group has recorded a provision of Euros 2,686 thousand and Euros 2,754 thousand, respectively, for possible liabilities that may arise in relation to this contract (see Note 15).

14. Net equity

14.1 Share Capital

At 31 December 2023 and 2022, 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. The closing and mean quote for the last quarter of the year has been EUR 3.46 and 3.55 for the year 2023 and EUR 3.96 and 3.86 for year 2022, respectively.

At 31 December 2023, 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.

14.2 Issuance fee

The Capital Companies Act expressly allows the use of the balance of the share issue premium to increase the share capital of the entities which it is registered in and does not establish any specific restriction regarding the availability of said balance.

At 31 December 2023, the Company does not have issuance premium.

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 2023 and 2022, legal reserve was fully provided.

14.4 Distribution of dividends

At 31 December 2023 there are no restrictions on the distribution of dividends.

In the last 5 years, the Parent Company has distributed dividends in years 2020, 2021, 2022 and 2023, for a total of EUR 6,503 thousand euros, each year.

14.5 Consolidated reserves

Breakdown of this item at 31 December 2023 and 2022 is as follows:

	Thousands of Euros	
	31.12.2023	31.12.2022
Parent reserves	40,587	41,530
Consolidation reserves		
-From consolidated companies	176,110	164,491
-From companies considered equivalent	(9,916)	(9,350)
TOTAL	206,781	196,671

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) and reserves for the year attributable to the Parent company contributed by the parent company and Subsidiaries

	Thousands of Euros			
	2023		2022	
	Reserves	Profit/(Loss) for the year	Reserves	Profit/(Loss) for the year
Grupo Empresarial San José, S.A.	30,073	5,138	29,517	5,808
SJB Melrose	(5,067)	(140)	(5,059)	(8)
Constructor subgroup	196,165	11,695	188,505	7,660
Comercial subgroup	10,013	2,386	8,806	2,458
Udra Medios subgroup	(14,732)	75	(14,925)	193
San José Concessions y Servicios subgroup	5,195	816	4,120	1,075
San José Energía y Medio Ambiente subgroup	(5,566)	520	(5,497)	(69)
Cadena de Tiendas, S.A.U.	87	5	79	8
GSJ Solutions, S.L.U.	529	92	475	54
	216,697	20,587	206,021	17,179

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 Conversion differences recognised in equity as a result of the valuation process, is as follows:

Company	Thousands of Euros			
	2023		2022	
	Reserves	Profit/(Loss) for the year	Reserves	Profit/(Loss) for the year
Crea Madrid Nuevo Norte, S.A.	(4,344)	(390)	(3,917)	(427)
Panamerian Mall, S.A.	(66)	311	(966)	900
Pinar de Villanueva, S.L.	(6,274)	(1)	(6,274)	-
Cresca, S.A.	(524)	-	(361)	(163)
CSJ GVK Projects ´n Technical SS. P.L.	1,292	(563)	2,168	(876)
	(9,916)	(643)	(9,350)	(566)

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 4.10 and 17) due to the application of IAS 9.

14.7 Treasury Shares of the Parent

At 31 December 2023 and 2022 the Group did not hold any treasury shares neither had executed transactions with treasury shares during 2023 and 2022.

14.8 Non-controlling interests

The detail at 31 December 2023 of the balance of the consolidated balance sheet headings "Non-controlling interests" and "Profit attributable to non-controlling interests", by consolidated company, is as follows:

Company	Thousands of Euros	
	Total minority interests	Profit/(Loss) for the year attributed to minority
Constructor subgroup	33,306	1,186
Udra Medios subgroup	(225)	3
San José Energía y Medio Ambiente subgroup	2,455	279
	35,536	1,468

The main amount allocated to non-controlling interests is that deriving from the Constructor Group's holding in the company "Carlos Casado, S.A.", in which the Group has a 52.19% interest, parent company of a subgroup of companies located mainly in Paraguay, and whose activity is focused on the agricultural and livestock sector (see Note 12.4).

Changes under this item during years 2023 and 2022 are as follows:

	Thousands of Euros	
	2023	2022
Opening balance	32,117	30,478
Profit/(Loss) for the year	1,468	(1,223)
Translation differences	1,910	3,421
Dividends distributed and capital reductions	44	(556)
Adjustments attributable to minority interests and other	(3)	(3)
Closing balance	35,536	32,117

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, Group management considers the leverage ratio, this ratio being understood as the quotient resulting from dividing net financial debt by net equity. Insofar as the Group has maintained a positive net cash position in recent years (because the level of cash and other liquid financial assets far exceeds the level of financial debt), Group management uses the ratio "net cash position/net equity" as an indicator.

At 31 December 2023 and 2022, the amount of the above-mentioned parameter is as follows:

	Thousands of Euros	
	31.12.2023	31.12.2022
Non-current bank borrowings and other financial liabilities (Note 16)	4,919	21,461
Current bank borrowings and other financial liabilities (Note 16)	406,764	307,005
Other current financial assets (Note 13.3)	(100,876)	(100,027)
Cash and cash equivalents (Note 13.2)	(15,131)	(13,194)
Total net	295,676	215,245
Total equity	216,918	206,553
Net equity	136.31%	104.21%

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, financial debt with third parties, and subsidiaries, recorded under "Short-term investments", "Investments in associates, and joint ventures", and "Cash and cash equivalents" in the current assets of the consolidated balance sheet.

14.10 Equity situation of the Parent company

At 31 December 2023 and 2022, the Parent records a positive net equity amounting to EUR 46,595 thousand and EUR 49,041 thousand, respectively, representing 32.1% and 33.7% of total assets.

15. Provisions

The detail and movement during 2023 and 2022 of the main items under the accompanying consolidated balance sheet of the Group including recorded provisions are as follows:

	Thousands of Euros			
	Operating insolvences (Note 13)	Other operating provisions	Long term provisions	Total
Balance at 31 December 2021	32,334	29,607	35,950	97,891
Net impairment	(33)	7,947	5,145	13,059
Applications	(9,214)	(4,126)	(13,654)	(26,994)
Transfers and other	-	1,337	(1,655)	(318)
Translation differences	(95)	487	1,551	1,943
Balance at 31 December 2022	22,992	35,252	27,337	85,581
Net impairment	(2,416)	(571)	15,086	12,099
Applications	(2,427)	(4,377)	(1,597)	(8,401)
Transfers and other	-	(676)	59	(617)
Translation differences	(176)	(397)	(1,158)	(1,731)
Balance at 31 December 2023	17,973	29,231	39,727	86,931

Other operating provisions

The operating provisions, recorded under the item "Short-term provisions" as current liabilities in the accompanying consolidated balance sheet, include the estimated amounts to deal with possible contingencies that arise in the normal development of the business: completion of works and post-sale, works with negative budgeted margin, etc.

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 10,250 thousand and EUR 10,770 thousand, at 31 December 2023 and 2022, respectively (see Note 13.4).

This heading also includes the accrued amount pending completion corresponding to major repairs and multi-year maintenance work on productive fixed assets (see Note 7), as well as the costs expected to be incurred for the reversion to ownership of the concessions currently managed by Group companies, totalling Euros 4,540 thousand and Euros 3,055 thousand at 31 December 2023 and 2022, respectively.

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 the probability of an outcome of litigation and claims to occur are insignificant to

justify the registration of additional provisions and 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 sheet at 31 December 2023 and 2022 is as follows:

Year 2023:

	Thousands of Euros		
	Debts and accounts payable	Derivatives	Total
Non-current financial liabilities:			
Bank borrowings (Note 16.1)	2,672	-	2,672
Other financial liabilities (Note 16.3)	98,204	-	98,204
Total non-current	100,876	-	100,876
Current financial liabilities:			
Bank borrowings (Note 16.1)	7,951	-	7,951
Derivatives (Note 17)	-	777	777
Other financial liabilities (Note 16.3)	4,811	-	4,811
Total current	12,762	777	13,539

Year 2022:

	Thousands of Euros		
	Debts and accounts payable	Derivatives	Total
Non-current financial liabilities:			
Bank borrowings (Note 16.1)	3,415	-	3,415
Other financial liabilities (Note 16.3)	96,612	-	96,612
Total non-current	100,027	-	100,027
Current financial liabilities:			
Bank borrowings (Note 16.1)	9,461	-	9,461
Derivatives (Note 17)	-	294	294
Other financial liabilities (Note 16.3)	2,712	-	2,712
Total corriente	12,173	294	12,467

The detail of the variation existing in year 2023 in the total amount of financing received is as follows:

	Thousands of Euros						
	31.12.2022	IFRS16 effect and other	Cash flows	Transfers	Changes in fair value	Translation differences	31.12.2023
Non-current financial liabilities:							
Bank borrowings (Note 16.1)	3,415	1,068	(413)	(1,375)	6	(29)	2,672
Derivatives (Note 17)	-	-	-	-	-	-	-
Other financial liabilities (Note 16.3)	96,612	69	(101)	196	1,495	(67)	98,204
Total non-current	100,027	1,137	(514)	(1,179)	1,501	(96)	100,876
Current financial liabilities:							
Bank borrowings (Note 16.1)	9,461	251	(3,147)	1,375	122	(111)	7,951
Derivatives (Note 17)	294	-	(294)	777	-	-	777
Other financial liabilities (Note 16.3)	2,712	2,096	296	(196)	-	(97)	4,811
Total current	12,467	2,347	(3,145)	1,956	122	(208)	13,539

The column "Effect of application of IFRS 16 and others" includes an increase of EUR 1,310 thousand corresponding to the amount of the leasing contracts signed by the Group during the year 2023.

For most financial debts, the fair values are not significantly different from their carrying amounts, as the interest payable on these financial debts is close to current market rates or the debts are of a short-term nature.

Breakdown by maturity at 31 December 2023 is as follows:

	Thousands of euros				
	Year 2024	Year 2025	Year 2026	Year 2027 and followings	TOTAL
Bank borrowings (Note 16.1)	7,951	1,490	402	780	10,623
Derivatives (Note 17)	777	-	-	-	777
Other financial liabilities (Note 16.3)	4,811	1,032	-	97,172	103,015
TOTAL	13,539	2,522	402	97,952	114,415

16.1 Bank borrowings

Breakdown at 31 December 2023 and 2022 is as follows:

	Thousands of Euros	
	31.12.2023	31.12.2022
Non-current:		
Finance leasing	1,616	1246
Bank loans and credit facilities	1,056	2,169
Total non-current	2,672	3,415
Current:		
Finance leasing	964	695
Payables from discounted notes and bills	1,520	1,235
Bank loans and credit facilities	5,467	7,531
Total current	7,951	9,461
TOTAL	10,623	12,876

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

At 31 December 2023 and 2022, "Bank borrowings and loans" under non-current and current liabilities includes mainly:

- EUR 1,371 thousand recorded as current liabilities (EUR 1,150 thousand and EUR 1,371 thousand under current and non-current liabilities at 31 December 2022, respectively) corresponding to *Project finance*, granted for the construction, commissioning and operation of the Plant and the facilities of the

Group company Poligeneraci Parc de LAlba ST-4, S.A. (see Note 7). Said plant acts as collateral for credit facilities.

The detail by maturity of debts with credit institutions as of 31 December 2022, is as follows:

	Thousands of euros				
	Year 2024	Year 2025	Year 2026	Year 2027 and followings	TOTAL
Finance lease	964	805	280	531	2,580
Payables from discounted notes and bills	1,520	-	-	-	1,520
Bank loans and credit facilities	5,467	685	122	249	6,523
TOTAL	7,951	1,490	402	780	10,623

At 31 December 2023 and 2022, the joint ventures which the Group companies participate in contribute balances arranged in discount lines amounting to EUR 1,520 thousand and 1,235 thousand, respectively.

During years 2023 and 2022, no breach of financial obligations has been recorded.

16.2 Mortgage loans

At 31 December 2023 and 2022, the Group has no mortgage loans.

16.3 Other financial liabilities

The item "Other non-current financial liabilities" chiefly 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 "Crea Madrid Nuevo Norte, S.A." , signed on 31 October 2019, for the amount of EUR 86,397 thousand, with a single 20-year maturity and an annual 2% fixed interest rate, payable at maturity, having provided the participation of the Castellani current 10% that the Group owns in the company "Distrito Castellana Norte, SA" as collateral (see Note 11).

At 31 December 2023 and 2022, the debt arising from said loan amounts to EUR 92,531 thousand and EUR 91,036 thousand, respectively. The variation in year 2023 is due to accrued financial expenses pending payment net of the applicable tax withholding.

Likewise, this item includes the financial debt recorded by the Group within the framework of IFRS 16 "Leases", for a total amount of EUR 5,716 thousand and 3,551 thousand at 31 December 2023 and 2022, respectively (see Note 22.6). Future cash outflows not reflected in the valuation of lease liabilities which the Group is potentially exposed to are not significant as of 31 December 2023 and 2022.

Further, this item includes EUR 4,769 thousand and 4,737 thousand at 31 December 2023 and 2022, respectively, corresponding to debts of Group companies with minority shareholders for the for acquisition of property assets and the development of the activity.

17. Derivative Financial Instruments

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

The purpose of these contracts is to neutralise or limit, by contracting interest rate and currency derivatives, the fluctuations in cash flows to be disbursed for purchases made in foreign currencies, as well as for the payment of financial expenses associated with the Group's financing referenced to floating interest rates.

As of 31 December 2023, the derivative financial instruments contracted by Grupo SANJOSE are foreign currency forward purchases (*fx-forward*), linked to highly probable forecast transactions. All of them meet the requirements of IFRS 9 to be designated as hedged items within a hedging relationship.

Interest rate derivatives contracted by the Group and effective at 31 December 2023 and 2022, together with their fair value at said date, are the following:

Year 2023:

Company	Financial Instrum.	Maturity	Thousands of Euros		
			Initial par value	Remaining par value at 31.12.2023	Balance at 31.12.2023 (Notes 16 and 13.3)
Efficient Hedges:					
Trendy King, S.A.U.	FX Forward-USD	16/01/2024	2,767	2,767	(54)
Trendy King, S.A.U.	FX Forward-GBP	15/04/2024	194	194	1
Trendy King, S.A.U.	FX Forward-USD	15/02/2024	2,705	2,705	5
Trendy King, S.A.U.	FX Forward-USD	15/07/2024	3,725	3,725	(132)
Trendy King, S.A.U.	FX Forward-GBP	10/09/2024	229	229	(1)
Trendy King, S.A.U.	FX Swap-USD	15/02/2024	902	902	(2)
Constructora San José, S.A.	FX Forward-USD	01/03/2024	117	117	3
Constructora San José, S.A.	FX Forward-USD	31/01/2024	9,478	9,478	(437)
Constructora San José, S.A.	FX Forward-USD	01/03/2024	2,035	2,035	41
Constructora San José, S.A.	FX Forward-USD	31/01/2024	4,671	4,671	(151)
TOTAL			26,823	26,823	(727)

Year 2022:

Company	Financial Instrum.	Maturity	Thousands of Euros		
			Initial par value	Remaining par value at 31.12.2022	Balance at 31.12.2022 (Notes 16 and 13.3)
Efficient Hedges:					
Trendy King, S.A.U.	FX-GBP	08/03/2023	463	463	(13)
Trendy King, S.A.U.	FX-GBP	15/09/2023	438	438	8
Trendy King, S.A.U.	FX-USD	10/05/2023	1,984	1,984	(125)
Trendy King, S.A.U.	FX-USD	12/06/2023	2,475	2,475	(156)
TOTAL			5,360	5,360	(286)

Assets and liabilities as hedge financial instruments include the changes in the measurement of fair value of hedge financial instruments.

The Group records as equity the change in fair value of hedge accounting financial instruments. At 31 December 2023, the adjustment in equity for the fair value of Hedge Elements, net of taxes, is negative amounting to EUR 663 thousand (at 31 December 2022 it was also negative, amounting to EUR 149 thousand).

During the financial years 2023 and 2022, an increased interest expense on financial liabilities and supplies for a total amount before tax of EUR 294 thousand and EUR 2- "Fair value measurement" thousand, respectively, as interest on financial liabilities was recognised or foreign currency purchases in currencies hedged under designated hedging relationships were made.

Classification of financial instruments

Regarding assets and liabilities measured at fair value, the Group follows hierarchy set out by IFRS 13 - "Fair value measurement" 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: non-market observable input data for the asset or liability.

According to IFRS 13, the hierarchy level at which an asset or liability is classified in its entirety (Level 1, Level 2, Level 3) is determined by the lowest relevant input used in the measurement within the fair value hierarchy. In the event that the inputs used to measure the fair value of an asset or liability can be classified within different levels,

the fair value measurement is classified in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the fair value measurement.

All instruments contracted by Grupo SANJOSE are classified as Level 2 in the valuation hierarchy. On a residual basis, at 31 December 2023 the Group classifies the investment in shares of an investee as Level 1 (see Note 11).

No transfers from Level 1 to Level 2 have taken place during year 2023. Neither had taken place inputs or outputs of Level 3 at 31 December 2022.

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 for years 2023 and 2022 is as follows:

	Thousands of Euros	
	31.12.2023	31.12.2022
Trade payables for sales and services		
-in Euros	183,453	139,271
-in foreign currency	79,286	98,932
Notes payable	300,853	217,521
Total	563,592	455,724

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

In relation to the information required by the third additional provision of Law 15/2010, of 5 July, amended by article 9-two of Law 18/2022, of 28 September, on the creation and growth of companies, the weighted average payment period to suppliers of the Company during the financial years 2023 and 2022, as well as the balance of payments to suppliers made and those pending at 31 December 2023 and 2022, are detailed below:

	Year 2023	Year 2022
Average payment term to suppliers (days)	43	44
Ratio of paid transactions (days)	42	43
Ratio of outstanding transactions (days)	46	48
Total payments made (Thousands of Euros)	982,804	778,387
Total outstanding payments (Thousands of Euros)	415,460	294,108

The maximum legal payment period applicable to all the Spanish companies of the Group, as stated in Law 15/2010 of 5 of July, modified by Law 3/2004 of 29 of December, and Law 11/2013 of 26 of July, in which measures against default in commercial operations are set out, is 30 days; but might be extended up to 60 days, in those cases agreed between the parties.

During the year 2023, the total amount in euros and number of invoices paid to suppliers in a period shorter than the maximum established in the legislation in force, as well as how much they represent out of the total amount of payments to suppliers, is as follows:

	Year 2023	Year 2022
Number of invoices paid to suppliers with a period of less than 60 days	102,465	77,997
% of total number of invoices paid	85.0%	84.2%
Payments to suppliers with a period of less than 60 days	835,295	645,218
% of total invoices paid	85.0%	82.9%

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. Likewise, it is considered the effective payment date, the one in which the commercial creditor receives the money provided by the company.

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

The invoices paid out of the legal deadline is owed to the existence of incidences that may have arisen upon delivery of a particular product, or the execution of a hired service. Occasional payments to creditors that might have exceeded the legal time limit, are considered a common practice within the sector, and considered an objective reason, and not an abusive maneuver, as stated in the legislation in force before mentioned. In these cases, the financial costs are borne by the Group companies and are documented in the various contracts signed with suppliers.

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 2023 and 2022 amount to EUR 692 thousand and EUR 4,089 thousand, respectively, and relate fundamentally to the advances received from buyers OF properties relating to the developments in progress or completed at year-end, whose completion and/or delivery are scheduled for subsequent years (see Note 12).

Advances received from clients to finance the advancement of the works amount to EUR 18,258 thousand and EUR 13,114 thousand at 31 December 2023 and 2022. Advances are reduced based on the certificates issued by Group companies for work carried out in accordance with the terms and provisions of contracts with clients (usually, 5%-10% of the certified amount).

At 31 December 2023 and 2022 this item includes "Amounts Billed in Advance for Construction Work" totalling EUR 101,623 thousand and EUR 74,231 thousand, respectively, (see Note 13.1) which relate 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 used by the Group, described in Note 4.11.

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 counterparty 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 are reflected in the consolidated balance sheet net of provisions for expected loss, estimated by the Group's Management. 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. Given the low level of leverage referenced to a variable interest rate, derivatives have not been contracted (see Notes 16 and 17).

The sensitivity of profit and equity of the Group to changes in the interest rate at 31 December 2023, considering the existing hedging instruments and financing fixed rate is as follows (considering fluctuations of fifty basic points in applicable interest rates):

(in Millions of Euros)	Variation scenarios	
	- 50 bp	+ 50 bp
Impact on the total profit/(loss) for the year	0.1	(0.1)
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 2023, considering the existing hedging instruments and a fixed interest rate, is as follows (considering fluctuations of fifty basic points in applicable interest rates):

(in Millions of Euros)		Impact on the profit/(loss) for the year		Impact on Equity	
Country	Currency	-5%	5%	-5%	5%
Chile	CLP	(0.2)	0.2	(3.0)	3.4
Argentina	ARS	(0.2)	0.2	(1.3)	1.5
Mexico	MEX	-	-	(0.3)	0.3
Peru	PEN	0.1	(0.1)	(1.5)	1.7
Abu Dhabi	AED	(0.7)	0.8	1.0	(1.1)
TOTAL		(1.0)	1.1	(5.1)	5.8

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 a 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 2023, based on their maturity, using undiscounted amounts, is as follows:

	Thousands of Euros				
	Year 2024	Year 2025	Year 2026	Year 2027 and followings	Total
Bank borrowings	7,809	706	122	249	8,886
Finance leasing	998	833	290	550	2,670
Other financial liabilities	5,104	1,330	302	117,549	124,284
Total financial debt	13,911	2,868	714	118,347	135,840

At 31 December 2023 and 2022, the Group records a positive working capital amounting to EUR 189.8 million and EUR 160.8 million, what guarantees its feasibility regarding all current financial liabilities included within the accompanying consolidated balance sheet.

In addition to the discount lines (see Note 16.1), as of 31 December 2023, the Group had contracted *confirming* lines for a total amount of EUR 210 million, being the amount drawn down as of that date EUR 136.6 million (EUR 90.65 million at 31 December 2022) These confirming lines are considered trade balances as there are no relevant variations in the term or payment of interest.

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 2023, the following companies of Grupo SANJOSE 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 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.
- 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

Grupo Empresarial San Jose, S.A. and the subsidiaries forming the consolidated tax group have the last four years and 2017 open for review. During year 2022, the Parent Company was reported by the Tax Authorities the start of a procedure in which the consolidation corporate tax, the value added tax and withholdings and payments on account of work income, professionals and movable capital, would be open for inspection covering from 2017 up to 2020.

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.

With respect to corporate income tax, the right of the Spanish tax authorities to initiate the procedure to verify the bases or quotas offset or pending offset or deductions applied or pending application shall expire ten years as from the day following the end of the statutory period established for filing the return or self-assessment corresponding to the tax year or period in which the right to offset such bases or quotas or to apply such deductions arose.

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 for some companies of the Group in said country. Tax inspections have not been started in the outstanding countries during year 2022.

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, with no significant changes compared to those in force in 2022:

Country	Applicable tax rate
Spain	25%
Peru	29.5%
Cape Verde	23.0%
Portugal	24%
Chile	27%
Mexico	30%
India	25.6%
Abu Dhabi	0%
Malta	35%
Paraguay	10%
Argentina	25% -35%

On 18 January 2024, the Constitutional Court upheld the question of unconstitutionality raised by the Contentious-Administrative Chamber of the National High Court with respect to several amendments to corporate income tax (IS) introduced by Royal Decree-Law 3/2016, of 2 December. In particular, the amendments to the IS in question are: i) the setting of stricter ceilings for the offsetting of negative tax bases (BIN); ii) the introduction ex novo of a limit on the application of double taxation deductions; and; iii) and the obligation to include in the tax base the impairment losses on holdings that had been deducted in previous years. The effects of the declaration of unconstitutionality are limited to taxpayers who have challenged their self-assessments based on the unconstitutionality of the rule, including the Parent Company and its subsidiaries in Spain.

The Group has made the forecast of the consolidated corporate income tax expense for the year 2023 taking into account this ruling, in particular assuming the possibility of offsetting a maximum of 70% of the BIN of previous

years, and assuming the new structure of tax loss carryforwards (BIN) that would result taking into account the higher amount of those that would have been offset in the tax years affected by the unconstitutionality issue.

Based on the information available at the date of preparation of these consolidated annual accounts, the Group estimates that the amount of additional BIN that could have been offset by its Spanish subsidiaries in the period in question would be around 50-70 million euros, with a share effect of approximately 13-18 million euros. However, the Group classifies this asset as contingent as it does not consider it virtually certain to be obtained. Likewise, it is pending identification and quantification in detail, and may be conditioned by the conclusions reached in the tax inspection process in which the Group companies are involved once it is completed (see Note 20.1).

The balance of "Income Tax" in the accompanying consolidated income statement for 2023 and 2022 was determined as follows:

	Thousands of Euros	
	2023	2022
Profit/(Loss) before tax	31,855	25,305
Increases at individual companies	10,997	27,884
Decreases at individual companies	(31,163)	(25,873)
Adjustment for inflation in hyperinflationary economies	2,585	1,188
Equity method	643	566
Offset of prior years' tax losses	(8,195)	(13,462)
Taxable profit	6,722	15,608
Less taxable profit of companies not resident in Spain	(8,115)	(12,958)
Tax loss of consolidated group resident in Spain	14,837	28,566
Gross tax payable	3,674	7,129
Plus-deductions	(78)	(170)
Accrued tax expense	3,596	6,959
Adjustment for inflation in hyperinflationary economies	1,441	(875)
Non resident tax expense	5,406	3,831
Tax expense	10,443	9,915

Permanent differences contributed by Group companies relate to expenses and income for the year which, in accordance with the tax regulations applicable to each country, are not deductible or taxable, respectively; the most significant aspects being as follows:

- Expenses considered non-deductible for tax purposes, such as fines and donations or the excess of financial expenses over 30% of the operating result.
- Results obtained by Spanish companies abroad, through investees or permanent establishments or branches set up in each country. These results are adjusted from the Group's taxable income until the business is liquidated and closed or sold. During 2023, the Group company "Constructora San José, S.A." has proceeded to close and liquidate several branches and companies (see Note 2.4.d), recognising a negative adjustment in the tax base for the year for a total amount of Euros 24,178 thousand.
- Allocation and application of non-deductible provisions.
- Non-deductible part of dividend income received by Group companies during the year.
- Exempt capital gains on the sale of financial holdings.
- Valuation adjustments for tax purposes of assets in Chilean companies.
- Adjustments for inflation in Argentine companies.

Pillar 2 Directive

In the framework of the European Union, following the OECD model rules, adapting them to the primary law of the Union, Council Directive (EU) 2022/2523 of 15 December 2022 was adopted. This Directive applies to multinational or domestic groups of companies with annual revenues of € 750 million or more in the consolidated financial statements of their ultimate parent entity in at least two of the four fiscal years immediately preceding the fiscal year under review.

The Parent Company, as the parent company of the group, is a Spanish resident entity and meets the activity requirements established by the standard. According to the text of the draft bill approved in Spain on 20 December 2023, it is envisaged that a supplementary tax will be established to ensure an overall minimum level of taxation for multinational groups and large domestic groups, which is expected to be operational for tax periods beginning on or after 1 January 2024, or as from 1 January 2025 in respect of the under-taxed profits rule.

The Group is awaiting the final drafting of the aforementioned law in order to quantify the effect of this legislation.

20.3 Tax loss carry forwards pending compensation

At 31 December 2023, the total amount of tax loss carry forwards pending compensation credited by Group companies amounts to EUR 391,463 thousand (EUR 475,465 thousand at 2022 year-end). The Group records under "Deferred tax assets" in the accompanying consolidated balance sheet at 31 December 2023 a tax credit arising from said tax loss carry forwards amounting to EUR 11,782 thousand (EUR 14,887 thousand in year 2022).

The detail of the tax loss carry forwards of the consolidated companies at 31 December 2023 is as follows:

Company	Year of inclusion	Thousand of Euros
Grupo Empresarial San José S.a. and subsidiaries Tax consolidated group	2004-2015	319,309
Spanish companies not included within the consolidated tax group	2017-2018	777
Foreign companies	1999-2023	71,377
TOTAL		391,463

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. The amounts corresponding to foreign companies refer mainly to the Group's companies in Chile and the USA, with no time limit for offsetting. 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. No changes in the amounts to be offset as a result of possible checks by the tax authorities are expected.

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 2024-2033, including the applicable tax legislation (Tax Plan).

Projections used are in line with the Strategic Plan of Grupo 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 Group uses conservative assumptions for the implementation of the aforementioned Tax Plan. As at 31 December 2023, the main assumptions used 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 2-5% annual average growth for the period 2024-2033.
 - A relatively stable EBITDA margin standing at [4.5 - 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,
 - Overall annual growth of sales amounting to [1.5 - 4] %.
 - EBITDA margin: it keeps in line with the average margins of the last years.

As a result of the Tax Plan made, it is concluded that the Group generates sufficient taxable income to offset the amount of deferred tax assets recorded at 31 December 2023, in a given period of 4 years.

20.4 Deferred tax assets and liabilities

In accordance with IAS 12 "Income taxes", the Group has offset the deferred tax assets and liabilities of those companies which, in accordance with applicable tax legislation, have the legal right to offset them at their net amount according to their timing.

Deferred tax assets mainly relate to provisions recognised, losses and impairment on assets held for sale, non-deductible financial expenses that will be deductible for tax purposes from the Corporate Income tax base in future years, tax credits and tax loss carry forwards/offsets and differences between accounting and tax depreciation.

The detail as at 31 December 2023 and 2022, as well as the movement during the financial year 2023, is as follows:

	Thousands of Euros				
	31.12.2022	Changes affecting current year profit/(loss)	Equity adjustments	Regularization and other	31.12.2023
Assets from deductible temporary differences	12,974	(5,775)	121	(729)	6,591
Tax credit carry forwards	1	17	-	-	18
Tax credits to offset loss	14,863	(3,005)	-	(75)	11,783
Total deferred tax assets	27,838	(8,763)	121	(804)	18,392
Total deferred tax liabilities	(18,324)	3,412	22	2,640	(12,250)
TOTAL NET	9,514	(5,351)	143	1,836	6,142

Group management has assessed the recoverability of deferred tax assets by estimating future taxable income and concluded that there are no doubts as to their offset.

Estimates used to assess the recoverability of deferred tax assets are based on estimated future tax bases, based on the consolidated accounting profit before tax for the year from continuing operations that has been estimated, adjusted for the corresponding permanent and temporary differences that are expected to arise in each year. Based on the profit projections made, it is estimated that there will be sufficient taxable profit to substantially absorb both the tax losses recognised in the balance sheet (see Note 23.3) and the deferred tax assets over an estimated period of around six years.

The most significant amounts forming part of the balance of "Deferred tax assets" and "Deferred tax liabilities" relate basically to the following items:

1. Acknowledgement of tax credits arising from negative tax bases declared by companies of the Group.
2. Differences between the tax and accounting criteria regarding the recording of income from work in progress, which mainly affect the Group's companies in Chile.
3. Differences between the tax and accounting criteria existing in Spanish regulations regarding the impairment of receivables, recording of provisions and amortisations, allocation of certain financial benefits, etc.
4. Tax effect of consolidation entries made in the Group.
5. Investment commitments of deferred income arising from property, plant and equipment sales made in the period from 1997 to 2001, both inclusive, was reinvested in full before 31 December 2006.

20. 5 Deductions

Tax credits generated within a year, in surplus of the applicable legal limits, may be deducted from the income tax payable in the coming years, subject to the limits and deadlines established hereto by the applicable 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 2023 the amount of EUR 97 thousand (EUR 170 thousand in 2022).

At 31 December 2023, the Group has tax credits for tax deductions credited and pending application amounting to Euros 18 thousand (Euros 1 thousand at 31 December 2022).

20.6 Tax receivables and payables

The detail of the Group's tax receivables and payables at 31 December 2023 and 2022 is as follows:

	Thousands of Euros			
	31.12.2023		31.12.2022	
	Current	Non-current	Current	Non-current
Tax assets:				
Deferred tax assets	-	18,392	-	27,838
Tax receivables	-	-	-	-
VAT receivables	10,309	-	12,189	-
Sundry receivables	19,688	-	8,992	-
Total tax assets	29,997	18,392	21,181	27,838
Tax liabilities:				
Deferred tax liabilities	-	12,250	-	18,324
Tax payables	-	-	-	-
VAT payables	5,444	-	2,031	-
Personal income tax payable	6,631	-	3,914	-
Sundry payables	1,369	-	2,986	-
Social Security payables	4,176	-	3,446	-
Total tax liabilities	17,620	12,250	12,377	18,324

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 Inmobiliaria 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 Desarrollo 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 through absorption of the company Parquesol Inmobiliaria y Proyectos S.L. (formerly, Miralepa Cartera) as absorbing company and Parquesol Inmobiliaria y Proyectos S.L. and Miralepa Cartera S.L. as absorbed 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 Meditterriani 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 Inmobiliaria Europea de Desarrollos Urbanísticos 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 2023 and 2022, the Group had received from banks and insurance companies guarantees provided to third parties amounting to EUR 434 million and EUR 374 million (chiefly project and tender and performance bonds to public and private bodies), of which EUR 0.03 million correspond to the parent company in year 2023 and the rest to the subsidiaries.

Of the total of guarantees provided to third parties by the Group, EUR 156 million (approximately 36%) relate to international activity of the Group, mainly in Portugal, Abu Dhabi and Chile, amounting to EUR 60 million, EUR 41 million and EUR 33 million, respectively.

Parent Directors do not consider any liability arising in connection to the committed guarantees.

22. Revenue and expenditure

22.1 Revenue

The detail of "Net Revenue" in the accompanying consolidated income statements for 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Construction:		
-Civil works	69,749	67,247
-Residential	591,392	400,565
-Non Residential	508,219	461,127
-Industrial	36,023	40,129
	1,205,383	969,068
Real Estate	15,508	23,228
Concessions and services	74,749	65,758
Energy	14,496	18,006
Consolidation adjustments and other	25,699	16,153
Net turnover	1,335,835	1,092,213

25% and 28% of construction revenue refer to sales to the public sector in years 2023 and 2022, respectively.

From the total net amount of the Group's turnover, in 2023 and 2022, EUR 107.1 million and 114.2 million, respectively, are derived from the participation of Group's companies in JVs (see Annex III).

Overall, works are carried out by Group Companies are as main contractor.

The contracted backlog as of 31 December 2023 and 2022 amounts to EUR 2,662 million and EUR 2,4080 million, respectively, being its breakdown is as follows:

	Millions of Euros	
	2023	2022
Construction:		
-Civil works	264	195
-Residential	943	1010
-Non Residential	746	531
-Industrial	154	152
Subtotal construction	2,107	1,888
Concessions and services (*)	209	216
Energy	346	376
Total Backlog	2,662	2,480
<u>Details by type of client:</u>		
-Public-sector	30.04%	23.28%
-Private-sector	69.96%	76.72%
<u>Details by geographical area:</u>		
-Domestic market	84.70%	83.92%
-International market	15.30%	16.08%

(**) In accordance with the economic and financial model of the concessions.

Other operating income" in the accompanying consolidated income statements for 2023 and 2022 includes grants received by the Group, taken to income during the year, amounting to Euros 123 thousand and Euros 126 thousand, respectively. Also included is an amount of Euros 10,688 thousand and Euros 21,042 thousand, respectively, relating to extraordinary income, mainly derived from the regularisation of balance sheet items, and the passing on of costs to third parties.

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

The detail of this item under the income statement for years 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Purchases of goods, raw materials and other supplies	253,398	213,903
Changes in inventories	(1,425)	(2,990)
Impairment of inventories (Note 12.5)	344	218
Works performed by other companies	725,106	564,133
Total procurement	977,423	775,264

"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 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
R&D expenses	10	29
Leases	39,262	29,812
Repair and maintenance services	1,227	1,684
Independent professional services	19,250	19,506
Transport and freight costs	2,170	1,233
Insurance premiums and banking services	5,689	5,730
Advertising and publicity	3,752	2,529
Utilities	12,547	16,028
Other services	37,276	39,016
Taxes and income tax	6,764	12,414
Impairment losses and provisions changes	9,760	16,509
Other operating expense	6,174	4,793
Total	143,881	149,283

22.3 Staff costs

The detail of "Staff costs" and changes therein in 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Wages and salaries	131,661	114,120
Termination benefits	1,470	1,514
Employer social security costs	35,521	28,627
Other social costs	5,077	5,490
Total	173,729	149,751

The average workforce by gender and professional category for years 2023 and 2022 is as follows:

Category	2023		2022	
	Men	Female	Men	Female
University graduates	390	151	333	119
University three-year degree graduates	486	174	531	168
Clerical staff	133	170	150	123
Officers and technical personnel	2,686	113	2,532	134
	3,695	608	3,546	544

At 31 December 2023 and 2022, the Group's headcount was 4,415 employees (3,792 men and 623 women) and 4,275 employees (3,709 men and 566 women), respectively, with the distribution by category being similar to the average for the year.

The average number of people employed in the course of the year with a disability greater than or equal to 33% is 14 workers at year-end 2023 and 2022 (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 2023 and 31 December 2022 there was no significant compensation in kind.

22.5 Share-based payment

There are no share-based payment systems.

22.6 Leases - IFRS 16

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 years ended 31 December 2023 and 2022 amounting to EUR 39,262 thousand and EUR 29,812 thousand, respectively (see Note 22.2). Of the total amount of the lease expense of contracts not considered for the purposes of IFRS 16 in year 2023, approximately 10%, 74% and 16% are due to lease contracts where there is no transfer of dominance of the underlying asset, short-term exempt contracts and exempt contracts for a reduced amount 22%, 74% and 3%, respectively in year 2022).

In calculating the lease liability during years 2023 and 2022, the Group has applied the incremental rate of financial debt, which, in general, is equivalent to an effective interest rate of between 3.5% and 4.5% and, affecting a lower number of contracts, specific rates depending on the term and country applicable in the concerned country.

As of 31 December 2023 and 2022, the net book value of right-of-use assets amounts to EUR 6,190 thousand and EUR 3,644 thousand, respectively, with amortisation expenses standing at EUR 7,616 thousand, and EUR 5,191 thousand, respectively (see Note 9).

The book value, additions and amortisations made during the year 2023 and 2022 by class of underlying asset are detailed below:

Year 2023:

	Thousands of euros				
	31/12/2022	Additions / Provisions (Note 9)	Disposals (Note 9)	Translation differences	31/12/2023
Cost:					
Land and buildings	6,443	2,085	(1,971)	106	6,663
Plant and machinery	4,030	7,187	(2,559)	(13)	8,645
Other items of property, plant and equipment	191	456	(145)	-	502
Total	10,664	9,728	(4,675)	93	15,810
Accumulated amortisation:					
Land and buildings	(4,598)	(1,922)	1,971	334	(4,215)
Plant and machinery	(2,288)	(5,451)	2,559	7	(5,173)
Other items of property, plant and equipment	(134)	(243)	145	-	(232)
Total	(7,020)	(7,616)	4,675	341	(9,620)
Total net cost	3,644	2,112	-	434	6,190

Year 2022:

	Thousands of euros				
	31/12/2021	Additions / Provisions	Disposals	Translation differences	31/12/2022
Cost:					
Land and buildings	4,772	2,270	(950)	351	6,443
Plant and machinery	3,569	3,654	(3,210)	17	4,030
Other items of property, plant and equipment	319	198	(330)	4	191
Total	8,660	6,122	(4,490)	372	10,664
Accumulated amortisation:					
Land and buildings	(3,469)	(1,847)	950	(232)	(4,598)
Plant and machinery	(2,407)	(3,077)	3,210	(14)	(2,288)
Other items of property, plant and equipment	(193)	(267)	330	(4)	(134)
Total	(6,069)	(5,191)	4,490	(250)	(7,020)
Total net cost	2,591	931	-	122	3,644

At 31 December 2023, 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 5,716 thousand (EUR 3,551 thousand at 31 December 2022) (see Note 16.3).

22.7 Financial Income

The detail of consolidated financial income for years 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Interest on receivables	12,470	5,790
Income from equity investments	55	57
	12,525	5,847

The item "Interest on receivables" in the financial years 2023 and 2022 mainly includes interest on time deposits and deposits. It also includes interest on arrears recognised as a result of deferrals agreed with customers.

22.8 Finance expenses

The detail of consolidated financial expenses for years 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Interest on receivables	3,466	2,857
Expense for finance update	146	912
Other finance expense	3,374	4,842
	6,986	8,611

As of 31 December 2023, within the item "Expense for financial updates" an amount of EUR 146 thousand (EUR 119 thousand as of 31 December 2022) is included, corresponding to the interest expense related to derivative financial liabilities of lease contracts recorded in compliance with the provisions of IFRS 16 – "Leases" (see Note 22.6).

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

Breakdown at 31 December 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Gains/Losses on write-offs of fixed assets (Note 9)	(313)	(241)
Impairment and losses	(221)	(123)
	(534)	(364)

22.10 Change in stocks of finished goods and work in progress

Breakdown and details for years 2023 and 2022 are as follows:

	Thousands of Euros	
	2023	2022
Changes in inventories for recorded expenses/sales	1,671	2,768
Change in impairment of inventories (Note 12.6)	75	-
Total	1,746	2,768

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

In 2023, the Group is recording a total loss of Euros 7,410 thousand under this heading in the consolidated income statement, including mainly the impairment of financial assets and investments held by the Group, amounting to Euros 7,020 thousand in 2023 (Euros 3,424 thousand in 2022), as well as any profits or losses that may have arisen from their realisation vis-à-vis third parties, which in financial year 2023, being a net loss in the amount of 390 thousand euros (net profit of 197 thousand euros in financial year 2022).

22.12 Audit fees

On 20 April 2023, the General Meeting of Shareholders of the Parent Company approved the appointment of PricewaterhouseCoopers Auditores, S.L. as the auditor of the annual accounts and management report of the Company and its consolidated group for 2023, 2024 and 2025, replacing Deloitte, S.L., which had been the auditor until 2022. During financial years 2023 and 2022, the fees for auditing and other services provided by the auditor of the Group's consolidated annual accounts and by companies belonging to their respective networks, as well as the fees for services billed by the auditors of the companies included in the consolidation and by the entities related to them by control, common ownership or management were as follows:

Year 2023:

Description	Thousands of Euros	
	Services provided by the main auditor	Services provided by other auditing firms
Audit services	207	251
Other verification services	37	51
Total audit services and related services	244	302
Tax and fiscal advice services	36	67
Other services	-	-
Total	280	369

Year 2022:

Description	Thousands of Euros	
	Services provided by the main auditor	Services provided by other auditing firms
Audit services	302	197
Other verification services	3	18
Total audit services and related services	305	215
Tax and fiscal advice services	-	74
Other services	-	-
Total	305	289

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	
	2023	2022
Total Assets	2,819	10,235
Total Liabilities	3,122	5,523
Revenue	8,797	5,919
Expenses	1,125	692

Total liabilities at 31 December 2023 include the financial debt corresponding to the financing granted by one of its shareholders, for a total amount of EUR 1,275 thousand (EUR 1,265 thousand at 31 December 2022). This loan bears interest at market conditions, partially subject to the achievement of positive results by the borrowing Group company. The amount of total assets contributed includes mainly the amount receivable, of a financial nature, from the other UTEs (joint ventures) partners.

24. Remuneration

24.1 Remuneration of Directors

The detail of the remuneration of all kinds earned in 2023 and 2022 by the Directors of Grupo Empresarial San José, S.A., 9 men and 3 women, and of the Group company, jointly controlled entity or associated obliged to pay such remuneration are as follows:

Type of Directors	Thousands of Euros	
	2023	2022
Executive board members	3,320	3,322
Independent board members	225	176
Other external board members	276	252
Total	3,821	3,750

Breakdown of remuneration taking into consideration type of director for years 2023 and 2022 are as follows:

Type of compensation	Thousands of Euros	
	2023	2022
Salary	3,208	3,200
Allowances	295	280
Other items	318	270
Total	3,821	3,750

The amount for 2023 and 2022 includes Directors' remunerations for the performance of their duties as Executives for EUR 3,208 thousand and EUR 3,200 thousand, respectively.

At 31 December 2023 and 2022, 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 may arise as a result of an error incurred into by managers or directors, as well as those of its subsidiaries, in the exercise of their positions. The total annual premium in the year 2023 amounts to EUR 336 thousand (EUR 391 thousand in 2022).

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

In relation to the participation of the directors of the parent company, or persons related to them, in the capital of companies outside the parent company; or if they carry out for their own account or for the account of others the same, similar or complementary type of activity to that which constitutes the corporate purpose; or if they have carried out transactions with the parent company or with any company of the same Group in their own name or on behalf of a person acting on their behalf that are outside the ordinary business of the parent company or under conditions that are not normal market conditions, it should be indicated that the Directors:

- 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 2023 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 2023 and 2022, can be summarised as follows:

Number of people	Thousands of Euros
Year 2023:	
10 directors	1,749
Year 2022:	
10 directors	1,644

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

25. Information on the 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 boost the protection of the environment, as well as the reduction and elimination of future pollution.

Grupo SANJOSE considers the preservation of the environment and sustainable development as fundamental premises within its strategic lines of business. The Group's environmental policy includes:

- Protection of the environment through the prevention or mitigation of environmental impact, 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 targets and goals, aimed at contributing to the improvement of processes and services.
- Compliance with application environmental legislation and regulations.
- Qualification and awareness, through training and awareness activities addressed to all workers, subcontractors and other concerned 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. Hence, the implementation of an environmental management system in order to integrate business development, generate social value and environmental protection is a priority for the Group. Since 2006, the Group has been certified under the ISO-14001 standard with regard to environmental management systems.

The Group shares the concern of society and interested parties in relation to climate change, assuming responsibility for the possible impacts arising from the development of its works and 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, replacing equipment and facilities for more efficient ones. In this sense, and despite the fact that the Group's activity is not very intensive in the use of fixed assets, in light of the regulatory requirements regarding the environment and climate change mitigation, the Group has revalued the recoverable value of its main items of property, plant and equipment (machinery, technical installations, etc.), without having identified signs of impairment. As these items of fixed assets are fully depreciated, they will be replaced by more sustainable ones. Likewise, cash outflows for potential investments to be made in the future to adapt to current regulations do not have a significant impact on the recoverable value of other Group assets (real estate investments, goodwill or inventories).
- Promotion of renewable energy generation. In this regard, as indicated in Note 7, the Group owns and operates a 5.4 MW photovoltaic plant in Jaen (Spain), as well as a polygeneration plant for electricity, cooling and heating. It also specialises in the construction, commissioning and maintenance of renewable energy generation plants, both wind and photovoltaic.

- 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. Costs associated with these proposals and measures are considered in the budgets for the works. In relation to the residential building projects that are promoted internally by the Group, basically in the real estate and urban development segment, solutions that promote energy saving are also introduced, forming part of the construction cost of assets. The Group has extensive experience in construction according to the main sustainability standards (LEED / United States, BREEAM / United Kingdom, PASSIVHAUS / Germany, GREEN / Spain, HQE / France), which have guided it in the execution of more than 1.8 million square metres around the world.
- Sensitisation and awareness of all personnel involved in the development of projects and services in order to promote 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.

Due to the type of activity carried out by Group Companies, as well as the concern and awareness measures implemented internally so as to minimise the environmental impact, the Group has no expenses, assets, provisions or contingencies of an environmental nature. that could be significant in relation to equity, financial position and profit/(loss) for the year (see Note 24). Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated financial statements. Although there is no legal contracting obligation in Spain, Grupo SANJOSE has taken out an Environmental Civil Liability Insurance Programme, in which the Company is included.

26. Events after the reporting period

On 18 January 2024, the Constitutional Court upheld the question of unconstitutionality raised by the Administrative Chamber of the National High Court with respect to several amendments to corporate income tax introduced by Royal Decree-Law 3/2016, of 2 December. The Group has made the corporate income tax expense forecast for 2023 taking into account this ruling (see Note 20.2).

In addition, there are no other significant events occurred after 31 December 2023 which may have impacted on the accompanying financial statements.

Annex I

Consolidated subsidiaries

Company	Company Auditor	Address	Activity	% of voting rights controlled by Parent companies	
				Direct	Direct
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 in Spain	-	100
Basket King, S.A.U.	-	Madrid	Trade and distribution of sport items in Spain	-	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.	PWC	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	-
Constructora San José Argentina, S.A.	Auren	Buenos Aires (Argentina)	Construction	-	96,947
Constructora San José Brasil Limitada	-	Salvador de Bahía (Brasil)	Construction and Real Estate Development	-	100
Constructora San José Cabo Verde, S.A.	AYS	Cape Verde	Construction	-	100
Constructora San José, S.A.	PWC	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	Direct
Eraikuntza, Birgaikuntza Artapena, S.L.U.	PWC	Vitoria Gasteiz	Construction	-	100
Enerxías Renovables de Galicia, S.A.	-	Pontevedra	Energy	-	100
Athletic King S.A.U.	-	Madrid	Manufacturing, warehousing and distribution of manufactured goods	-	100
Facopremo, S.A.	-	Madrid	Construction	-	55
Fotovoltaica el Gallo 10, S.L.	-	Burgos	Energy	-	82.97
GSJ Solutions, S.L.	PWC	Madrid	Engineering Services	100	-
Hospes Brasil Participaciones e Empreendimientos Lda.	-	Brazil	Construction and Real Estate Development	-	100
Inmobiliaria 2010, S.L.	-	Lima (Peru)	Construction and Real Estate Development	-	100
Inmobiliaria Americana de Desarrollos Urbanísticos, S.A.U.	-	Pontevedra	Real Estate Development	-	100
Inversión SanJose Chile Limitada	-	Santiago de Chile (Chile)	Investments and real estate	-	100
Inversiones San Jose Andina Ltda.	Deloitte	Santiago de Chile (Chile)	Investments and real estate	-	100
Inversiones Viales Andina Ltda.	-	Santiago de Chile (Chile)	Capital investment	-	100
Jose' Costruzioni, S.R.L.	-	Milan (Italy)	Construction	-	100
Outdoor King, S.A.U.	-	Madrid	Manufacturing, warehousing and distribution of manufactured goods	-	100
O&M Parc de L'Alba ST-4, S.A.	-	Barcelona	Construction, rehabilitation and maintenance of facilities	-	65
Parsipanny Corp. S.A.	Moore	Uruguay	Real Estate and Agricultural productions	-	100
Poligeneraciones parc de L'Alba ST-4	PWC	Barcelona	Construction, commissioning and maintenance of polygeneration power plants	-	79.50
Puerta de Segura, S.A.	Moore	Uruguay	Industrial, Trade	-	100
San José Constructora Perú S.A.	Deloitte	Lima (Peru)	Construction	-	100
Rincon S.A.G.	-	Paraguay	Development of a tourism project in the Alto Paraguay area, and agricultural and livestock activities in the same area.	-	100
Running King, S.A.U.	PWC	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

Translation into English of consolidate Financial Statements originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails.

Company	Company Auditor	Address	Activity	% of voting rights controlled by Parent companies	
				Direct	Direct
San José Concesiones y Servicios, S.A.U.	-	Pontevedra	Provisions of health care and social services	100	-
San José Construction Group, Inc	Forvis LLP	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
San José Tecnologías Chile Ltda.	-	Santiago de Chile (Chile)	Construction	99.9	-
San Jose India Infrastructure & Construction Private Limited (*)	-	Nueva Delhi (India)	Development, construction and operation of Infrastructure	-	99.99
Sanjose Mahavir Supreme Building One Private Limited (*)	-	Nueva Delhi (India)	Construction	-	51
San José Real Estate Development, LLC	Forvis LLP	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.	Tagi	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
Sociedad Educacional Andina Ltda.	-	Santiago de Chile (Chile)	Capital investment	-	100
San José Constructora Chile Ltda.	Deloitte	Santiago de Chile (Chile)	Construction	-	100
SJB Mullroser	Wisbert & Partner	Mullroser (Alemania)	Construction	100	-
Tecnoartel Argentina, S.A.	Auren	Buenos Aires (Argentina)	Maintenance and facilities	-	100
Tecnocontrol Servicios, S.A.U.	PWC	Tres Cantos (Madrid)	Maintenance services	-	100
Tecnocontrol Chile Ltda.	-	Santiago de Chile (Chile)	Construction	99.9	-
Trendy King, S.A.U.	-	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 México S.A. de C.V.	CyA Roldán	Mexico	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
Zivar, investimentos imobiliarios C.	-	Portugal	Real Estate	-	52.5

(*) Companies whose accounting period differs from the calendar year, to the extent required by local accounting regulations. The Group carries out the corresponding time homogenisation process. The accounting period of other group companies is the calendar year, which coincides with that of the parent company.

Annex II

Associates and joint companies within the scope of consolidation

Company	Company Auditor	Address	Activity	% of voting rights controlled by Parent companies	
				Direct	Direct
Associated: Crea Madrid Nuevo 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 Peru 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

(*) Companies whose accounting period differs from the calendar year, to the extent required by local accounting regulations. The Group carries out the corresponding time homogenisation process. The accounting period of other associates companies is the calendar year, which coincides with that of the parent company.

Annex III - Joint Ventures

Joint ventures	Ownership %	Net revenue (*) (Thousands of Euros)
MUSEO LOUVRE ABU DHABI	33.33%	-
HOSPITAL AL-AIN	50.00%	4,516
MAMSHA	50.00%	(60)
HOTEL FAMILY	50.00%	89
UTE Ruta 20	100.00%	-
UTE Canal Velarde - Salta	83.32%	-
UTE San Juan	55.00%	-
Ute Museo Rawson	55.00%	-
UTE SOCABÓN (SJ-VIALCO-OBRA ANDINAS)	48.47%	-
AYSA	50.00%	1,754
REGADIO PARAMO BAJO	50.00%	-
EL REGUERÓN	33.33%	328
PISTA AEROPUERTO ALICANTE	50.00%	-
CONSERVACIÓN A7 MURCIA	50.00%	-
CONSERVACIÓN A-30 LORCA	50.00%	-
HOSPITAL DE FERROL	46.00%	2,643
CONSERVACIÓN A-30 LORCA 2	50.00%	1,210
REMODELACIÓN EST. CHAMARTIN	25.00%	13,430
MEDIKUNTZA ETA ERIZAINZA FAKULTATEAREN U.T.E.	50.00%	450
UTE HOSPITAL DE SANTIAGO	40.00%	-
TEC77-POLIGENERACION Cerdanyola del Valles	95.00%	-
SJT01-CENTRAL ELÉCTRICA AE.SANTIAGO	60.00%	-
KAPPARA JOINT VENTURE	60.00%	-
CONSORCIO EL FARO	50.00%	-
Eugenia de Montijo	90.00%	-
Santa Marta Magasca	60.00%	-
Viviendas Dehesa Vieja	50.00%	-
Sede Diputación de Málaga	50.00%	-
Almanjayar	75.00%	-
Viviendas Alcosa	80.00%	-
Umbrete	100.00%	-
El Ejidillo	60.00%	-
Ceip San José Calasanz - Bigastro	100.00%	-
Plataforma AVE Ocaña	70.00%	-
Hospital de Gandía	100.00%	-
Zonas Verdes Ferrol	60.00%	-
MIAMAN PONTE AMBIA	70.00%	-
UTE SJOSE-EJIDILLO VALLADOLID	60.00%	-
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%	1,122
FEDERACION FUTBOL CEUTA	100.00%	-
SAN JOSE EL EJIDILLO ALCOBENDAS	60.00%	-
PATRIMONIO JARDINES	40.00%	-
CONSERVACION RENEDO DE ESGUEVA	60.00%	-
PONTESUR	50.00%	-
EL EJIDILLO SS.REYES	60.00%	1,807
FÁBRICA TABACOS	100.00%	-

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%	89
CONSERVACIÓN CÁCERES	50.00%	817
CORREOS CATALUÑA	100.00%	-
GALERÍA DE FOLLEDO	60.00%	-
SER MAS VERDE	25.00%	1,295
VÍA CICLISTA CENTRO HISTÓRICO CÁDIZ	100.00%	-
EL EJIDILLO ALCOBENDAS 2	60.00%	-
EL EJIDILLO ALCOBENDAS 3	60.00%	-
EDIFICIO FONTAN	50.00%	111
VIVIENDAS CALLE IRÚN	50.00%	-
ZONAS VERDES DISTR. VICÁLVARO	50.00%	-
CONTORNO GRAN VÍA	60.00%	-
JARDINES HISTÓRICOS	30.00%	779
ESCOLA BRESSOL SANTS-BADAL	50.00%	-
UTE SANGONERA TOTANA	40.00%	11,959
EL EJIDILLO VILLAVERDE	60.00%	80
RIBERA	60.00%	13,304
PROYECTO SIRUSA	50.00%	266
AREAS AJARDINADAS PARDO-ZARZUELA	60.00%	163
PARQUE POLVRANCA	60.00%	398
DIONISIO RIDRUEJO	50.00%	-
INSTALAC. TUNEL VARIANTE PAJARES	30.00%	6,245
MEJORA RIO PISUERGA	60.00%	239
AE CAMPO NOVO	55.00%	(208)
SEDE GRUPO PREVING BADAJOZ	50.00%	967
UTE VILLA DE AJALVIR	60.00%	235
UTE AMUSCO	40.00%	7,206
UTE FORMENTOR	60.00%	900
AUTOVÍA ENLACE ALMANZORA	40.00%	6,233
UTE ACUERDO MARCO ZONA NOROESTE LOTE 2	30.00%	141
UTE SAN JOSE EL EJIDILLO MADRID L4	60.00%	11,540
UTE CONSERVACION PONTESUR II	50.00%	1,091
UTE ELEVADORES PARQUESOL NORTE	60.00%	1,006
EL EJIDILLO SEGOVIA ZONAS VERDES	60.00%	479
ELEVADORES PARQUESOL ESTE	60.00%	2,350
UTE BARRIO DE TEMPRANALES	60.00%	944
UTE PCI MERCADO	50.00%	-
EL EJIDILLO SFM	60.00%	979
UTE BAÑOS PREFABRICADOS PLAN VIVE	55.00%	-
TEC87-SERVICIOS ENERGÉTICOS LAS PALMAS	50.00%	917
TEC91 UTE MANTENIMIENTO EDIFICIOS ADIF	100.00%	336
UTE ALUMBRADO CANGAS	50.00%	-
UTE SAN JOSE EL EJIDILLO ALCOBENDAS LOTE 2	60.00%	296
TXOMIN	50.00%	205
TEC89-EFICIENCIA ENER. AYTO.VITORIA	50.00%	-
TEC90-EDIF.OFICINAS PROVENZA	50.00%	-
UTE OBRAS DE TERMINACIÓN DE LA AMPLIACIÓN DEL MUSEO NACIONAL DE ARTES	65.00%	914
UTE REMODELACION PARQUE ARCIPRESTE MAJADAHONDA	50.00%	575
UTE PALACIO DE DEPORTES DE TENERIFE	100.00%	4,044
UTE SAN JOSE EL EJIDILLO PARACUELLOS ZONAS VERDES	50.00%	317
UTE PARANINFO TRES CANTOS	80.00%	1,009
UTE SAN JOSE EL EJIDILLO SANSE ZONAS VERDES	60.00%	972
UTE EL EJIDILLO A CORUÑA	60.00%	306
UTE FACHADAS PREFAB. PLAN VIVE	55.00%	-
UTE CONSERVACION CACERES 2023	50.00%	352
		107,140

(*) Joint venture data, applying the participation coefficient

Don Juan Amor Fernández, Traductor-Intérprete Jurado de inglés, nombrado por el Ministerio de Asuntos Exteriores, Unión Europea y Cooperación, certifica que la que antecede es traducción fiel y completa al inglés de un documento redactado en español.

I the undersigned Juan Amor Fernández, sworn translator for the English Language, duly appointed by the Ministry for Foreign Affairs, European Union and Cooperation, do hereby certify that the foregoing is a true and faithful translation of the original Spanish document hereunto attached.

Águilas (Murcia) Spain, 28 February 2024

JUAN AMOR FERNÁNDEZ
Traductor-Intérprete Jurado
Alemán, Inglés, Italiano,
Portugués, Catalán
Número 132

Juan Amor Fernández

GRUPO EMPRESARIAL SAN JOSE, S.A. and subsidiaries

Consolidated management report for the year ended 31 December 2023

1. Situation of the Company

1.1. Organisational Structure

Grupo SANJOSE is arranged as a set of companies that operate 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 Group's business model is designed with the objective of seeking diversification, both by activity and by geographical area, achieving a lower exposure to the risks inherent to a single type of activity or geographical concentration. In 2023, 18% of the Group's business will be conducted in international markets (25% in 2022).

The Group is present in more than 20 countries spread over 4 continents, with special importance being given to development in Portugal and Latin America.

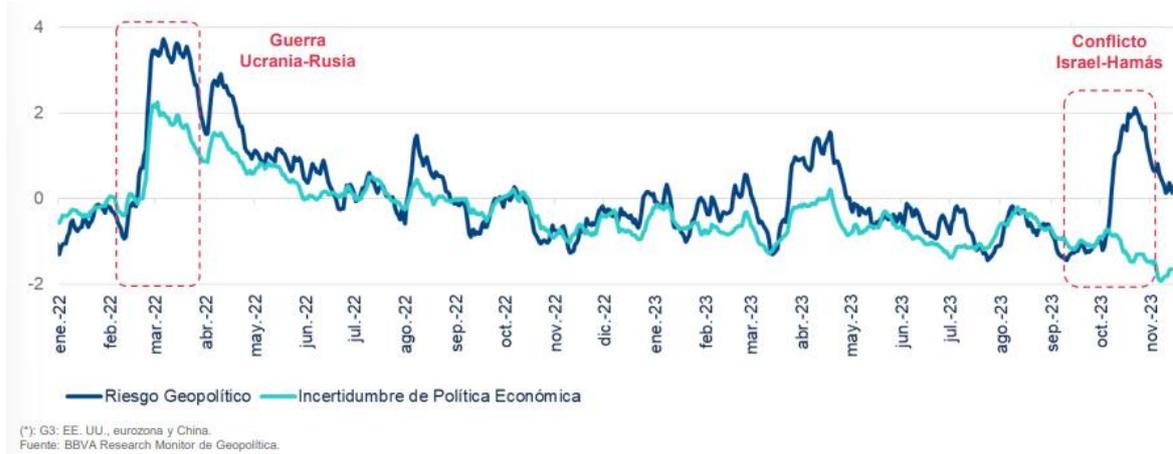
The Group's main objective is to maintain sustained growth while keeping the profitability margins of recent years, taking the construction activity as the main driver and increasing its weight in the international sphere, boosting development in the countries in which we are already present and in those with future penetration, maintaining the levels of quality in production and customer and supplier satisfaction that have already positioned Grupo SANJOSE as a benchmark in the market, analysing and encouraging the application of innovations and technological progress, and maintaining the utmost respect for the environment, not only by adequately managing and minimising the possible negative impact arising from the development of the activity, but also by carrying out efficient construction developments.

2. Business performance and results

2.1 Market and its evolution

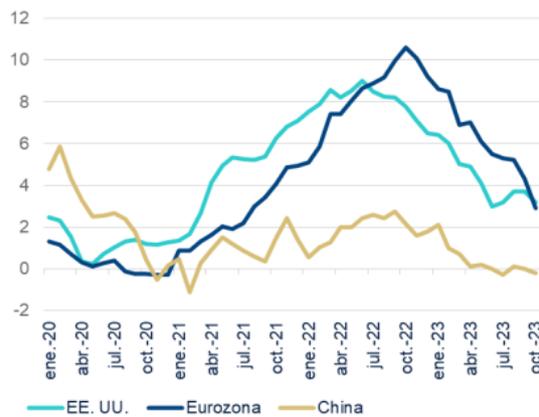
In recent years, the evolution of the Spanish economy has been marked, to a greater or lesser extent, by the COVID-19 health crisis, as well as by the supply and energy crisis resulting from geopolitical tensions in Europe, which led to a macroeconomic scenario of high inflation levels.

At the end of financial year 2023, geopolitical risk has increased significantly following the conflict between Israel and Hamas. However, despite this, uncertainty in economic activity has remained relatively low for the time being.



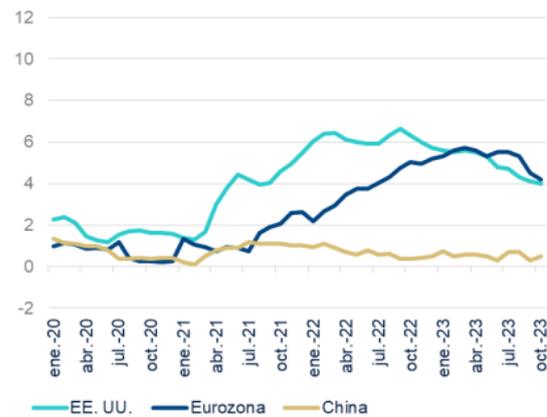
Inflation moderates, mainly after interest rate hikes. Fed and ECB rates seem to have peaked. However, no cuts are expected before June 2024. For the time being, liquidity will continue to shrink. Labour markets and fiscal policy support growth, reducing the risk of recessions, but helping to maintain inflationary pressures.

INFLACIÓN: IPC
(A/A %)



Fuente: BBVA Research basado en datos de Haver.

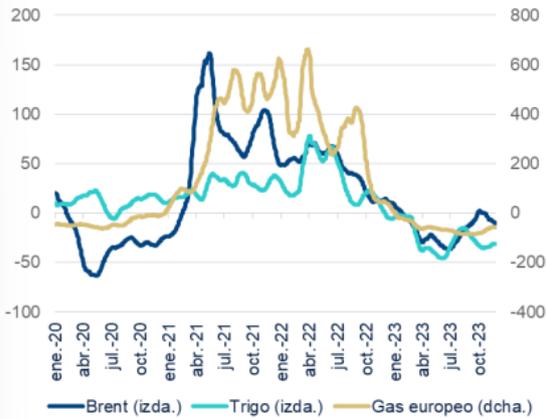
INFLACIÓN SUBYACENTE: IPC
(A/A %)



Fuente: BBVA Research basado en datos de Haver.

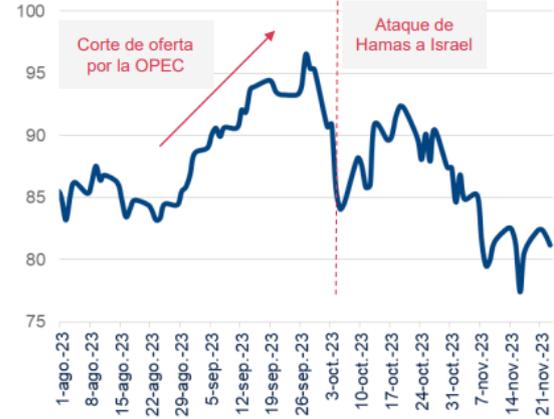
During the financial year 2023 there has been a certain containment in the increase of raw material prices, which contributes to reduce inflation, and generate a positive effect on economic activity.

PRECIOS DE MATERIAS PRIMAS
(A/A %, 30-DÍAS MEDIA MÓVIL)



Fuente: BBVA Research basado en datos de Haver.

PRECIOS DEL PETRÓLEO (BRENT)
(DOLARES ESTADOUNIDENSES POR BARRIL)



Fuente: BBVA Research basado en datos de Haver.

Growth in the world economy is expected to be modest. Inflation is also expected to be contained and, consequently, interest rates are expected to fall, without returning to pre-pandemic levels.



Fuente: BBVA Research basado en datos de Bloomberg.

The global recovery from the COVID-19 pandemic and the Russian invasion of Ukraine remains slow and uneven. Despite the resilience shown by the economy in early 2023, with a rebound due to the reopening of post-pandemic economies and progress in reducing inflation from last year's peaks, it is still too early for comfort. Economic activity is still below its pre-pandemic trajectory, especially in emerging market and developing economies, and there are growing divergences between regions. Several forces are holding back the recovery. Some respond to the long-term consequences of the pandemic, the war in Ukraine and increased geo-economic fragmentation. Others are more cyclical in nature, such as the effects of monetary policy tightening needed to reduce inflation, the withdrawal of fiscal support in a context of high indebtedness, and extreme weather events. According to IMF estimates, global growth is projected to decelerate from 3.5 per cent in 2022 to 3.0 per cent in 2023 and 2.9 per cent in 2024. The projections remain below the historical average (2000-19) of 3.8%, and the forecast for 2024 has been lowered by 0.1 percentage points from the last forecast in July 2023.

For advanced economies, growth is projected to slow from 2.6% in 2022 to 1.5% in 2023 and 1.4% in 2024, with stronger-than-expected momentum in the United States, but slower-than-expected growth in the euro area. Growth in emerging market and developing economies is projected to decline moderately, from 4.1 per cent in 2022 to 4.0 per cent in 2023 and 2024, with a downward revision of 0.1 percentage point in 2024, attributable to the deepening property sector crisis in China. Medium-term global growth forecasts of 3.1% are the lowest in decades, and the prospects for countries to achieve higher living standards are dim. Global inflation is projected to decline steadily from 8.7% in 2022 to 6.9% in 2023 and 5.8% in 2024, although forecasts for 2023 and 2024 have been revised upwards by 0.1 percentage point and 0.6 percentage point, respectively, and inflation is not expected to return to the target level in most cases until 2025. Risks to the outlook are more balanced than six months ago, owing to the resolution of tensions over the US debt ceiling and decisive action by the Swiss and US authorities to contain financial turbulence. The likelihood of a hard landing has receded, but the balance of risks to global growth remains tilted towards a deteriorating outlook.

The crisis in China's real estate sector could deepen, with international repercussions, especially for commodity exporters. Elsewhere in the world, near-term inflation expectations have risen and could contribute - together with tight labour markets - to prolonged pressures on core inflation and the need for higher than expected monetary policy rates. Further weather and geopolitical shocks could lead to additional increases in food and energy prices.

Increasing geo-economic fragmentation could restrict the flow of commodities between markets, thereby increasing price volatility and complicating the green transition. In a context of rising debt servicing costs, more than half of low-income developing countries are either over-indebted or at high risk of over-indebtedness. There is little room for error on the policy front. Central banks must restore price stability and use policy tools to alleviate potential financial stress, where necessary. Effective monetary policy frameworks and communication are vital to anchor expectations and minimise output losses caused by disinflation. Fiscal authorities should rebuild fiscal room for manoeuvre and withdraw untargeted support measures, while continuing to protect vulnerable segments.

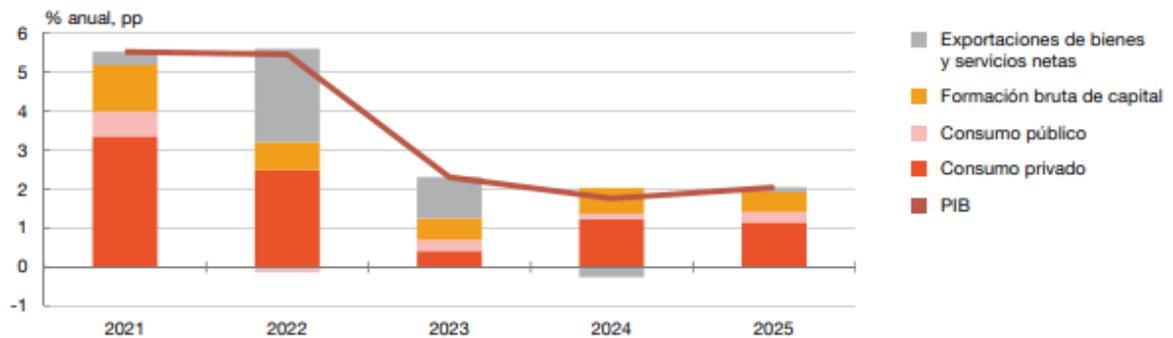
Reforms to reduce structural impediments to growth - for example, by encouraging labour market participation - would smooth the decline in inflation to the target level and facilitate debt reduction. Faster and more efficient multilateral cooperation on debt resolutions is needed to avoid debt overhang tensions. Cooperation is also needed to mitigate the effects of climate change and accelerate the green transition, including by ensuring the regular cross-border flow of necessary minerals.

Looking ahead to the coming quarters, activity in Spain is expected to continue to show relatively contained dynamism, conditioned by the effects of different factors that operate in opposing directions and with a different time profile. Of note among these factors are the following:

- The continued pass-through of monetary policy tightening to the cost of new credit operations and to the financial burden of indebted agents, which will still have a negative impact on the pace of GDP growth over much of the projection horizon.
- The weakness of the external environment, which will also dampen Spain's economic activity in the final part of this year. However, Spanish exports of goods will benefit from 2024 onwards from the expected recovery in foreign markets and from the gains in competitiveness compared with the rest of the euro area resulting from the greater recent containment of labour costs in Spain. Foreign tourism has made a very positive contribution to GDP growth in recent quarters. It is also expected to continue to do so in the current quarter and in the short term. However, with a longer time perspective, it is to be expected that, as tourism exports have already recovered their pre-pandemic levels, the magnitude of their contribution to GDP growth will be increasingly smaller.
- Public policies adopted in response to the energy crisis and the pick-up in inflation, which will continue to support activity in the remainder of the year. However, the withdrawal of these measures at the end of 2023 would contribute negatively to output growth in the Spanish economy over the remainder of the projection horizon, especially in 2024.
- Conversely, other factors, such as the gradual easing of inflationary pressures, the gradual recovery of agents' confidence, the resilience of the labour market and the expected intensification in the deployment of the projects under the Recovery and Resilience Mechanism would provide growing strength to the Spanish economy in the period 2024-2025.

Taking all these factors into account, in terms of average annual rates, GDP growth is projected to moderate substantially this year and to present a relatively flat profile thereafter. In 2023, GDP is projected to grow by 2.3%, 3.5 pp less than in 2022. Domestic demand has remained the main engine of growth, although over the year as a whole the contributions of the foreign sector and domestic demand to output growth are very similar.

In the subsequent biennium, GDP in Spain is expected to grow by around 2%. This growth will be mainly driven by private consumption and, to a lesser extent, by gross fixed capital formation. The external sector, on the other hand, is set to make a virtually zero contribution to growth in both 2024 and 2025. In the labour market, employment is expected to remain buoyant this year (with growth of 2.6% in terms of the number of persons employed), before decelerating in the following two years, in line with the outlook for activity, although apparent labour productivity is expected to pick up somewhat. The continuation of job creation explains the projected decline in the unemployment rate to around 11% on average in 2025, in a context of sustained labour force growth, which benefits from the population increase associated with migration flows.

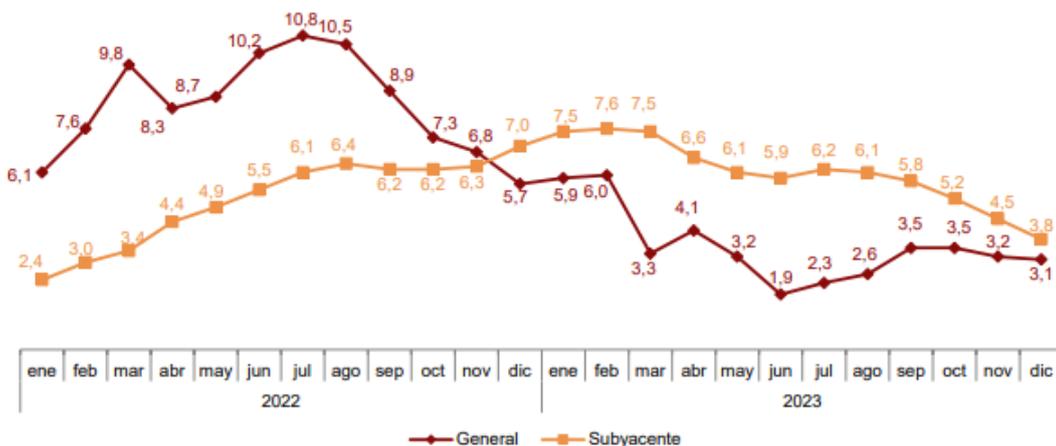


FUENTE: Instituto Nacional de Estadística.

Estimated annual CPI inflation in Spain in December 2023 is 3.1%, according to the leading indicator compiled by the INE. This represents a decrease of one tenth of a percentage point in its annual rate, since in November this variation was 3.2%.

This development is mainly due to the stability of food and non-alcoholic beverages prices, compared with the rise in December of the previous year. Electricity also plays a role, with prices rising less than in December 2022. In the opposite direction, fuels stand out, with prices decreasing, but less sharply than in the previous year. The estimated annual rate of change of core inflation (the general index excluding unprocessed food and energy products) fell by 0.7 percentage points to 3.8%.

Evolución anual del IPC¹ Índice general y subyacente. Porcentaje



¹ El último dato se refiere al indicador adelantado.

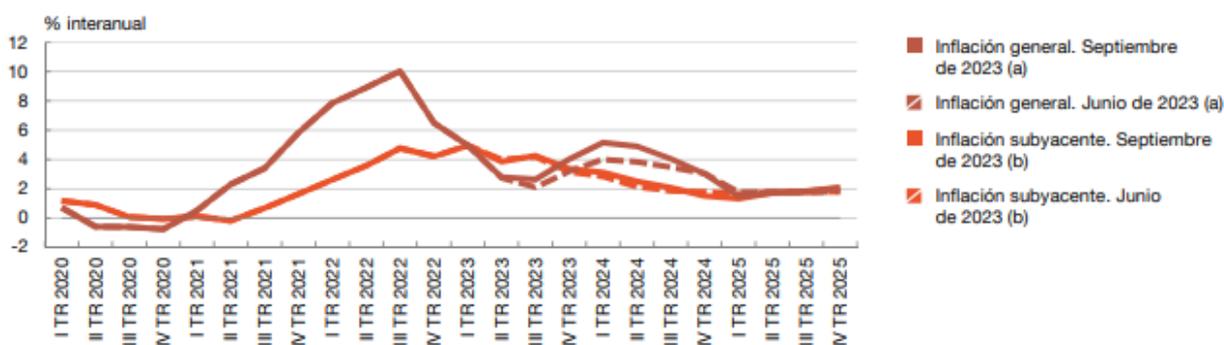
In the near term, the path of headline inflation will be driven by the behaviour of the energy component. On average in the third quarter of 2023, the energy HICP is projected to fall at a rate of around 20% year-on-year. But the recent rise in the price of the relevant commodities (especially oil), combined with base effects from the declines in commodity prices at the end of 2022, will push the annual rate of change of this component to close to 0% in the fourth quarter. In addition, the assumption made in these projections that the main measures deployed by the authorities to mitigate the effects of the energy crisis have expired by the end of 2023, which will contribute to the increase in the rate of change of energy prices being prolonged in the first

quarters of 2024, reaching rates close to 25% in the spring. Given the path of energy prices in futures markets, inflation associated with this component of the consumption basket will start to moderate in the final part of 2024 and reach almost zero by the end of the projection horizon.

Core inflation has also slowed down in the final part of 2023. This reflects the gradual impact of monetary policy tightening on demand, the easing of inflationary pressures from the reopening of the economy after the pandemic and the gradual pass-through - with some lag - of lower energy costs to prices of non-energy industrial goods and services.

Among the components of core inflation for the coming quarters, the slowdown is expected to be more pronounced in non-energy industrial goods than in services, in line with the greater strength of demand for the latter (particularly those involving more social interaction) and with the differences in the respective cost structures of the various productive branches. Specifically, in non-energy industrial goods, intermediate consumption - the prices of which have started to fall in year-on-year terms over the course of 2023 - has a greater relative weight in costs, while in services the share of wage costs - which are showing a certain upturn - is higher.

In terms of average annual rates, headline inflation has moderated markedly in 2023 - from 8.3% in the previous year - and will pick up in 2024 and fall back to below 2% in 2025. In particular, the average annual increase in the HICP will stand at 3.6% in 2023 and rise to 4.3% in 2024, reflecting a pick-up in the contribution of the energy component, which will more than offset the projected decline in the rates of change of food prices and the underlying component in that year. In 2025, the stabilisation of energy HICP prices and the prolongation of non-energy disinflation will lead to an increase in the headline indicator of 1.8%. For core inflation, after 4.1% growth in 2023, the pace of change is expected to slow to 2.3% in 2024 and 1.7% in 2025.



FUENTES: Instituto Nacional de Estadística y Banco de España.

- a Medida con el IAPC.
- b Medida con el IAPC sin energía ni alimentos.

The main risks to the projected path for GDP stem from a more unfavourable evolution of global economic activity than assumed in the assumptions underlying the projections - which, in particular, could be related to a more pronounced slowdown in the Chinese economy - and from a potentially stronger impact of the tightening of financial conditions on activity than assumed in the central scenario, which in turn would imply a lower inflation path.

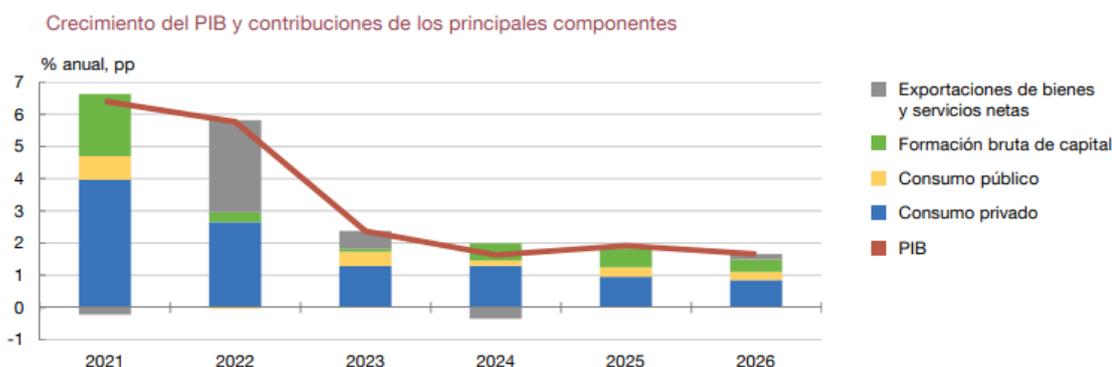
Moreover, there remains the risk that a hypothetical escalation of geopolitical tensions - for example, in the context of the war in Ukraine - could have an upward impact on the prices of energy and food commodities, and even cause some disruption in their availability. Such a scenario would lead to a pick-up in inflation and a deterioration in activity.

The main macroeconomic projections for the Spanish economy prepared by the Banco de España are shown below:

Tasas de variación anual sobre el volumen (%) y en porcentaje del PIB

	Proyecciones de diciembre de 2023				
	2022	2023	2024	2025	2026
PIB	5,8	2,4	1,6	1,9	1,7
Consumo privado	4,7	2,2	2,3	1,7	1,5
Consumo público	-0,2	2,2	0,8	1,5	1,3
Formación bruta de capital fijo	2,4	1,8	2,7	2,7	1,8
Exportación de bienes y servicios	15,2	1,0	0,3	3,0	2,9
Importación de bienes y servicios	7,0	-0,4	1,3	3,0	2,7
Demanda nacional (contribución al crecimiento)	2,9	1,8	2,0	1,8	1,5
Demanda exterior neta (contribución al crecimiento)	2,9	0,6	-0,4	0,1	0,2
PIB nominal	10,2	8,2	4,2	4,2	3,8
Deflactor del PIB	4,1	5,6	2,6	2,3	2,1
IAPC	8,3	3,4	3,3	2,0	1,9
IAPC sin energía ni alimentos	3,8	4,1	1,9	1,9	1,8
Empleo (horas)	3,9	1,9	1,3	1,1	0,9
Tasa de paro (% de la población activa). Media anual	12,9	12,1	11,7	11,4	11,3
Capacidad (+) / necesidad (-) de financiación de la nación (% del PIB)	1,5	3,4	2,9	3,0	3,0
Capacidad (+) / necesidad (-) de financiación de las AAPP (% del PIB)	-4,7	-3,8	-3,4	-3,6	-3,6
Deuda de las AAPP (% del PIB)	111,6	107,3	106,3	107,2	108,4

FUENTES: Banco de España e Instituto Nacional de Estadística.
NOTA: Último dato publicado de la CNTR: tercer trimestre de 2023.



FUENTE: Instituto Nacional de Estadística.

The main support for activity over the projection horizon will be domestic demand. On the one hand, household consumption will be supported by rising real incomes, in a context of moderating inflation rates, job creation and wage increases in a relatively dynamic labour market. On the other hand, gross capital formation will also act as an important driver of growth, largely due to the dynamising effect of investment projects linked to the NGEU programme, the deployment of which will gain traction in 2024 and 2025. For its part, the contribution of net external demand to growth will recover over the coming quarters - after its marked negative contribution during the spring and summer of 2023 - although it is not expected that, in the coming years, net exports will be able to drive GDP growth with the same intensity as in 2022 as a whole and, to a lesser extent, in 2023. This is because the growing dynamism projected for exports of goods and non-tourist services - in line with a gradual improvement in the external environment - will be offset by the recovery in imports - associated, among other factors, with the increase in gross fixed capital formation, which has a high import content - and by the slowdown in exports of tourist services - given that these have already exceeded their

previous levels - and will be offset by the recovery in imports - associated, among other factors, with the increase in gross fixed capital formation, which has a high import content - and by the slowdown in exports of tourism services - since these have already surpassed their pre-pandemic levels.

With regard to the labour market, employment is expected to moderate its dynamism over the projection horizon, in line with the projected evolution of activity and with the assumption of some recovery in productivity. In particular, the rate of increase in productivity per hour worked is expected to normalise over the period 2023-2026, so that it would be above the growth rates observed in the most recent years, but in line with those recorded before the pandemic. The unemployment rate is projected to continue to decline over the projection horizon, albeit at a slower pace than in recent years. This slowdown in the decline in the unemployment rate will be contributed to by both the moderation in the pace of job creation and the projected growth of the labour force, which will be driven by a high dynamism of immigration flows. As a result, an unemployment rate of 11.3% is forecast for 2026, which would be below the historical average observed over the last four decades (16.8%), but above the historical low reached in 2007 (8.2%).

With regard to wage costs and business margins, these are projected to remain relatively subdued in the coming years, as observed in recent months. In particular, negotiated wage increases are projected to be around 3% per annum over the period 2024-2026. In any event, compensation per employee is expected to maintain somewhat higher growth than that agreed in collective bargaining over the projection horizon, mainly as a result of the projected increases in social security contributions and, to a lesser extent, slightly positive wage drift. Business margins are projected to continue on the moderating path that started in early 2023 and to be able to accommodate the projected increases in unit labour costs. Overall, in line with developments to date, no significant second-round effects via wages or corporate margins are expected to trigger feedback effects from current inflationary pressures.

2.2 Main magnitudes of the GROUP

The main consolidated magnitudes of the Grupo SANJOSE for the 2023 financial year are shown below:

Consolidated balance sheet:

Thousands of euros

	Dec. 2023		Dec. 2022		Var.
	Amount	%	Amount	%	
Intangible assets	15,480	1.4%	17,050	1.7%	-9.2%
Property, plant and equipment	82,789	7.3%	80,418	8.2%	2.9%
Real state investments	11,682	1.0%	15,820	1.6%	-26.2%
Investments accounted for using the equity method	22,841	2.0%	20,509	2.1%	11.4%
Long term financial investments	19,520	1.7%	20,631	2.0%	-5.4%
Deferred taxes assets	18,392	1.6%	27,838	2.8%	-33.9%
Goodwill on consolidation	9,984	0.9%	9,984	1.0%	0.0%
TOTAL NON-CURRENT ASSETS	180,688	15.9%	192,250	19.6%	-6.0%
Inventories	77,489	6.8%	85,879	8.8%	-9.8%
Trade and other receivables	463,369	40.8%	369,350	37.7%	25.5%
Other short term financial investments	4,919	0.4%	21,461	2.2%	-77.1%
Short-term accruals	3,251	0.3%	2,718	0.3%	19.6%
Cash and cash equivalents	406,764	35.8%	307,005	31.4%	32.5%
TOTAL CURRENT ASSETS	955,792	84.1%	786,413	80.4%	21.5%
TOTAL ASSETS	1,136,480	100.0%	978,663	100.0%	16.1%

Thousands of euros

	Dec. 2023		Dec. 2022		Var.
	Amount	%	Amount	%	
Equity attributable to shareholders of the parent	181,382	16.0%	174,436	17.8%	4.0%
Minority interest	35,536	3.1%	32,117	3.2%	10.6%
TOTAL EQUITY	216,918	19.1%	206,553	21.1%	5.0%
Long term provisions	39,727	3.5%	27,337	2.8%	45.3%
Long term financial liabilities	100,876	8.8%	100,027	10.2%	0.8%
Deferred taxes liabilities	12,250	1.1%	18,324	1.9%	-33.1%
Long-term accruals	751	0.1%	783	0.1%	-4.1%
TOTAL NON CURRENT LIABILITIES	153,604	13.5%	146,471	15.0%	4.9%
Short term provisions	29,231	2.6%	35,252	3.6%	-17.1%
Short term financial liabilities	15,131	1.3%	13,194	1.3%	14.7%
Trade accounts and other current payables	721,596	63.5%	577,193	59.1%	25.0%
TOTAL CURRENT LIABILITIES	765,958	67.4%	625,639	64.0%	22.4%
TOTAL EQUITY & LIABILITIES	1,136,480	100.0%	978,663	100.0%	16.1%

- **Consolidated net Equity:** As at 31 December 2023, the Group's net Equity amounted to EUR 216.9 million, an increase of 5% compared to the previous year, representing 19.1% of total consolidated assets at that date.

Consolidated management profit and loss account

Thousands of euros

	Grupo SANJOSE				
	Year 2023		Year 2022		Var.
	Amount	%	Amount	%	
Revenue	1,335,835	100.0%	1,092,213	100.0%	22.3%
Other operating income	12,022	0.9%	26,074	2.4%	-53.9%
Change in inventories	-1,671	-0.1%	-2,768	-0.3%	-39.6%
Procurements	-977,079	-73.1%	-775,046	-71.0%	26.1%
Staff costs	-173,003	-13.0%	-149,751	-13.7%	15.5%
Other operating expenses	-134,122	-10.0%	-132,772	-12.2%	1.0%
EBITDA	61,982	4.6%	57,950	5.3%	7.0%
Amortisation charge	-11,837	-0.9%	-9,111	-0.8%	29.9%
Impairment on inventories	-419	0.0%	-218	0.0%	92.2%
Changes in trade provisions and other impairment	-10,898	-0.8%	-16,191	-1.5%	-32.7%
EBIT	38,828	2.9%	32,430	3.0%	19.7%
Ordinary financial results	5,539	0.4%	-2,764	-0.3%	--
Changes in fair value for financial instruments	-179	0.0%	-123	0.0%	-
Foreign exchange results and others	-4,280	-0.3%	-445	0.0%	861.8%
Impairment and profit/(loss) from disposal of financial instruments	-7,410	-0.6%	-3,227	-0.3%	129.6%
NET FINANCIAL RESULT	-6,330	-0.5%	-6,559	-0.6%	-3.5%
Results on equity method	-643	0.0%	-566	-0.1%	13.6%
PROFIT BEFORE TAX	31,855	2.4%	25,305	2.3%	25.9%
Income tax	-10,443	-0.8%	-9,915	-0.9%	5.3%
PROFIT AFTER TAX CONTINUED OPERATIONS	21,412	1.6%	15,390	1.4%	39.1%
CONSOLIDATED PROFIT	21,412	1.6%	15,390	1.4%	39.1%

- **Gross operating profit for the period:** EBITDA for the year 2023 amounts to EUR 62 million..
- **Profit for the year:** EUR 21.4 million, an increase of 39.1% compared to 2022.

Alternative Performance Measures (APMs):

In the consolidated financial statements for the financial year 2023, the Group presents its results in accordance with generally accepted accounting principles. However, the Group's management believes that certain alternative performance measures (APMs) reflect a true and fair view of its financial information and provide useful additional financial information that it uses in managing the business, which it believes should be considered in order to properly assess the Group's performance.

Among others, the Group identifies the following APM:

- **EBITDA:** Gross operating profit, calculated on the basis of operating profit, excluding the amount of depreciation, provisions and impairment losses recognised or reversed during the period, as well as the gain or loss on the disposal of fixed assets.
- **Net financial debt (NFC):** Total amount of bank and non-bank financial debt, including finance lease payables and the valuation of obligations associated with financial derivative instruments, net of the amount recorded under the balance sheet headings "Other current financial assets" and "Cash and cash equivalents" on the current assets side of the balance sheet
- **Portfolio:** In concession contracts, the total amount of sales contracted by Group companies with customers, net of the portion realised and recognised as revenue in the profit and loss account, 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.

Turnover:

The accumulated net accumulated turnover (INCN) of Grupo SANJOSE for the fiscal year 2023 is 1,335.8 million euros.

The main activity of Grupo SANJOSE is construction, representing 90.2% of the Group's total turnover, and accounting for 79% of the Group's total portfolio at the end of the year.

The distribution of Grupo SANJOSE's turnover by activity is as follows:

Thousands of euros

Revenues by activity	Grupo SANJOSE				
	Year 2023		Year 2022		Var.(%)
Construction	1,205,383	90.2%	969,068	88.7%	24.4%
Real estate and property development	15,508	1.2%	23,228	2.1%	-33.2%
Energy	14,496	1.1%	18,006	1.6%	-19.5%
Concessions and services	74,749	5.6%	65,758	6.0%	13.7%
Adjustment and other	25,699	1.9%	16,153	1.5%	59.1%
TOTAL	1,335,835		1,092,213		22.3%

The domestic market shows great strength, having grown by 33.4% compared to the previous year, and representing 82% of the Group's total revenues.

Turnover obtained in international markets amounted to 244.2 million euros, representing 18% of the Group's total income.

Thousands of euros

Revenues by geography	Grupo SANJOSE				
	Year 2023		Year 2022		Var.(%)
National	1,091,662	82%	818,158	75%	33.4%
International	244,173	18%	274,055	25%	-10.9%
TOTAL	1,335,835		1,092,213		22.3%

Operating profit:

The **Gross operating profit (EBITDA)** of Grupo SANJOSE for the year 2023 amounts to 62 million euros, representing a margin of 4.64% of net sales.

The breakdown of EBITDA by activity is as follows:

Thousands of euros

EBITDA by activity	Grupo SANJOSE		
	Year 2023	Year 2022	Var.(%)
Construction	39,863 64.4%	35,516 61.3%	12.2%
Real estate and property development	3,939 6.4%	7,740 13.4%	-49.1%
Energy	3,721 6.0%	2,245 3.9%	65.7%
Concessions and services	3,182 5.1%	2,997 5.1%	6.2%
Adjustment and other	11,277 18.2%	9,452 16.3%	19.3%
TOTAL	61,982	57,950	7.0%

The **operating profit (EBIT)** of Grupo SANJOSE stands at 38.8 million euros, representing a margin of 2.9% of net turnover (3% in the financial year 2022).

The **net result** of Grupo SANJOSE is 21.4 million euros, an increase of 39.1% compared to the 2022 financial year.

Order portfolio

As of 31 December 2023, the Group's order portfolio totals 2,662 million euros, having experienced an increase of 7.3% with respect to the order portfolio at the end of 2022.

The order portfolio in the construction area, Grupo SANJOSE's main activity, stands at 2,107 million Euros, 11.6% higher than the order portfolio at the end of the 2022 fiscal year, representing 79% of the Group's total order portfolio to date.

Millions of euros

BACKLOG by segment	Grupo SANJOSE				
	Dec. 2023		Dec. 2022		Var.(%)
Construction	2,107	79%	1,888	76%	11.6%
Civil works	264	10%	195	8%	35.4%
Non residential building	746	28%	531	22%	40.5%
Residential building	943	35%	1,010	41%	-6.6%
Industrial	154	5.8%	152	6%	1.3%
Energy	346	12%	376	15%	-8.0%
Concessions and services	209	8%	217	9%	-3.7%
Maintenance	22	1%	27	1%	-18.5%
Concessions	187	7%	190	8%	-1.6%
TOTAL BACKLOG	2,662	100%	2,481	100%	7.3%

Millions of euros

BACKLOG by geography	Grupo SANJOSE				
	Dec. 2023		Dec. 2022		Var.(%)
National	2,254	85%	2,081	84%	8.3%
International	408	15%	400	16%	2.0%
TOTAL BACKLOG	2,662		2,481		7.3%

Millions of euros

BACKLOG by client	Grupo SANJOSE				
	Dec. 2023		Dec. 2022		Var.(%)
Public client	799	30%	577	23%	38.5%
Private client	1,863	70%	1,904	77%	-2.2%
TOTAL BACKLOG	2,662		2,481		7.3%

2.3 Group performance by segment

Construction

The revenues obtained in the financial year 2023 in this line of business amount to 1,205.4 million euros, an increase of 24.4% compared to the financial year 2022.

EBITDA stands at EUR 39.9 million, representing a margin of 3.3% of turnover (3.7% in 2022).

Profit before tax amounted to EUR 15.6 million, an increase of 57.7% compared to 2022.

As at 31 December 2023, the Group's contracted construction backlog amounted to EUR 2,107 million, an increase of 11.6% compared to year-end 2022.

Thousands of euros

CONSTRUCTION	Grupo SANJOSE		
	Year 2023	Year 2022	Var.(%)
Revenue	1,205,383	969,068	24.4%
Earnings before interest, taxes, D&A (EBITDA)	39,863	35,516	12.2%
EBITDA margin	3.3%	3.7%	
Earnings before interest and taxes (EBIT)	21,403	12,941	65.4%
EBIT margin	1.8%	1.3%	
Earnings before tax	15,605	9,898	57.7%

The breakdown of the turnover of this line of activity of Grupo SANJOSE, according to the main lines of business that comprise it, as well as the geographic area, is as follows:

Thousands of euros

DETAIL OF CONSTRUCTION REVENUES	Grupo SANJOSE					
	National		Internat.		Total	
Civil works	60,393	6.0%	9,356	4.7%	69,749	5.8%
Non residential building	418,286	41.5%	89,933	45.3%	508,219	42.2%
Residential building	493,072	49.0%	98,320	49.4%	591,392	49.1%
Industrial	35,514	3.5%	509	0.3%	36,023	2.9%
TOTAL	1,007,265	84%	198,118	16%	1,205,383	

Construction revenues in Spain amounted to 1,007.3 million euros, an increase of 36.2% with respect to 2022,

The revenue figure for the construction activity in the international sphere stands at 198.1 million euros, representing 16% of the total.

Real estate:

The revenue figure for the Group's real estate activity in FY 2023 is mostly from the Group's activity in Peru, and relates to the development, marketing and delivery of homes in the "Condominio Nuevavista" development in Lima, Peru. Work on this project, which comprises the construction of a total of 1,104 homes, distributed in 10 buildings, began in 2018, and the sale is expected to be completed in 2024.

Turnover amounted to EUR 15.5 million, resulting in EBITDA of EUR 3.9 million, which represents a margin of 25.4% of revenue.

Thousands of euros

REAL ESTATE AND PROPERTY DEVELOPMENT	Grupo SANJOSE		
	Year 2023	Year 2022	Var.(%)
Revenue	15,508	23,228	-33.2%
Earnings before interest, taxes, D&A (EBITDA)	3,939	7,740	-49.1%
EBITDA margin	25.4%	33.3%	
Earnings before interest and taxes (EBIT)	4,201	8,158	-48.5%
EBIT margin	27.1%	35.1%	
Earnings before tax	2,495	6,155	-59.5%

Energy:

The Group's turnover for the energy business line in the financial year 2023 amounts to EUR 14.5 million.

EBITDA stands at 3.7 million euros, representing a margin of 25.7% of sales.

Thousands of euros

ENERGY	Grupo SANJOSE		
	Year 2023	Year 2022	Var.(%)
Revenue	14,496	18,006	-19.5%
Earnings before interest, taxes, D&A (EBITDA)	3,721	2,245	65.7%
EBITDA margin	25.7%	12.5%	
Earnings before interest and taxes (EBIT)	2,076	875	137.3%
EBIT margin	14.3%	4.9%	
Earnings before tax	1,525	932	63.6%

In reference to this line of activity, at the close of the 2023 fiscal year, Grupo SANJOSE has a contracted portfolio of 346 million euros, which will materialize as the Group's largest activity over a period of approximately 25 years.

For the energy activity portfolio, the Group considers normal production and operation of the contracts it has in force, carrying out periodic reviews due to the effect of regulatory changes and estimated occupancy and demand levels based on criteria of prudence, making the necessary adjustments when these become apparent.

Concessions and services:

The Group's revenue for this line of business in financial year 2023 amounts to EUR 74.7 million, which represents an increase of 13.7% compared to financial year 2022.

EBITDA stands at EUR 3.2 million, representing a margin on sales for the period of 4.3%.

Thousands of euros

CONCESSIONS AND SERVICES	Grupo SANJOSE		
	Year 2023	Year 2022	Var.(%)
Revenue	74,749	65,758	13.7%
Earnings before interest, taxes, D&A (EBITDA)	3,182	2,997	6.2%
EBITDA margin	4.3%	4.6%	
Earnings before interest and taxes (EBIT)	614	1,891	-67.5%
EBIT margin	0.8%	2.9%	
Earnings before tax	3,991	6,943	-42.5%

At year-end 2023, the Group's contracted portfolio in this line of business amounted to EUR 209 million.

2.4 Average payment period to suppliers

The Group has paid its suppliers in 2023 with a weighted average payment period of approximately 43 days (44 days on average in 2022). This figure is within the legal average period established by Law 15/2010, which is 30 days, extended to 60 days in those cases with agreements between the parties.

During the 2023 financial year, the total number and amount of invoices paid to suppliers by the Spanish Group companies, detailing those paid in a period shorter than the maximum period established in the legislation in force, is as follows:

	Year 2023	Year 2022
Number of invoices paid to suppliers with a period of less than 60 days	102,465	77,997
% of total number of invoices paid	85.0%	84.2%
Payments to suppliers with a period of less than 60 days	835,295	645,218
% of total invoices paid	85.0%	82.9%

The payment of invoices after the maximum term is mainly due to incidents in the delivery of the product or performance of the contracted service.. Any payments to trade creditors that exceed the legally established deadlines are generally the result of standard industry practice and can be considered an objective and non-abusive reason in accordance with the aforementioned regulations. In those cases the financial costs are assumed by the Group, as documented in the various contracts signed with suppliers

3. Liquidity and capital resources

Liquidity

. The Group manages liquidity risk prudently, based on maintaining sufficient cash and marketable securities, the availability of funding through sufficient committed credit facilities and sufficient capacity to liquidate market positions. The Group determines its cash requirements through the cash budget, with a 12-month time horizon.

Cash is managed centrally in order to achieve maximum optimisation of resources through cash pooling systems. In the event of occasional cash surpluses, temporary investments are made in highly liquid and risk-free deposits.

Net cash position:

At year end 2023 Grupo SANJOSE presents a **net cash position amounting to 295,7 million euros** (215,2 million euros at year-end 2022)

Thousands of euros

NET CASH POSITION	Dec. 2023		Dec. 2022		Var.
	Amount	%	Amount	%	
Other short term financial investments	4,919	1.2%	21,461	6.5%	-77.1%
Cash and cash equivalents	406,764	98.8%	307,005	93.5%	32.5%
Total cash	411,683	100%	328,466	100%	25.3%
Long term financial liabilities	100,876	87.0%	100,027	88.3%	0.8%
Short term financial liabilities	15,131	13.0%	13,194	11.7%	14.7%
Total debt	116,007	100%	113,221	100%	2.5%
TOTAL NCP	295,676		215,245		37.4%

Capital resources

No significant changes in the equity and debt structure or in the cost related to capital resources are expected to occur during 2024.

Future contractual obligations

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

Main risks and uncertainties

The Group operates in industries, countries and socio-economic and legal environments that involve different types and levels of risk. To avoid potential losses to its shareholders and possible damage to its customers, the Group has a risk management function through which it: i) identifies; ii) measures; iii) controls; iv) monitors and, v) assesses the different types of risk from an integrated and global perspective.

Operating risks

The main risks arising from the Group's activity are market risks (those relating to the sufficiency of demand for services and products, as well as the stability of market prices, especially of productive resources), regulatory and political risks, labour and environmental risks, maintenance of quality and compliance with the contractual framework with customers, etc.

In the project acceptance phase, and in order to ensure that projects are carried out in accordance with the established contractual parameters, with maximum quality parameters, guaranteeing customer satisfaction and meeting the minimum profitability levels required, an individualised study is made of each project.

The Group also has an International Legal and Tax Department, which analyses the possible repercussions of the different regulatory frameworks on the Group's activity, the tax framework, etc., given its growing international presence, as a way of avoiding risks derived from local regulations.

Financial risks

Due to its regular business activities, the Group is exposed to the following risks arising from receivables and payment obligations in its transactions:

- **Interest rate risk:** risk to which the Company is exposed as a result of its debt with financial institutions (detailed in the notes to the accompanying financial statements). In addition, the Financial Management of the SANJOSE Group, in order to minimize exposure to this risk, analyzes the need for and formalizes, when it is concluded that the situation requires it, contracts for financial instruments to hedge cash flows that protect the Group's companies against future and foreseeable increases in interest rates.
- **Exchange rate risks:** the Group's policy is to contract debt in the same currency in which the cash flows of each business are produced. Within this type of risk, exchange rate fluctuations in the translation of the financial statements of foreign companies whose functional currency is other than the euro are noteworthy. The Group's Finance Department assesses the foreign currency purchase needs arising from planned foreign currency transactions and, when it is concluded that the situation so requires, enters into cash flow hedging financial instrument contracts to protect Group companies against foreseeable future exchange rate fluctuations.
- **Credit risk:** the control of bad debts is addressed through the preventive review of the credit rating of the Group's potential customers, both at the beginning of the relationship with them and during the term of the contract, assessing the credit quality of the amounts pending collection and reviewing the estimated recoverable amounts of those considered doubtful for collection.
- **Liquidity risk:** discussed in Note 3 of this consolidated directors' report..

4. Significant events after the balance sheet date

On 18 January 2024, the Constitutional Court upheld the question of unconstitutionality raised by the Administrative Chamber of the National High Court with respect to several amendments to corporate income tax introduced by Royal Decree-Law 3/2016, of 2 December. The Group has made the corporate income tax expense forecast for 2023 taking into account this ruling.

In addition, there are no events after 31 December 2023 that could have an impact on this consolidated management report.

5. Information on foreseeable developments

The current world economic situation is characterised by the existence of a moderate level of uncertainty, mainly due to the geopolitical situation in Europe and the Middle East, as well as a macroeconomic scenario where the main objective of the Central Banks is to control and reduce inflation, maintaining high levels of interest rates, which negatively affects the pace of economic growth.

The Group focuses its activity on construction and the provision of services, although without neglecting real estate opportunities, related to the real estate assets it owns, as well as energy projects.

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

- Maintaining the level of contracting in Spain.
- Development of international activity, through geographical diversification, and by line of business, either by taking advantage of the value and knowledge acquired in countries in which it is present (Chile, Mexico, Peru, USA, etc.), or in new geographical areas where there are high levels of legal certainty.

Based on the Group's total portfolio level of EUR 2,662 million as at 31 December 2023, the Group considers that its organic stability is assured and expects to maintain the average size of the projects, trying to take advantage of public tender opportunities, both in Spain and abroad, especially in those projects in which it has a presence and great *expertise*

6. R&D&I activities

Grupo SANJOSE, aware of the importance of Research, Development, and Innovation activities for the Group's business competitiveness and success, aspires to be a benchmark in technological development. The type of activities carried out by Grupo SANJOSE require continuous innovation, both because of the evolution of the technology that surrounds the projects and because of the Group's strategy, which is committed to entering new markets that demand high added value and a very high level of technical specialization.

The Group is involved in several R&D&I projects financed by the Centre for the Development of Industrial Technology (CDTI). All matters related to these projects and others related to R&D&I are fully described in the Statement of non-financial information and diversity of Grupo Empresarial San José, S.A. and Subsidiaries for the year ended 31 December 2023, prepared by the Group and attached to this Directors' Report.

7. Acquisition and Disposal of Treasury Shares

Grupo SANJOSE did not hold any treasury shares as of December 31, 2023 and 2022, nor has it carried out any transactions with treasury shares during those years.

8. Other Relevant Information

Stock exchange information

The shares of the Parent Company are listed on the Spanish stock exchange interconnection system (continuous market). The main indicators and evolution of the share are shown below:

Translation into English of the Consolidated management report originally issued in Spanish.
In the event of discrepancy, the Spanish language version prevails.

	Capitalización * (miles de euros)	Nº de acciones (x 1.000)	Precio Cierre (euros)	Último Precio (euros)	Precio Máximo (euros)	Precio Mínimo (euros)	Volumen (miles de acciones)	Efectivo (miles de euros)
2024 (hasta el 19/2)	243.198	65.026	3,7400	3,7400	4,2700	3,4300	1.963	7.665
2023	224.990	65.026	3,4600	3,4600	4,8550	3,4000	5.705	22.441
2022	257.503	65.026	3,9600	3,9600	5,2100	3,2300	5.669	23.948
2021	318.628	65.026	4,9000	4,9000	6,6600	3,5750	13.400	66.534
2020	291.642	65.026	4,4850	4,4850	6,8600	2,7550	20.172	99.764

* La capitalización se calcula con acciones admitidas a cotización y no incluye acciones emitidas procedentes de ampliaciones que no han sido todavía admitidas a cotización



Fuente.: Bolsas y Mercado Españoles (BMEX).

Dividend policy

The Group aims to maintain a strong financial and asset structure. In recent years, the parent company has paid out dividends of EUR 6,503 thousand each.

Proposed distribution of profit

The directors of the Parent Company will propose to the General Meeting of Shareholders the distribution of the profit for the year 2023, equivalent to a profit of 4,057 thousand euros, to voluntary reserves.

9. Statement of non-financial information

In accordance with Law 11/2018 on non-financial information and diversity, which amends the Commercial Code, the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on Auditing of Accounts, in relation to non-financial information and diversity (from Royal Decree-Law 18/2017), the information of this nature is set out in the "Consolidated statement of non-financial information", which forms an integral part of this Directors' Report and is attached as an appendix below.

10. Annual Corporate Governance Report

In accordance with the provisions of commercial legislation, the Annual Corporate Governance Report forms an integral part of this Directors' Report and is attached as an appendix below.

*Translation into English of the Consolidated management report originally issued in Spanish.
In the event of discrepancy, the Spanish language version prevails.*

11. Annual Report on Directors' Remuneration

In accordance with company law, the Annual Report on Directors' Remuneration forms an integral part of this Directors' Report and is attached as an appendix below.

Don Juan Amor Fernández, Traductor-Intérprete Jurado de inglés, nombrado por el Ministerio de Asuntos Exteriores, Unión Europea y Cooperación, certifica que la que antecede es traducción fiel y completa al inglés de un documento redactado en español.

I the undersigned Juan Amor Fernández, sworn translator for the English Language, duly appointed by the Ministry for Foreign Affairs, European Union and Cooperation, do hereby certify that the foregoing is a true and faithful translation of the original Spanish document hereunto attached.

Águilas (Murcia) Spain, 28 February 2024

JUAN AMOR FERNÁNDEZ
Traductor-Intérprete Jurado
Alemán, Inglés, Italiano,
Portugués, Catalán
Número 132

Juan Amor Fernández

DISCLOSURE OF NON-FINANCIAL INFORMATION AND DIVERSITY INFORMATION OF GRUPO EMPRESARIAL SAN JOSÉ, S.A. & SUBSIDIARIES

FOR THE YEAR ENDED 31 DECEMBER 2023

DISCLOSURE OF NON-FINANCIAL INFORMATION AND DIVERSITY INFORMATION OF GRUPO EMPRESARIAL SAN JOSÉ, S.A. & SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023 is provided in the consolidated Financial Statements of Grupo Empresarial San José, S.A.

CORPORATE POLICY

Grupo SANJOSE is committed to Corporate Responsibility so as to take part in the economic, social and environmental development of the regions where it operates. The 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, 29 February 2024

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TAXONOMY REGULATION

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 lines of activity: Construction, Energy and Environment, Concessions and Services and Consultancy & Project Management.

Grupo SANJOSE designs and builds modern basic infrastructure 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.

Grupo SANJOSE is a multinational company committed to the economic and social progress of the countries where it is present and with a determined orientation towards 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.

Grupo 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 execute tailored and innovative solutions, adapted to the reality of clients and the 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.

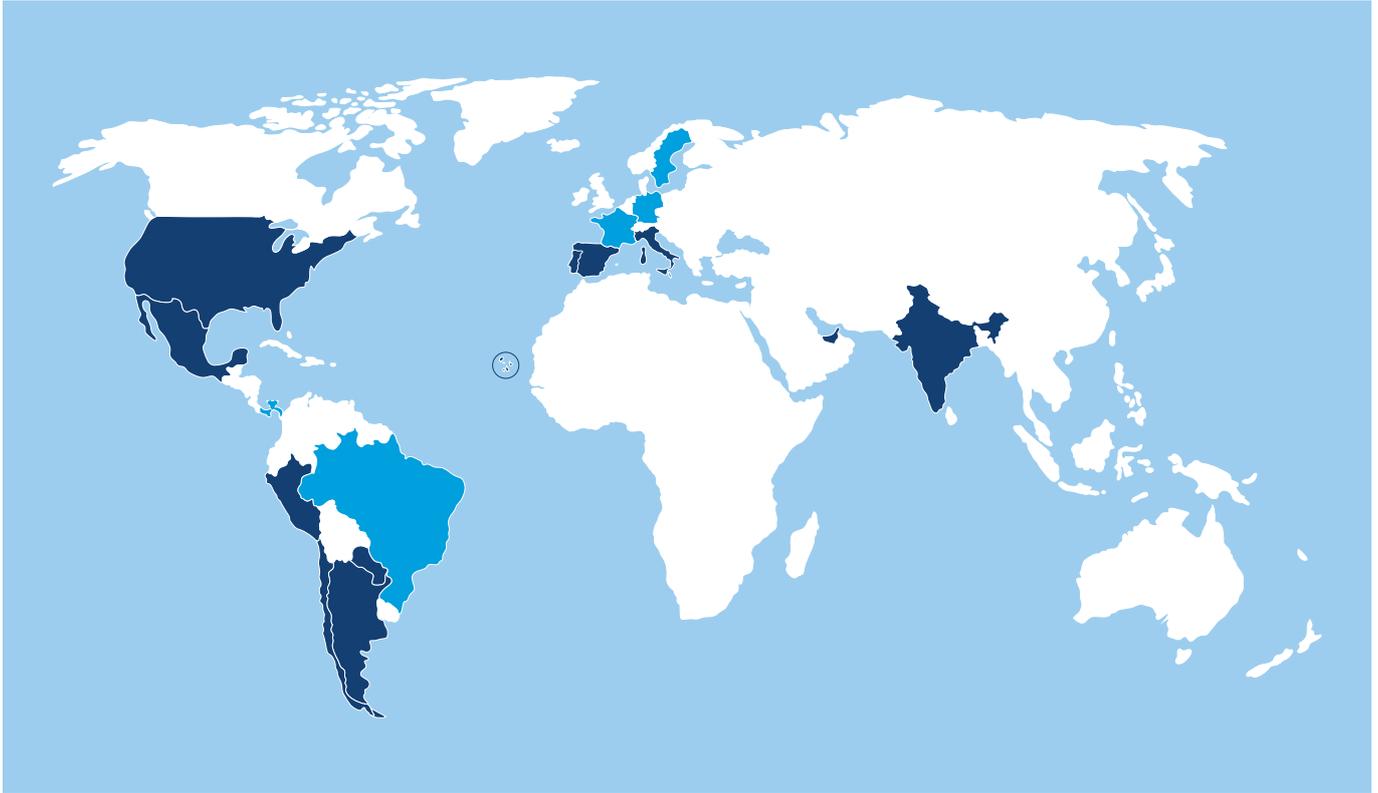
Likewise, and as a result of the diversification policy, the Group is present in other sectors of activity, such as the real estate sector, the commercial distribution sector of sports and fashion brands for more than twenty years and the agricultural-livestock sector.

The business model of Grupo SANJOSE is to design a diversified group regarding both, geographic distribution and lines of activity, as a way of being less exposed to the risks inherent to a single activity or geographic concentration.

For many years, the Group has a clear international vocation, therefore activities developed overseas have gained 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 based on the Middle East and South America.

WORLDWIDE PRESENCE



Branch Office Grupo SANJOSE

SPAIN	CHILE
ITALY	MEXICO
PORTUGAL	PARAGUAY
CAPE VERDE	PERU
UNITED STATES	UNITED ARAB EMIRATES
ARGENTINA	INDIA

Presence

GERMANY	SWEDEN
FRANCE	BRAZIL
MALTA	PANAMÁ

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)



High Technical Capacity (R&D and Innovation)

Execution of high-technology complex projects and commitment to constant innovation.



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.



Smart Management, Flexibility and Adaptability

Changes are happening more and more rapidly. Grupo SANJOSE combines experience and flexibility when it comes to providing tailored and personalised solutions to different clients and markets.



Quality

Commitment to excellence in all business activities; the history of the Group and the portfolio of projects developed endorse this differentiating factor.



Commitment to Customers

Relationships based on trust, transparency, professionalism, and a strict compliance with contract terms. It is the driving force of the activity.



Efficiency

The optimisation of costs is essential for ensuring the competitiveness of the company and constitutes a key factor for the development and execution of each project.



Corporate Social Responsibility

Commitment to the environment and sustainability. Exhaustive care on the Prevention of Occupation Hazards for all professionals integrating the organisation, as well as on their training and career promotion opportunities.

BUSINESS LINES



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, among others. 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. Grupo SANJOSE has been successfully exporting its business model and know-how since the 1990s to different geographical environments. Currently, the company occupies position 152 within the “ENR Top 250 International Contractors”, world ranking of the most international engineering and construction companies annually by the prestigious North American magazine ENR (“Engineering News-Record”) and position 100 within the sales ranking according to “Global Powers of Construction 2022” drafted by Deloitte.

BUILDING

Grupo 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, universities, 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 citizens.

CIVIL WORKS

Grupo SANJOSE designs and builds communication channels that unite people. Bridges and tunnels that overcome the most complex natural environments, dual carriageways, roads, railway, airport, maritime, hydraulic works, 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 that the Group understands 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, Grupo SANJOSE thoroughly examines each project, based on innovative building techniques and efficient management models, and carries out a meticulous execution. Only in this way are we able to satisfy the targets set by clients and the needs of users.

ENGINEERING & INDUSTRIAL CONSTRUCTION

Technology and innovation are two key components of Grupo SANJOSE culture and basic pillars for its competitiveness and credibility.

Grupo SANJOSE 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.

Grupo 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.



Aware of the importance of the climate change, Grupo SANJOSE boosts renewable energies and 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. Joining the efforts made by major companies, in coalition with Governments around the world, we are committed to curb the global warming of the planet and achieve emission reduction targets agreed at global climate change conferences.

Grupo 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, its experienced teams of professionals, its continuous innovation and tailored services and solutions provided to each client 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 a 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 and energy efficiency policies are the pillars of the business activity of Grupo SANJOSE in this business line.



It designs and 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 energy efficiency and energy savings.

SANJOSE Concesiones y Servicios has multidisciplinary teams of professionals 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 this area of activity have enabled the establishment of a sound, innovative and competitive business area with great global growth potential.



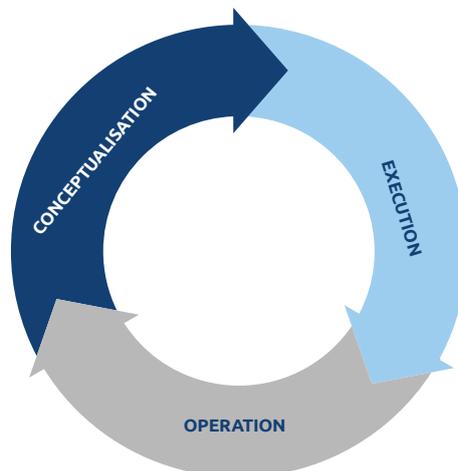
Global provider of comprehensive consulting and project management services related to engineering, construction, energy, and new technologies. It develops infrastructure that boosts productivity, promotes growth, encourages progress, and contributes to the development of society in a more responsible and sustainable manner.

The development and execution of GSJ Solutions projects focus on an environment of collaboration, innovation, and talent. It integrates people from sundry disciplines, systems, structures, and business practices in a process capable of taking the maximum advantage of the best points of view of all those participating in the project.

This business line provides comprehensive solutions adapted to clients' needs regarding both, the design of a project and its global management. Its purpose is to optimise resources and, therefore, improve competitiveness and profitability of projects at any stage: planning, execution, and operation.

CONCEPTUALISATION

- To assess technical feasibility
- To design or review and verify, including social, economic, and environmental requirements
- To review legal regulatory framework
- Optimisation of resources



EXECUTION

- Financial structuring
- Supervision of the execution
- Incident management
- Cost control
- Completion within agreed execution term and budget

OPERATION

- Profitability and return of the investment
- Sustainability
- Commitment

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2 CORPORATE GOVERNANCE

CAPITAL STRUCTURE

The share capital of Grupo Empresarial San José, S.A. (the parent company of Grupo SANJOSE) at 31 December 2023 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 forms, 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 at the year ended 31 December 2023.

DATE OF LAST MODIFICATION	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 Empresarial San José, S.A. are listed on the stock exchange of Madrid, Barcelona, Bilbao, and Valencia through the stock exchange interconnection system (continuous market), since their admission to listing on 20 July 2009.

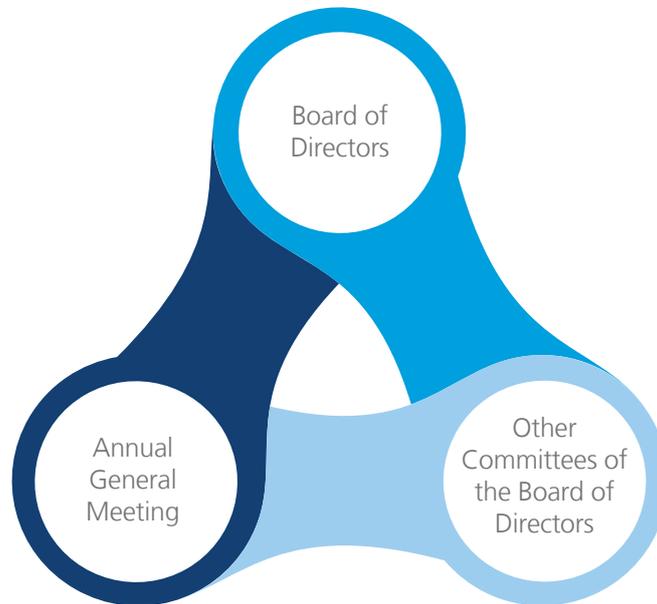
GRUPO SANJOSE	2023	2022
Capitalisation (Thousands of Euros)	224,990	257,503
No of shares (x 1,000)	65,026	65,026
Price end of the period (Euros)	3.46	3.96
Last price for the period (Euros)	3.46	3.96
Maximum price for the period (Euros)	4.855	5.21
Minimum price for the period (Euros)	3.40	3.23
Volume (Thousands of Euros)	5,705	5,669
Cash (Thousands of Euros)	22,441	23,948

At 2023-year end, shareholding structure (direct and indirect) of Grupo Empresarial San José, S.A. is as follows:

NAME OF SHAREHOLDER	%
Mr. Jacinto Rey González	48.291%
Ms. Julia Sánchez Ávalos	7.438%
Ms. M ^a de las Virtudes Sánchez Ávalos	4.733%
Ms. M ^a José Sánchez Ávalos	3.810%
Mr. Juan Villalonga Navarro	2.023%
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 under the 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 Commission.
 - Audit Committee.
 - Nominating, Compensation and Corporate Governance Commission.
 - International Executive Committee.

ANNUAL GENERAL MEETING

The AGM is devised as the main governing body of capital companies, being 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 By-laws, obliging all shareholders equally, even those absent, dissenting and abstained.

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, it has powers for the appointment and removal of directors, as well as any other functions that may be determined by Law or the By-laws.

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 on one of the most widely circulated newspapers in Spain, as well as in the Spanish Stock Exchanges.

All shareholders of the Company whose shares are registered under their name in the corresponding accounting records five days prior to the date on which the meeting is to be held are entitled to attend the meeting, and, in accordance with provisions under Article 16 of the By-laws and Art. 8 of the AGM Regulations, all shareholders who, individually or in a group of shareholders, are in possession of a minimum of one hundred shares have the right to attend the Annual General Meeting.

BOARD OF DIRECTORS

The Board of Directors is vested with the broadest powers, responsible for representing the company and managing its activity as a supervisory and control board, yet it also directly assumes 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 shall safeguard, protect, and facilitate the exercise of its rights and interests within the framework of the defence of social interest.

NAME OR COMPANY NAME OF THE 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	30/03/2022	Resolution AGM
Mr. Jacinto Rey Laredo	Executive	First Deputy Chairman	30/10/2006	30/03/2022	Resolution AGM
Mr. Javier Rey Laredo	Executive	Second Deputy Chairman	28/06/2012	30/03/2022	Resolution AGM
Mr. Ramón Barral Andrade	Independent	Member	30/06/2009	30/03/2022	Resolution AGM
Mr. Roberto Álvarez Álvarez	Other External	Member	27/06/2008	30/03/2022	Resolution AGM
Mr. José Manuel Otero Novas	Independent	Member	28/08/2014	20/04/2023	Resolution AGM
Mr. Enrique Martín Rey	Proprietary	Member	28/06/2013	20/04/2023	Resolution AGM
Ms. Altina de Fátima Sebastián González	Other External	Member	27/06/2008	30/03/2022	Resolution AGM
Mr. Nasser Homaid Salem Ali Alderei	Other External	Member	17/12/2015	29/07/2020	Resolution AGM
Mr. José Luis González	Executive	Managing Director	25/06/2020	25/06/2020	Resolution AGM
Ms. Amparo Alonso Betanzos	Independent	Member	17/12/2020	17/12/2020	Resolution AGM
Ms. M ^a José Alonso Fernández	Independent	Member	20/04/2023	20/04/2023	Resolution AGM

According to the By-Laws of the company, the maximum number of directors will be 15 and the minimum number will be 5; at the end of year 2023, the number of members of the Board of Directors is 12.

BOARD OF DIRECTORS	
Independent	4
Executive board members	4
Proprietary	1
Other External	3

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 33.33% of the total of the members of the Board of Directors:

NAME OR COMPANY NAME OF THE BOARD MEMBER	POSITION WITHIN THE COMPANY STRUCTURE
Mr. Jacinto Rey González	President and CEO
Mr. Jacinto Rey Laredo	First Deputy Chairman
Mr. Javier Rey Laredo	Second Deputy Chairman
Mr. José Luis González	Managing Director

Independent External Directors are:

NAME OR COMPANY NAME OF THE BOARD MEMBER	NAME OF THE REPRESENTED OR APPOINTING SHAREHOLDER
Mr. Enrique Martín Rey	Ms. M ^a José and Ms. Julia Sánchez Ávalos

Total number of Proprietary Directors is 1, representing 8.33% on total Members of the Board.

For its part, the total number of Independent Directors is 4, and they represent 33.33% of the total of the Board of Directors, and there is also a member of the Board that qualifies as “other external directors” (25% of the total).

The nominating commission 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 the future, the company will assess the desirability of appointing professionals of both genders with sufficient experience and knowledge so as to contribute to the development of the business. The company has always advocated non-discrimination on the basis of sex, as it appears in its CSR documentation and in the board of directors’ recruitment policy.

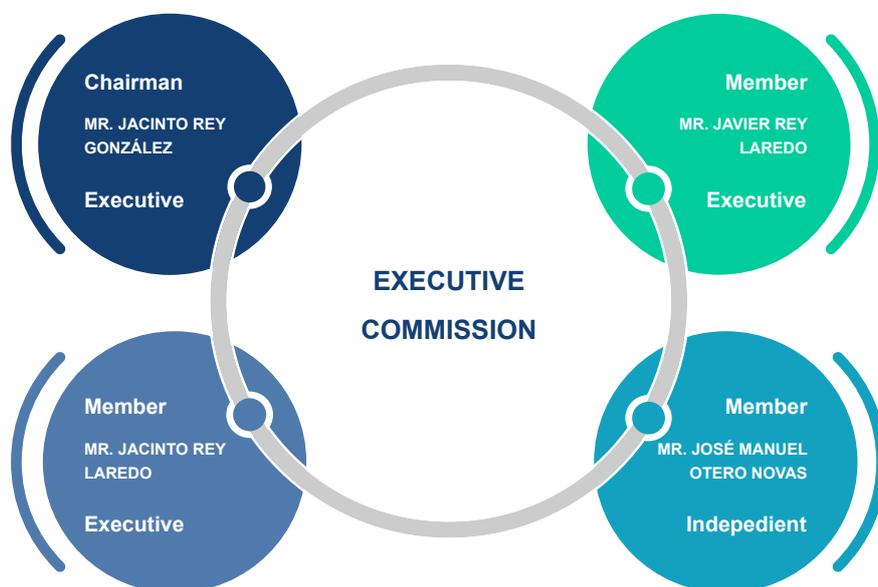
Both the remuneration of the Board of Directors and the Senior Management of the Group are detailed on the Corporate Governance Report and in the Remuneration Report of the Board of Directors. This information is available on the Group’s website.

EXECUTIVE COMMISSION

The Executive Commission is dealt with in Article 31 of the By-laws and Article 14 of the Board's Regulations.

The Executive Commission will be composed of a minimum of three (3) and a maximum of five (5) directors, appointed by the Board of Directors among its members, 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 Commission.



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.

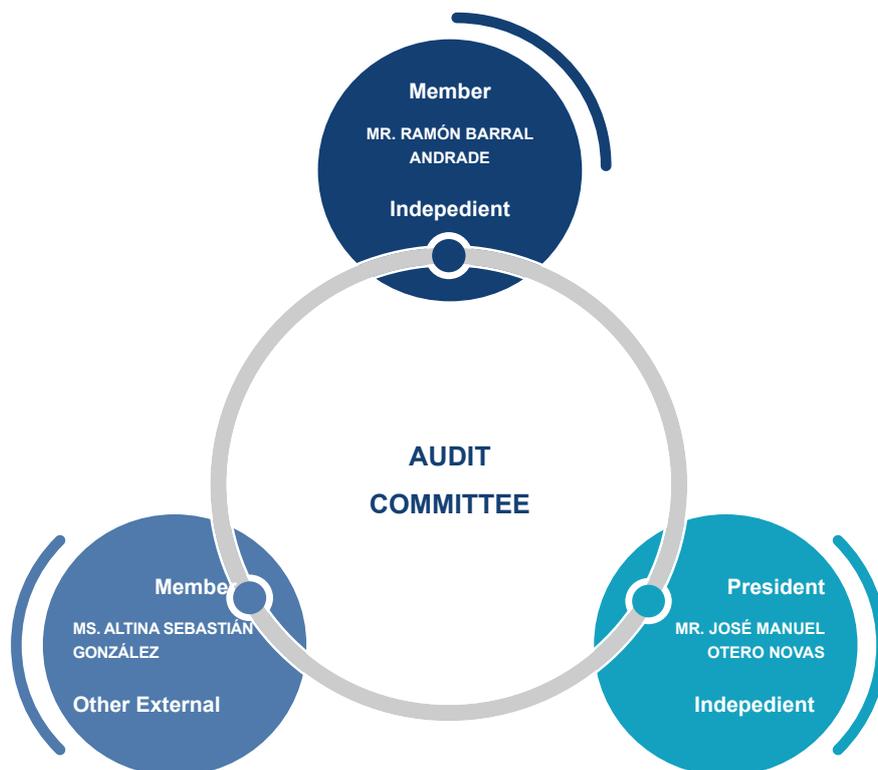
The Audit Committee shall meet not less than four times a year.

The responsibilities of the Committee include:

- To inform the Annual General Meeting on any 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 submit to the Board of Directors the proposal for the selection, appointment, re-appointment, and replacement of external auditors.
- To create relationships with external auditors to receive information on any issues that may jeopardize their independence and any other matters related to the auditing of accounts.
- To issue, on an annual basis, prior to the issuance of the auditor's report, a report on the independence of the auditor.
- To inform the Board of directors of all issues applicable by law, by the by-laws and by the regulations of the Board.

In the exercise of its functions, the Audit Committee may request the assistance of experts whenever it deems 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 executive of the company.



NOMINATING, COMPENSATION AND CORPORATE GOVERNANCE COMMISSION

Article 34 of the by-laws and Articles 17 and 18 of the Board of Directors' Regulations deal with the composition, standards, performance and functionality of the Nominating, Compensation and Corporate Governance Commission.

The Nominating, Compensation and Corporate Governance Commission will consist of a minimum of three members and a maximum of 5.

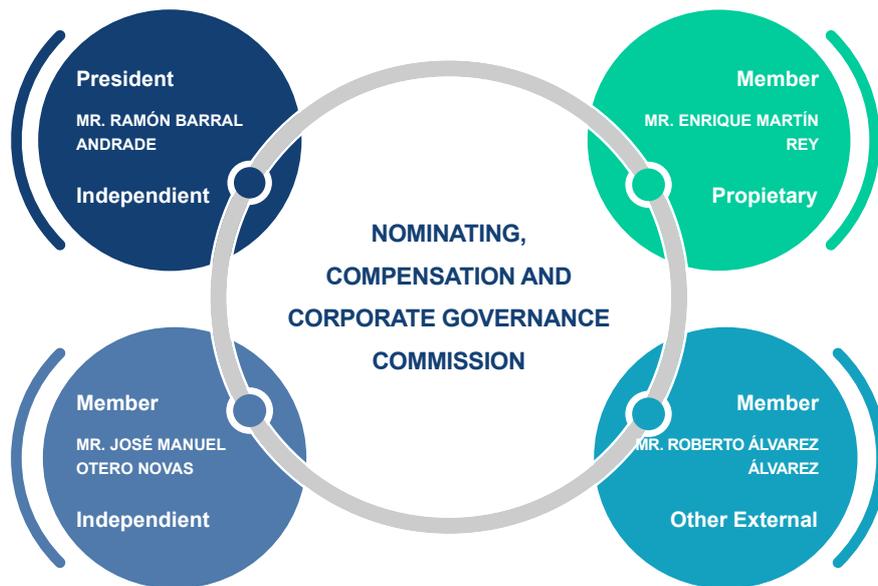
It is composed exclusively of non-executive directors appointed by the Board of Directors, two of whom, at least, shall be independent directors.

The term of office shall be 4 years.

A non-exhaustive list of the functions of the Commission includes:

- 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 target.
- 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 directors and executives of the company.

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



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 will be either members of the Board of Directors, acting as executives of the Group, or technical third parties, acting as international advisers or experts, specially appointed for this purpose.

The International Executive Committee is responsible for the information, monitoring, advisory and proposal of matters within the international arena.

The Chairman of the Board of Directors shall chair the International Executive Committee.

The International Executive Committee shall be called whenever deemed appropriate by the Chairman.

The sessions of the Committee may be plenary or by sections, consisting of the latter in private meetings with the members invited in each case by the Chairman, in response to a variety of countries, areas of specialisation or sectors of activity.

Without prejudice to any other tasks assigned by the Board of Directors, the International Executive Committee shall have the following powers:

- To collaborate in the international development of all business lines of the Group (construction, concessions, energy, real estate) or any other type of business.

- To foster international relationships with public and private partners.
- To search for new business opportunities and projects, to draft proposals.
- To raise capital and investment financing for international projects.
- To propose projects with the appropriate partners.



PRIVILEGED INFORMATION AND OTHER RELEVANT INFORMATION RELEASED DURING YEAR 2023

During year 2023, the Group has released the following relevant facts on the CNMV website in compliance with the obligations of listed companies:

- 28 February 2023. Report on Results - Financial Year 2022 (registration no. 21063).
- 28 February 2023. Financial Information for the second half of 2022 (registration no 21068).
- 28 February 2023. Annual Financial Report - Financial Year 2022 (registration no. 21073).
- 28 February 2023. Notice of Ordinary General Meeting of Shareholders (registration number 21075).
- 28 February 2023. Annual Directors' Remuneration Report - Financial Year 2022 (reg. no. 21076).
- 1 March 2023. Annual Corporate Governance Report - Financial Year 2022 (registration no. 21086).
- 20 April 2023. Resolutions adopted by the General Meeting of Shareholders (registration no. 22022).
- 18 May 2023. SANJOSE Group Results Report for the first quarter of the 2023 financial year (registration no. 22604).
- 27 July 2023. The Company submits financial information for the first half of 2023 (registration number 23921).
- 27 July 2023. Results Report for the first half of the financial year 2023 (registration number 23922).
- 26 November 2023. Grupo SANJOSE Results Report for 3Q 2023 (registration no. 25439).

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3 BUSINESS RISKS

The Risk and Insurance Management area of the Group carries out an analysis of risks which may accidentally affect the business and the people within the Company with the aim of contributing as much as possible to their mitigation through the establishment of internal procedures for the development of activities and the implementation of an insurance policy that allows transferring to the Insurance Market most of the risks which may well cause significant damage to the balance of the Group, its assets and employees, its directors and executives or its name.

The analysis of risks is executed following a global perspective, taking into account the countries where the Group operates in order to adapt the insurance policy and insurance schemes to real needs and regulatory requirements thereof.

Year 2023 has again been a challenge to obtain adequate coverage for the protection of some risks since the insurance market remains restrictive and prices remain high.

The insurance policy focuses on protection against claims affecting people and claims that could have a major impact on the business and may jeopardise the viability of the business or cause major damage. Low-intensity risk protection focuses more on the prevention and efficient business management of low-in-tensity risks than on its transfer to the insurance market.

In all our projects we work with insurance policies with negotiated conditions to obtain appropriate standards of protection. The retention of low intensity risk is materialised in the establishment of not too low deductibles, which in addition to entailing greater business involvement in the management and prevention of these risks, help to contain insurance premiums and contribute to shared management in the risk management policy. Nonetheless, in countries with a high disaster risk, as Chile, with great earthquake risk, deductibles are necessarily higher as they are pre-determined by high accident rates and the impact of the same on the Insurance Market.

The search for adequate levels of protection leads us to structure main lines of insurance in the following areas, for which we rely on first level Brokers and Insurers with which we regularly quote, negotiate and discuss Insurance schemes:

CIVIL LIABILITY RISKS

Construction activity, which is the main activity of the Group, entails significant risks of accidents that could cause injuries to employees or third parties and their assets. The consequences derived from this, either in the form of compensation, or legal defence costs and costs 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 designed and implemented in the development of activities, such as crack protocols for adjacent buildings, request of underground piping plans, contractual requirements to subcontractors.

The Group's Civil Liability Protection Scheme is approached in a comprehensive manner and with the aim of extending coverage contracted in Spain to non-European countries where we operate, for involving broader coverage, yet adapting it to each country in accordance with the requirements and possibilities of local regulations and local markets.

In Peru, Argentina and Chile we reproduce the coverage scheme of the Master policy contracted in Spain through the issuing of mirror policies of the same, adapting the sums insured to the circumstances of each area, issued by local insurers in each country. Without prejudice to this, for specific works or projects we may contract specific policies in compliance with contract specifications and requirements and mirror policies may act in excess to those work-to-work policies and to all of the activities carried out in the country by the Group.

Local policies that cover all the activity in a given country are also taken out for Mexico and Cape Verde.

In India, insurance is taken out 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 mainly for Spain and Portugal, the hiring of employer liability coverage.

We demand our subcontractors to hire their own Civil Liability insurance policy with general liability coverage.

We rely on action procedures and claims management to efficiently respond in the minimum time to any risks jeopardising human beings.

ENVIRONMENTAL LIABILITY

Despite not being mandatory in Spain, the Group has taken out an Environmental Civil Liability Insurance Scheme for an amount of EUR 20 m and a deductible amounting to EUR 100,000 covering multiply countries; a local policy, with a specific policy scheme issued for the same amount in Portugal and Cape Verde.

At each country where it operates, legal or contractual requirements regarding environmental issues and the sundry departments of the Group shall be analysed to adopt any necessary preventive measures so as to prevent the occurrence of an accident.

In addition to the Group's General Civil Liability policy, we have also taken out a third-party damage coverage for accidental pollution that strengthens the protection of the Environmental Risk policy.

RATE OF ACCIDENTS OF OWN STAFF

In addition to the Employer Liability coverage, all accident insurance schemes established as mandatory by applicable collective agreements have been taken out for all Group companies and all contracts compel subcontractors to provide proof of insurance.

PROFESSIONAL GENERAL LIABILITY

The Group has a Professional Liability Insurance Programme to cover design risks assumed by Group companies in some projects.

In some countries, some project-specific insurance policies with a long discovery period from completion of works are still in force to meet contractual requirements in this respect, although no new ones have been issued in 2023.

CIVIL LIABILITY OF BOARD MEMBERS AND EXECUTIVES

In order to protect the individual assets of each of the Directors and Executives of companies within the Group against claims that may arise from any financial loss attributable to a management error in the performance of their duties, we have contracted a worldwide insurance policy, including legal defence, civil bonds and payment of compensation, where appropriate.

In 2023 we have optimised the cost and coverage of our programme.

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.

INSURANCE POLICIES TO COVER ASSETS OF THE GROUP

All the Grupo SANJOSE real estate assets in Spain are adequately insured with the appropriate damage policy, adapting each year the value according to the reviews carried out and made available to the Risk and Insurance Management area so as to ensure adequacy to the reality of the risks to be covered.

ALL RISKS CONSTRUCTION POLICY FOR ALL WORKS WORLDWIDE

In order to protect ongoing works during the term of 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 with standard exclusions and limitations significantly limited.

It is a task of Risk Management to ensure that all of our projects are insured under this program, regardless of whether they are projects to be carried out 100% by Grupo SANJOSE companies or in joint ventures. During 2023 we incorporated several projects to be carried out in joint ventures into our insurance programs because they best protected our interests and those of our partners in those projects.

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 Grupo SANJOSE, carry out an analysis of the contractual and legal requirements and assess the 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 role of the Grupo SANJOSE Risk and Insurance Management is to focus on the correct management of claims affecting the Group. Thus, we are constantly working on the establishment of procedures to be followed in the event of an accident, the management and monitoring thereof, together with Experts, Brokers, and Insurers.

Training sessions given by this Area addressed to staff members responsible for the management of works that are carried out regularly are important.

In 2023, we have registered as significant a total of a total of 31 claims, of which 13 were personal civil liability (mainly subcontracted employees), 2 civil liabilities with damages to third parties of a material nature and 14 own damages suffered in on going works.

From these 31 claims 7 were closed throughout the year, whilst 24 remaining open, awaiting the evolution of injuries, the final amount of damage or the outcome of legal proceedings in progress.

Throughout 2023, several claims corresponding to previous years were closed, in many cases injuries suffered by employees, whose resolution was conditioned by factors that made it impossible to close them within the year in which they occurred, either because the injuries were not consolidated or because they were pending legal proceedings that would determine the percentage of liability that may correspond and the scope of compensation.

COLLABORATION WITH UNIVERSITIES, PROFESSIONAL ASSOCIATIONS AND PUBLIC INSTITUTIONS TO PROMOTE RISK MANAGEMENT AND ITS ADEQUATE PROTECTION IN THE BUSINESS ENVIRONMENT

The Director of General Risks and Insurance is Vice chairman of the IGREA Risk Managers' Association ("Asociación de Gerentes de Riesgos"), comprising the most important companies within the country that have a specific and professionalised area with a presence in management positions and whose purpose is to defend business interests in this area against both, the Insurance Market and Institutions, constituting a fundamental tool for sectoral cooperation with the aim of optimising the management and protection of business risks.

This Vice-Presidency leads a Working Group on Construction, with the aim of carrying out studies and studying in depth issues of special interest for the risks and insurance of large companies in the construction sector. Specifically, two specific training sessions have been held on the coverage of construction insurance policies, one with prestigious experts and the other with three specialised insurance companies.

We are also members of the other Spanish Risk Management Association, AGERS, which brings together not only companies, but also other Insurance Market Agents and professionals related to Risk Management and Insurance.

Year 2023 the Group's General Manager for Risk and Insurance has represented Grupo SANJOSE in both Associations in the Advisory Board of the Insurance and Pension Funds of the Directorate General of Insurance and Pension Funds, which is an advisory body of the Ministry of Economic Affairs and Digital Transformation of the Government of Spain.

We have actively participated in the joint Working Group of both Associations on risk retention formulas as an alternative to insurance, and the resulting work has been published in an informative book.

There is active participation and collaboration with the University of A Coruña in the area of Risk Management and Insurance, forming part of the Monitoring Committee of the Chair in Risk Management and Insurance, created by the INADE Foundation and the University, which in 2023 has taught a specific post-graduate course in Risk Management and Insurance with national recognition as one of the most extensive training actions in this discipline, with both the Group's General Manager of Risk and Insurance and the Director of Insurance forming part of the teaching staff.

BALANCE FOR YEAR 2023

The balance for year 2023 of the Risk and Insurance Management area of Grupo SANJOSE is positive because, by analysing the accidents or claims occurred throughout the development of the activity, we have verified that the level of response by the Insurance Scheme has been fully satisfactory and no relevant impact without coverage has been recorded.

We have also had the opportunity to compare our insurance programmes with those of other large companies with which we work at JV, verifying their strengths.

The monitoring of international reference standards in the matter, mainly the guidelines and methodology implemented under the framework set by ISO 31000, are being 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.

The investment in preventive policies and in the contracting of insurance programmes fully adapted to the needs of coverage has meant a clear return to Grupo SANJOSE, not only in terms of compensation, but also in a greater efficiency of the resources used (use of economies of scale in the global negotiation of programmes, adaptation of coverage to specific needs of projects and activities, etc.), and above all, in a greater protection of our brand and reputation.

The work carried out in the area of training and collaboration with specialised institutions and associations places Grupo SANJOSE among the companies that have a specialised and professionalised area and allows it not only to access the best risk protection and management tools, but also to gain first-hand knowledge of the situation and trends in the insurance market and the applicable regulations.

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Grupo 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, Grupo SANJOSE integrates ethics, social responsibility, and sustainability into training.

Grupo SANJOSE's human team is its fundamental asset, being its recruitment, training, and management from a diversity-oriented approach 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 and in innovative solutions provides the company with high added value and enables it to live up to the demands of clients and markets where it operates. Grupo SANJOSE believes that investing in human resources is investing in leadership, growth, R&D and Innovation, in short, investing 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 bolster the talent of its teams.

All displaced teams, either nationally or internationally, taking part in projects of Grupo SANJOSE, share a common goal on the grounds of the values of Grupo SANJOSE itself, that assumes 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 the same vision: to be a Construction Group with international development, focused on customer service and capable of 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 31/12/2023

GRUPO SANJOSE STAFF



WOMEN
14.11%



MEN
85.89%

Average age: 38.71 years

Average seniority: 6.92 years

Average age: 45.38 years

Average seniority: 6.23 years

DISTRIBUTION BY GENDER

	WOMEN	MEN
University Graduates	149	385
University three-year degree graduates	183	513
Non-qualified technicians	24	451
Vocational Training - administration	170	129
Operators	97	2.314
TOTAL	623	3,792

Employees with a managerial position

35

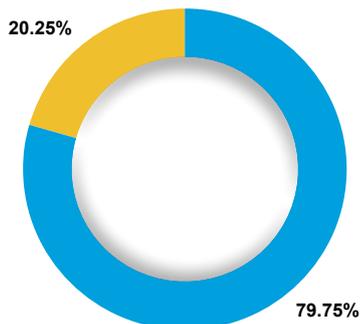
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Management Team

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TYPE OF CONTRACT



■ Indefinite Contracts
■ Fixed-term Contracts

GENDER	INDEFINITE CONTRACT	FIXED TERM CONTRAC
Men	2,994	798
Women	527	96
TOTAL	3,521	894

AGE	INDEFINITE CONTRACT	FIXED TERM CONTRACT
<30	352	178
30-45	1,430	353
>45	1,739	363
TOTAL	3,521	894

CATEGORIES	INDEFINITE CONTRACT	FIXED TERM CONTRACT
University Graduates	422	112
University Three-Year Degree Graduates	590	106
Non-qualified technicians	389	86
Vocational training - adm.	259	40
Operators	1,861	550
TOTAL	3,521	894

Out of all the contracts, 114 are part-time contracts, representing 2.58% of the total workforce, distributed as follows:

GENDER	PART-TIME	AGE	CATEGORIES	PART-TIME
Men	99	<30	University Graduates	1
Women	15	30-45	University Three-Year Degree Graduates	3
		>45	Non-qualified technicians	11
			Vocational training - adm.	3
			Operators	96
TOTAL	114	TOTAL	TOTAL	114

SALARY RANGE

POSITION	SALARY RANGE
Qualified technicians	35,000€ - 65,000€
Administration	22,000€ - 35,000€
Non-qualified technicians	21,000 - 55,000
Operators	17,000€ - 37,000€

The average salary for women amounts to €33,856 and the average salary for men amounts to €34,709, what involves a 2.52% salary gap.

GENDER	GRADUATES	ADM.	NON-QUAL. TEC.	OPERATORS
Men	611	59	261	1,064
Women	204	102	14	17

AVERAGE SALARY -GENDER	AVERAGE SALARY-GRADUATES	AVERAGE SALARY - ADM.	AVERAGE SALARY NON-QUALIFIED TEC	AVERAGE SALARY - OPERATORS
Men	50,384€	28,025€	40,313€	24,704€
Women	38,778€	26,732€	32,250€	18,862€

AGE	WOMEN G.	WOMEN A	WOMEN NON-QUAL. TEC.	WOMEN O.	MEN G.	MEN A.	MEN NON-QUAL. TEC.	MEN O.
<30	43	32	4	6	79	25	11	50
30-45	108	43	9	7	306	23	64	331
>45	53	27	1	4	226	11	186	683

COMPARISON	AVERAGE WOMEN	AVERAGE MEN	GAP
Year 2021	31,865€	33,620€	5.51%
Year 2022	32,245€	33,796€	4.81%
Year 2023	33,856€	34,709€	2.52%

DISMISSALS AND STAFF TURNOVER

GENDER	DISMISSALS
Men	688
Women	54
TOTAL	742

AGE	
<30	87
30-45	325
>45	330
TOTAL	742

CATEGORIES	DISMISSALS
University Graduates	20
University Three-Year Degree Graduates	23
Non-qualified technicians	130
Vocational training - adm.	16
Operators	553
TOTAL	742

GENDER	LEAVES DUE TO CONTRACT EXPIRY
Men	378
Women	56
TOTAL	434

AGE	
<30	107
30-45	190
>45	137
TOTAL	434

VOLUNTARY ROTATION 10.57%

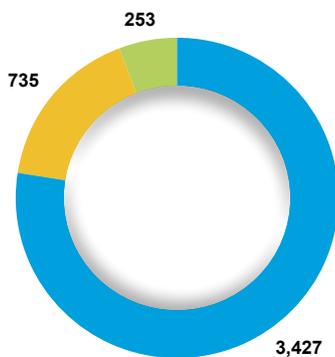
MEN: 390
WOMEN: 69
TOTAL: 459

ABSENTEEISM RATE 6.17%

ABSENTEEISM DAYS 97,767

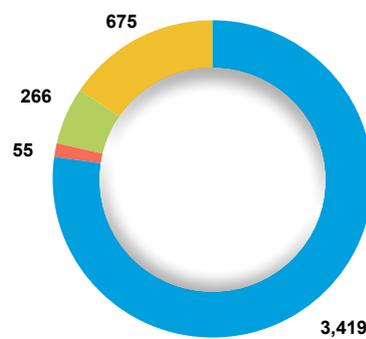
STAFF DISTRIBUTION

Distribution by Geographic Areas



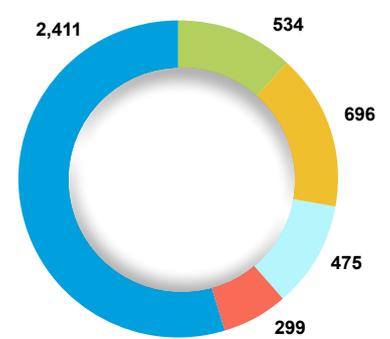
Europe 77.62%
America 16.65%
Asia 5.73%

Distribution by Business Areas



Construction 77.44%
Commercial 1.25%
Industrial Services 6.02%
Services 15.29%

By Professional Category



University Graduates 12.10%
University three-year degree Graduates 15.76%
Non-graduates 10.76%
Vocational Training - Administrative Staff 6.77%
Operators 54.61%

At Grupo SANJOSE there is a firm desire to promote effective equality between men and women in all areas to which the company has access, including salary aspects, without neglecting the responsibilities inherent to each job. According to this aim, this study should take into account the analysis of the so-called "Gender Pay Gap", which has been defined by the European Commission as "the relative difference in the average gross income of women and men in the economy as a whole". In 2023, the Gap stands at 2.52%, improving on the previous year's figure of 4.81 %.

The salary structure in the Organisation is based on the various regulations laid down in the applicable collective agreements. In an attempt to show a generalised structure, although, as we have said, subject to variations depending on the different territorial or functional areas, the most common wage structure concepts are as follows:

Base Salary - Attendance and Activity Bonuses - Extra-salary and Transport Bonuses - Voluntary Supplements - Extra Pay - Vacations.

With regard to the rate of absenteeism in the organisation, we shall begin by defining absenteeism as the absence of employees from their posts during their legal working day, whether for justified or unjustified reasons. In other words, the legal working day applicable to a worker who does not comply with it for whatever reason (accident, illness, maternity/paternity, days of absence and leave, strike, days of suspension, etc.) should not include periods that do not count as part of the working day, nor should they be classified as annual working day, holidays, possible furloughs, banks holidays, etc. All this with respect to the worker's legal working time.

The absenteeism rate recorded for the Group for year 2023 is 6.17%, representing a slight decrease compared to the same rate for the previous year, which stood at 6.50%.

It is now worth analysing the staff turnover rate, which measures the ratio of new recruits to redundancies, i.e., the percentage of new employees and the number of redundancies in relation to the number of employees in the company over a given period of time.

In order to calculate the index, the following formula shall be applied:

$$((X-Y)/Z)*100= IRP$$

Where:

X: Number of employees who have joined the company during the last year.

Y: Number of employees who have been dismissed during the last year.

Z: Total number of employees of the company.

IRP: Staff turnover index.

For year 2023, the total number of new hires in the company amounted to 2,000 employees, while a total of 742 dismissals were carried out, in addition to 434 terminations due to termination of contract, thus reaching a total of 1.176 departures. All this with an average of 4,344 employees during year 2023. Based on the above formula, the staff turnover rate for year 2023 is 18.97%, and stood in the previous year 35.14%. This decrease in the staff turnover rate is due to the current complexity of the market with a higher incidence in the international area where there has been an increase in the number of departures with a similar number of new hires as in the year 2022, which causes the turnover rate to decrease compared to the previous year.

Por su parte, debemos analizar también la rotación de personal voluntaria, la cual estudia la rotación de personal, pero atendiendo únicamente a las extinciones que nacen de la simple voluntad del propio trabajador, ya sean por motivos personales o profesionales. Es un dato muy relevante a analizar para conocer la situación de la empresa, así como sus condiciones laborales y atractivo para el trabajador.

In 2023, 459 people left the company by his own personal decision, 69 of them women. In 2022, the figure reached 422 people, of which 64 were women. Taking into account the average number of workers in the company for the year 2023, 4,344, the voluntary rotation in the company represents 10.57% in 2023 compared to 10.31% in the previous year, with the percentage remaining practically the same between years.

The Annual Corporate Governance Report published in the National Securities Market Commission, provides detailed information of directors and senior executives, as well as the average remuneration for the year.

With regard to labour conditions in the Organisation, it should be borne in mind that the labour relations of the Group's employees are regulated by virtue of the different collective bargaining agreements applicable in each of the Spanish provinces, as well as the labour regulations of the countries where it operates.

The company, in its commitment to promote disconnection from work, ensures strict compliance with legal working hours, attending to and respecting the legally established rest periods, preventing any type of contact outside working hours.

In this regard, since 2019, the Company has been using an electronic time and attendance system in all the fixed offices of the Organisation, as well as in all the worksites that allow it, substituting this system for manual control when not possible. This control has been externalised and is carried out through OBRALIA, managed by the external company NALANDA GLOBAL, S.A. Through this time control system, we can guarantee strict compliance with the established legal limits.

So as to promote the reconciliation of work and family life, and in accordance with the stipulations of the applicable collective agreements, intensive working hours are established throughout the year and all employees are informed of the possibility of taking advantage of reduced working hours for legal guardianship, leave of absence, adaptation of working hours and other benefits, such as pregnancy risk leave, to which they are entitled before or after maternity and paternity leave. Additionally, the possibility of early and partial retirement is promoted for personnel who meet the legal requirements.

Further, the Company's teleworking options also facilitate the reconciliation of work and family life, providing employees with remote communication and control tools that allow them to carry out their duties without having to be permanently at their workplace, thus maintaining the value of the employee.

Communication with staff members is done via email, telephone and in a personalised manner. There is also a suggestion box available to employees, as well as a virtual mailbox on the company's website..

Employees' representation in the Grupo SANJOSE is made up of the different social agents corresponding to each geographical and functional area, involving several trade unions. The most representative trade unions at national level and involved in all matters affecting the Company's employees are mainly Comisiones Obreras (CCOO) and Unión General de Trabajadores (U.G.T.). It should be noted that there are currently no collective disputes in progress in any of the Grupo SANJOSE companies and collaboration and coordination with all the unions involved in the Organisation is absolute.

No company-wide collective agreement exists or has been agreed in any of the national member companies. It is borne by State or Provincial Collective Bargaining Agreements negotiated and agreed by the different trade unions and business associations corresponding to each activity carried out by the companies.

With regard to the sectoral collective agreements applicable in the company there are mainly four sectors concerned according to the following:

- All companies engaged in construction activity govern their labour relations by the provisions of the various provincial collective agreements in the construction sector, which, according to their own provisions, apply the general agreement for the construction sector on a subsidiary basis. It should be noted that, for various labour-related reasons, there are minor exceptions to these provincial construction agreements, so that while 95.29% of the employees in these companies (2,065 employees) have their labour relations governed by the aforementioned collective agreements, 4.34% of the workforce, i.e. 94 employees, are governed by the collective agreement for the iron and steel industry, while a total of 2 employees (0.09%) are subject to the national collective agreement for the gardening industry.
- In the Commercial Sector, the Collective Agreement for the different companies that compose it, except Outdoor King S.A., is the Provincial Agreement for Textile Commerce affecting 54 employees, what represents 98.18% of the total of the sector. The company Outdoor King also develops part of its activity under the terms and provisions of the Collective Agreement for Sports Commerce affecting 1 employee (1.82%).
- In the Services Sector all the companies and JVs that compose it are governed by the State Collective Agreement affecting 675 employees, 100% of the staff.
- Lastly, in the Industrial Sector, the predominant collective agreement is the Provincial Collective Agreement for the Iron and Steel Industry affecting 260 employees, with the supplementary application of the State Collective Agreement for Industry, New Technologies and Services in the Metal Sector. This figure represents 97.74% of the sector's total. The only exceptions are the companies Enerxias Renovables de Galicia with 1 employee (0.38%) and San José Energía y Medioambiente with 1 employee (0.38%), governed by the State-level Collective Bargaining Agreement for Engineering, as well as Tecnocontrol Servicios S.A. which includes the Collective Agreement for Gardening with 4 employees, representing 1.50% of the total for the sector.

In the international area, the companies are governed by the labour laws in force in each country and, where appropriate, by agreeing on the particular and individual issues that may arise from time to time.

It is a fundamental principle of the Organisation that there shall be no discrimination on any grounds, whether sex, race, religion or otherwise. Within the framework of this purpose, it actively promotes non-discrimination by gender, including in its procedures equal measures for all personnel who wish to join the company or who are already in the company, seeking as its main value the growth of the employee both professionally and personally, and always prioritising the value and growth of employees.

Similarly, with the aim of promoting measures that help to put people with disabilities on an equal footing with those who do not have them, favouring an environment of space, atmosphere, etc. that does not entail any type of exclusion due to their disability, all the office facilities that allow it are adapted and fitted out in this respect with parking spaces, accesses, toilets, etc., complying with and improving the legal precept of November 2013 on the rights of people with disabilities and their social inclusion.

Likewise, the incorporation into the Company of people with any type of disability is actively promoted, as long as they adapt to the existing requirements in the different sectors of the Group. All this, by means of job offers open to all types of candidates, as well as equal internal promotion opportunities for any staff members, prevailing, safety and comfort conditions.

STAFF WITH DISABILITIES

In order to comply with Royal Decree 364/2005 of 8 April, the Spanish companies of Grupo SANJOSE have taken a series of measures which are detailed below:

Since 12 May 2022 and for a period of 3 years, Tecnocontrol Servicios, S.A. has had the corresponding certificate of exceptionality, which is regulated in RD 364/2005 and establishes the possibility for companies with more than 50 employees to be exempt from the obligation to hire a percentage of employees with disabilities of at least 2%. Tecnocontrol's workforce amounts to 218 employees eligible for the purposes of the General Law on Disability, and therefore there was an obligation to hire 4 people with disabilities if the aforementioned certificate of exceptionality had not been granted.

Similarly, this certificate of exceptionality was granted to Cartuja Inmobiliaria on 13 July 2022 for a period of 3 years. Taking into account the company's 57 eligible employees, the obligation for the company would have been to register a worker with disability.

The same situation applies to Constructora San José, S.A., whose certificate of exceptionality was granted on 21 September 2023 for a period of 3 years. In this case, the company's workforce of 1,423 computable employees would have meant that a total of 28 employees with a disability would have had to be registered.

In the corresponding period, the aforementioned companies have entered into commercial contracts with different authorised centres, which make it possible to replace the hiring of personnel with a disability:

COMPANIES OF GRUPO SANJOSE	NUMBER OF WORKERS WITH A DISABILITY WITHIN THE WORKFORCE	COMMERCIAL CONTRACTS FORMALISED WITH SPECIAL EMPLOYMENT CENTRES DURING 2023	NUMBER OF EMPLOYEES WITH A DISABILITY HIRED ON REPLACEMENT
Constructora San José, S.A.	14	European Green Protection S.L. Lógica Informática y Suministros de Material Integral S.L. Celima Centro Especial de Empleo y Desarrollo, S.L.U. Fundación Juan XXIII	14
Cartuja Inmobiliaria, S.A.	0	European Green Protection S.L.	1
Tecnocontrol Servicios, S.A.	2	European Green Protection S.L. Lógica Informática y Suministros de Material Integral S.L. Fundación Juan XXIII	2

RECRUITMENT

Grupo SANJOSE considers the acquisition of talent to be one of the Company's success factors. To this end, it has a procedure implemented in all the Group's business areas at national and international level, which determines the phases of the selection process. The aim of this process is to locate, attract and recruit professionals, guaranteeing the incorporation of profiles that adapt to the characteristics of the position in terms of training, experience, skills and competencies and that also share the Company's values.

The selection channels used comply with the requirements of the policies and regulations implemented in the Company. The Group collaborates with Universities and Technical and Administrative Training Centres, through the signing of cooperation agreements and internship programmes that complement theoretical training in the case of junior profiles. For senior professionals, the search channels range from the employment exchanges of Official Colleges to the main national and international employment websites.

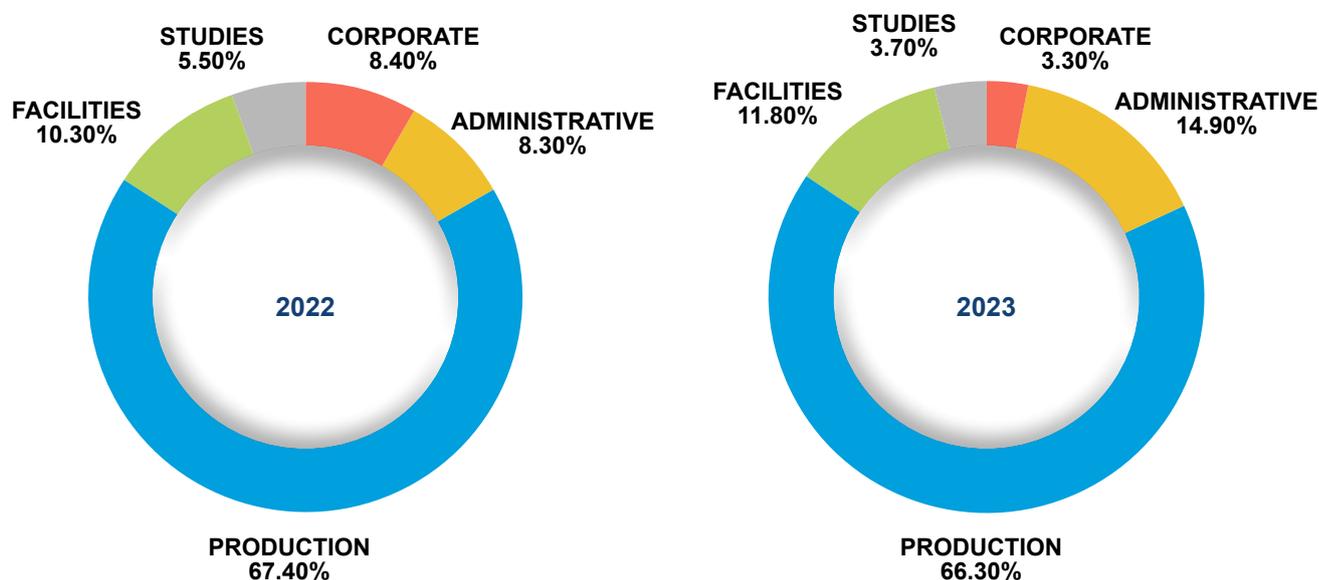
One of the tools for professional consolidation is internal promotion, through which certain key positions in the Company are filled. The Group is committed to talent developed in house, solid professionals who share the Company's culture and values and transmit them to their teams.

In 2023, a total of **2,469 candidates** were interviewed by Grupo SANJOSE to respond to personnel needs requested from the different business areas of the Group Companies, both nationally and internationally. A total of **1,711 men** and **758 women** have taken part in recruitment procedures.

	MEN	WOMEN
2022	1,306	494
2023	1,711	758

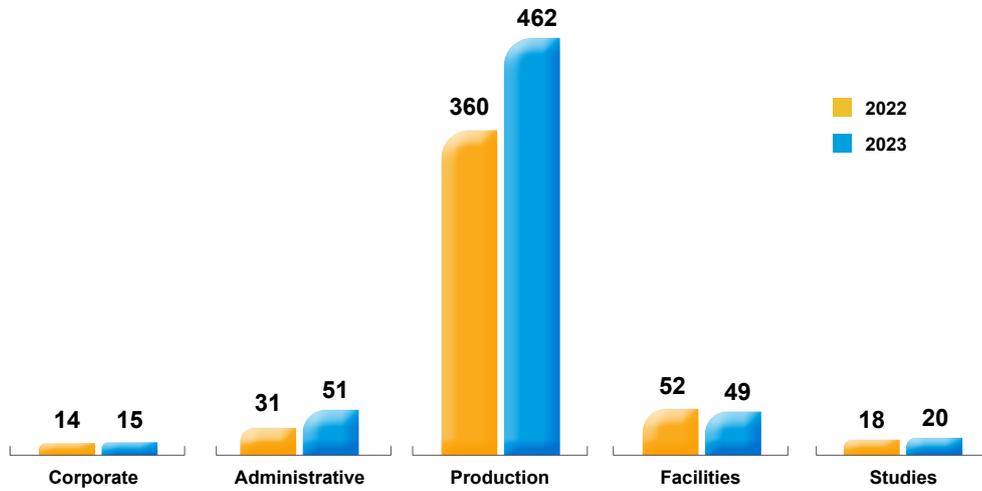
The number of candidates interviewed by Grupo SANJOSE during 2023 has been **2,469**, being the detail by departments as follows:

COMPARISON CANDIDATES INTERVIEWED BY DEPARTMENTS

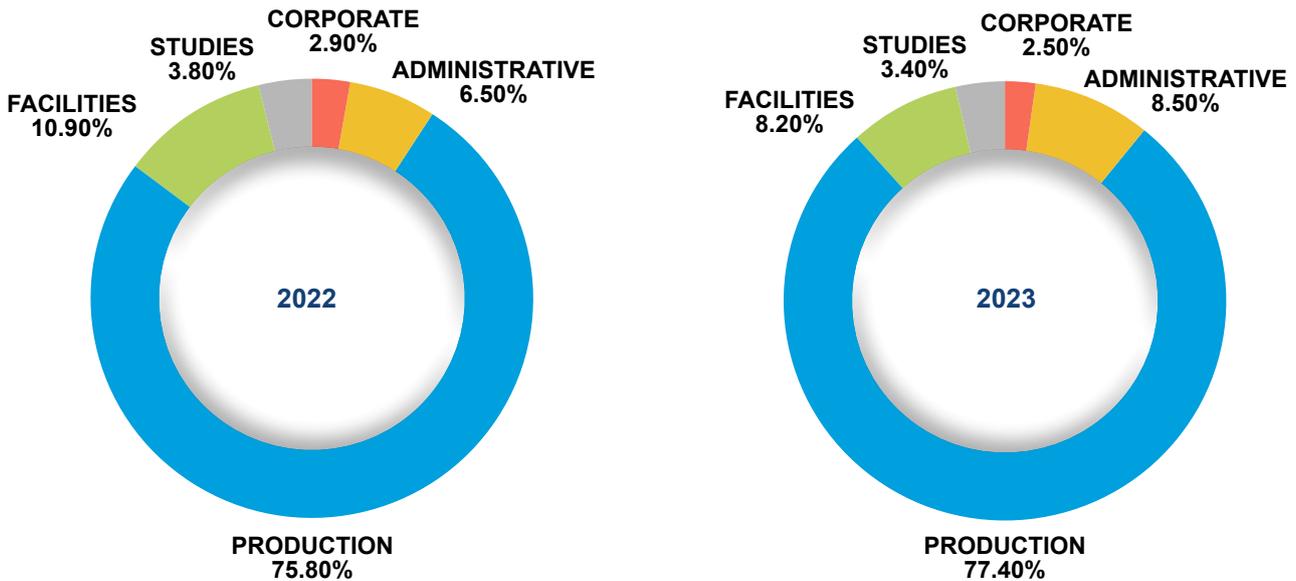


Likewise, the number of selection procedures carried out in the Group during 2023 was **597** processes. The number of processes has increased by 20% compared to year 2022 (475 selection processes), partly due to the increased volume of projects initiated during this period.

NUMBER OF SELECTION PROCEDURES 2022-2023



COMPARISON NUMBER OF SELECTION PROCEDURES



The Selection Procedure guarantees objectivity during the recruitment process, maintaining the established standards and respecting the principle of equal opportunities in access to the job. Through it, the aim is to respond to all the structural personnel needs that may arise from the daily business activity in an agile and efficient manner.

Once the process has been completed, Grupo SANJOSE has a Welcome Programme for all new hires. The objective is to help them become familiar with the organisational structure and thus contribute to their integration into the Company, making them participants in the SANJOSE Project, encouraging them to identify with the Group’s culture and trying to make them aware of the importance of their work.

The people who work at Grupo SANJOSE have a series of digital tools that facilitate their daily work and compliance with the procedures implemented in the Company.

- Corporate ERP as the main management tool through which to control and analyse the different processes developed in the different business areas. Its development in a web environment facilitates remote work, which provides greater agility and flexibility in the performance of jobs.

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 incidences, basic and compulsory tool of communication between users and the computer department so as 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, is a web space from which the different business areas and departments make known their corporate manuals and procedures for the correct functioning of daily work and in compliance with regulations.
- My data - Self Service, is a web portal from which you can manage your corporate contact details as well as consult the contact details of the rest of the Company's personnel.
- Email - communication by mail through the IBM LOTUS mail provider, also available via web-mail. It is provided with IBM Sametime.

TRAINING

Grupo SANJOSE promotes a training policy aimed at developing and consolidation of talent in the Company.

The training programmes follow the internal operating procedure implemented in the management tool. They are designed on the basis of the needs required for the correct development of the business activity and with the aim of providing the professional teams with the appropriate technical knowledge and thus maximising the competences, skills and aptitudes necessary to achieve the success demanded by the market.

The training plans provide for:

- Mandatory training: based on preserving the health and safety of employees, and training in quality, environment, and equality policies.
- Specific training: this is based on the analysis of the technical and training needs detected in each business area in order to design the catalogue of different training actions.

We are committed to a training methodology using the Virtual Classroom and online programmes, in order to facilitate access to all staff at national and international level.

The Company has the collaboration of numerous external training entities specialised in the development of training models and methods that allow the expansion of knowledge on new technologies, updating of regulations, etc.

TRAINING 2023 BY TYPE					
TRAINING ACTIONS	NO. OF TRAINING ACTIONS	NO. OF PARTICIPANTS	NO. OF WOMEN	NO. OF MEN	TOTAL HOUR
Quality & Environment (*)	32	210	72	138	791
Languages	68	122	47	75	3,555
Other Specific training	127	1,129	300	829	5,398
TOTAL	227	1,461	419	1,042	9,744

(*) This training programme is completed by that on the PHAROS Platform, amounting to 3,440 hours.

TRAINING 2023 BY BUSINESS AREA					
TRAINING ACTIONS	NO. OF TRAINING ACTIONS	NO. OF PARTICIPANTS	NO. OF WOMEN	NO. OF MEN	TOTAL HOUR
Construction	209	1,415	410	1,005	9,067
Concessions and Services	9	33	5	28	240
Energy and Environment	0	0	0	0	0
Other (Group Structure)	9	13	4	9	437
TOTAL	227	1,461	419	1,042	9,744

PROFESSIONAL CATEGORY	WOMEN	MEN
Senior Management	6	26
Managers	14	31
Technicians	357	863
Office staff	42	49
Operators	0	73
TOTAL	419	1,042

PROFESSIONAL CATEGORY	NO. OF HOURS RECEIVED
Equipo directivo	1,018
Mandos intermedios	1,058
Técnicos	6,314
Administrativos	682
Operarios	673
TOTAL	9,744

TRAINING ON THE PREVENTION OF OCCUPATIONAL HAZARDS			
	NUMBER OF COURSES	NUMBER OF STUDENTS	TRAINING HOURS
Training on the Prevention of Occupational Hazards 2021	52	1,249	13,922
Training on the Prevention of Occupational Hazards 2022	63	1,009	13,587
Training on the Prevention of Occupational Hazards 2023	98	1,033	13,376

KNOWLEDGE PLATFORM (PHAROS PROJECT). “WE WANT TO REACH EVERYONE.”

The PHAROS Platform is a “living platform” that is continuously updated with the aim of ensuring access to training for all the professionals who make up the staff of Grupo Empresarial San José, both nationally and internationally, as a complement to the Group’s existing Training Plans. This ensures equal opportunities for career development within the Group.

Its specialisation in Engineering, Construction, Energy and Infrastructure offers the opportunity to broaden and deepen knowledge of new technological tools and construction systems in response to the digitalisation of the market. On the other hand, it offers training in different areas such as skills development, environmental management, sustainability and BIM.

The courses are available in Spanish, some in English and in 2023 Portuguese will be added. By 2024, the aim is to increase the range of courses in the three languages according to the needs detected.

The values that this collaborating entity contributes to the company are focused on guaranteeing equal opportunities in the professional development of employees and the speed of response in the design of ad hoc training courses.

PHAROS PLATFORM 2023			
COURSES COMPLETED 2023	PEOPLE TRAINED	NUMBER OF COURSES	TOTAL HOURS
	153	162	5,636

PROFESSIONAL CATEGORY	NO. OF HOURS RECEIV
Senior Management	56
Managers	40
Technicians	5,317
Office staff	165
Operators	58
TOTAL	5,636

REMARK: In the 2023 financial year, the criterion for quantifying training hours has been changed. The number of training hours corresponds to the total hours completed during 2023.

INTEGRATION AND DEVELOPMENT PROGRAMME

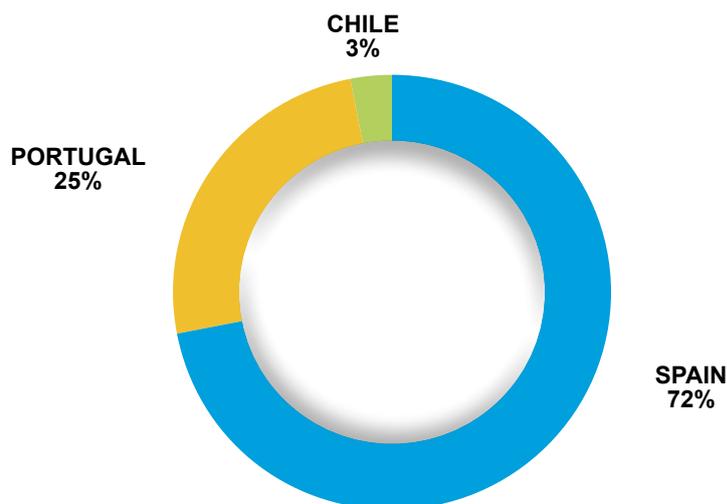
Grupo SANJOSE has an Integration and Development Programme, launched in 2016, as a Talent Management System. Through this programme, the development of young professionals is promoted, guaranteeing the principle of equality, in the different business areas of the Group at national and international level.

The objective of this programme is performance management through training, motivation and the acquisition of technical and personal skills, thus guaranteeing the success of the Company's professionals. In a transversal manner, through continuous training plans, the corporate culture and values related to equal opportunity and treatment, teamwork, commitment to the client and quality in the execution of projects are transmitted.

During the year 2023, a total of **221** professionals participated in the Programme, **62%** of whom were men and **38%** women. The percentage of women's participation increased by 11% compared to 2022, when their percentage of participation was 27%.

The total number of participants in the Group's Integration and Development Programme during 2023 (221) is similar to the number of participants during 2022 (214).

PARTICIPANTS IN THE INTEGRATION AND DEVELOPMENT PROGRAMME



PARTICIPANTS THAT CONTINUE IN THE COMPANY 2023

	TECHNICIANS		OFFICE STAFF		TOTAL	
	Men	Women	Men	Women	Men	Women
Spain	52	31	23	32	75	63
Portugal	28	10	5	1	33	11
Chile	3	0	0	1	3	1
TOTAL	83	41	28	34	111	75
% Initial	78%	91%	88%	89%	80%	90%

SOCIAL BENEFITS

In order to maximise the net remuneration of employees, Grupo SANJOSE, through new compensation formulas, provides employees with a series of social benefits, which allow employees to have more cash.

Through a series of services hired by the company, employees who sign up to social benefits save on these services the withholdings that the Treasury would have carried out on their salary since, by law, when a business organisation provides these services for the benefit of employees, said services are exempt from personal tax withholdings.

This type of remuneration policy is addressed and available to all staff members within the Company, being all employees entitled to enjoy them as from their registration with the company and upon express request and subsequent approval.

Grupo SANJOSE has the following social benefits available to employees:

- Lunch Ticket (Eden Red).
- Nursery Ticket (Eden Red).
- Transport Ticket (Eden Red).
- Medical Insurance (Sanitas).

Through the fixed gross salary, each employee can access one or more of the so-called social benefits, according to limitations imposed by law and taking into consideration that salaries established by labour agreements cannot apply to this remuneration policy.

EQUALITY PLAN & PLAN FOR THE PREVENTION OF SEXUAL HARASSMENT

Grupo SANJOSE's commitment is to maintain an environment that facilitates and promotes equal opportunities, non-discrimination, diversity, and the inclusion of professionals, with a commitment to a people management model that is compatible with professional excellence.

Grupo SANJOSE establishes equal opportunities between women and men as a strategic principle of its Corporate and Human Resources Policy, in accordance with Organic Law 3/2007, of 22 March, for effective equality between women and men and Royal Decree-Law 6/2019, of 1 March, on urgent measures to guarantee equal treatment and opportunities between women and men in employment and occupation.

Grupo SANJOSE expresses its commitment to the establishment and development of policies that integrate equal treatment and opportunities between women and men, without discriminating directly or indirectly on the basis of sex, as well as to the promotion and encouragement of measures to achieve real equality within our Organisation.

An example of the materialisation of the aforementioned principles are the sundry Equality Plans that have been developed at Constructora Sanjose, S.A. since 2010, in accordance with legislative changes, and which have enabled us to improve the integration of the principle of equal treatment in priority areas of action such as recruitment and hiring, training and awareness, promotion and professional development, the co-responsible exercise of work-life balance rights, remuneration conditions, the prevention of harassment, corporate image and communication, and the prevention of occupational hazards, among others.

In relation to the matters referred to, the following should be highlighted:

- The area of selection and recruitment includes measures that aim to enable women and men to access employment under equal conditions, favouring a balanced composition of the workforce, ensuring that selection processes take into account objective aspects such as experience, skills and competences of individuals and avoiding any elements of direct or indirect discrimination.
- In terms of training, Grupo SANJOSE considers the professional development of its employees to be an investment in the Company's future, since it contributes to increasing the Company's potential through the professional and human development of its employees, ensuring access to training at all levels of the workforce.
- In the area of promotion and career development, the internal processes that objectively ensure the professional development of the company's staff, regardless of gender, are included.
- In the co-responsible exercise of work-life balance rights, the company facilitates access to work-life balance and co-responsibility measures for all employees, ensuring that the exercise of these rights can be enjoyed without obstacles in accordance with the established legal criteria, and does not entail a reduction in opportunities for promotion, access to training or a reduction in the working conditions of people.
- In terms of remuneration, Grupo SANJOSE is committed to ensuring equal pay for work of equal value.

Aware of the importance of ensuring that the gender perspective is incorporated into the different activities carried out in the field of occupational risk prevention and health surveillance, the company has determined actions to ensure.

In terms of prevention and action in the case of sexual and/or gender-based harassment, Grupo SANJOSE has an Action Protocol for harassment, which aims to establish guidelines for action that identify situations that could involve sexual harassment, gender-based harassment, and/or psychological harassment, as they are an affront to dignity, harmful to the work environment, and generate undesirable effects on people's health, morale, confidence, and self-esteem.

This Protocol considers two fundamental aspects: the prevention of harassment and the reaction to complaints of sexual harassment or harassment on grounds of sex, for which two types of action are ruled:

1. Establishment of measures aimed at preventing and avoiding situations of sexual harassment or harassment based on sex, gender identity or sexual orientation or which could constitute sexual harassment.
2. Establishment of an internal procedure for action in cases in which, while trying to prevent such situations, an internal complaint of sexual harassment or harassment based on sex, gender identity or sexual orientation is made by a worker.

With the aim of preventing, discouraging, avoiding and sanctioning sexual and gender-based harassment, the Company has made available to the staff the protocol for prevention and action in cases of sexual or gender-based harassment, promoting an environment of respect, correctness in the working environment, instilling in all staff members the values of equal treatment, respect, dignity and free development of personality.

Similarly, there is a Protocol for comprehensive assistance and protection against gender-based violence.

The purpose of this Protocol is to raise awareness among company personnel against any act of physical and psychological violence which, as a manifestation of inequality and discrimination based on sex, is perpetrated by a man against a woman, including attacks on sexual freedom, threats, coercion or arbitrary deprivation of liberty.

The agreement is aimed at providing global and coordinated support within the Company to female employees who are victims of gender-based violence as defined in Organic Law 1/2004, from the moment they are recognised as victims of gender-based violence through the means set out in Royal Decree Law 9/2018.

In relation to diversity and inclusion, Grupo SANJOSE assumes as basic principles of action in the development of its labour relations, to guarantee non-discrimination among its professionals due to any conditions or circumstances, and to promote that all professionals contribute their knowledge, experience, and skills, regardless of any personal or social conditions or circumstances.

In line with this framework of social commitment to equality and non-discrimination, Grupo SANJOSE has established internal control procedures that guarantee compliance with these principles as well as with the established improvement targets.

1

BUSINESS MODEL OF GRUPO SANJOSE

2

CORPORATE GOVERNANCE

3

BUSINESS RISKS

4

PEOPLE

5

ENVIRONMENTAL, QUALITY AND SUPPLY CHAIN MANAGEMENT

6

HUMAN RIGHTS AND DUE DILIGENCE

7

ETHICAL MANAGEMENT AND REGULATORY COMPLIANCE

8

TAXONOMY REGULATION

9

COMMITMENT TO SOCIETY

5

ENVIRONMENTAL, QUALITY AND SUPPLY CHAIN MANAGEMENT

ENVIRONMENTAL MANAGEMENT SYSTEM

Grupo SANJOSE considers the preservation of the environment and sustainable development as fundamental premises within its strategic business lines.

The general principles of Grupo SANJOSE's commitment to the environment and the promotion of sustainable development of society are established through our environmental policy, highlighting the following:

- Protection of the environment through the prevention or mitigation of environmental impact, 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 targets, 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 addressed to all employees, subcontractors and other concerned parties.

Since 1999, the Group has maintained a firm commitment to the environment in continuous review and adaptation to needs and expectations of society and the environment itself. Hence, the implementation of an environmental management system in order to integrate business development, generate 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
Construtora San José Portugal, S.A.	GA-2009/0351
Construtora Udra, Lda.	GA-2011/0013
Sociedad concesionaria San José Tecnocontrol, S.A.	BVCSG14085
San José Contracting, L.L.C.	0702000326
San José Constructora Perú, S.A.	GA-2003/0398-003/00

Grupo 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 by well-known entities, such as AENOR International, Bureau Veritas or Gabriel Registrar.

These certifications are internationally accepted by means of multilateral recognition agreements (MLAs), signed by accreditation entities.

QUALITY MANAGEMENT SYSTEM

Grupo SANJOSE has as identity sign the continuous improvement of services and the adaptation to needs and expectations of clients, with the sole aim of providing them with top quality and achieving their full satisfaction.

The outcome of this strategy is a quality, flexible and effective system appropriate for 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 clients.

The general principles of Grupo SANJOSE's commitment to the environment and excellence are developed through our quality policy, highlighting the following:

- 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.
- To provide permanent training programmes that allow all staff members to have a high level of qualification, to be 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.

Since 1997, Grupo SANJOSE has had a quality management system in continuous adaptation and continuous improvement. The involvement, motivation, and commitment of the entire Group to quality is total and global, having obtained recognition through ISO 9001 certification for the following companies in the Group:

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
Construtora San José Portugal, S.A.	ER-0011/2002
Construtora Udra, Lda.	ER-0102/2011
Sociedad concesionaria San José Tecnocontrol, S.A.	BVCSG14084
San José Contracting, L.L.C.	0702000325
San José Constructora Perú, S.A.	ER-0510/1997-003/00

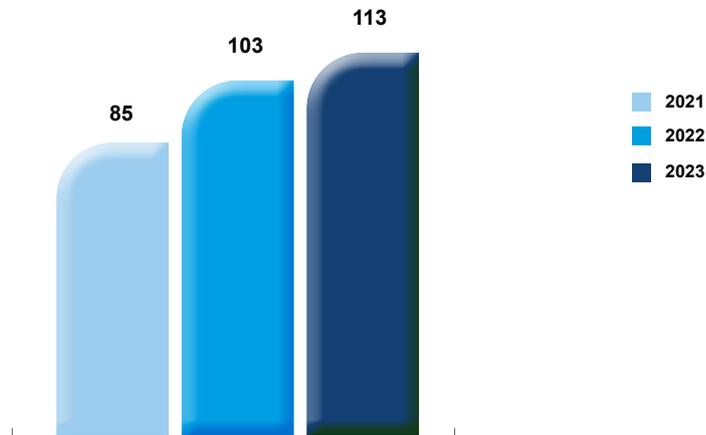
It should also be noted that since 2016 Tecnocontrol Servicios has had a Quality Management System for Medical Devices certified under the ISO 13485 certification standard, with certificate number GS-0010/2016.

These certificates are also internationally accepted thanks to multilateral recognition agreements (MLAs) between accreditation bodies.

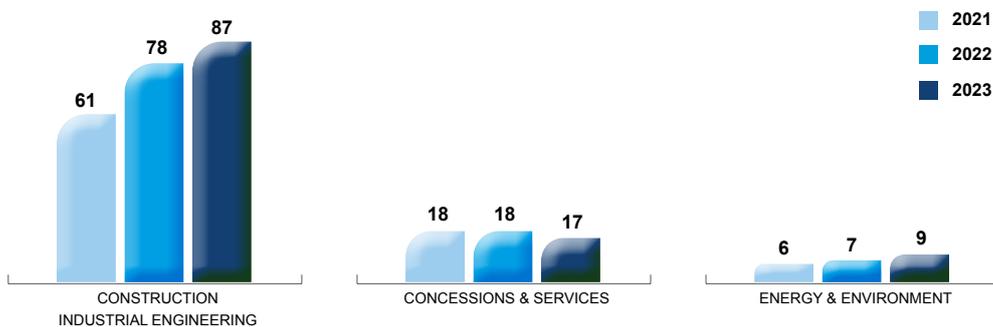
MANAGEMENT SYSTEMS AUDITS

During 2023 a total of 113 audits were carried out. Attached are graphs showing the trend in audits over the last three years, as well as a breakdown of audits by business area.

AUDITS 2021-2023



AUDITS BY BUSINESS AREA 2021-2023



Through audits, the Company ensures compliance with the requirements established in the Management Systems certified under the following standards:

- ISO 9001 Quality management systems.
- ISO 14001 Environmental management systems.
- ISO 50001 Energy management systems.
- UNE 166002 R&D&I management.
- ISO 13485 Quality management systems for medical devices.
- ISO 19650 Organisation and digitalisation of information in building and civil engineering works using BIM.
- UNE 216701 Classification of energy service providers.
- Greenhouse Gas Protocol (GHG Protocol).

SUSTAINABILITY AND SUSTAINABLE CONSTRUCTION

Grupo SANJOSE works for a committed construction that represents our values as a company. 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 optimisation and exemplary management of natural resources, energy efficiency, self-sufficiency, the reduction of emissions and the use of 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 corporate environmental responsibility 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 by dint of efficiency from all points of view: location and orientation, selection of materials, thermal insulation, self-consumption, use of new technologies, etc.

Grupo SANJOSE's environmental management system focuses on its commitment to sustainable development and on 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 water applied to the construction of the building and their use during operation.
- The reduction of the environmental impact caused by construction materials, products, systems and technologies.

The environmental certification is a tool that allows us to measure the degree of sustainability of a building, evaluating environmental, economic and social issues.

These certifications are voluntary and guarantee the compliance with quality standards regarding the behaviour of the building itself, with important economic and social benefits in aspects such as, energy and water consumption, air quality, reduction of impact on natural resources, well-being and comfort, reduction of waste, savings in maintenance costs, etc.

The Group has extensive experience in building to the world's leading sustainability standards (LEED / USA, BREEAM® / UK, PASSIVHAUS / Germany, VERDE / Spain, etc.), which have guided it in the construction of more than 3.2 million square metres of buildings worldwide. The following are some of the highlights of the period:

- 5-star Hotel-Resort Ikos Porto Petro, Mallorca. BREEAM® Certification ES New Construction with Very Good Classification.
- Mergelina Headquarters of the School of Industrial Engineering of the University of Valladolid. LEED Platinum.
- Holiday Inn Express Madrid Airport 3-star at Avenida Aragón 402, Madrid. LEED Gold.
- JW Marriott Hotel Madrid 5-star. LEED Gold.
- Be Casa Valdebebas Aparthotel, Madrid. BREEAM® ES Housing with Very Good Rating.
- Alcalá 544 Building, Madrid. LEED Platinum.
- One Parc Central office building, Barcelona. LEED Platinum.

- Residential Melzi in the Patraix neighbourhood, Valencia. BREEAM® ES Housing with Good Classification.
- Las Delicias Residencial Jardines Hacienda Rosario building, Seville. BREEAM® ES Rated Housing Good.

Similarly, the following project has also been recognised with sundry awards for representing an important contribution in the field of environmental, social and economic sustainability:

- Hotel - Resort and commercial area Barceló Playa Blanca 4 stars in Yaiza - Lanzarote, Canary Islands: Re Think Award (Top 10) of the “Best Sustainability and Hotel Refurbishment Projects” in Spain 2023. This award recognises both its design and the implementation of sustainability criteria applied to tourism and the hospitality sector through measures to reduce costs and increase the quality, comfort and attractiveness of the hotel.

CARE AND PROTECTION OF ECOSYSTEMS AND BIODIVERSITY

The conservation of biodiversity and the responsible use of natural heritage during the development of works and services is a strategic objective of Grupo SANJOSE.

Whenever required, the most significant impacts on biodiversity are contemplated under Environmental Impact Statements in compliance with 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 works, especially when working at areas of high ecological value.

In order to preserve biodiversity, preventive or restoration measures are adopted, such as physical protection and/or transplantation of vegetation and trees, restoration of affected soils through the use of local species, planning of works taking care of the vital cycles of affected animal species, transfer of animal species, installation of protection barriers and construction of settling basins, etc.

It should be noted that no activities have been registered in protected areas in 2023. Be what as it may, whenever working in protected areas, projects are usually subject to the Environmental Impact Statement; therefore, any environmental impacts associated with the project have been duly identified so as to ensure their adequate prevention, while establishing effective correction or compensation mechanisms.

ENVIRONMENTAL PERFORMANCE AND MANAGEMENT OF ENVIRONMENTAL RISKS

The Group's environmental management establishes the necessary resources and tools for the prevention and control of environmental risks, compliance with applicable regulations and the improvement of environmental performance.

The Group also contemplates the principle of environmental pre-caution, identifying risks and establishing action plans and appropriate measures to prevent damage. In this regard, it should be noted that there are provisions and guarantees for environmental risks as already mentioned in the business risks section of this report.

A non-exclusive list of resources allocated by the Group to the prevention of environmental risks is:

- Procedures for the identification and evaluation of environmental aspects arising during the execution of works, and that cause or may cause direct and indirect impacts on the environment, and that are the basis of operational control procedures and improvement objectives.
- A team of professionals with extensive experience that acts as support and control team 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 deemed the main current and foreseeable impact on the environment are:

- Generation of waste.
- Atmospheric pollution: dust, noise, vibrations, etc.
- Decrease in natural resources: raw materials (water, fuel, 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

Grupo 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 and services.

To adapt to the consequences of climate change, the Group mitigation and adaptation measures that contribute to the transition to a low-carbon economy, among which we highlight:

- Energy saving and efficiency measures, replacing equipment and facilities for more efficient ones or boosting the generation of renewable energies.
- Study and implementation of environmental proposals 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, etc.
- Sensitisation and awareness of all personnel involved in the development of projects and services with the aim of promoting behaviours that contribute to reduce energy consumption and the environmental impact of the activities carried out.
- Energy services designed and executed in order to provide integral solutions adapted to clients' needs so as 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.

CARBON FOOTPRINT. REDUCTION OF POLLUTANT EMISSIONS

Grupo SANJOSE, aware of the current importance of reducing pollutant emissions, has made a commitment to get involved in this process by promoting measures to adapt to and mitigate climate change in the scope of its various activities.

Motivated by this commitment, Grupo SANJOSE has begun calculating its Carbon Footprint, with the goal of controlling and reducing it in different areas of action. As a result of this commitment, the following specific actions have materialised:

- Obtaining the Certificate of CO₂ compliance calculated in accordance with the requirements of GHG Protocol of Cartuja Inmobiliaria, S.A., as well as its corresponding Certificate of registration in the Carbon Footprint Register, compensation and CO₂ absorption projects of the Ministry for Ecological Transition and the Demographic Challenge.
- Registration of the Constructora San José, S.A. Carbon Footprint for the years 2020 and 2021 in the framework of the Balearic Carbon Footprint Register initiative in accordance with Decree 48/2021 of 13 December.
- Development of a methodology for the measurement and collection of the data necessary for the calculation of the Carbon Footprint.
- Development and implementation of innovative projects that facilitate the calculation of the Carbon Footprint and serve as a basis for drawing up plans to reduce greenhouse gas emissions.

Given that the Carbon Footprint of our activities comes fundamentally from energy consumption, both direct (related to fuel consumption) and indirect (associated with electricity consumption in the work centres), Grupo SANJOSE's climate commitment is based on the necessary control of its energy consumption and the implementation of measures to improve the energy efficiency of our activities. To this end, measures have been implemented such as:

- Purchase of green energy, opting for suppliers that come from 100% renewable energy sources, or obtaining a Guarantee of Renewable Origin, granted by the CNMC (National Commission for Markets and Competition).
- Replacement of conventional lighting with energy-efficient lighting (LED or similar), both in fixed centres and in works/services.
- Adoption of measures to improve the operation of air conditioning equipment in the Grupo SANJOSE offices, adjusting the set temperature and rationalising the operating hours of the machines.
- Promoting electric mobility (electric or hybrid vehicles).
- Installation of charging points for electric vehicles in Grupo SANJOSE's central offices.
- On-site recovery of excavated natural material, avoiding transfers and treatment in external facilities and the use of quarried material.
- Optimisation and improvement of processes and services: Proposals for on-site construction solutions that, subject to the Client's approval, lead to a reduction in emissions or an improvement in the energy performance of buildings during their life cycle.
- Extension of the methodology for measuring the Carbon Footprint of Grupo SANJOSE companies and reduction of Scope 1 and 2 emissions during 2024 and 2025.

In addition to the carbon emission prevention and reduction measures mentioned above, other forms of atmospheric pollution specific to the activity carried out by Grupo SANJOSE are taken into consideration, such as noise and light pollution. Within the actions aimed at preventing and reducing them, and depending on the conditioning factors of the environment and/or project, operational control measures are established in works and services, such as:

- Protection of powdery material during transport, storage and use.
- Shielding of broadcasting activities to minimise the impact on the environment.
- Preventive maintenance programmes 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 Grupo SANJOSE is the reduction of generation of waste, favouring reuse, recovery and recycling, promoting procedures aimed at preventing the generation of waste, the correct segregation and treatment of waste and the development of R&D and innovation projects which may be focused on the use of recycled materials..

Earthworks should be highlighted as the activity that generates the greatest environmental impact in the works.

Onsite reuse and optimisation of surplus land management leads to a significant reduction in waste generated emissions associated with its transport and better landscape integration.

Grupo SANJOSE promotes the implementation of the following measures to prevent the generation of waste in order to facilitate recycling and subsequent reuse:

- To optimise the number of materials necessary for the execution of works, 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, yet difficult or impossible to recycle.
- To collect the materials out of transit areas so that they remain well packaged and stored 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 with the aim of facilitating its management and recycling by authorised managers, collecting waste separately in 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 amount of surplus due to excavation and to enable the reuse of the earth onsite.

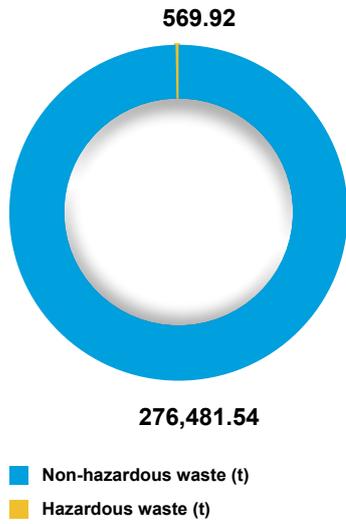
Due to the type of activity carried out by Grupo SANJOSE, food waste may not be considered a relevant aspect.

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 works.

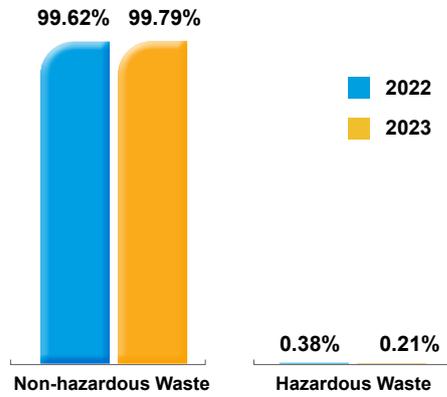
In 2023, Grupo SANJOSE has managed the following waste:

- 1,731.95 thousand m³ of surplus clean soil and stones from excavation, which have been fully recovered (795.6 thousand m³ in 2022).
- 277.05 thousand tons of waste (the volume produced in 2022 amounted to 239.6 thousand tons).

WASTE DATA GRUPO SANJOSE 2023

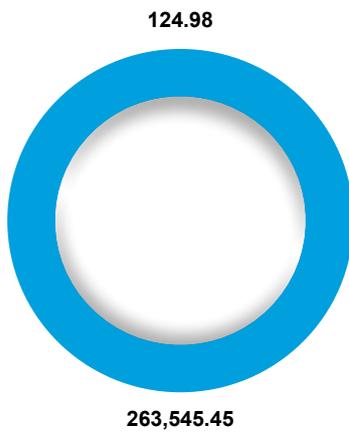


COMPARATIVE WASTE TYPOLOGY 2022-2023

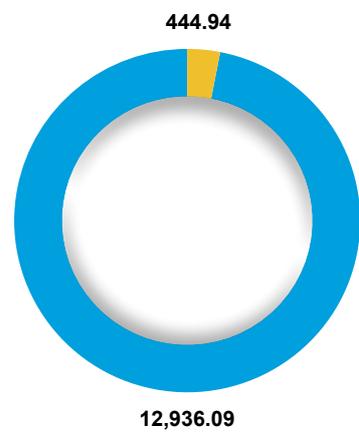


DATA BY AREA OF ACTIVITY 2023

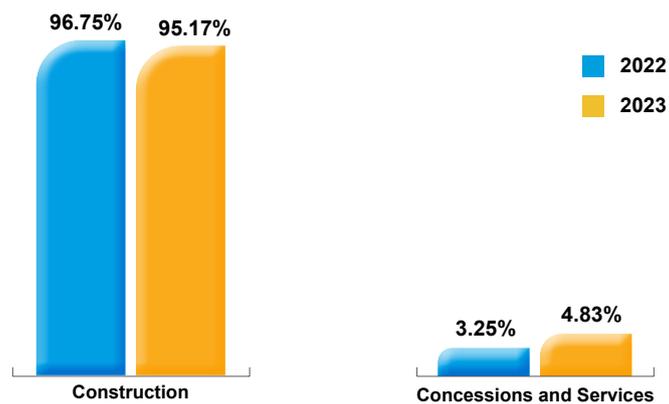
CONSTRUCTION



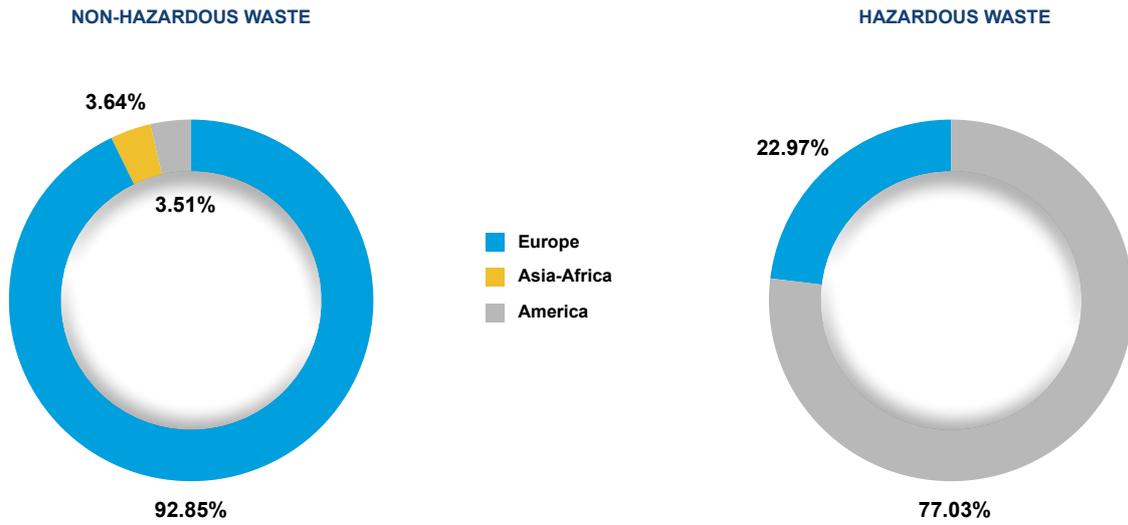
CONCESSIONS AND SERVICES



WASTE COMPARATIVE BY AREA OF ACTIVITY 2022-2023

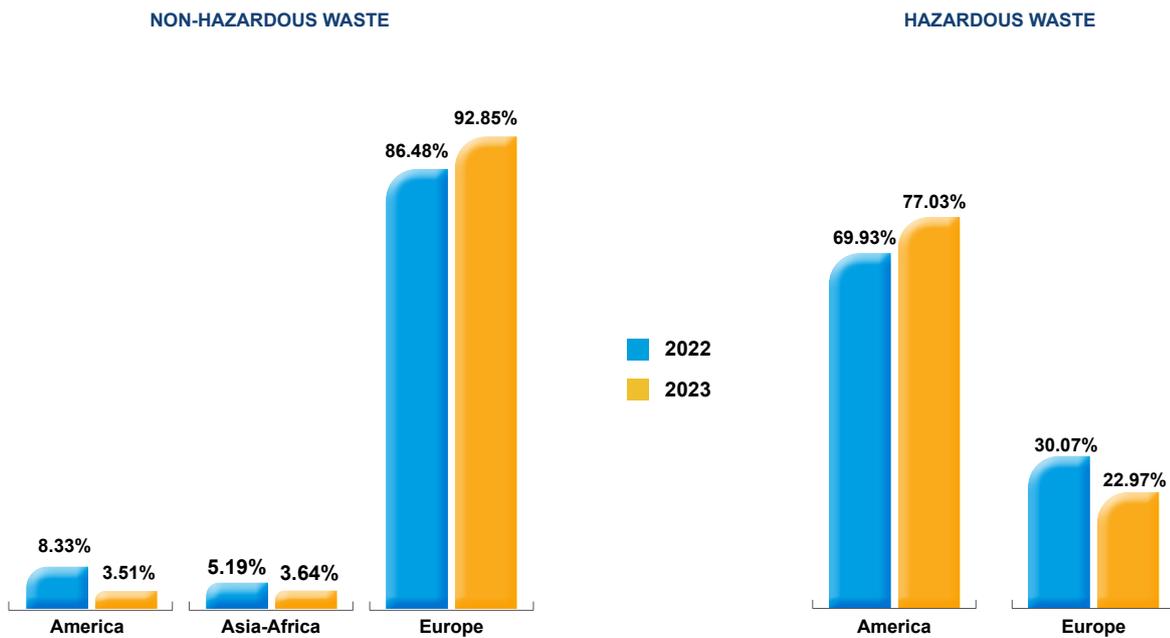


DATA BY GEOGRAPHIC DISTRIBUTION 2023

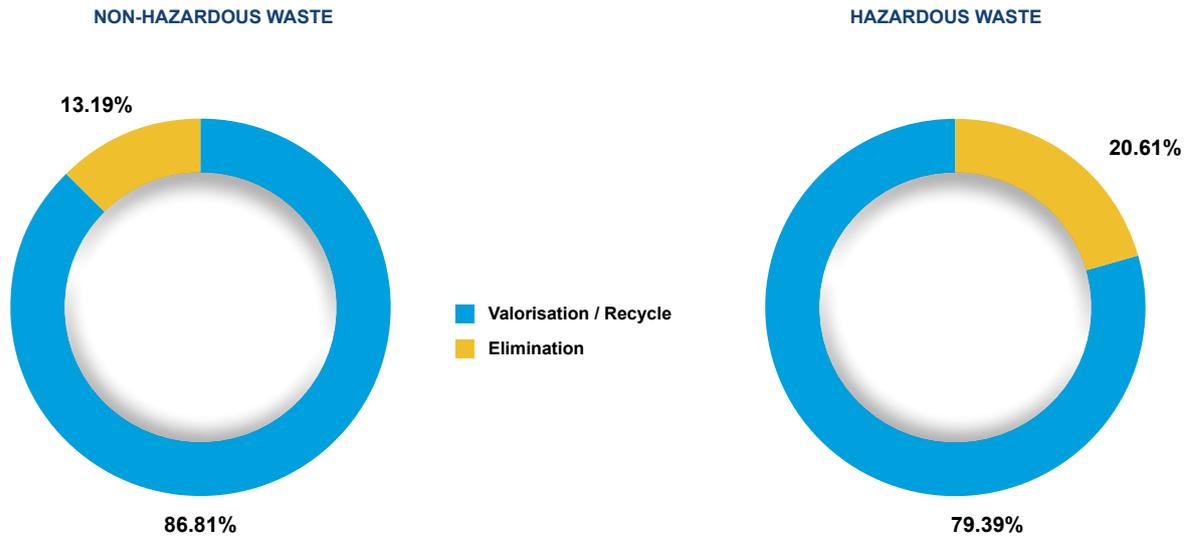


REMARK: Waste is managed in accordance with the regulations in force in each country, being delivered to duly authorised waste managers or treatment plants for recycling, recovery or disposal.

COMPARATIVE WASTE TYPOLOGY BY CONTINENT 2022-2023



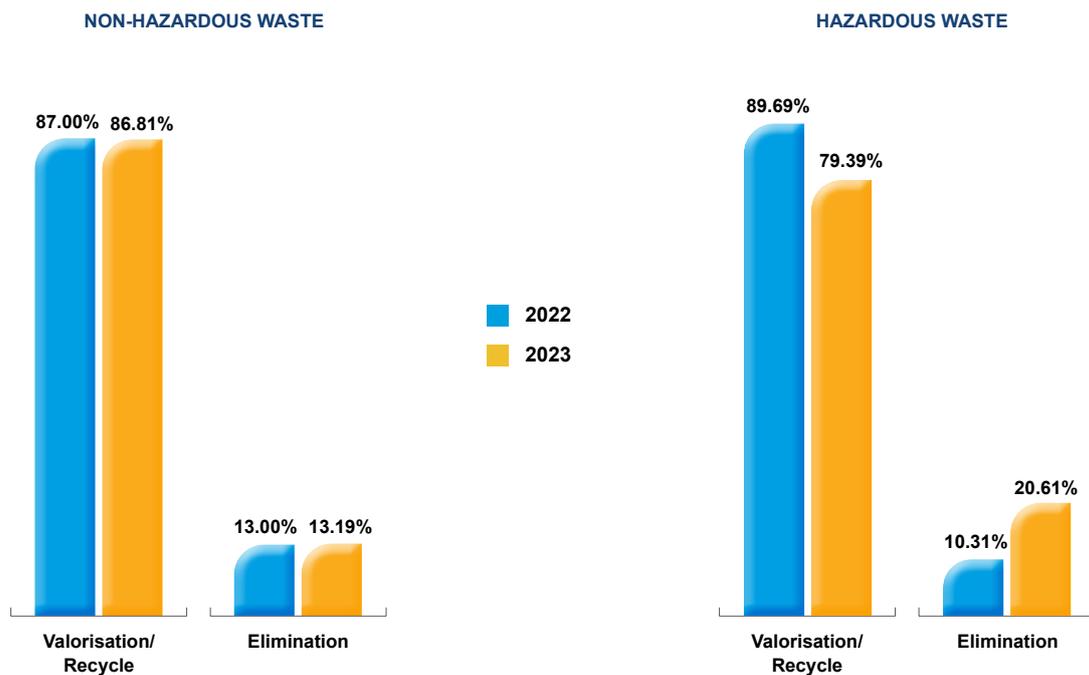
WASTE DATA BY TREATMENT METHOD 2023



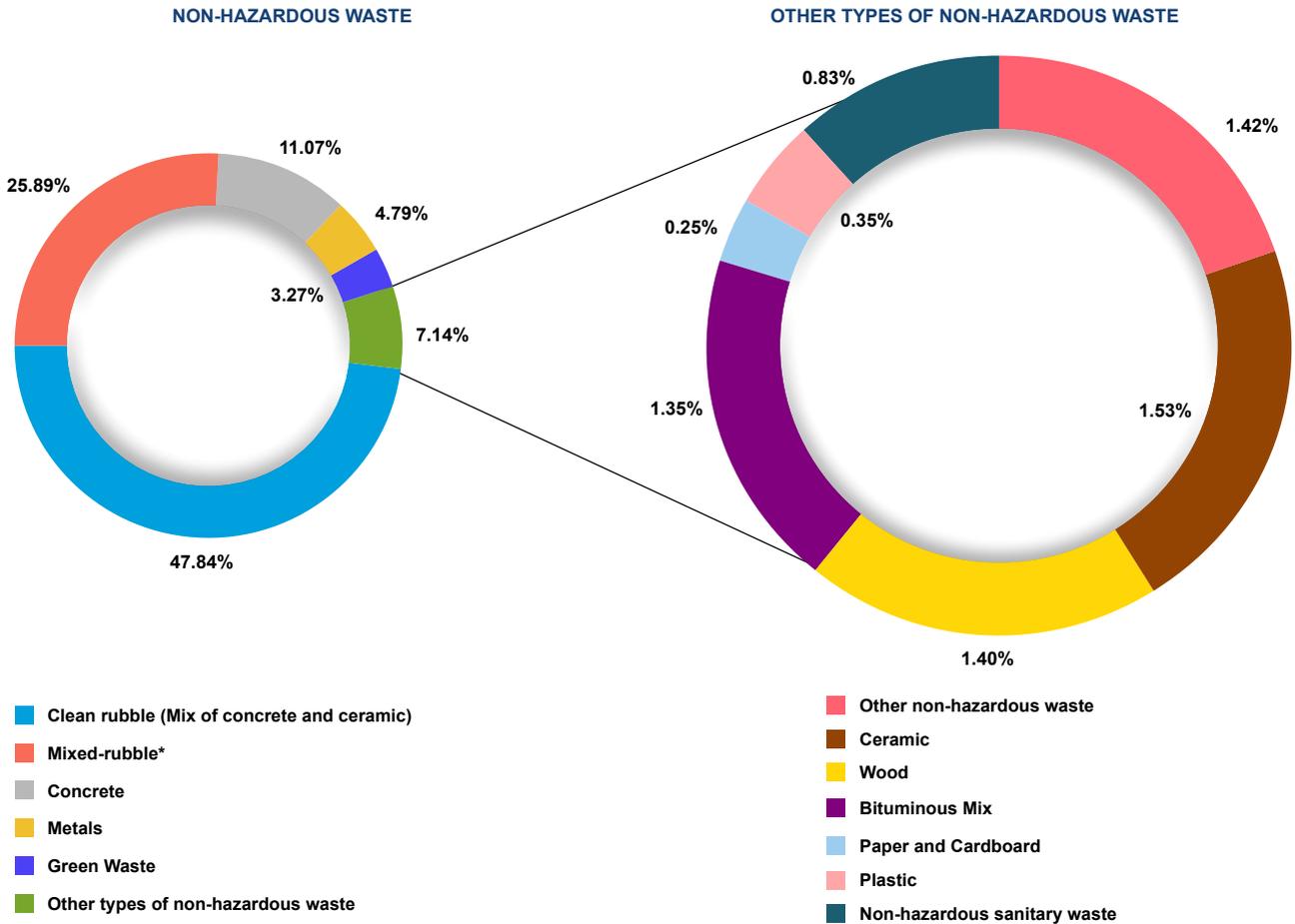
REMARK: In the hazardous waste graph, waste contaminated soil, asbestos-containing materials and waste from healthcare activities have not been taken into consideration.

REMARK: Waste recovery percentages have been calculated on the basis of the ratios provided by the Spanish authorised waste managers who have carried out the management of the majority volume of waste.

COMPARATIVE WASTE TREATMENT METHOD 2022-2023



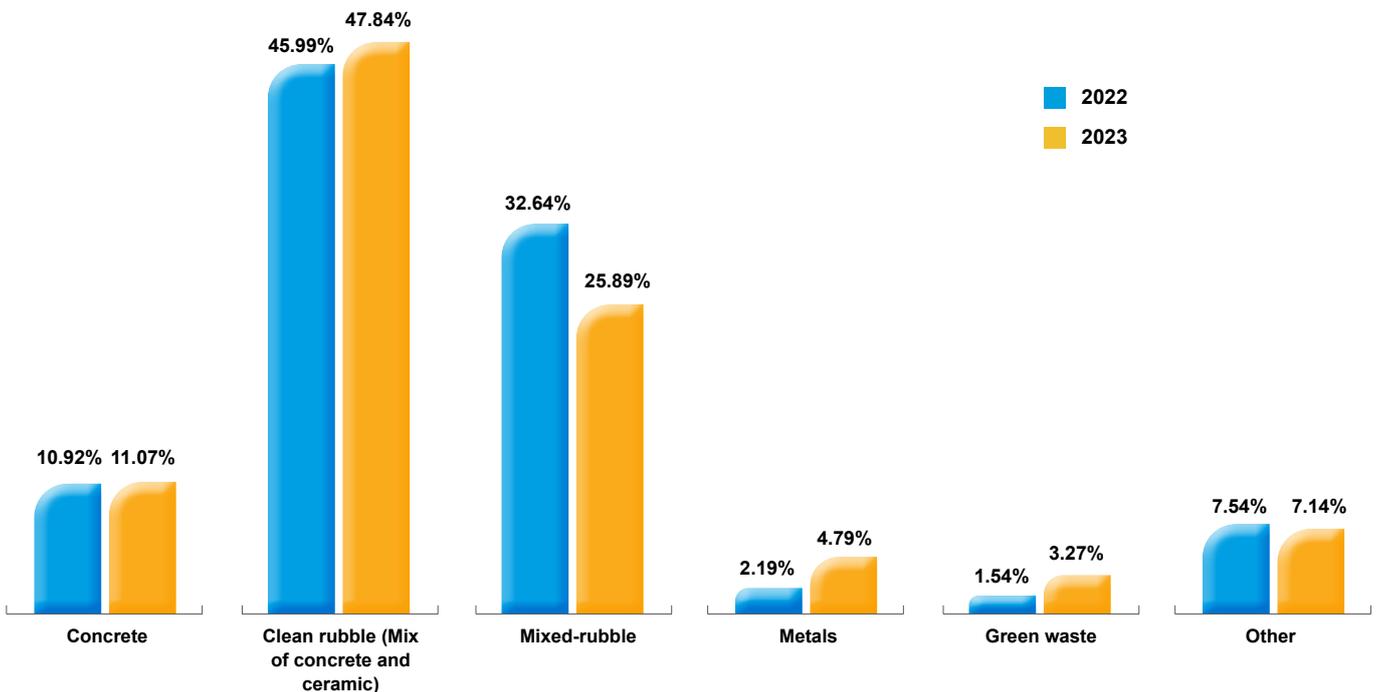
NON-HAZAROUS WASTE BY TYPE 2023



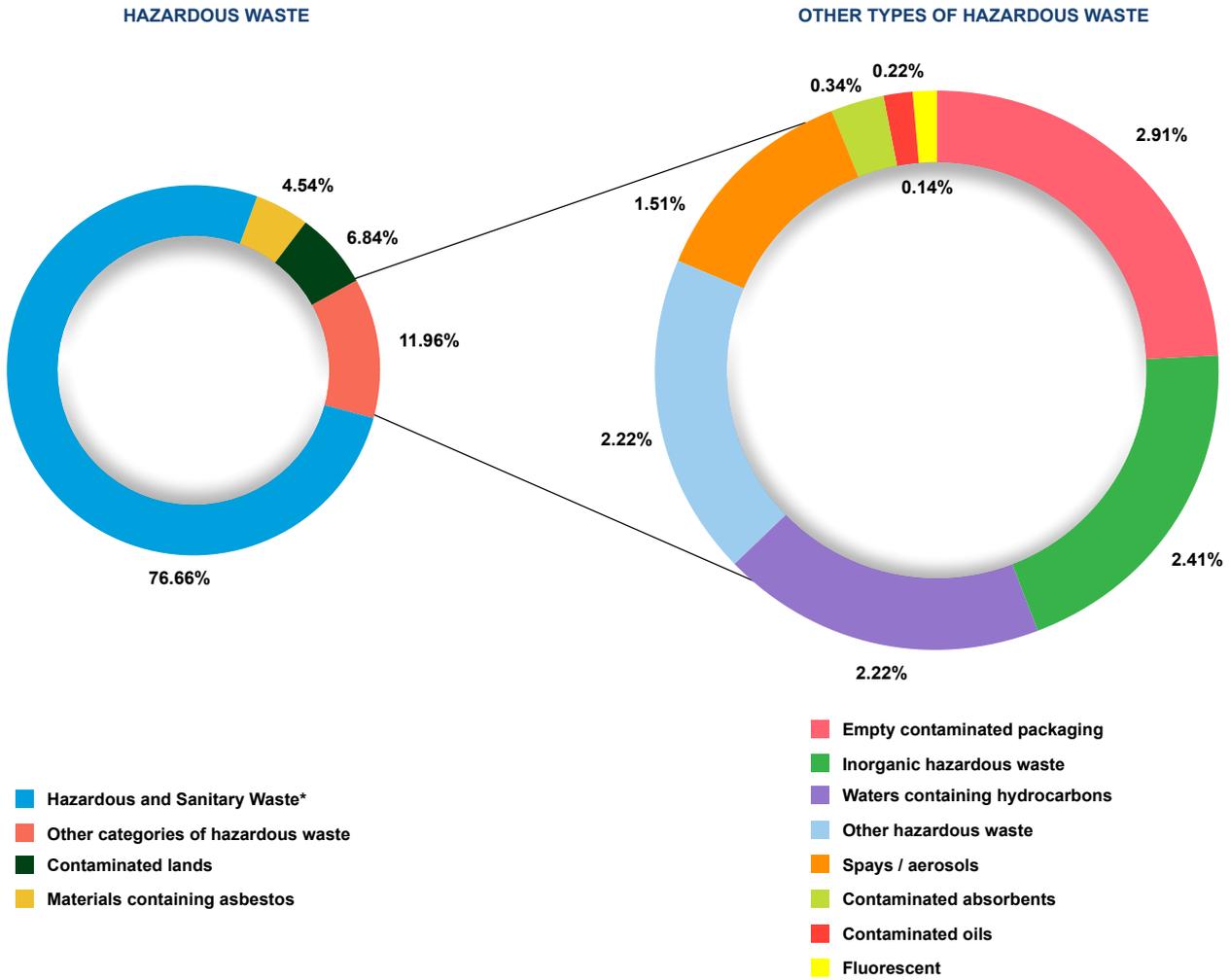
REMARK: Surplus earth and clean stones from excavation, amounting to 1,731,954 m³, are excluded from the data presented above and have been valued in their entirety.

REMARK: Mixed rubble* is mostly delivered to treatment plants where the waste is subjected to segregation and recovery processes.

BREAKDOWN OF NON-HAZAROUS WASTE BY TYPOLOGY 2022-2023

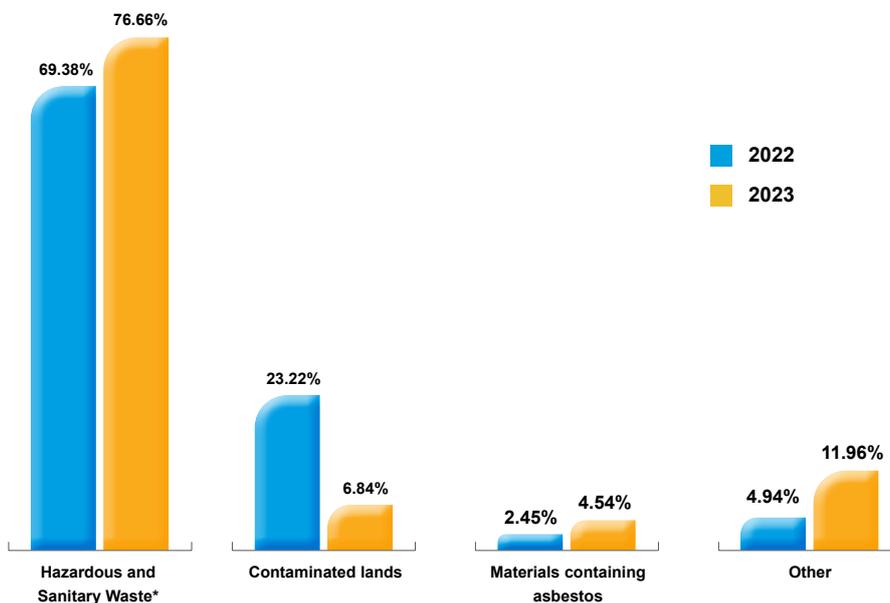


HAZARDOUS WASTE BY TYPE 2023



REMARK: Waste from healthcare activities corresponds to concession contracts in hospital facilities, which include the management of the waste produced in these facilities.

BREAKDOWN OF HAZARDOUS WASTE BY TYPOLOGY 2022-2023



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 a reduced use of resources will help to generate a more competitive and resilient economic system.

Grupo 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 procedures with the aim of improving the efficiency of the sustainable use of resources:

- To use the minimum number of natural resources, including efficient energy and water management (in accordance with possible established local limitations), to satisfy the needs required at all times.
- To select resources wisely, minimising non-renewable energy resources and critical raw materials, and favouring the use of recycled materials whenever possible.
- To efficiently manage the resources used, maintaining and recirculating them in the economic system for as long as possible and minimising the generation of waste.
- To minimise environmental impacts.

The responsible, efficient and rational consumption of natural resources are mandatory guidelines established by Grupo SANJOSE in the development of its activities. All employees are responsible for their environmental performance within their professional performance and rely on two key tools, training and a specialised human support team. Thus, one of the strategic targets of the Group is to promote the ecological awareness of employees by involving them in the Grupo SANJOSE's environmental strategy.

SUPPLY CHAIN

Grupo SANJOSE considers it essential to have an orderly purchasing management within the different sectors with the aim of analysing, optimising and always choosing the most appropriate option according to needs, establishing an intermediate point between decentralisation and centralised 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, terms intended to promote the values on which the Group's regulatory compliance culture is foregrounded and the acceptance of their application in the commercial relations with this business group. To this end, Grupo SANJOSE provides third parties with access to the Code of Conduct, which is available on the Group's corporate website (www.gruposanjose.biz).

In year 2023, Grupo SANJOSE has made the following main consumptions of raw materials for the development of its activity:

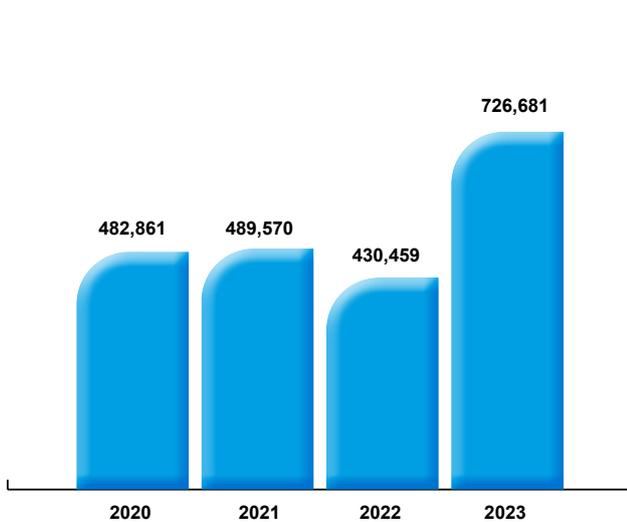
TYPE	UD	TOTAL ASIA	TOTAL AMERICA	TOTAL AFRICA	TOTAL EUROPE	TOTAL WORLDWIDE
301.1-LANDFILLS / FILLINGS WITH CONTRIBUTION	m3	0.00	5,554.0	0.0	554,295.0	559,849.0
301.10-PAPER	kg	5,995.00	4,270.0	0.0	21,736.0	32,001.0
301.11-PAPEL OFFICES	kg	0.00	271.0	0.0	10,142.0	10,413.0
301.12-FLUORATED GAS	kg	0.00	0.0	0.0	1.4	1.4
301.2-LANDFILLS / FILLINGS WITH IN SITU MATERIAL	m3	0.00	7,273.0	0.0	1,443,890.0	1,451,163.0
301.3 -CONCRETE	m3	0.00	15,800.0	471.0	710,410.0	726,681.0
301.4-LAMINATED STEEL	kg	0.00	202,668.0	0.0	9,377,001.0	9,579,669.0
301.5-CORRUGATED STEEL	kg	0.00	1,624,510.0	53,500.0	57,243,997.0	58,922,007.0
301.6 -CHIPBOARD	Tm	0.00	10.0	0.00	62,482.0	62,492.0
301.7-NATURAL STONE	m3	0.00	114.0	0.00	15,959.0	16,073.0
301.8 -GLASS	m3	0.00	9.0	0.00	1,339.0	1,348.0
301.9 -WOOD	m3	0.00	688.0	4.0	7,165.0	7,857.0
302.1- ELECTRICAL ENERGY CONSUMPTION	Kwh	0.00	5,695,222.0	9,837.0	21,081,013.0	26,786,072.0
302.2-FUEL CONSUMPTION	Litros	94,117.00	109,559.0	8,000.0	2,933,311.3	3,144,987.3
302.3-GAS CONSUMPTION	Kwh	0.00	5,460.0	0.00	60,058,814.0	60,064,274.0
303.1-CONSUMPTION OF WATER FROM MUNICIPAL SUPPLY	m3	9,309.00	95,674.0	2,231.0	240,054.0	347,268.0
303.2-CONSUMPTION OF WATER FROM ELIMINATION PROCESS	m3	0.00	0.00	0.00	34,555.0	34,555.0

REMARK: Consumption of the ST4 (Heat & Cold polygeneration power plant).

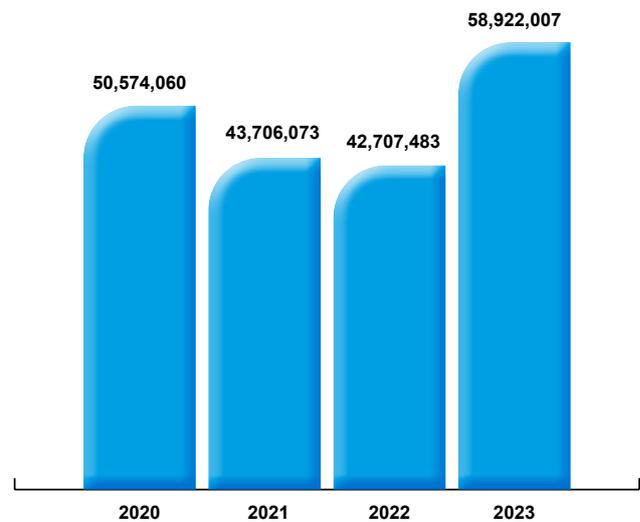
Comparison of main consumptions year 2023 with year 2022:

TYPE	UD	TOTAL 2022	TOTAL 2023	2022 with 2023 % Percentage increase/ decrease
301.1-LANDFILLS / FILLINGS WITH CONTRIBUTION	m3	514,487	559,849	8.8%
301.2-LANDFILLS / FILLINGS WITH IN SITU MATERIAL	m3	1,166,063	1,451,163	24.4%
301.3 -CONCRETE	m3	430,459	726,681	68.8%
301.4-LAMINATED STEEL	Kg	3,508,303	9,579,669	173.1%
301.5-CORRUGATED STEEL	Kg	42,707,483	58,922,007	38.0%
301.6 -CHIPBOARD	Tn	34,743	62,492	79.9%
301.7-NATURAL STONE	m3	6,233	16,073	157.9%
301.8 -GLASS	m3	2,741	1,348	-50.8%
301.9 -WOOD	m3	10,572	7,857	-25.7%
302.1- ELECTRICAL ENERGY CONSUMPTION	Kwh	19,847,373	26,786,072	35.0%
302.2-FUEL CONSUMPTION	L	2,690,533	3,144,987	16.9%
302.3-GAS CONSUMPTION	Kwh	104,397,798	60,064,274	-42.5%
303.1-CONSUMPTION OF WATER FROM MUNICIPAL SUPPLY	m3	375,127	347,268	-7.4%
303.2-CONSUMPTION OF WATER FROM ELIMINATION PROCESS	m3	39,275	34,555	-12.0%
301.- PAPEL OFFICES AND WORK	kg	43,934	42,414	-3.5%

EVOLUTION OF CONCRETE CONSUMPTION (M3)



EVOLUTION OF CORRUGATED STEEL CONSUMPTION (KG)



REMARKS : The increase in the consumption of concrete and corrugated steel in the last year is due to a significant increase in these parameters in Spain, rooted in the execution of new building works, such as the Plan Vive in Madrid, Spain, with 3,582 houses under construction.

Unlike Industry, construction purchases take place in widely dispersed production centres within the territories of the countries where Grupo SANJOSE is present. The works and therefore the purchasing needs occur at very different points within the same country or territory and this fact in addition to the temporary nature of the supplies make purchasing and subcontracting especially difficult when manpower and construction material is to be provided.

On many occasions local purchases are required and we must adapt to their particularities; that is the case of purchases of concrete, aggregates, or landfills; other times, low volume works are subject to local hiring.

We should also mention that the different regulations of each country make it difficult to centralise purchases since we will find ourselves with different requirements for the purchase of a certain material. However, for large volume purchases, the price of materials plus the cost of transport and export tariffs are carefully studied versus local supply.

For this reason, Grupo SANJOSE establishes several purchase management options that vary according to the country, the company and the type of work to be executed, and even the purchase volume; and based on the parameters set forth above, purchasing regulations are established by country, by company or by type of work, when deemed necessary, yet on the grounds of a common and general purchasing policy.

One of the keys of the success of Grupo SANJOSE is the interconnection of all countries and their works with the purchasing centre in such a way that the most important actions to be taken are always shared by local managers and the purchasing centre and recorded on the pertinent computer application so that information regarding any specific work, supplier, price, execution quality of a company or subcontractor is available at any time.

In accordance with the internal purchasing policy, all 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, services with recognition of environmental management or manufacturing processes that respect the environment, as well as the proximity of materials in order to minimise the impact of the carbon footprint on the environment.

Grupo SANJOSE is currently participating in works under LEED or BREEM criteria, where the minimisation of environmental impact is promoted from the beginning of the project to its final commissioning, as well as the achievement of increasingly sustainable buildings with high energy efficiency that will minimise CO₂ emissions.

RELATIONSHIP WITH CLIENTS AND SUPPLIERS

The relationships, management and control of suppliers and subcontractors with which the group works is paramount for Grupo SANJOSE, so to be able to formalise a purchase or subcontracting agreement, said supplier or subcontractor should have previously gone through an approval process, since the works or services to be carried out shall have a direct impact on the good execution of the project.

Grupo SANJOSE intends its subcontractors and suppliers to collaborate in the execution of works complying with applicable requirements of safety, quality, environment, execution term and price, being one of the objectives of the Group to establish long-term collaboration relationships with those companies that meet these requirements with the aim of providing clients with a satisfactory outcome.

Long-term relationships will ensure that both, clients and subcontractors and suppliers choose us over our competitors.

Data shows the great loyalty of our suppliers and subcontractors.

In 2023, the most important contracts, which represent a minimum of 30% of the total amount of the contracts of the main companies, with a minimum of 10, although analysing the amount of the contracts depending on the type of company and country. The conclusion is that 82% of the largest contracts have been with suppliers and subcontractors that had previously worked with Grupo SANJOSE.

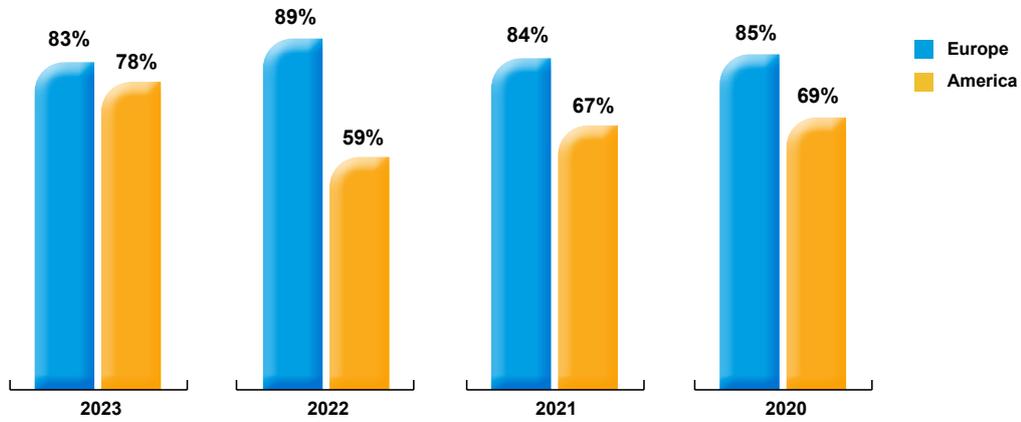
TOTAL OVERALL GRUPO SANJOSE YEAR 2023	TOTAL
Number of contracts with greater value	474
Contracts with greater value entered into with new companies	83
Repetition of companies	391
Percentage of subcontractors or suppliers that work again for Grupo SANJOSE in the most important contracts	82%

This percentage shows that companies having already worked with Grupo SANJOSE, 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, in turn, attract other companies. The target is to collaborate with the best so as to obtain the best product

Loyalty by continent and country

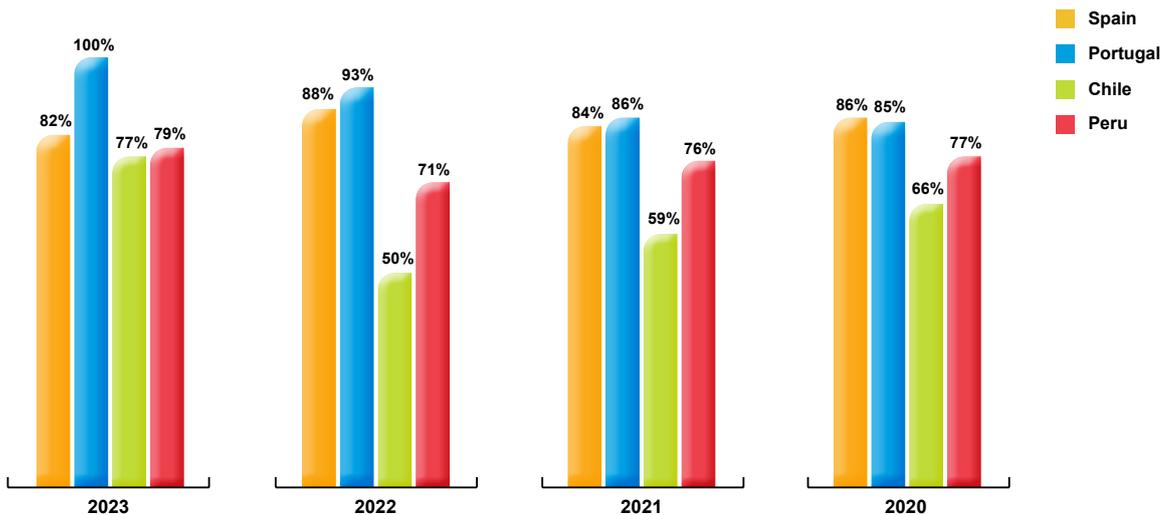
Loyalty and repetition of existing companies have been analysed both by country and by continent, obtaining the following data.

COMPANIES' LOYALTY BY CONTINENT 2020 - 2021 - 2022 - 2023



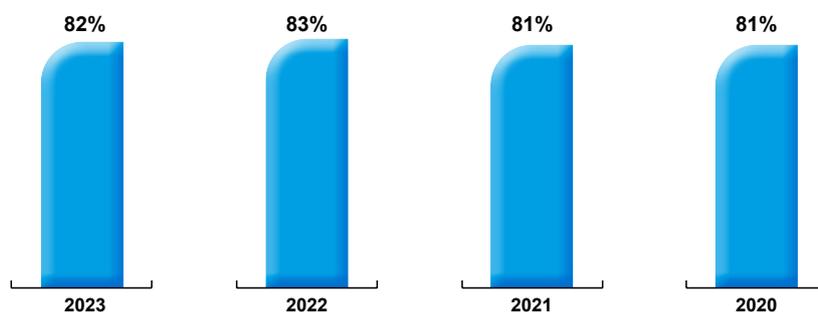
REMARK: Asia has not been considered because each work is currently generated with joint ventures with local companies and Africa because of the small volume this year.

LOYALTY OF THE MOST REPRESENTATIVE COUNTRIES YEARS 2020 - 2021 - 2022 - 2023



Comparing years 2020, 2021 and 2022 with year 2023, the stability of the long-term relationships has been contrasted. During the last four years, loyalty figures of over 80% have been achieved at Group level. In short, in 2023, more than 82% of the most representative contracts will be with suppliers or subcontractors already consolidated in the different companies.

COMPANIES' LOYALTY YEARS 2020, 2021, 2022, 2023



ASSESSMENT OF SUPPLIERS & SUBCONTRACTORS

Grupo SANJOSE has a system for supervising suppliers and subcontractors, since, at the end of the service or work, the activity is evaluated. Evaluation shall take into account compliance with deadlines, the quality of the material supplied or activity carried out, the behaviour in terms of safety or environmental issues, etc.

The data obtained in the year 2023 in the different countries that have been considered as having a sufficiently representative number of final supplier assessments are as follows:

SPAIN 2023	
TOTAL EVALUATIONS	3,729
EVALUATIONS < 5	63
Percentage of negative evaluations	1.69%

PORTUGAL 2023	
TOTAL EVALUATIONS	1,744
EVALUATIONS < 5	18
Percentage of negative evaluations	1.03%

PERU 2023	
TOTAL EVALUATIONS	317
EVALUATIONS < 5	3
Percentage of negative evaluations	0.95%

TOTAL GRUPO SANJOSE 2023	
TOTAL EVALUATIONS	5,790
EVALUATIONS < 5	84
Percentage of negative evaluations	1.45%

The very low percentage of negative evaluations of only 1.45% is closely related to the loyalty of companies, since a large percentage of evaluations will be with companies with which they work regularly and repeatedly and therefore the risk of failure is lower

ENERGY AND EMISSIONS

The EU has agreed ambitious targets for 2030 in relation to reducing greenhouse gas emissions, renewable energy and energy efficiency. In 2018, the Commission released 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. Grupo SANJOSE assumes and promotes the reduction of greenhouse gas emissions as well as the use of renewable energies and energy efficiency.

Thus, Grupo SANJOSE 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.

Grupo 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. Namely:

- Energy Services Provider according to Royal Decree 56/2016 as of 12 February and included in the List of Energy Services Providers 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.
- Professional licences for installers and maintainers.

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.

Grupo 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 on an annual basis and verified by means of a verification and measurement protocol.

These measures focus on the facilities of the object building (conditioning, lighting, etc.) and the 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.

Further, 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 improvement of energy performance of the facilities within the scope of application of its contracts.

Similarly, Grupo 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.
- Replacement of 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 related to these issues.

The energy balance of emissions for 2023 was as follows:

TNCO ₂	ASIA-AFRICA	AMERICA	EUROPE	TOTAL
Consumption of electrical energy	7.24	2,307.57	2,975.22	5,290.03
Consumption of gas	-	0.99	10,930.70	10,931.70
Consumption of fuel	238.60	255.98	6,853.68	7,348.26
Refrigerants*	-	-	2.69	2.69
Electrical energy supplied	-	-	(-) 4,499.56	(-) 4,499.56
Heat supplied	-	-	(-) 753.66	(-) 753.66
Cold supplied	-	-	(-) 737.69	(-) 737.69
TOTAL EMISSIONS TnCO₂				17,581.77

* Refrigerants recharged in own facilities.

Sources for emission factors:

- "Emission Factors" Documents draft 23 of the Ministry of Ecological Transition dated 06/2023.
- In-depth study "Electricity-specific emission factors for grid electricity" of Echometric dated 08/2011.
- Data on "Emissions and emission factor of CO₂ equivalent to generation" downloaded from the Red Eléctrica Española website.

The emission factors for electricity contemplate the energy mix of every country and, therefore, are different in each region.

For the natural gas emission factor, the value published for Spain has been considered, as it is the country that accounts for practically all gas consumption.

For the fuel emission factor, the average of the fuel emission factors E5, E10, B7 and B10 for passenger cars and vans has been considered

For the heat and cold supplied, emissions equivalent to the production of cold with 3 COP chillers and heat with boilers with 85% efficiency have been considered.

For the electricity supplied, emissions equivalent to production with the energy mix of a country have been considered.

Indicators

Energy indicators for business activity are broken down below:

GHG Emissions:

Direct tCO₂ emissions	Metric tons of CO ₂	18,283
Indirect tCO₂ emissions	Metric tons of CO ₂	5,290
Absolute GHG emission reduction target (tCO₂/M€)	tCO ₂ reduction, compared to base year (Tm/M€) by 5% up to 2025	To be assessed at the end of the cycle
Target to reduce GHG emissions from electricity consumption at all sites in Spain	10% reduction, compared to the base year until 2025	Contracting at least 30% of green energy. To be assessed at the end of the cycle

Energy:

Indicators relating to energy are as follows:

Total energy consumption from non-renewable or high-efficiency sources	MWh	87,029
Total energy consumption from renewable sources	MWh	2,966
Total energy consumption from high-efficiency sources	MWh	0
Total production of energy from non-renewable or high-efficiency sources	MWh	10,177
Total production of energy from renewable sources	MWh	9,209
Total production of energy from high-efficiency sources	MWh	38,782

Energy Efficiency:

Indicators relating to energy efficiency are as follows:

Improved consumption per million euros of electricity turnover globally	Percentage	5% improvement by 2025 vs. 2019 base year by 2025 (1% improvement)
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Material risks:

Indicators relating to material risks are as follows:

Assets located in regions susceptible to material, acute or chronic climatic hazards	€	No risk assets detected
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R&D AND INNOVATION

Grupo SANJOSE maintains its commitment to technological development and innovation, considering these to be key elements for the Group's competitiveness, driving progress and being able to offer more efficient solutions adapted to the real needs of clients and society.

R&D and innovation is a priority of all business areas of Grupo SANJOSE. In this sense, a commitment has been made by senior management and an organisational structure has been developed with the aim of enabling the generation of ideas and promoting the most innovative practices, thus laying the foundations for competitive improvement and strategic vigilance.

During 2023 Constructora San José, S.A., has consolidated the transition process for the new version of the UNE 166002:2021 Standard, for R&D&I management, which, in general, provides extra simplicity and value compared to the previous version of 2014. The R&D&I Manual was adapted by establishing a new definition of R&D&I based on the concept of the Oslo Manual; an open list of R&D&I management principles (which can be equated to those of the ISO 56002 Standard) was proposed, which were integrated into and adapted to the Grupo SANJOSE management system; and finally, a major change concerning R&D&I operational processes.

All this led to the adaptation of the Manual, Procedures and Policy where the commitment to comply with the following requirements has been adopted::

- To implement an agile and dynamic R&D&I Management System, in accordance with the UNE 166002:2021 standard, and to continuously improve its effectiveness and efficiency.
- To establish R&D&I targets aligned with the vision and strategy of R&D&I.
- To comply with applicable legal, regulatory and any other enforceable requirements.
- To encourage staff participation, motivation and awareness, thus promoting a new company culture based on the search for opportunities and the development of working environments that favour and reward the generation of innovative ideas.

The R&D and innovation system implemented has obtained recognition through the certification UNE 166002.

COMPANY	CERTIFICATE NUMBER
Constructora San José, S.A.	IDI-0056/2010

The R&D&I policy continues to be directed towards the application of new techniques in construction or the application of new technologies to the construction cycle, the enhancement of applied technology, the optimisation of processes and resources, the preservation of the environment and natural surroundings, and the constant search for opportunities for improvement. All this with the clearly defined objectives of Sustainable Development and Circularity.

Grupo SANJOSE's history includes the following related projects, some of which have been financed by CDTI, while others have been certified by competent bodies for their accreditation.

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 by virtue of humidity	IDI-2010-1292	CDTI
Acoustic insulation system by means of tubular screens based on Kundt effect	IDI-2010-1737	CDTI
Use of recycled products in civil works	IDI-2011-0109	CDTI
Automated and fixed detection and dissipation system for fog precipitation on hydrometric data	IDI-2015-0870	CDTI

NAME OF THE PROJECT	CERTIFYING CERTIFICATE
Development of a new anchoring system and inspection technique for ventilated facades	EQA
Development of a tunnel pumping test in high permeability terrain	EQA
Research & Development in ecological and landscape restoration	EQA
New special curtain wall developments	EQA
Development of new energy efficient systems for sustainable buildings	EQA
Solar thermal and photovoltaic plants with higher efficiency while minimising their environmental impact	EQA

In addition to the adaptation process described above, during 2023 Grupo SANJOSE has developed different projects, with a significant investment in R&D, which can be framed within the objectives of the digitalisation of the construction life cycle, as well as the concepts of circularity and sustainability.

As a result of the development of the projects, certifications were achieved by AENOR regarding the application of the BIM methodology for project management in accordance with ISO 19650, including the validation as CDE of the Adagio software developed in-house as CDE.

We list some projects in which the group is immersed with a clear commitment to the application of innovative technologies applied to construction and in the transition towards the new circular economy, where a production and consumption model based on sustainability, reuse and waste minimisation is established. This commitment is demonstrated by concrete actions, such as those that will develop through many of the projects initiated this year.

NAME OF THE PROJECT	MODE	PERIOD
BIM methodology implementation system in CONSTRUCTORA SANJOSE	Innovación	24 months
BIM Common Data Environment	Innovación	12 months
Carbon Footprint of the company	Innovación	11 months
Carbon Footprint on site	Innovación	12 months
Industrialised construction. Modular bathrooms	Innovación	39 months
Application of Mixed Reality (MR) in the construction process	Investigación	18 months

The Mixed Reality (MR) project in the construction process, called Remoteblok, is being developed with funding from CDTI, with an approved budget of 605,635.00 euros, and aims to integrate the principles of circular economy and EU Level(s) framework, through extended reality, both in construction processes and in maintenance processes in the construction sector, with completion planned for 2024.

Constructora San José, S.A., as a member of SEOPAN, continues to collaborate actively in the R+D+I commission of this organisation, obtaining the information and calls necessary to continue complementing innovative knowledge in the sector and during this year participating first hand in its contribution of knowledge of BIM methodology for SEOPAN to collaborate with MITMA in the recently approved BIM Plan, which will mean the transformation of the way traditional roads are executed to convert them into Smart roads.

We are still awaiting the results of the Preliminary Market Consultation initiated by the Ministry of Transport, Mobility and Urban Agenda through the General Directorate of Roads for the various challenges posed in its search for innovation and research for this sector, and where Grupo SANJOSE has presented two possible innovative ideas.

Grupo SANJOSE aims to add value to each project and make a positive impact on society in terms of quality, sustainability, efficiency, etc. To this end, it promotes the sustainable origin of raw materials, the optimisation of resources, respect for the natural environment, reuse, recycling and projects capable of reducing consumption, innovating in areas such as energy efficiency, rational use of water, new construction systems, management models, materials, recovery, etc. Sustainable development and circularity will mark the origin of all R&D and innovation projects undertaken by the group.

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HUMAN RIGHTS AND DUE DILIGENCE

For the Grupo SANJOSE, it is essential to have solid, transparent ethical principles and apply them in each action and market.

Grupo 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 of the 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.

Grupo SANJOSE understands 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.
- Prevention of Occupational Hazards as company culture, especially preventive at all hierarchical levels of Grupo SANJOSE.
- Respect for diversity and the creation of a policy of equal opportunities, as well as human and professional development.
- Commitment to sustainable development and greater respect for the environment, avoiding any possible pollution and minimising waste generation.
- Public Vocation and generation of wealth. Understanding of R&D and innovation and the quality of products and services as Grupo SANJOSE 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 2023, the Group has not received any type of complaint on Human Rights violations.

As indicated herein, Grupo SANJOSE transfers to all departments and countries an egalitarian policy of values and corporate governance. Thus, the principles of the United Nations Global Compact are transferred to the entire organization and are reflected in all human resources policies, contracts formalised with suppliers and clients, and 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 conduct from all the people who make up or participate in the Company and facilitate access to information and regulations established.

All employees who join the Group access said training through the available communication tools and channels, including the Hal computer system, the internal forum and the corporate website; providing them with relevant information on this matter: Code of Conduct, Anti-Corruption Policy, Organisation and Management Model for Crime Prevention, Welcome Manual, etc.

Similarly, in addition to the Company's general communication channel, there are other information channels addressed to specific interest groups, such as shareholders and investors, clients, suppliers, etc. so as to share with them the policies established by the Company regarding Human Rights.

DUE DILIGENCE PROCEDURES

Human Rights, Labour, Environment and Corruption Measures

Grupo SANJOSE, in 2016, developed and implemented in the company the code of conduct and anti-corruption policy, mandatory procedures to ensure respect for human rights in any field of business action carried out in the various companies that make up the business group.

In this work, which was carried out with the heads of the corresponding areas, improvement objectives were set and defined and control and monitoring procedures were established in order to ensure that no action is taken by the professionals working in the Group, customers, suppliers, etc. that damages, alters or violates these principles of good governance and commitment to society, human rights and the environment.

Periodically, through the supervisory body, made up of members of Grupo SANJOSE and external professionals (currently this responsibility falls on the legal firm Martínez Echevarría), compliance with the policy is verified and its monitoring, control, updating and application is carried out.

Main Risks Detected

- Respect human rights, attention to diversity and respect for equal opportunities, promotion and salary.
- Train workers and enhance their skills for their professional development.
- Adequate and safe working conditions, taking into account the prevention of occupational hazards.
- Flexible working hours that prioritise, whenever possible, family reconciliation, respect for freedom of association and the right to privacy.

- Control over the hiring of personnel, compliance with current labour legislation and monitoring of the same to ensure that no action is taken against the person, especially vigilant in order to avoid the possible hiring of minors or situations that could lead to inappropriate or disrespectful treatment of the person.
- To foster a respectful and trusting relationship based on our code of conduct and anti-corruption policy with our customers and suppliers, making them aware of our mandatory procedures aimed at respecting human rights, environmental and social respect, and the need to be vigilant of any action that may involve any criminal act.

Implemented Improvement Objectives related to Due Diligence Procedures

- Dissemination: Channels of communication and dissemination of due diligence procedures were established, accessible to all persons belonging to the Grupo SANJOSE or related to it.
- Training: A continuous training programme was developed with two modalities, on-site and on-line, which enables the individual development of each professional and their growth oriented to their activity in the company.
- Equality: Measures were defined to promote equal opportunities and the incorporation of women in the organisation.
- Harassment: Communication, reporting and control channels are established to detect possible cases of harassment.
- Family reconciliation measures: A flexible timetable has been established to make family and work compatible, teleworking has been introduced whenever possible, and measures to support family reconciliation and social welfare have been promoted.
- Environment: Raising awareness at company level of the need to care for the environment, promoting measures to control waste, water, paper, energy saving...

Health in the Workplace, Promoting Healthy Living

- Nutrition programmes have been developed in conjunction with the health insurance company, with the aim of improving dietary and nutritional habits.
- Programmes and assistance from nutrition specialists in oncology cases in the face of chemotherapy treatment that require special care to mitigate the after-effects of chemotherapy.
- Psychological care when requested.
- In conjunction with this, a family support programme has been developed to enable parents with childbearing difficulties to access an in vitro fertilisation programme, which is covered by the company's health insurance.

Business and Sport

- In Madrid, sport is promoted internally; through the Group's communication channels, employees are informed of the possibility of participating in different paddle tennis tournaments representing the company; the cost of equipment and participation is paid for by the company.
- We encourage the participation of employees in the annual "Companies' Race" (La Carrera de las Empresas) in Madrid.

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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, with the purpose of regulatory compliance and the development and improvement of corporate social responsibility.

In order to monitor, improve and analyse the criminal risk prevention system, the Surveillance Body undertakes to draw up an annual report describing the activities carried out during the year for the proper application and improvement of the Organisational and Management Model for the prevention of criminal offences.

Activities carried out during 2023 are as follows:

The statement of non-financial information and diversity for the financial year ended 31 December 2023 has been monitored and reviewed.

On 21 February 2023, Law 2/2023, of 20 February, regulating the protection of persons who report breaches of the law and the fight against corruption, was published in the Official State Gazette (BOE) and came into force on 13 March 2023.

This law transposes into Spanish law Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of European Union law, commonly known as the "Whistleblowing Directive".

Therefore, as a necessary element of regulatory compliance, the general Information System Policy and Information Management Procedure of Grupo SANJOSE has been revised, as well as compliance with whistleblower protection within the Group. A person responsible for the Information System has also been appointed.

Due to the entry into force of Organic Law 10/2022 of 6 September on the comprehensive guarantee of sexual freedom and Law 2/2023 of 20 February on the protection of persons who report regulatory infringements and the fight against corruption, it has been agreed to revise the following internal Group documents: (i) Regulatory compliance leaflet, (ii) Welcome Manual for new employees joining the Group, (iii) Code of Conduct, and (iv) Risk review form.

The content of the training proposal for staff - announced in the 2022 financial year - on the novelties introduced by Organic Law 10/2022 of 6 September on the comprehensive guarantee of sexual freedom, has also been extended to Law 2/2023 of 20 February, regulating the protection of persons who report regulatory infringements and the fight against corruption, and will be given in the first half of 2024.

During the 2023 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.
- Offences 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.
- Offences of improper use of privileged information.
- Money laundering.
- Offences against the Treasury Department.
- Offences of breach of accounting obligations and falsification of financial information.
- Offences of alteration of prices in public calls and auctions.
- Crimes of degrading treatment
- Sexual harassment offences.
- Offences of re-dissemination of sexting.

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 adequate implementation and the identification of any possible irregularities, Grupo SANJOSE has a "Code of Conduct" and an "Anti-Corruption Policy" of mandatory compliance for all directors, executives and employees.

Grupo SANJOSE's Code of Conduct and Anti-corruption Policy include the basic principles that should guide the activity of the Group and each of its companies and professionals, regardless of the activity, the country where the registered office is and where they develop their activity.

The Group has an Internal Surveillance Body (which maintains a fluid and constant communication with the Board of Directors) to oversee the proper operation and compliance with the principles defined by the Group.

Both, the Code of Conduct and the Anti-Corruption Policy of Grupo SANJOSE are published in full on its website – www.gruposanjose.biz – - available to professionals, stakeholders and any concerned third parties.

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 which minimise the risk of default. It is worth highlighting the existence of computer control tools implemented in the Group, especially corporate ERP. The system is a computer system devised for 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, 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 the 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 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 Whistleblower 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 Surveillance Body is appointed by the Board of Directors, following a report from the Nominating, Compensation and Corporate Governance Commission, and enjoys full autonomy and independence to carry out its functions. Among its members, highlights 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 directors, executives 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 implemented several protocols and internal tools to guarantee faithful compliance with the measures adopted. Namely:

- Procedure for the control and limitation of powers by means of the existence of an authorisation protocol by which, depending on different criteria (type of supplier/creditor, total volume of the contract, etc.), ratification by different levels of the Company may be necessary.
- Internal control department that, through the Group's ERP, evaluates the reasonableness and evolution of the different economic magnitudes at different levels.

- Internal audit department that ensures regulatory compliance of all departments of the Company, such as purchases, treasury, stocks, etc.
- The Compliance Officer and the Surveillance Body enjoy full autonomy and monitor 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 protection of data, intellectual and industrial property, protecting the confidential information entrusted by clients, employees, candidates in selection processes or by any other third parties. In compliance with this requirement, all directors, executives and employees of Grupo SANJOSE must keep the strictest confidentiality on all information which they have had access to as a result of the performance of their professional activity. Grupo SANJOSE 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. All personnel involved in the treatment of personal data must respect the contents of the Security Documents.

PREVENTION OF OCCUPATIONAL HAZARDS

Grupo 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 employees.

In Spain, for the companies Constructora San José, S.A., Cartuja Inmobiliaria, S.A.U., Eraikuntza Birgaikuntza Artapena, S.L. (EBA) and Tecnocontrol Servicios, S.A., the Occupational Risk Prevention Management System was certified in 2021 under the ISO 45001 Standard, previously since 2009 under the OHSAS 18001 Standard, and reflects the reality of the preventive policy integrated into the entire corporate structure.

Prevention is an essential tool for the prevention of risks that may affect the health or safety of people and Grupo SANJOSE invests in it providing employees with the adequate training as they are their most valuable asset, and their protection is a priority objective.

The preventive organisation in Spain is constituted through a Joint Prevention Service that covers Constructora San José, S.A., Cartuja Inmobiliaria, S.A.U., Eraikuntza Birgaikuntza Artapena, S.L. (EBA) and Tecnocontrol Servicios, S.A., and which assumes the following preventive specialities or disciplines:

- Safety at work.
- Industrial hygiene.
- Ergonomics and applied psychosociology.

Occupational medicine is contracted with an External Prevention Service (Cualtis) and is renewed on an annual basis.

The other companies of the Group have contracted the four preventive disciplines (safety at work, industrial hygiene, ergonomics and applied psychosociology, and occupational medicine) with an External Prevention Service. These services are renewed annually.

For Group companies outside Spain, the preventive organisation model is established in accordance with the legislation of each country.

With regard to the Joint Prevention Service in the construction and maintenance area, it has carried out the following preventive activities in Spain:

Company	Review or update of Risk Assessments			Review or update of Preventive Activity Plans			Review or update of Emergency Measu			No. of employees affected		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
CONSTRUCTORA SAN JOSÉ, S.A.	8	8	17	8	8	17	8	8	17	785	492	1,416
CARTUJA INMOBILIARIA, S.A.U.	1	0	1	1	0	1	1	0	1	49	0	153
ERAIKUNTZA BIRGAIKUNTZA ARTAPENA, S.L.	0	1	1	0	1	1	0	1	1	0	69	86
TECNOCONTROL SERVICIOS, S.A.	4	0	4	4	0	4	4	0	4	177	0	200
TOTAL	13	9	23	13	9	23	13	9	23	1,011	561	1,855

Total staff (No. of total employees)			
Company	2021	2022	2023
CONSTRUCTORA SAN JOSÉ, S.A.	1,193	1,291	1,464
CARTUJA INMOBILIARIA, S.A.U.	49	57	153
ERAIKUNTZA BIRGAIKUNTZA ARTAPENA, S.L.	48	69	86
TECNOCONTROL SERVICIOS, S.A.	202	195	242
TOTAL	1,492	1,612	1,945

Below is the accident rate for the last three years for all the countries in which Grupo SANJOSE companies have been present, highlighting that in this period (2021-2023) there have been no fatal accidents and in 2023 there have only been accidents in Spain, Portugal, Peru and Chile.

	No. accidents without sick leave 2021				No. accidents without sick leave 2022				No. accidents without sick leave 2023			
	In working hours		In itinere		In working hours		In itinere		In working hours		In itinere	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
TOTAL	1	92	1	2	2	78	0	1	4	116	4	6

	No. accidents with sick leave 2021				No. accidents with sick leave 2022				No. accidents with sick leave 2023			
	In working hours		In itinere		In working hours		In itinere		In working hours		In itinere	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
TOTAL	1	76	0	5	3	102	0	7	9	157	2	17

	No. of serious accidents 2021				No. of serious accidents 2022				No. of serious accidents 2023			
	In working hours		In itinere		In working hours		In itinere		In working hours		In itinere	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
TOTAL	0	1	0	0	0	0	0	0	0	1	0	0

	No. very serious accidents 2021				No. very serious accidents 2022				No. very serious accidents 2023			
	In working hours		In itinere		In working hours		In itinere		In working hours		In itinere	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
TOTAL	0	0	0	0	0	0	0	0	0	1	0	0

	Number of occupational illnesses 2021		Number of occupational illnesses 2022		Number of occupational illnesses 2023	
	Women	Men	Women	Men	Women	Men
TOTAL	0	0	0	1	0	0

Total accident rate by sex:

	Accidents 2021 (%)		Accidents 2022 (%)		Accidents 2023 (%)	
	Women	Men	Women	Men	Women	Men
TOTAL	1.7%	98.3%	2.6%	97.4%	6.0%	94.0%

The accident rates for Grupo SANJOSE in Spain were as follows:

	Incidence rate	Frequency rate	Severity index	Average duration
	$I_i = \frac{\text{Accidentes con baja}}{\text{Trabajadores/as}} \times 1.000$	$I_f = \frac{\text{Accidentes con baja}}{\text{Horas totales trabajadas}} \times 10^6$	$I_s = \frac{\text{Jornadas periodo}}{\text{Horas totales trabajadas}} \times 10^3$	$DM = \frac{\text{Jornadas periodo}}{\text{Accidentes con baja}}$
2021	37.10	21.20	0.34	15.84
2022	41.88	23.93	0.70	29.34
2023	56.12	32.07	1.07	33.23

The incidence rate represents the rate of occupational accidents involving leave, excluding in accidents to and from the workplace and relapses, observed within a working day, for every 1,000 employees exposed to risk.

The frequency rate is the number of occupational accidents involving leave, excluding in accidents to and from the workplace and relapses, arisen during a working day by one million hours worked.

The severity index is defined as the number of days lost by 1,000 hours worked. Relapses are included and accidents to and from workplace are excluded.

The average duration is defined as the number of days not worked in the study period for each accident that occurred during the working day. Relapses accidents to and from workplace are excluded.

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, which the organisation adopts so that all 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 all staff members of the Group specific training related to five key elements of the aforementioned Organisation and Management Model for the Prevention of Crimes, such as:

- The Code of Conduct.
- The Anti-Corruption Policy.
- The Surveillance Board.
- Whistleblower Channel.
- The Disciplinary Action.

The viewing of such training and the commitment to the rules of action explained therein are mandatory for all members of Grupo SANJOSE, given the relevance to inculcate a true culture of compliance within the company.

At 31 December 2023, all staff members have received proper 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 their workplace and for this purpose, it carries out regular medical examinations on an annual basis, as well as for all new incorporations which take place in Grupo SANJOSE.

WHISTLE-BLOWER CHANNEL

The directors, officers and employees of the Group shall inform the Surveillance Body of any fact that may constitute an offence 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 events of non-compliance (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 regard to irregularities of a financial and accounting nature, the Surveillance Body will adequately inform the Audit Committee.

During year 2023, no claims have been received.

1

BUSINESS MODEL OF GRUPO SANJOSE

2

CORPORATE GOVERNANCE

3

BUSINESS RISKS

4

PEOPLE

5

ENVIRONMENTAL, QUALITY AND SUPPLY CHAIN MANAGEMENT

6

HUMAN RIGHTS AND DUE DILIGENCE

7

ETHICAL MANAGEMENT AND REGULATORY COMPLIANCE

8

TAXONOMY REGULATION

9

COMMITMENT TO SOCIETY

TAXONOMY REGULATION

INTRODUCTION OF THE EU TAXONOMIC REGULATION

On 22 June 2020, European Union Regulation (EU) 2020/852 was published to facilitate the redirection of capital flows towards more sustainable activities. It is intended to respond to initiatives such as the Green Pact, the Paris Agreement or the Sustainable Development Goals, contributing to the transformation of the current economic model towards a carbon neutral one.

The regulation establishes a taxonomy, based on science, and six environmental objectives to which different activities could contribute. The implementation of the “European Environmental Taxonomy” will be applied gradually and a specific taxonomy will be added to assess the contribution to social objectives.

This regulation has been complemented in 2023 by the EU regulation 2023/2486 dated 27 June 2023, which was officially published on 21 November 2023.

The regulation published this year sets out the technical selection criteria for determining under which conditions an economic activity shall be considered to make a substantial contribution to the sustainable use and protection of water and marine resources, the transition to a circular economy, the prevention and control of pollution, or the protection and restoration of biodiversity and ecosystems, and for determining whether that economic activity does not cause significant harm to any of the other environmental objectives. In turn, it amends Commission Delegated Regulation (EU) 2021/2178 with regard to the disclosure of specific public information on these economic activities.

Grupo SANJOSE has framed its activities according to the new features of the Delegated Regulation 2023/2484 by focusing on the environmental objectives included in the Taxonomic Regulation.

In the Climate Change Mitigation and Climate Change Adaptation objectives, activities have been classified as eligible/non-eligible and then aligned/non-aligned.

In the case of the objectives corresponding to the sustainable use and protection of water and marine resources, the transition to a circular economy, the prevention and control of pollution, or the protection and restoration of biodiversity and ecosystems, this first year and as allowed by the Regulation, only the classification process between eligible/non-eligible has been carried out.

In accordance with the requirements of the Regulation, Grupo SANJOSE has analysed its economic activities to classify them into eligible and non-eligible, taking into account all the companies in which it has economic control.

In addition, due to the deadlines indicated in the Regulation, this year information is included regarding the alignment of the activities that have been found to be eligible.

Once all these activities have been analysed and their classification as eligible or ineligible and subsequently as aligned or non-aligned has been obtained, the financial tables indicated in Annex II of Delegated Regulation (EU) 2023/2486 have been developed, which contain the data on the volume of business, CapEx and OpEx relating to the year 2023, and also the eligibility data for the five environmental objectives and alignment for the Climate Change Mitigation and Adaptation objectives.

METHODOLOGY APPLIED

In order to be able to implement the EU Regulation, Grupo SANJOSE has defined a working methodology with different steps that are explained below. This methodology avoids the possible duplication of activities, both financially and in terms of technical selection. For this work, Grupo SANJOSE's ERP system has been used, where all the financial information of the work centres is collected and where, in order to prepare this report, a special module dedicated to the taxonomic Regulation has been developed. Within this module we distinguish two parts: the first part where a questionnaire is answered by the people in charge of the activity centres and the second part where the evidence is stored in case the activities are eligible and aligned, independently of the climate objective.

The following is a summary of the entire methodology followed for this development within the ERP. The steps followed from the beginning are:

- 1) Identification of activities. This process was carried out by the Central Administration in which the economic activities carried out by the Group were identified and which are indicated, according to NACE (1893/2006) and their equivalence to CNAE 2009. In the event that it was not identifiable in this process, a process based on knowledge of the company by similarity of work was carried out.
- 2) Development of the taxonomic questionnaire. Once the activities had been defined, a specific questionnaire was developed for the taxonomic regulation. This questionnaire starts with the choice of the corresponding activity and then leads to successive questions on the fulfilment of the technical selection criteria and "no significant damage" to the other climate objectives. This questionnaire was verified by different tests of computerised routes and examples under development.
- 3) Implementation of the taxonomy questionnaire. Once the questionnaire had been developed and enabled within the Grupo SANJOSE ERP, all country, company and area managers were officially informed of the obligation to answer and complete the questionnaire. The procedure to be followed in the ERP was attached to the email, as well as a specific manual indicating the objectives of the taxonomic regulation, as well as the criteria to be followed to answer each of the questions, to clarify some situations this manual has specific annexes which correspond to those indicated in the questions. Once the questions have been answered, the ERP system generates a printable report in which all the answers and the final result of the activity centre are indicated, i.e. eligibility (yes or no), alignment (yes or no), and the objective that is fulfilled in case of being eligible and aligned.
- 4) Alignment with minimum safeguards. Alignment with the Minimum Safeguards (MS) is checked at the level of each economic activity; it should be taken into account that this analysis adopts an entity or company level perspective. At this point we indicate that Grupo SANJOSE guarantees compliance in each of its activities with the minimum safeguards in accordance with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the principles and rights established in the eight fundamental conventions referred to in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights. These are compiled in different sections of this non-financial report for the year 2023.

ELIGIBILITY CRITERIA FOR ACTIVITIES

As indicated in the previous section of the methodology applied in this report, the process of identifying activities was carried out in accordance with NACE (1893/2006) and its equivalence to CNAE 2009. In order to carry out this identification, the different documents sent to the Tax Agency were used. In the event that it was not identifiable in this process, a process was carried out based on knowledge of the company through similarity of work.

With the publication of the technical criteria for the selection of environmental objectives, sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, or the protection and restoration of biodiversity and eco-systems. A new selection of activities had to be made, including those published in 2023.

As a result of this selection process, the activities considered by Grupo SANJOSE are as follows:

- 3.1. Construction of new buildings (Transition Objective Circular Economy)
- 3.2. Renovation of existing building (Transition Objective Circular Economy)
- 3.3. Demolition and destruction of buildings and other structures (Transition Objective Circular Economy)
- 3.4. Construction of roads and motorways. (Transition Objective Circular Economy)
- 3.5. Use of concrete in civil engineering. (Transition Objective Circular Economy)
- 4.1. Electricity generation through solar photovoltaic technology.
- 4.24. Heat/cold production from bioenergy (biomass).
- 4.3. Electricity generation from wind energy.
- 5.1. Construction, extension and operation of water collection, treatment and distribution systems.
- 6.14. Infrastructure for rail transport.
- 6.15. Infrastructure enabling low-carbon road transport and public transport.
- 7.1. Construction of new buildings.
- 7.2. Renovation of existing buildings.
- 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings.
- 7.7. Acquisition and ownership of buildings.
- 9.3. Professional services related to the energy performance of buildings.

There are environmental objectives whose activities are outside the scope of those developed by Grupo SANJOSE in 2023. These are: sustainable use and protection of water and marine resources, prevention and control of pollution, and protection and recovery of biodiversity and ecosystems.

PROCESS OF ACTIVITY ALIGNMENT

As indicated in the section on the methodology applied, in order to define the alignment of the activities with one of the objectives defined on 31 December 2023 and based on the selection criteria defined in the European Community regulations 2020/852 and 2023/2486, the questionnaire developed in the ERP and explained in the methodology section was used. As this is a computerised process and for a better understanding, a flow chart of the questionnaire to be carried out by each work centre manager is attached.

Once the questionnaire has been answered in the manual distributed to those responsible, it is indicated that in the event that their work centre has been found to be Eligible and Aligned, they must upload to the system all the documentation that serves as support and evidence of the answers provided. This documentation is stored in a specific folder of the ERP system in the taxonomic regulation module and can be reviewed at any time.

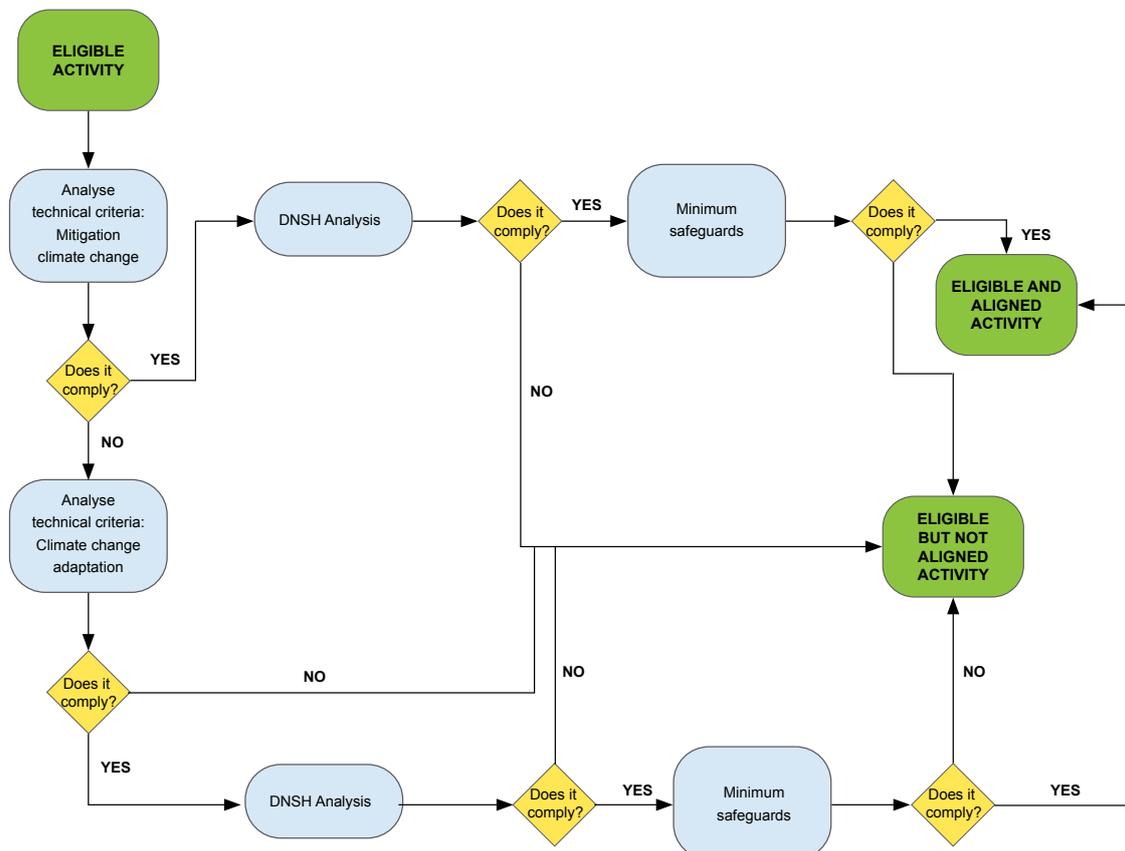
As indicated above, in 2023, the technical criteria for the objectives that were pending were published, so that these objectives have only been included in the eligibility process but not in the alignment process. Therefore, the alignment process does not present variations with respect to 2022.

As can be seen in the flowchart, in order to avoid duplication in the alignment process, the process has proceeded in such a way that the verification starts with the Mitigation Objective and in the case of meeting technical criteria, “no harm to other objectives” and minimum safeguards, the process is stopped by classifying the activity.

In the case of failure to meet any of the conditions of this mitigation objective, the questionnaire refers directly to the Adaptation objective by checking its technical criteria, “no significant harm” and minimum safeguards from the outset.

This avoids possible duplication of the objective.

ANALYSIS CLIMATE OBJECTIVES COMPLIANCE - ALIGNMENT



ECONOMIC DATA/TABLES

In order to prepare the economic information contained in the tables attached to this section, a specific report has been developed within the Group's ERP. This report is based on financial accounting at the work centre level, which allows full traceability of the information contained in each of the selected activities. The report has been developed in accordance with the definitions of revenue, opex and capex contained in Regulation (EU) 2020/852 and taking into account the amendments in Annex V of Regulation 2023/2486. Intercompany transactions and consolidation entries and other adjustments have been considered in the preparation of the information contained in the tables presented in this report to avoid duplication.

It is clarified that the accounting system of Grupo SANJOSE does not allow for the possible duplication of activities in the same contract. In this case, different work centres are always created in the company for each activity.

The indicators have been calculated on the following basis:

- Turnover: Turnover ratio as referred to in Article 8(2)(a) of Regulation (EU) 2020/852, i.e. sum of the product of the percentages associated with taxonomic activities with the consolidated business values of the companies analysed and taking into account the amendments included in Annex V of Regulation 2023/2486.
- Capex: Proportion of investments in fixed assets as referred to in Regulation (EU) 2020/852 taking into account additions to property, plant and equipment, intangible assets and investment property, excluding depreciation and impairment and considering the modifications included in Annex V of Regulation 2023/2486.
- Opex: Composed according to Regulation (EU) 2020/852 of non-capitalised costs that relate to research and development, building renovation measures, short-term leases, maintenance and repairs, as well as other direct expenses related to the day-to-day maintenance of property, plant and equipment assets, by the company or a third party to whom activities are outsourced, and which are necessary to ensure the continued effective operation of these assets. In addition, companies that apply national GAAP and do not capitalise right-of-use assets will include leasing costs in Opex. In turn, the amendments included in Annex V of Regulation 2023/2486 have been taken into consideration.

The Annual Accounts for 2023 show a breakdown of revenues by line of business, type of customer and geographic market. It also shows information on Opex and Capex during the year. In addition, a detail of the companies that make up the consolidated group of Grupo Empresarial San José, S.A. is shown, which is the basis for the information presented in the attached tables.

REVENUE	ECONOMIC ACTIVITY (FIGURES EXPRESSED IN THOUSANDS OF EUROS)	CODES	YEAR 2023		SUBSTANTIAL CONTRIBUTION CRITERIA						NO MATERIAL INJURY CRITERIA						MINIMUM GUARANTEES	PROPORTION OF TURNOVER COMPLYING WITH THE TAXONOMY YEAR 2023	CATEGORY (ENABLING ACTIVITY)	CATEGORY (TRANSITIONAL ACTIVITY)
			TURNOVER	PROPORTION OF TURNOVER	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY				
A. ELIGIBLE ACTIVITIES ACCORDING TO TAXONOMY																				
A.1 Turnover from sustainable environmental activities (that conform to the taxonomy)																				
	Electricity generation through solar photovoltaic technology	CCM 4.1	8.597	0.7%	Y	N	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	0.2%	
	Infrastructure for rail transport	CCM 6.14	6.468	0.5%	Y	N	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	1.4%	F
	Construction of new buildings	CCM 7.1	117,181	9.4%	Y	Y	N/EL	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	3.5%	
	Renovation of existing buildings	CCM 7.2	7,914	0.6%	Y	N	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	-	
	Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings	CCM 7.5	68,203	5.5%	Y	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	1.5%	
	Professional services related to the energy performance of buildings	CCM 9.3	2,778	0.2%	Y	N	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	0.1%	
Total A.1			211,141	16.9%															6.6%	
	Enabling activities		6,468	0.5%	0.5%	-	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	1.4%	F
	Transitional activities		-	-	-	-	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	-	T
A.2 Turnover from taxonomy-eligible but not environmentally sustainable activities																				
	Demolition and destruction of buildings and other structures	3.3	587	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	
	Electricity generation through solar photovoltaic technology (construction or operation)	4.1	4,037	0.3%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.9%	
	Heat/cold production from bioenergy (biomass)	4.24	204	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	
	Electricity generation from wind energy (construction or operation)	4.3	86	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	
	Construction, extension and operation of water collection, treatment and distribution systems	5.1	3,282	0.3%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.6%	
	Infrastructure for rail transport	6.14	39,181	3.1%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	3.3%	
	Infrastructure enabling low-carbon road transport and public transport	6.15	35,614	2.9%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	2.1%	
	Construction of new buildings	7.1	734,076	58.9%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	56.2%	
	Renovation of existing buildings	7.2	162,505	13.0%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	19.8%	
	Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings	7.5	327	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.2%	
	Acquisition and ownership of buildings	7.7	10,106	0.8%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	1.4%	
	Professional services related to the energy performance of buildings	9.3	-	-	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	
Total A.2			990,005	79.4%															84.4%	
Total A.1 + A.2			1,201,146	96.3%															91.1%	
B. INELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY																				
	Turnover from activities not eligible according to taxonomy		46,089	3.7%															8.9%	
Total A + B			1,247,235	100.0%															100.0%	

Y: yes, activity eligible under the taxonomy and which complies with the taxonomy in relation to the relevant environmental objective.

N: no, activity eligible under the taxonomy, but not compliant with the taxonomy in relation to the relevant environmental objective.

N/EL: not eligible, activity not eligible under the taxonomy in relation to the relevant environmental objective.

REMARK: In the financial year 2023, the consolidated Group's turnover amounted to 1,335.8 million euros. Of the total, in addition to the volume presented in the table above (1,247.2 million euros), the Group generated a volume of 88.8 million euros corresponding to the economic activities that have made a substantial contribution to climate change adaptation (eligible and aligned): the activities CCM6.14 Rail transport infrastructure and CCM7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling efficiency in the amount of 0.2 million euros

OPEX	ECONOMIC ACTIVITY (FIGURES EXPRESSED IN THOUSANDS OF EUROS)	YEAR 2023			SUBSTANTIAL CONTRIBUTION CRITERIA				NO MATERIAL INJURY CRITERIA				CATEGORY (TRANSITIONAL ACTIVITY)	CATEGORY (ENABLING ACTIVITY)	PROPORTION OF OPEX COMPLYING WITH THE TAXONOMY YEAR 2022		
		CODES	OPEX	PROPORTION OF OPEX	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION				WATER	POLLUTION
A. ELIGIBLE ACTIVITIES ACCORDING TO TAXONOMY																	
A.1 Turnover from sustainable environmental activities (that conform to the taxonomy)																	
	Electricity generation through solar photovoltaic technology (construction or operation)	CCM 4.1	21	0.74%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	0.03%
	Construction of new buildings	CCM 7.1	5	0.18%	Y	Y	N/EL	N/EL	N	N/EL	Y	Y	Y	Y	Y	Y	0.03%
	Renovation of existing buildings	CCM 7.2	2	0.07%	Y	N	N/EL	N/EL	N	N/EL	Y	Y	Y	Y	Y	Y	-
	Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings	CCM 7.5	519	18.19%	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	-
	Total A.1		547	19.17%	19.10%	0.07%	-	-	-	-	Y	Y	Y	Y	Y	Y	0.1%
	Enabling activities		-	-	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	-
	Transitional activities		-	-	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	-
A.2 Turnover from taxonomy-eligible but not environmentally sustainable activities																	
	Demolition and destruction of buildings and other structures	3.3	-	-	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	-
	Electricity generation through solar photovoltaic technology (construction or operation)	4.1	235	8.2%	EL	EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	5.7%
	Heat/cold production from bioenergy (biomass)	4.24	-	-	EL	EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-
	Electricity generation from wind energy (construction or operation)	4.3	-	-	EL	EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-
	Construction, extension and operation of wastewater treatment and distribution systems	5.1	-	-	EL	EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-
	Infrastructure for rail transport	6.14	13	0.5%	EL	EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	6.7%
	Infrastructure enabling low-carbon road transport and public transport	6.15	44	1.5%	EL	EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.9%
	Construction of new buildings	7.1	296	10.4%	EL	EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	6.7%
	Renovation of existing buildings	7.2	11	0.4%	EL	EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	2.0%
	Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings	7.5	-	-	EL	EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-
	Acquisition and ownership of buildings	7.7	784	27.5%	EL	EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	25.1%
	Professional services related to the energy performance of buildings	9.3	-	-	EL	EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-
	Total A.2		1,383	46.5%													47.1%
	Total A.1 + A.2		1,930	67.6%													47.1%
B. INELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY																	
	Turnover from activities not eligible according to taxonomy		923	32.4%													52.9%
	Total A + B		2,853	100.0%													100.0%

Y: yes, activity eligible under the taxonomy and which complies with the taxonomy in relation to the relevant environmental objective.

N: no, activity eligible under the taxonomy, but not compliant with the taxonomy in relation to the relevant environmental objective.

N/EL: not eligible, activity not eligible under the taxonomy in relation to the relevant environmental objective.

CAPEX	ECONOMIC ACTIVITY (FIGURES EXPRESSED IN THOUSANDS OF EUROS)	COBES	YEAR 2023		SUBSTANTIAL CONTRIBUTION CRITERIA						NO MATERIAL INJURY CRITERIA						CATEGORY (TRANSITIONAL ACTIVITY)	CATEGORY (ENABLING ACTIVITY)	PROPORTION OF CAPEX COMPLYING WITH THE TAXONOMY YEAR 2022
			CAPEX	PROPORTION OF CAPEX	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY			
A. ELIGIBLE ACTIVITIES ACCORDING TO TAXONOMY																			
A.1 Turnover from sustainable environmental activities (that conform to the taxonomy)																			
	Electricity generation through solar photovoltaic technology (construction or operation)	CCM 4.1	19	0.3%	Y	N	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	0.1%	
	Construction of new buildings	CCM 7.1	61	0.8%	Y	Y	N/EL	N	N/EL	N	N/EL	N	N/EL	Y	Y	Y	Y	0.4%	
	Renovation of existing buildings	CCM 7.2	7	0.1%	Y	N	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	-	
	Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings	CCM 7.5	647	8.8%	Y	Y	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	0.1%	
	Total A.1		734	9.9%	9.7%	0.2%								Y	Y	Y	Y	0.6%	
	Enabling activities		-	-	-	-	-	-	-	-	-	-	-	Y	Y	Y	Y	-	
	Transitional activities		-	-	-	-	-	-	-	-	-	-	-	Y	Y	Y	Y	-	
A.2 Turnover from taxonomy-eligible but not environmentally sustainable activities																			
	Demolition and destruction of buildings and other structures	3.3	-	-	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	
	Electricity generation through solar photovoltaic technology (construction or operation)	4.1	58	0.8%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	2.2%	
	Heat/cold production from bioenergy (biomass)	4.24	-	-	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	-	
	Electricity generation from wind energy (construction or operation)	4.3	-	-	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	-	
	Construction, extension and operation of wastewater treatment and distribution systems	5.1	-	-	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	-	
	Infrastructure for rail transport	6.14	13	0.2%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	0.2%	
	Infrastructure enabling low-carbon road transport and public transport	6.15	254	3.4%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	2.8%	
	Construction of new buildings	7.1	226	3.1%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	1.4%	
	Renovation of existing buildings	7.2	34	0.5%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	0.5%	
	Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings	7.5	-	-	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	-	
	Acquisition and ownership of buildings	7.7	79	1.1%	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	50.0%	
	Professional services related to the energy performance of buildings	9.3	-	-	EL	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL	N/EL	N/EL	-	
	Total A.2		664	9.0%														57.1%	
	Total A.1 + A.2		1,398	16.9%														57.6%	
B. INELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY																			
	Turnover from activities not eligible according to taxonomy		5,966	81.1%														42.4%	
	Total A + B		7,394	100.0%														100.0%	

Y: yes, activity eligible under the taxonomy and which complies with the taxonomy in relation to the relevant environmental objective.

N: no, activity eligible under the taxonomy, but not compliant with the taxonomy in relation to the relevant environmental objective.

N/EL: not eligible, activity not eligible under the taxonomy in relation to the relevant environmental objective.

1

BUSINESS MODEL OF GRUPO SANJOSE

2

CORPORATE GOVERNANCE

3

BUSINESS RISKS

4

PEOPLE

5

ENVIRONMENTAL, QUALITY AND SUPPLY CHAIN MANAGEMENT

6

HUMAN RIGHTS AND DUE DILIGENCE

7

ETHICAL MANAGEMENT AND REGULATORY COMPLIANCE

8

TAXONOMY REGULATION

9

COMMITMENT TO SOCIETY

COMMITMENT TO SOCIETY

Grupo SANJOSE aims to create a positive impact on society with every project it undertakes. Promoting growth, providing added value in a responsible and sustainable manner and facilitating the daily lives of people and societies.

- Promotion, design, and execution of more than 5,500 homes in Peru: Grupo SANJOSE is developing important urban developments of quality and at affordable prices, always within the framework of the Mi Vivienda program, thus facilitating access to housing for thousands of families in the Latin American country. The Group is currently promoting and building an important urban development in Lima, the new Nuevavista Condominium, with 1,104 homes, in the Bellavista district.

The Group also developed and delivered 1,392 homes in the Condominio del Aire (already sold in their entirety); and 3,072 homes in the Condominio Parques de la Huaca (already sold in their entirety), in which it also sponsored the restoration and enhancement of a 3,651 m² Huaca (archaeological remains) 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 their dissemination and development.

During 2023, Grupo SANJOSE has continued with its solidarity work, having carried out various activities, among which the following stand out:

INDIA

Grupo SANJOSE India has carried out the following social projects:

- Donation to The Shelter Progetto India Charitable Trust to carry out repairs to the facade of the orphanage and to level the ground for sports in the orphanage located in Gurgaon, Haryana.
- Donation to The Shelter Progetto India Charitable Trust for “basic medical services for the girls of the orphanage and other miscellaneous expenses for electricity and maintenance of the orphanage” in the orphanage located in Gurgaon, Haryana.

SPAIN

Social projects:

- Club Los Leones golf championship in Seville in favour of autism.
- Collaborator of the Spanish Red Cross.
- Collaborator of the Celta de Vigo Foundation.

- Collaboration with the El Gancho Foundation to care for children with cancer admitted to the Virgen del Rocío Hospital in Seville.
- Collaboration with the Attendis group of schools.

PORTUGAL

Social projects:

- Cultural sports donation to A.I.S. Agronomia, destined to rugby sports events.
- Donation to the association for the Cultural Promotion of Children (APCC) for a donation to support the cultural activities of this association.
- Donation to the humanitarian association Bombeiros Voluntários de Coimbroes.

PERU

- The Group has collaborated with the Asociación de Hogares Nuevo Futuro, which aims to raise funds for the creation and maintenance of homes for abandoned children, with or without physical disabilities.

PROFIT PER COUNTRY

In the financial year 2023, the profit per country was as follows:

COUNTRY	GROSS OPERATING PROFIT (EBITDA) PER COUNTRY (THOUSAND EUROS)
Spain	56,391
Portugal	6,579
Peru	5,650
Cape Verde	2,199
Others	(9,376)
TOTAL GRUPO SANJOSE	61,983

REMARK: The information contained in this table corresponds to the perimeter of Grupo Empresarial San José, S.A. and subsidiaries.

DUTIES AND TAXES

In the fiscal year 2023, Grupo SANJOSE has returned to the Society the amount of €17.2 million of which €10.4 million corresponds to corporate income tax and the rest, €6.8 million, to local taxes and duties.

Of the total, 60% is in Spain.

COUNTRY	CORPORATE INCOME TAX ACCRUED	DUTIES AND TAXES	TOTAL (THOUSAND EUROS)
Spain	5,135	5,230	10,365
Peru	2,983	109	3,092
Portugal	1,689	393	2,082
Others	636	1,032	1,668
TOTAL GRUPO SANJOSE	10,443	6,764	17,207

REMARK: The information contained in this table corresponds to the perimeter of Grupo Empresarial San José, S.A. and subsidiaries. Grupo SANJOSE has received in 2023 a total of €132.6 thousand in public subsidies.

REMARK: During 2023 Grupo Empresarial San José S.A. and subsidiaries contributed €37.3 thousand to foundations and other non-profit organisations.

Annex I

Materiality analysis

Grupo SANJOSE is committed to transparency of information to the market through continuous improvement of communication channels with all its stakeholders, based on innovative corporate information that, in addition to financial aspects, takes into account environmental, social, human rights and anti-corruption measures, etc.

The company considers stakeholders to be those individuals or social groups with a legitimate interest who are affected by the Group's present or future actions. This definition includes both stakeholders that form part of the Group's value chain (shareholders, employees, investors, customers and suppliers) and external stakeholders (administrations, governments, the media, analysts, trade unions and society in general).

In preparing this report, the criteria established by the Group's management have been taken into account, taking into account the different sensitivities of each stakeholder group, based on a series of international standards (ISO 9001, ISO 14001, ISO 45001) implemented in the Group.

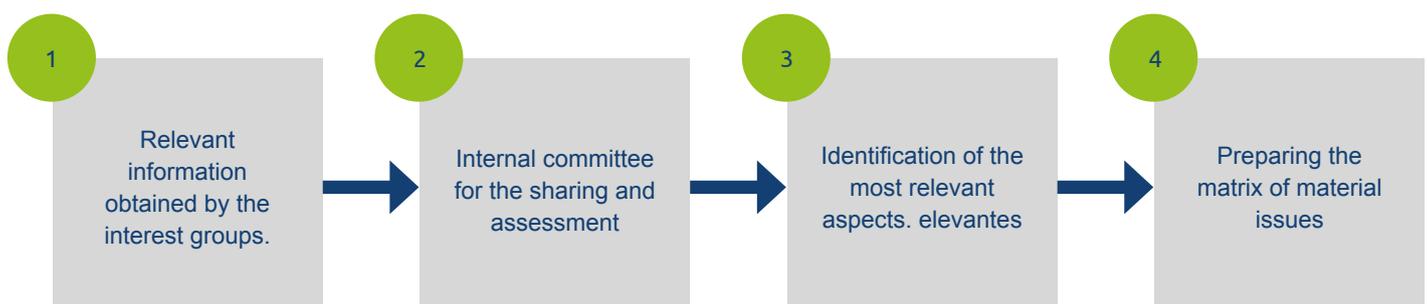
The information relating to significant non-financial matters has been prepared with reference to the selected Global Reporting Initiative Standards, including the additional applicable information required by the Construction and Real Estate sector supplement, details of which are provided in Appendix II of this Report.

In addition, the Group's website contains the Activity Report for the 2023 financial year, which is partially based on the information contained in this Non-Financial Information Report. This 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 have been analysed to analyse the main trends and challenges of the sector and has been evaluated in accordance with the regulatory changes introduced in terms of reporting non-financial information and diversity (Law 11/2018).

Internally, the information provided by the different stakeholders through the day-to-day business is assessed. In this way, the heads of each of the business branches (customers), the head of purchasing (suppliers), the management in direct contact with shareholders and the human resources management meet periodically to jointly assess the most relevant aspects for the purposes of the content of the Non-Financial Information Report.

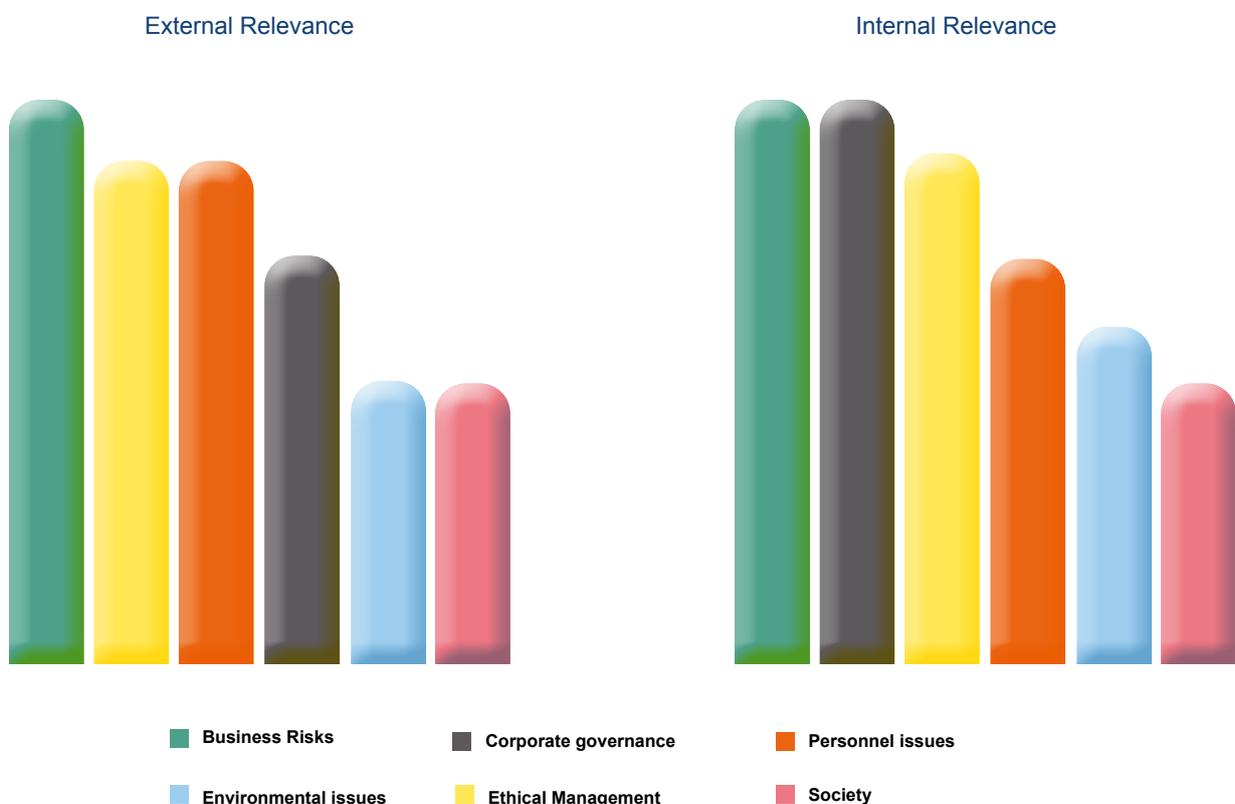
Following this methodology, the materiality study has been divided into the following phases:



Thus, the most relevant issues identified in our materiality analysis were:

- Organisational values and good corporate governance.
- Business-related risks.
- Social and staff-related issues.
- Environmental and quality issues.
- Ethical management issues.
- Issues relating to the Group's commitment to the Society.

In order to present a more detailed result, the analysis performed is presented in a materiality matrix that represents the results obtained in terms of both external and internal relevance:



At the external level, the different stakeholders are particularly concerned about the company's ethical management and business risks. At a lower level, they are interested in how the company collaborates with society and its concern for the environment.

At the internal level, the main concerns are ethical management and good governance, as well as personnel issues and business risks; to a lesser extent, there is concern about the company's contribution to society and the environment.

Grupo SANJOSE gives a higher priority to those aspects that, both internally and externally, generate the greatest concern.

In relation to the risks associated with personnel management, and given the current health and market circumstances, mechanisms have been put in place to promote work-life balance and maintain productivity, such as:

- The provision of computer tools that allow teleworking, ensuring the correct development of the different professional activities carried out.
- The flexibilisation of the timetable, thus allowing adaptation to the different personal and professional needs.
- The implementation of mechanisms for the management of human resources and online training, ensuring that the needs that arise in any of the scenarios are covered.

Similarly, in relation to the psychosocial follow-up derived from the pandemic situation, emotional responses have been identified that generate insecurity both in the area of health and in the area of personal and work projection. In this respect, prevention and health protection mechanisms have been put in place to help professionals and their families, facilitating diagnostic tests, access to the necessary health protection equipment, establishing preventive protocols and providing health support as needed.

At the level of business dynamics, a lack of certain professional profiles necessary for the development of the activity has been detected, for which the company is designing training and talent management programmes to cover these needs.

Grupo SANJOSE evaluates the risks associated with the businesses in each of the regions where it operates. In each case, it takes the appropriate measures to mitigate them and periodically monitors them.

Grupo SANJOSE has continuously analyzed the evolution of raw materials associated with its main line of business, construction. The growth experienced has been analysed and reviewed, comparing it with each of the work budgets in progress, implementing the necessary corrective measures to try to mitigate the impact on the execution of each of the projects.

ANNEX II

Index of contents required by Law 11/2018 of 28 December

SCOPE	CONTENT	GRI STANDARDS RELATED
Business Model	Business Lines. Organisation. Structure. Markets where it operates. Business environment.	2
Corporate Governance	Capital Structure. Corporate Governance Structure. Annual General Meeting. Board of Directors. Board of Directors Delegated Committees. Relevant facts published in the year 2023.	2
Business Risks	Civil Liability Risks. Environmental Liability. Accidents of Own Personnel. Professional General Liability. Civil Liability of Board Members and Executives. Insurance policies to cover assets of the Group. All Risk Construction Policy. Collaboration with Universities, Professional Associations and Institutions. Claims management and balance of the year.	2
People	Staffing structure of Grupo SANJOSE at 31/12/2023. Staff with Disabilities. Recruitment. Training. Knowledge Platform (Pharos Project). Integration and Development Programme. Social Benefits. Equality Plan & Plan for the Prevention of Sexual Harassment. HHRR Procedures for the Due Diligence.	2/401-1/403-2/404-1/405-1/405-2
Environmental, quality and supply chain management	Environmental System. Quality System Management Systems Audits. Sustainability & Sustainable 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 Innovation.	2/302-1/303-1/305-1/306-2/306-4
Human rights	Promotion and enforcement of the provisions of the fundamental conventions of the International Labour Organisation relating 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 of human rights violations.	406-1/407-1/408-1/409-1
Ethical management and regulatory compliance	Code of Conduct and Anti-corruption Policy. Money Laundering. Data protection. Prevention of Occupational Hazards. Compliance Training. Health & Safety. Whistle-blower Channel	2
Commitment to society	Support to social and solidarity causes. Cultural and leisure activities. Profits per country in 2023. Duties and taxes in financial year 2023.	2/201-1/203-1/413-1

Don Juan Amor Fernández, Traductor-Intérprete Jurado de inglés, nombrado por el Ministerio de Asuntos Exteriores, Unión Europea y Cooperación, certifica que la que antecede es traducción fiel y completa al inglés de un documento redactado en español.

I the undersigned Juan Amor Fernández, sworn translator for the English Language, duly appointed by the Ministry for Foreign Affairs, European Union and Cooperation, do hereby certify that the foregoing is a true and faithful translation of the original Spanish document hereunto attached.

Águilas (Murcia) Spain, 23 February 2024

JUAN AMOR FERNÁNDEZ
Traductor-Intérprete Jurado
Alemán, Inglés, Italiano,
Portugués, Catalán
Número 132

Juan Amor Fernández



Non-Financial Information Verification Disclosure

AENOR verification Disclosure for

GRUPO EMPRESARIAL SAN JOSE, S.A. & subsidiaries

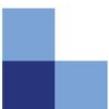
concerning the consolidated DISCLOSURE OF NON-FINANCIAL INFORMATION AND DIVERSITY
INFORMATION

according to law 11/2018

for the period ending on December 31, 2023

Madrid February 29, 2024

Rafael García Meiro
CEO



AENOR

GRUPO EMPRESARIAL SAN JOSE, S.A (hereinafter the organization) with registered office at: CL ROSALÍA DE CASTRO, 44, 36001, PONTEVEDRA has commissioned AENOR to carry out a verification under a limited level of assurance of its Disclosure of Non-Financial Information (hereinafter NFIS) 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 Disclosure, of which the verified NFIS 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 NFIS, 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 NFIS, 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 NFIS is free from material misDisclosure due to fraud or error, as well as the management systems from which the information required for the preparation of the NFIS 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)

AENOR

- 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:

AENOR

- 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 disclosure of non-financial information in order to ensure the completeness, accuracy and veracity of its content.
- Letter of Disclosures 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 Disclosure 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 non-financial information included in the statement titled DISCLOSURE OF NON-FINANCIAL INFORMATION AND DIVERSITY INFORMATION OF GRUPO EMPRESARIAL SAN JOSÉ, S.A. & SUBSIDIARIES published as a separate document in annual Financial Directors' report and for information concerning the reporting period, year ended December 31, 2023, 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 content required by Law 11/2018 regarding 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; also on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable complies with the reporting requirements of Article 8 of Regulation (EU) 2020/852.



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

ISSUERS IDENTIFICATION DETAILS

Year-end date: 31/12/2023

TAX Id. # A-36046993

Company Name:

GRUPO EMPRESARIAL SAN JOSE, S.A.

Registered office:

ROSALIA DE CASTRO 44, BAJO (PONTEVEDRA)

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

A. CAPITAL STRUCTURE

A.1 Complete the following table on the share capital and voting rights attributed, including, where applicable, those corresponding to shares with loyalty voting rights, at the end of the financial year:

Indicate whether the company's articles of association contain provision for dual loyalty voting:

Yes
 No

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 Disclose the direct and indirect holders of significant shareholdings at the reporting date, including directors with a significant shareholding:

Name of shareholder	Voting rights attached to shares		% of voting rights through financial		% of total voting rights
	Direct	Indirect	Direct	Indirect	
MS. MARIA VIRTUDES SÁNCHEZ AVALOS	4.73	0.00	0.00	0.00	4.73
MR. JACINTO REY GONZÁLEZ	24.95	23.34	0.00	0.00	48.29
MS. JULIA SÁNCHEZ AVALOS	7.44	0.00	0.00	0.00	7.44
MARIA JOSÉ SÁNCHEZ ÁVALOS	2.62	0.00	0.00	0.00	2.62
MR. JUAN VILLALONGA NAVARRO	2.02	0.00	0.00	0.00	2.02

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				

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

State the most significant shareholder structure changes during the year:

- A.3 Give details of the shareholdings, by whatever percentage, at year-end of the members of the board of directors who hold voting rights attributed to shares in the company or through financial instruments, excluding the directors identified in section A.2 above:

Name of director	Voting rights attributed to shares (including loyalty votes)		% of voting rights through financial instruments		% of total voting rights	Of the total voting rights attached to the shares, indicate, if applicable, the % of additional votes attached to the shares that correspond to loyalty voting shares	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR ROBERTO ÁLVAREZ ÁLVAREZ	0.28	0.00	0.00	0.00	0.28	0.00	0.00
MR RAMON BARRAL ANDRADE	0.17	0.00	0.00	0.00	0.17	0.00	0.00
MR JACINTO REY LAREDO	0.33	0.00	0.00	0.00	0.33	0.00	0.00
MR JOSE MANUEL OTERO NOVAS	0.03	0.00	0.00	0.00	0.03	0.00	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	49.10
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Mr. Enrique Martin Rey has 152 shares, since the percentage is very small, the programme does not allow its inclusion for representing 0.00000157%.

Breakdown of the indirect holding:

Name of director	Name of direct shareholder	Voting rights attributed to shares (including loyalty votes)	% of voting rights through financial instruments	% of total voting rights	Of the total voting rights attached to the shares, indicate, if applicable, the % of additional votes attached to the shares that correspond to loyalty voting shares
N/A					

Give details of the total percentage of voting rights represented on the board:

Total percentage of voting rights held by the Board of Directors	59.12
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- 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:

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Name of related party	Nature of	Brief description
MS MARÍA VIRTUDES, MS JULIA SANCHEZ AVALOS, MS MARIA JOSÉ SÁNCHEZ ÁVALOS	Family	The three holders of significant stakes 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	Brief description
N.A.		

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 shareholder 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
MR ENRIQUE MARTIN REY	MS MARIA JOSE AND 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. María José and Ms. Virtudes Sánchez Ávalos
MR JAVIER REY LAREDO	MR JACINTO REY GONZÁLEZ	GRUPO EMPRESARIAL SAN JOSE, S.A.	Family relationship to the first degree, father and son

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

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 or company 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:

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

On 30 March 2021, the AGM authorised the board for the derivative acquisition of treasury shares of the company, directly or through entities controlled by it, and for the acceptance of treasury shares as collateral or other form of guarantee, in accordance with the applicable legislation in each case and subject to the following limits and requirements:

- Modalities of the acquisition: acquisition by title of sale or by any other inter vivo act for consideration.
- Maximum number of shares to be acquired: a number such that the par value of the shares to be acquired, added to those owned by both the company and any of its controlled companies, does not exceed 10% of the company's capital stock.
- Minimum and maximum acquisition price: the minimum acquisition price of the shares will be equal to 75% of their listed value on the acquisition date, and the maximum price will be 120% of their listed value on that same date.
- Duration of the authorisation: five years as from 30 March 2021.
- Use of authorisation: the board of directors will make use of this authorisation in the terms established by the internal regulations of the applicable code of conduct of the company in force at that time.
- Possible delivery of shares to workers or executives: the board of directors is empowered to allocate, totally or partially, the treasury shares acquired to remuneration programmes intended to or involved in the delivery of shares or stock option rights, in accordance with the provisions of section 1 a) of article 146 of the Capital Companies Act.

In the event that a pledge, collateral or guarantee is constituted on treasury shares and the same shall be executed, limits and requirements applicable in accordance with the applicable regulations and the present agreement for the acquisition of treasury shares, where appropriate, shall be fulfilled.

The board may delegate this authorisation in favour of any other person that it expressly empowers for this purpose.

A.11 Estimated free-float:

	%
Estimated free-float	34.16

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:



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

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:

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

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 order for the shareholders' meeting to be able to resolve on the increase or reduction of capital and any other amendment of the articles of association, the issue of bonds, the abolition or limitation of the right of pre-emptive acquisition of new shares, as well as the conversion, merger, demerger or global transfer of assets and liabilities and the transfer of the registered office abroad, the attendance, at first call, of shareholders present or represented by proxy holding at least 50% of the subscribed share capital with voting rights is required.

On second call, the attendance of 25% of such capital shall be sufficient, although, when shareholders representing less than 50% of the subscribed share capital with voting rights are present or represented, the resolutions referred to in this paragraph may only be validly adopted with the favourable vote of two-thirds of the share capital present or represented at the meeting.

These provisions are contained in Articles 17 and 21 of the Articles of Association and Articles 14 and 21 of the Meeting Regulations.

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		Total
			Electronic voting	Other	
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
30/03/2021	49.24	20.02	0.00	0.00	69.26
Of which, free-float:	0.28	1.35	0.00	0.00	1.63
30/03/2022	49,13	19,29	0.00	0.00	68,42
Of which, free-float:	0,34	0,52	0.00	0.00	0,86
20/04/2023	49,56	18,65	0.28	0.17	68,66
Of which, free-float:	0,47	6,47	0.28	0.17	7,39



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

AGM for year 2023 was held in person with the possibility of remote attendance, so the data on physical presence includes both, physical presence and remote attendance accredited during the holding of the meeting through the platform that the company made available to the shareholders.

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 the sections "Shareholders & Investors", within "Corporate Governance".

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

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	12

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. JOSE LUIS GONZALEZ RODRIGUEZ		Executive	CEO	25/06/2020	29/07/2020	RESOLUTION AGM
MR ROBERTO ÁLVAREZ ÁLVAREZ		Other external	DIRECTOR	27/06/2008	30/03/2022	RESOLUTION AGM
MR RAMÓN BARRAL ANDRADE		Independent	INDEPENDENT COORDINATOR	27/02/2014	30/03/2022	RESOLUTION AGM
MR JACINTO REY GONZÁLEZ		Executive	CHAIRMAN & CEO	18/08/1987	30/03/2022	RESOLUTION AGM
MR JACINTO REY LAREDO		Executive	VICE CHAIRMAN	31/10/2006	30/03/2022	RESOLUTION AGM
MR JOSE MANUEL OTERO NOVAS		Independent	DIRECTOR	28/08/2014	20/04/2023	RESOLUTION AGM
MS AMPARO ALONSO BETANZOS		Independent	DIRECTOR	17/12/2020	30/03/2021	RESOLUTION AGM
MR ENRIQUE MARTIN REY		Proprietary	DIRECTOR	28/06/2013	20/04/2023	RESOLUTION AGM
MS ALTINA DE FÁTIMA SEBASTIAN GONZALEZ		Other External	DIRECTOR	27/06/2008	30/03/2022	RESOLUTION AGM
MR JAVIER REY LAREDO		Executive	SECOND VICEPRESIDENT	28/06/2012	30/03/2022	RESOLUTION AGM
MR NASSER HOMAID SALEM ALI ALDEREI		Other External	DIRECTOR	17/12/2015	29/07/2020	RESOLUTION AGM
MS MARIA JOSE ALONSO FERNANDEZ		Independent	DIRECTOR	20/04/2023	20/04/2023	RESOLUTION AGM

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Total number of directors	12
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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 category 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
NA					

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. 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.
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.

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

MR JAVIER REY LAREDO	Second Vice Chair	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.
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Total number of executive directors	4
Percentage of the Board	33.33

PROPRIETARY DIRECTORS

Name of director	Nombre del accionista significativo a quien representa o que ha propuesto su nombramiento	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 School (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	8.33

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.

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

<p>MR JOSE MANUEL OTERO NOVAS</p>	<p>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, Gescafix., 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.</p>
<p>Ms AMPARO ALONSO BETANZOS</p>	<p>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 (MNCIU), 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 ficial Statistics in Data Administration and Management (Data Stewardship), as well as she as a member of the Artificial Intelligence Advisory Council of the Government of Spain. She is also Senior Member of the IEEE and ACM professional associations.</p>

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

<p>Ms MARIA JOSE ALONSO FERNANDEZ</p>	<p>Professor of the Department of Pharmacy and Pharmaceutical Technology at the University of Santiago de Compostela (USC). Throughout her scientific career she has worked at prestigious universities such as the University of Paris South (1986-87) and the Massachusetts Institute of Technology (MIT) (1991-92). Since 1987 he has led a pioneering research group in Spain in the field of nanomedicine and bioengineering at the USC. He has mainly worked on the design of new drug and vaccine delivery systems and on the knowledge of their biological behaviour. With regard to its transfer activity to the industrial sector, this activity has focused on its collaboration with 15 medium and large pharmaceutical companies, as well as numerous start-ups, through its involvement in innovative research projects and in the licensing of patents. Moreover, the translational nature of its research activity is in line with its participation as inventor in 22 patent families (77 patents in different countries), most of them generated in collaboration with industry or licensed. She is also directly involved as co-promoter of spin-off companies such as "Advancell", "Smart Vitamins" and "Libera Bio", the latter being the result of an acceleration process promoted by the European Commission (Nanomedicine Translation Advisory Board), as well as the commitment of the Xunta de Galicia through the IGNICIA Valorisation Programme. The company "Libera Bio" has received numerous national and international awards, including two awards from the National Cancer Institute, NCI, in the United States (AIM HI Accelerator Found and Salisbury Award). Ms. María José has led and participated in the coordination of several international scientific associations, including her multiple positions in the Controlled Release Society (CRS) Inc. for more than 10 years, culminating in her presidency of the society (2018-20).</p> <p>She has also been a member of technology platforms such as the European Technology Platform on Nanomedicine, Nanofuture and the Spanish Nanomedicine Platform and of several collaborative networks (Galenos -Erasmus Mundus, Nanofar -Erasmus Mundus, Nabba -Marie Curie, Cost-Nanotheranostics). She is currently on the editorial board of 12 international impact journals and is editor-in-chief of the official journal of the CRS, the Journal of Drug Delivery and Translational Research (DDTR). She and her team have received numerous research awards from scientific associations, scientific journals and foundations. These include the "Rey Jaime I" Award in the new technologies category, the "Novoa Santos" Award, the "Maurice Maria Janot" award of the International Association of Pharmaceutical Technology (APGI), the "Founders Award", the "Outstanding Service Award" and the "Outstanding Service Award", "Outstanding Service Award and Women in Sciences Award of the international Controlled Release Society (CRS), the Medal of the General Council of Pharmacists Associations, as well as the Josefa Wonenburger Award, the Castelao Medal awarded by the Xunta de Galicia, the Medal of Merit in Research and University Education, in its Silver category, which was awarded by the Xunta de Galicia, and the Medal of Merit in Research and University Education, in its Silver category, which was awarded by the Xunta de Galicia. in its Silver category, awarded by the Spanish Government at the proposal of the Ministry of Science and Innovation, the Burdinola Research Prize, awarded by Burdinola, the Honorary Prize for Excellence in Scientific Research, awarded by the AstraZeneca Foundation, the Juan de la Cierva National Research Prize in the area of Technology Transfer 2021, awarded by the Ministry of Science and Innovation, the "ASEICA Women and Science 2022" prize awarded by the Spanish Association for Cancer Research. She is a Full Member of the Royal Academy of Pharmacy of Galicia, the Royal National Academy of Pharmacy and the Royal Galician Academy of Sciences. She is a member of the National Academy of Medicine of the United States (NAM) (there are only two resident academicians in Spain) and of the Académie Royale de Médecine de Belgique. She is a Fellow of the American Institute for Medical and Biological Engineering (AIMBE) and holds an Honorary Doctorate from the University of Nottingham. Finally, she has been involved in science management and policy through her responsibility as Vice-Rector for Research and Innovation at the University of Santiago de Compostela (2006-10). She has also advised the Ministry of Science and Technology (MICINN) on the drafting of the Law on Science, Technology and Innovation; she has been a member of the Advisory Board of the Ministry of Health; she has been a board member of the Bankinter Foundation of Innovation; and she is currently on the advisory board of several platforms, universities and research centres.</p>
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ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Total number of independent directors	4
Percentage of the Board	33.33

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 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 /

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			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 Member Ms. Altina Fatima Sebastian changes category from Independent to Other External	GRUPO EMPRESARIAL SAN JOSE, S.A	<p>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.</p> <p>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</p>

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			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.
MR. ROBERTO ALVAREZ ALVAREZ	Mr. Roberto Álvarez Álvarez was appointed director for the first time on 27.06.2008 The article 529k 4.i establishes that members who have been acting as directors for a continuous period of more than 12 years shall not be considered as independent directors. For this reason, the Director Mr. Roberto Álvarez Álvarez changes category from Independent to Other External	GRUPO EMPRESARIAL SAN JOSE S.A.	Business Administration for Directors by the Catholic University of Argentina, expert in Capital Markets Dean Witter (New York), Technician in Foreign Trade and specialised in Futures Trading at the London School of Economics. In addition to his distinguished career as Director of Grupo SANJOSE, highlights his experience in sundry companies: Director and Partner of Casa de la Bolsa Aldazabal and Cia. founded in 1980, Vice President of Carlos Casado, Director of Mapfre Argentina since year 2000, Board Member of the Stock Exchange of Commerce of Buenos Aires and representative thereof for relations with Spain, Director of Metrogas - company controlled by Repsol- (2002 - 2008), Director of the Boldt Group, Director of Banco Caudal (1989 - 1992), Vice President of the AA of the Museum of Modern Art and Vice President of the Athletic Club San Lorenzo de Almagro

Total number of other external directors	3
Percentage of the Board	25.00

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

Name of director	Date of change	Previous Status	Current status
NA			

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
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	Year 2023	Year 2022	Year 2021	Year 2020	Year 2023	Year 2022	Year 2021	Year 2020
Executive					0.00	0.00	0.00	0.00
Proprietary					0.00	0.00	0.00	0.00
Independent	2	1	1	1	50.00	33.33	33.33	25.00
Other	1	1	1	1	33.33	33.33	33.33	50.00
Total	3	2	2	2	25.00	18.18	18.18	18.18

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.

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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 Compensation Commission shall also ensure that the selection procedures do 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 Compensation Commission, in the case of independent directors, and to the board itself in all other cases.

Said proposal shall be accompanied in any case by a report on the competence, experience and merits of the proposed candidate. The Appointments and Compensation Commission shall assess the skills, knowledge and experience required for 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 company maintains its objective of seeking to increase the number of female directors on the board of directors in order to achieve a more balanced presence of men and women as vacancies arise.

However, as mentioned in section C.1.5 above, when proposing new directors, the Appointments commission primarily assesses the qualities and aptitudes of the directors and their performance on the board of directors, in order to achieve an adequate balance in the composition of the board.

In other words, in the selection of directors, the Appointments commission scrupulously respects gender diversity, although it gives priority to the needs demanded by the company at any given time and, consequently, the experience and knowledge of the person proposed as director.

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

At the 2023 AGM, the appointment of a third female director in the person of Ms María José Alonso Fernández was approved.

In the future, the company plans to continue to increase the number of female directors and senior managers with sufficient experience and expertise to contribute to the development of its business in compliance with the policy of non-discrimination on the grounds of sex established in its CSR documentation 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.

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The Appointments Committee has applied during 2023. the same criteria as in previous years for the appointment of directors.

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 equality through its action policies and promoting the company's growth areas.

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 RODRÍGUEZ	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. JOSE LUIS GONZALEZ RODRÍGUEZ	GSL SOLUTIONS	Sole director	yes
Mr. JOSE LUIS GONZALEZ RODRÍGUEZ	Constructora San Jose Colombia, sas	Liquidator	yes
Mr. JOSE LUIS GONZALEZ RODRÍGUEZ	Tecnocontrol Servicios sau	Sole director	yes
Mr. JOSE LUIS GONZALEZ RODRÍGUEZ	Tecnocontrol sistemas de seguridad, SAU	Sole director	yes
Mr. JOSE LUIS GONZALEZ RODRÍGUEZ	Tecnocontrol instalaciones SLU	Sole director	yes



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Mr. JOSE LUIS GONZALEZ RODRÍGUEZ	Fotovoltaica el Gallo 10, sl	Sole director	yes
Mr. JOSE LUIS GONZALEZ RODRÍGUEZ	Poligeneracion parc del alba st4, sa	CEO	yes
Mr. JOSE LUIS GONZALEZ RODRÍGUEZ	Comercial Udra sau	Joint director	no
Mr. JOSE LUIS GONZALEZ RODRÍGUEZ	Pinar Villanueva SA	Joint director	no
Mr. JOSE LUIS GONZALEZ RODRÍGUEZ	Sanjose maroc, sarlau	Sole director	yes
Mr. JOSE LUIS GONZALEZ RODRÍGUEZ	Sociedad concesionaria San Jose – tecnocontrol, sa	Director	yes
Mr. ROBERTO ALVAREZ ALVAREZ	Carlos Casado	Deputy Chairman	No
Mr. ROBERTO ALVAREZ ALVAREZ	Tecnoartel	Director	No
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 Urbanísticos 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	Constructora San José, S.A.	CEO	yes



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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	Inmobiliaria 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 JAVIER REY LAREDO	Constructora San Jose in Portugal	Legal representative	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
MR ROBERTO ALVAREZ ALVAREZ	Bolsa de Comercio de Buenos Aires	MEMBER
MR ROBERTO ALVAREZ ALVAREZ	Fundación Bolsa de Comercio (Argentina)	MEMBER
MR ROBERTO ALVAREZ ALVAREZ	Aldazabal y Cia (Casa de Bolsa)	MEMBER
MR ROBERTO ALVAREZ ALVAREZ	Udra Argentina, S.A.	MEMBER
MR RAMON BARRAL ANDRADE	Editorial Galaxia, S.A.	MEMBER
MR RAMON BARRAL ANDRADE	Barral e Fillos, S.L.	MEMBER
MR JACINTO REY GONZÁLEZ	Udra Argentina, S.A.	SOLE DIRECTOR
MR JACINTO REY GONZÁLEZ	Pinos Altos de Argentina, S.R.L.	CHAIRMAN – CEO

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MR JACINTO REY GONZÁLEZ	Pinos Altos XR, S.L.	SOLE DIRECTOR
MR JOSE MANUEL OTERO NOVAS	Patronato Fundacion San Pablo CEU	SOLE DIRECTOR
MS AMPARO ALONSO BETANZOS	SOCIEDADE PARA O DESENVOLVEMENTO DE PROXECTOS ESTRATÉXICOS DE GALICIA, S.L..	MEMBER
MS AMPARO ALONSO BETANZOS	Asociación Española de Inteligencia Artificial	CHAIRMAN
MR ENRIQUE MARTIN REY	Financiera Carrión, S.A.	MEMBER
MS, ALTINA DE FATIMA SEBASTIAN	Caixa Geral de Depositos	MEMBER

The position of Independent Director that Ms. Amparo Alonso Betanzos holds in the SOCIEDADE PARA O DESENVOLVEMENTO DE PROXECTOS ESTRATÉXICOS DE GALICIA, S.L. is a position in which allowances are only received for attending the Board.

The position of Director of Mr. Roberto Álvarez in the company Aldazabal y CIA (Brokerage House) is remunerated.

State, if applicable, other remunerated activities of the directors or representatives of the directors, whatever its nature, other than those indicated in the previous table.

Identification of the member or representative	Other remunerated activities
MR JOSE MANUEL OTERO NOVAS	The performance of MR JOSE MANUEL OTERO NOVAS as a lawyer is a remunerated activity
MS AMPARO BETANZOS ALONSO	University Professor at the University of Coruña
MS, ALTINA DE FATIMA SEBASTIAN GONZÁLEZ	Complutense University of Madrid – Professor of Degree and Master University of Barcelona – Professor of Degree on Training of Members of Boards of Directors of Bancos y Cajas Rurales Estatates are remunerated activities.

Ms. Amparo Alonso Betanzos is a paid university professor at the University of A Coruña.

The performance of Mr. José Manuel Otero Novas as a lawyer is remunerated.

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)	3.821
Amount of funds accumulated by current directors through long-term savings schemes with vested economic rights (thousands of euros)	-
Amount of funds accumulated by current directors for long-term savings schemes with non-consolidated economic rights (thousands of euros)	-

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Amount of funds accumulated by former directors through long-term savings schemes (thousands of euros)	-
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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 y control interno
MR JOSÉ MÁRQUEZ MARROQUI	Managing Director south America
MR MIGUEL ANGEL BRAVO	Middle East Director
MR NILTON RAMOS AMORIM	Portugal & Cape Verde Director
MR FRANCISCO REY DIEGUEZ	Managing Director Portugal, Cape Verde & Brazil
MR ANGEL RODRIQUEZ TEJO	Northern Area Directors
MR JUAN ARESES VIDAL	Director General of Civil Works & Procurement Constructora San José
MR PEDRO ALLER ROMÁN	Member Carlos Casado
MR. JUAN ANTONIO ACEDO LOPEZ	Director of Peru
MR. ANTONIO SALGUERO DELGADO	Director E.B.A.
Female on senior executive positions	
% over total senior executives	0.00
Total senior management remuneration (thousand euros)	1,749

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 appointed by the shareholders' meeting or, in the event of an early vacancy, by the board itself by co-optation.

The proposal for appointment or re-election of board members is made by the Appointments and compensation commission in the case of independent directors, and by the board itself in all other cases. The proposal shall be submitted together with a report on competence, excellence and merits of the member which shall be attached to the Minutes for the General Meeting or the Meeting of the Board.

The appointment or reappointment proposal for members other than independent members shall be backed up by a report from the Appointments, Compensation and Corporate Governance Commission. The Appointments, Compensation and Corporate Governance Commission shall assess the quality of the work performed.

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:



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Description of changes

As a result of the self-assessment of the Board of Directors, no changes to the internal organisation and procedures applicable to its activities have been identified as necessary.

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 Appointments, compensation and corporate governance commission has carried out an evaluation of the functioning of the board and its committees, as a result of which it noted the normal and satisfactory functioning of these committees and did not deem it necessary to make any changes with respect to the conclusions reached in the self-evaluation of previous years.

The result of this evaluation has been communicated to the board of directors, which has agreed with the conclusion.

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.

According to Article 25 of the Board of Directors Regulations, Directors shall resign from their posts upon expiration of the period for which they were appointment for, whenever decided by the General Meeting or when incurring into a legal reason for such resignation.

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

The board of directors shall not propose the removal of any independent director before the expiry of the term of office established in the bylaws for which he/she was appointed, except where just cause is found by the board following a report from the Appointments, compensation and corporate governance commission. In particular, just cause shall be understood to exist when the director has failed to comply with the duties inherent to his/her office. The removal of independent directors may also be proposed as a result of takeover bids, mergers or other similar corporate transactions entailing a change in the structure or distribution of the company's capital.

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

Yes
 No

If so, please explain.



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

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

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

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

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

Number of meetings	0
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Please specify the number of meetings held by each committee of the Board during the year:

Number of meetings held by the Executive Committee.	0
Number of meetings held by the International Executive Committee	0
Number of meetings held by the Audit Committee	5
Number of meetings held by the Appointments, Compensation and Corporate Governance Commission.	4



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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	6
Attendance % of total votes during the year	100.00
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	100.00

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 due to the intrinsic conditions of the activity it performs and the legal framework of the countries 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 continuous update.

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 for 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 implemented, 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.



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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.

With regard to the half-yearly and annual closes, and partly justified by the fact that such information is subject to review and audit, the audit committee receives the conclusions issued by the external auditor, and reviews a draft of the auditor's report. It confirms that the auditor's report is correct and free of any qualifications (as the Group's policy in this respect is to accept for consideration and review any recommendations made). For the formulation of the financial information in general, the Board of Directors relies on the positive opinion of the Audit Committee.

In the case of half-yearly and annual reporting, the board of directors additionally relies on a draft review or audit report from the external auditor.

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

No
 Yes

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 propose to the board 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.

The Committee is also empowered to establish the appropriate relations with the external auditor and to receive information on those matters that may jeopardise its independence and any other matters related to the process of auditing, as well as any other communications envisaged in the audit legislation and auditing standards.

In any case, the audit committee receives annually from the external auditors a declaration of their independence in relation to the entity or entities directly or indirectly related to it, as well as information on additional services of any kind rendered and the corresponding fees received from the external auditor, or by any person or entity related to the external auditor, in accordance with the legislation on the audit of accounts.

The audit committee shall issue on an annual basis, prior to the issuance of the audit report, a report in which it expresses an opinion on the independence of the statutory auditor. This report should, in any case, contain an assessment of the provision of the additional services referred to in the preceding paragraph, individually considered and as a whole, other than the statutory audit and in relation to the independence regime or to the audit regulations.

For the effective exercise of its functions, the audit committee may seek the assistance of experts when, for reasons of independence or specialisation, it cannot make sufficient use of the Company's technical resources.

The committee may also request the assistance of any employee or officer of the Company, and may even require their attendance without the presence of any other executive.

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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

Outgoing Auditor	Incoming Auditor
Deloitte S.L.	PricewaterhouseCoopers Auditores S.L.

If there were disagreements with the outgoing auditor, explain the content of these disagreements:

- 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)	32	41	73
Amount invoiced for non-audit services/Amount invoiced for audit services (in %)	58.24	23.97	35.42

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	1	1

	Individual	Consolidated
Number of years audited by the current audit firm/number of fiscal years the company or its group has been audited (by %)	3.45	3.45

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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

Pursuant to article 26 of the board regulations, directors shall diligently inform of board of the company's progress, for which purpose they may request information from executives of the company, informing the chairman or chief executive officer accordingly. Likewise, any director may request, through the chairman, the deputy-chairman, the CEO, the secretary and the deputy secretary of the board of directors, any information as may be reasonable. The right to information extends to subsidiaries, whether in Spain or abroad. Overall, each member of the board must have access to all the information communicated to the board of directors.

The chairman, the deputy-chairman, the CEO, the secretary and the deputy secretary of the board of directors shall endeavour to respond to requests for information made by the members of the board of directors by providing them directly with the information required or by offering them appropriate interlocutors within the organisation. If, in the opinion of the chairman, such a request for information could be detrimental to the interest of the company, the matter shall be submitted for to the board of directors for decision.

In order to be assisted in the exercise of their duties, article 27 of the board regulations provides that the directors and the committees and commissions of the board may request the chairman of the board of directors to engage legal, accounting, financial or other experts.

The engagement must necessarily deal with specific problems of a certain importance and complexity that arise in the performance of their duties.

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

According to 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

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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 3 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. Likewise, the contract of the CEO, Mr. José Luis González Rodríguez, provides that in the event of termination, the executive director shall be entitled to receive a severance payment, except that such termination is due to a serious breach of any of the director's duties, in which case the executive director shall not be entitled to any compensation for the termination of this Agreement. The severance payment shall be equivalent to 2 annual payments of the fixed remuneration that the executive director had been receiving at the time of the termination of the Agreement.

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 terms	√	

	Yes	No
Are these terms notified to the Annual General Meeting?	√	

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



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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:

Executive Commission		
Name	Position	Category
MR JACINTO REY GONZALEZ	CHAIRMAN	Executive
MR JACINTO REY LAREDO	MEMBER	Executive
MR JOSE MANUEL OTERO NOVAS	MEMBER	Independent
MR JAVIER REY LAREDO	MEMBER	Executive

% of executive directors	75.00
% of proprietary directors	0.00
% of independent directors	25.00
% of other external directors	0.00

Explain the functions delegated or attributed to this committee, other than those already described in section C.1.9, and describe the procedures and rules for its organisation and operation. 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 components, 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 Deputy-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 directors.

The secretary and deputy-secretary of the board of directors shall be the secretary and deputy-secretary of the executive committee. If there were several, the one corresponding by priority of number, and in the absence of all of them, the director designated for such purpose from among the members.

The Executive Commission 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, priority shall be set out by number, and in default of all, the Director appointed by the Committee from among its members to fulfil this function.



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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, priority shall be set out by number, and in the absence of all, the Director appointed by the Commission from among its members to fulfil this function.

6. 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 deemed desirable or necessary, other commissions, including an Audit Committee and a Appointments, compensation and Governance Commission.

Without prejudice to the possible attribution of other functions decided by the board of directors, the advisory committees shall have powers for providing information, advice and proposals in the matters determined in the following articles, as well as in any others that the board of directors may deem appropriate. The powers of the committees to make proposals do not preclude the board from deciding on these matters on its own initiative.

The chairman of each of the advisory committees shall be appointed by the board of directors from among its members and must in any case be an independent director.

The secretary of the committees shall be the secretary of the board of directors. In the absence or inability of the secretary, this function may be performed by the deputy secretary and, alternatively, by the person appointed by the committee itself from among its members. In all matters not specifically provided for, the rules of operation established by these regulations in relation to the executive committee shall apply as long as they are compatible with the nature and function of the committee concerned.

International Executive Commission		
Name	Position	Category
MR ROBERTO ALVAREZ ALVAREZ	MEMBER	Other External
MR JACINTO REY GONZALEZ	CHAIRMAN	Executive
MR JACINTO REY LAREDO	MEMBER	Executive
MR JAVIER REY LAREDO	MEMBER	Executive
MR NASSER HOMAID SALEM ALI ALDEREI	MEMBER	Other External
MS MARIA JOSE ALONSO FERNANDEZ	MEMBER	Independent

% of executive directors	50.00
% of proprietary directors	0.00
% of independent directors	16.67
% of other external directors	33.33

Explain the functions delegated or attributed to this committee, other than those already described in section C.1.9, and describe the procedures and rules for its organisation and operation. 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.



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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.

Functioning

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.
- c) 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.

Audit Committee		
Name	Position	Category
MR RAMÓN BARRAL ANDRADE	MEMBER	Independent
MR JOSE MANUEL OTERO NOVAS	CHAIRMAN	Independent
MR ALTINA DE FÁTIMA SEBASTIÁN GONZÁLEZ	MEMBER	Other external

% of executive directors	0.00
% of proprietary directors	0.00
% of independent directors	66.67
% of other external directors	33.33

Explain the functions, including, if applicable, those additional to those provided for by law, attributed to this committee, and describe the procedures and rules of organisation and operation thereof. For each of these functions, indicate its most important actions during the year and how it has exercised in practice each of the functions attributed to it, either by law or in the bylaws or in other corporate resolutions.



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The audit Committee is governed by Article 33 of the By-laws and Articles 15 and 16 of the Board of Directors' 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 Chairman of the Audit Committee will be appointed from among the independent directors who form 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, at the end of the period for which they were appointed, by own will or by the loss of the condition of member. The audit Committee shall meet at least four times a year.

The responsibilities of the Committee are:

- a) To report to the AGM on any issues arising in connection with matters within the committee's competence.
- b) To supervise the effectiveness of the company's internal control, internal audit and risk management systems.
- c) To supervise the process of preparation and presentation of the mandatory financial information.
- d) To submit to the Board of Directors proposals for the selection, appointment, re-election and replacement of the external auditor.
- e) To establish the appropriate relations with the external auditor to receive information on any issues that may jeopardise its independence.
- f) To issue annually, prior to the issuance of the audit report, a report expressing an opinion on the independence of the external auditor.
- g) To report on related-party transactions to be approved by the general meeting or the board of directors and supervise the internal procedure established by the company for such transactions.
- g) To report on related-party transactions to be approved by the general meeting or the board of directors and supervise the internal procedure established by the company for those whose approval has been delegated.
- h) To report, in advance, to the board of directors on all matters provided for in the law, the bylaws and the regulations of the board and, in particular, on the following:
 1. The financial information that the company must periodically disclose to the public.
 2. The creation or acquisition of shareholdings in special purpose vehicles or entities domiciled in countries or territories considered tax havens.
- i) To ensure the independence of the unit that assumes the internal audit function, propose the selection, appointment and removal of the head of the internal audit service.
- j) To establish and supervise a mechanism that allows employees and other persons related to the Company to report any irregularities of potential importance, including the financial and accounting irregularities, or any other irregularities of any other nature related to the company, which they may have noticed within the company or its group.
- k) In general, to ensure that the policies and systems established for internal control are effectively applied in practice.
- l) In the event of resignation of the external auditor, to examine the circumstances giving rise to such resignation.
- m) To ensure the external auditor's remuneration.
- n) To supervise that the Company notifies the CNMV of any change of auditor.
- o) When circumstances advise so, to ensure that the external auditor meets with the board of directors.
- p) To ensure that the Company and the external auditor comply with current regulations on the provision of non-audit services.

In the exercise of its duties, the audit committee may seek the assistance of experts.

: During 2023, the main actions of the committee within the scope of its functions consisted of



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- The committee has focused its activity on the fulfilment of its legal and statutory functions by delegation of the board of directors, which has been regularly informed of the issues discussed at the meetings held.
- It has carried out a punctual follow-up and report to the board of directors on the internal audit work carried out during each quarter.
- It also ensured compliance with the duties of the external auditors and recommended to the board the appointment of PWC as statutory auditors for the financial year 2023.
- It has prepared the report on the independence of the external auditors, which was prepared on the basis of the independence declaration submitted by PWC. drafted and approved a policy on the authorisation of non-audit services.
- It has analysed the status of the Group's internal control system and the risks to which it is exposed.
- It also controlled the submission of quarterly, half-yearly and annual information to the CNMV and the monitoring of the Group's results, at individual and consolidated level, for submission to the board of directors.
- It has analysed and reported favourably on the internal procedure for delegation of approval, reporting and periodic control of related-party and intra-group transactions, which the board subsequently approved.
- The most important issues discussed at the 2023 committee meetings were: (i) Review of the periodic financial information to be prepared by the board of directors; (ii) Information on the fees for external audit work; (iii) Analysis of the degree of compliance with the 2023 internal audit plan; (iv) Approval of the annual internal audit plan for the 2023 financial year; (v) Monitoring of key audit points (KAM).

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	28/07/2022

Appointments, Compensation and Governance Commission		
Name	Position	Category
MR ROBERTO ÁLVAREZ ÁLVAREZ	DIRECTOR	Other external
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	50.00
% of other external directors	25.00

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



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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, compensation and Governance Commission.

The Appointments, compensation and Governance Commission will consist of a minimum of three members and a maximum of 5 members. 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 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.
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 submit to the board of directors proposals for the appointment of independent directors, as well as proposals for the re-election or removal of such directors by the general meeting of shareholders.
4. To report on the proposals for appointment of the remaining directors for their designation.
5. To report on proposals for the appointment and removal of senior executives and the basic conditions of their contracts.
6. To examine and organise the succession of the chairman of the board of directors and the chief executive officer of the company.
7. To propose to the Board of Directors the remuneration policy for directors and executives.
8. To report, in advance, to the Board of Directors on transactions with related parties.
9. To supervise and monitor the transparency of corporate actions.
10. To propose to the board of directors the modification of the regulations of the board of directors.
11. Within the scope of its functions, to submit to the Board of Directors, for its possible study and approval, such proposals as it deems appropriate.
12. The commission shall ensure that the procedures for the selection of directors favour diversity of gender, experience and knowledge, and are free from implicit bias that could imply any discrimination, and in particular that they facilitate the selection of female directors.

During the year 2023 the committee has exercised some of these functions as follows:

1º.- It has reviewed and analysed the drafts of the IAGC and IAR reports and has forwarded its comments and observations to the secretary so that he may incorporate them into the reports and, consequently, has agreed to submit such reports for approval by the board of directors.

2º.- It has proceeded with the analysis and report on the fixed remuneration of directors in their capacity as such and on the fixed and variable remuneration of executive directors.

3º.- It carried out the self-assessment process of the board itself as well as of the audit and the CNRB&GC committees. The evaluation was carried out by obtaining the opinion of the directors by means of the completion



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by them of the questionnaire prepared by the secretary of the board, which was subsequently submitted for the consideration of all the members of the committee.

4º.- It proposed the appointment of an independent director and the re-election of an independent director.

5º.- It reported on the proposal for the appointment of independent directors and the re-election of proprietary and independent directors.

6º.- It reported on the appointment of the person responsible for the internal information system.

7º.- It reported on the proposed appointment of Jacinto Rey Laredo as first vice-chairman and Javier Rey Laredo as second vice-chairman.

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 2023		Year 2022		Year 2021		Year 2020	
	Number	%	Number	%	Number	%	Number	%
Executive Committee	0	0.00	0	0.00	0	0.00	0	0.00
International Executive Committee	1	16.67	0	0.00	0	0.00	0	0.00
Audit Committee	1	33.33	1	33.33	1	33.33	1	33.33
Appointments 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.

There have been no changes in financial year 2023.

Annual reports are issued on the activities of the audit, nomination and remuneration committees.

D. RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1 Explain, if applicable, the procedure and competent bodies for the approval of related-party and intra-group transactions, indicating the general internal criteria and rules of the company governing the abstention obligations of the directors or shareholders affected and detailing the internal reporting and periodic control procedures established by the company in relation to those related-party transactions whose approval has been delegated by the board of directors.

Pursuant to article 32 of the board regulations, the board of directors shall be competent to approve all related-party transactions under the terms established by law, subject to a report from the audit committee.

The board's power to approve related-party transactions may be delegated in the following cases:

- (a) transactions between companies forming part of the same group which are carried out in the ordinary course of business and on an arm's length basis;
- (b) transactions entered into under contracts whose standardised terms and conditions are applied on a masse basis to a large number of customers, at prices or rates generally established by the supplier of the goods or services, and for an amount not exceeding 0,5 % of the company's net turnover.

In such cases, approval of the related-party transaction shall not require a prior report from the audit committee.

However, at the board of directors' meeting held on 12 May 2022, an internal procedure was approved to delegate the approval, reporting and periodic control of related-party transactions to the audit committee.

This procedure provides for the coordinating director to be delegated the power to approve the following related-party transactions:

- (a) Transactions between companies forming part of the same group that are carried out in the scope of ordinary management and on an arm's length basis;
- (b) transactions entered into under contracts whose standardised terms and conditions are applied on a masse basis to a large number of customers, at prices or rates generally established by the supplier of the goods or services, and for an amount not exceeding 0,5 % of the company's net turnover.
- c) Transactions entered into by the company with its parent or other companies of the group subject to conflict of interest, provided that these transactions refer to the ordinary course of business, including those resulting from the execution of a framework agreement or contract, and concluded at arm's length.

The company that intends to carry out any of the transactions referred to in a), b) and c) shall notify the co-ordinating director, with a copy to the head of the financial department, indicating the details of the transaction envisaged, and in particular the identity of the related party or parties.

Such communication must be made in writing before the transaction is entered into and may not be formalised before the coordinating director giving the authorisation in writing. This authorisation must be given, where appropriate, within a maximum period of five working days, and shall not require a prior report from the audit committee.

The co-ordinating director shall periodically inform the audit committee of the transactions notified and authorised, so that the latter may review that all transactions comply with the requirements of the regulations of the board.

The financial department shall draw up a register of all communications received and transactions authorised by the coordinating director.

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D.2 List individually those transactions that are significant due to their amount or relevant due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or represented on the company's board of directors, indicating which body was competent to approve them and whether any shareholder or director affected abstained. In the event that the board was competent, indicate whether the proposed resolution was approved by the board without the majority of independent directors voting against:

	Name of significant shareholder	Participation %	Name of company or entity within the group	Amount (thousand euros)	Authorising body	Significant abstain shareholders or member	The proposal has been approved by the board without a majority of negative votes
(1)	PINOS ALTOS XR, S.L.	23.34	Grupo Empresarial San José, S.A.	113	Board of Directors	Jacinto Rey González, Jacinto Rey Laredo y Javier Rey Laredo	Yes
(2)	PINOS ALTOS XR, S.L.	23.34	Xornal de Galicia, S.A.	1,193	Board of Directors	Jacinto Rey González, Jacinto Rey Laredo y Javier Rey Laredo	Yes
(3)	PINOS ALTOS XR, S.L.	23.34	Carlos Casado	22	Board of Directors	Jacinto Rey González, Jacinto Rey Laredo y Javier Rey Laredo	Yes
(4)	PINOS ALTOS XR, S.L.	23.34	Constructora San José, S.A.	164	Board of Directors	Jacinto Rey González, Jacinto Rey Laredo y Javier Rey Laredo	Yes

	Name or company name of the shareholder or subsidiary	Nature of the relationship	Transaction and other relevant information
(1)	PINOS ALTOS XR, S.L.	Trade	Leasing meeting hall for meetings of the board of directors and executive committee.
(2)	PINOS ALTOS XR, S.L.	Trade	Loan of Pinos Altos to Xornal de Galicia renewable on an annual basis
(3)	PINOS ALTOS XR, S.L.	Trade	Office leasing in Argentina of Pinos Altos to Carlos Casado.
(4)	PINOS ALTOS XR, S.L.	Trade	Office leasing in Argentina of Carlos Casado to Constructora San Jose.

D.3 List individually the transactions that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the directors or executives of the company, including those transactions carried out with entities that the director or executive controls or jointly controls, indicating which body was competent to approve them and whether any shareholder or director affected abstained. In the event that the board was competent, indicate whether the proposed resolution was approved by the board without the majority of independent directors voting against:

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Name of director or manager	Name of the related party	Relationship	Amount (thousand euros)	Authorising body	Significant abstain shareholders or member	The proposal has been approved by the board without a majority of negative votes
N/A						

Name or company name of the shareholder or subsidiary	Nature of the transaction and other relevant information
N/A	

D.4 Report on an individual basis on significant intra-group transactions due to their amount or relevant due to their subject matter carried out by the company with its parent company or with other entities belonging to the parent company's group, including the listed company's own subsidiaries, unless no other related party of the listed company has an interest in such subsidiaries or the latter are wholly owned, directly or indirectly, by the listed company

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)
Constructora Udra Limitada	Corporate guarantee (comfort letter) of Constructora San José, S.A. for the renewal of a line of guarantees granted by Banco Sabadell to Constructora San José representation in Portugal and Constructora Udra Limitada, in the amount of €7,000,000. This guarantee replaced the one already provided by Constructora San José, S.A. (Spain) to guarantee the line of guarantees that is being renewed and extended	10,000
Constructora Udra Limitada	Corporate guarantee (comfort letter) of Constructora San José, S.A. for the renewal and extension of a confirming line granted by BBVA bank to Constructora Udra Limitada, for an amount of 1,500,000 €. This guarantee replaced the one already provided by Constructora San José, S.A. (Spain) to guarantee the confirming line that is being renewed and extended	1,500
Constructora San José, S.A.	Grupo Empresarial San José, S.A. has provided the necessary comfort letter guarantee for the development of Constructora San José's business and projects in Malta.	
Fotovoltaica el Gallo, S.L.	The insurance company Zurich Insurance Plc, branch in Spain has issued a fiduciary guarantee in favour of the company Fotovoltaica el Gallo, S.L. (a company in which Constructora San José, S.A. holds an 82.50% stake) for an amount of 4,438,526 € to guarantee the subsidiary civil liability of the aforementioned company, which may arise from the legal proceedings being processed in the courts of Arenys del Mar. In order to obtain the aforementioned guarantee, it was necessary for Constructora San José, S.A. to subscribe a counter-guarantee for the same amount as the guarantee obtained in favour of the insurance company.	4,439

D.5 List individually any transactions that are significant in amount or material in terms of their subject matter carried out by the company or its subsidiaries with other related parties that are significant in accordance with International Accounting Standards as adopted by the EU and have not been reported under the preceding headings.

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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 regulations of the board of directors set out in detail the general obligations of directors in accordance with the provisions of articles 225 et seq. of the Companies Act.

Pursuant to article 28, directors must perform their duties and comply with the duties imposed by law and the by-Laws with the diligence of an orderly businessman, taking into account the nature of the position and the functions entrusted and subordinate, in all cases, their own interests to the interests of the company.

The directors shall have the appropriate dedication and shall adopt the necessary measures for the proper management and control of the company.

In the performance of their duties, directors have the duty to demand and the right to obtain from the company the appropriate and necessary information to enable them fulfil their duties.

Directors shall perform their duties with the loyalty of a faithful representative, acting in good faith and in the best interests 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 Directors:

- 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.

The board regulations regulate duties of confidentiality (Article 29), non-competition (Article 30), conflicts of interest (Article 31), related-party transactions (article 32), confidential or reserved information (article 33) and exemption of directors from certain duties (article 34).

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 sundry fields of activity: construction, concessions, maintenance, real estate, etc.

To do this, it has a local office 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 Tax Department reviews the local operations of each company, confirms the taxes applicable to it and checks that the forecasts and settlements made are correct and timely. To this end, it relies on tax experts contracted in each of the geographical areas where the Group operates.

The Internal Audit Department of the Group is 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 code, and
- Consistence and coherence of the internal control system of financial information.

It identifies and evaluates the risks to which it is exposed. This process allows to identify in advance and assess the risks to which the Group is exposed, based on its probability of occurrence and the 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 risks, including those of a fiscal nature, which are faced in the achievement of business targets with the aim of identifying in advance the mitigating measures that minimise or eliminate the possibility of occurrence of a risk and its impact on the Group's objectives.

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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 to which the Group is exposed, 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:

- Market risk: in particular, those relating to the demand for and price of the services and products offered by the Group, as well as the availability and price of the resources it uses. In recent years, the level of uncertainty in economic activity worldwide has increased, mainly as a result of the geostrategic crises arising from the military conflicts in Europe and the Middle East, with a negative effect on the energy market and world trade, which has led to higher prices for productive resources, mainly energy, as well as greater risk due to the lack of availability of raw materials. There has also been an increase in the cost of skilled labour. All this could have a negative impact on the Group's results and 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 regulations, 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 capitalise 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.

- Compliance with environmental regulations and adequate management and minimisation of possible damage to the environment: the Group is especially aware of the importance of proper environmental management, waste management and minimisation of possible negative impacts on the environment derived from the development of its activity.

-Information security 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, foreign exchange risk and interest rate risk. The Group's financial and solvency structure minimises these risks for the most part.

-Operational risk: 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.

-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.



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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 2021 were as follows:

-Financial risk - exposure to the exchange rate: during year 2021 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.

-Market risk - Increase in prices of productive resources: during the last years and as a consequence of the recovery and reactivation of the world economy experienced after the period of the Covid-19 health crisis, as well as the inefficiencies in the production process and global distribution channels, and the geostrategic tensions that are significantly affecting the price of energy resources, a general increase in prices has become apparent. The major world economies have entered in an inflationary phase, not foreseeing that it is a merely circumstantial factor.

- Market risk - Reduction in demand: during the last two years, and mainly due to the restriction measures adopted by the authorities in the context of the Covid-19 health crisis, there has been a very significant reduction in economic activity, especially severe in certain countries in which the Group operates. Likewise, the rate of reactivation after the pandemic period is being slow.

- Contract non-compliance: possible breaches of contracts, either with customers or with suppliers, negatively affecting the foreseen margins, and resulting, in some cases, in unilateral termination of the contracts.

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:

- In the face of demand risk: the commercial and research department has multiple instruments for detecting and evaluating new business opportunities, establishing regular contracting meetings and being in full coordination with the Production Department. Likewise, we try to find contractual formulas that satisfy both parties and minimise exposure to variations in the price of raw materials and production resources in general. In addition, at a strategic level, the Group evaluates new markets that offer business opportunities.



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- 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 environmental risk: the Group periodically carries out external quality and environmental audits in order to confirm that the appropriate procedures are maintained to guarantee that, in the development of the activity, either directly or through subcontractors, environmental regulations are complied with and procedures are carried out with maximum respect for the environment.

- 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:

- I. Liquidity risk: activity budgets are carried out and monitored periodically, specifically, treasury estimates, daily, weekly and monthly.
- II. 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.
- III. 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.

- 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 whistle-blower channel.



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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 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: it verifies the existence and supervises the correct application of the Internal Control over Financial Reporting Systems.

The Board of Directors' role is to approve the risk control and management policy, and the regular monitoring of internal information and control systems. This function is carried out by the audit committee which, mainly through the annual internal audit plan, reviews and assesses adequate design and effectiveness of the Group's internal control system

The design, implementation and operation of ICFR is the responsibility of the General Directorate of Administration and Finance Group, as set out in the Group's Policy on Supervision of Internal Control over Financial Reporting. However, regardless of whether this department is responsible, maximum involvement of the Group's management is required to be as involved as possible, insofar as the financial information is fed by the information generated by the different business and support areas, and must reflect the reality of the activity carried out by the Group.

The Internal Audit Department of Grupo SANJOSE is responsible for carrying out the supervision and evaluation tasks that arise from the Group's annual audit plan, those that may be expressly entrusted to it by the Group's Audit Committee, or any other tasks deemed appropriate and opportune.

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.

The board of directors, on the basis of the reports drawn up by the Appointments, Compensation and Corporate Governance Commission, and with the advice and participation of the Human Resources Department, as well as any other department deemed appropriate, is responsible for setting the structure for the first reporting line, in particular that related to the appointment and dismissal of senior management members. The latter, in turn, are responsible for setting changes in the structure within their departments, in coordination with the Human Resources Directorate, and with the prior authorisation of the board of directors.



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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. The support 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 the 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.



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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.

Whistle-blower 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 directors, executives and employees of the Group have the obligation to inform the Surveillance Body of any fact that they believe may constitute an offence 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 whistle-blower 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:



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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 stages 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.



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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. "



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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:

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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.



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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 addition, the audit committee requires the presence of the external auditor at least every six months. The external auditor reports on the external audit plan and the results of its execution, as well as on any shortcomings in the internal control system which may have been identified in the course of their work.

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.



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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 [] Complies Partially [] Explanation [] Not applicable [X]

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.

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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 [] Complies Partially [] Explanation []

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 [] 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 [] Explanation []

7. That the company reports in real time, through its web page, the proceedings of the General Shareholders' Meetings.

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

Complies [] Complies Partially [] Explanation []



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Given the low capitalisation and the low percentage of broadcasting, it is not considered necessary to carry out a live transmission of the meeting. Article 19 of the general meeting regulations provides for the possibility for shareholders to cast their vote by mail or electronic communication.

However, it should be noted that the last three shareholders' meetings have been held telematically or mixed, i.e. telematically and in person, so that all shareholders who wished to do so were able to follow the meetings live on the company's web site. The company does not rule out the possibility of continuing to hold shareholders' meetings in the future in a mixed manner (face-to-face and telematic).

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 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 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

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

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 []

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 [] 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 [] 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 [] Complies Partially [] Explanation []

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

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 [] 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, it should be noted that in the notice of the call to the 2023 AGM, a new female director is proposed to be appointed, so that if the meeting approves this proposal, the board of directors will have 3 female directors, i.e. almost 28%.

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 [] 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 [] Explanation []

18. That companies publish and update the following information regarding directors on the company website:

a) Professional profile and biography.

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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 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

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 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 Complies Partially Explanation

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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 [] 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 [] 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 [] Complies Partially [] Explanation [] Not applicable []

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

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 [] 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 [] Explanation []

When approving the annual calendar of meetings, the board of directors sets 5 meetings with a pre-established date, without prejudice to the fact that, if necessary, other meetings of the board may be held..During 2022, 5 meetings were held.

Board meetings are scheduled on a quarterly basis in order to report financial information to the market. In addition, a further board meeting is foreseen at the same date of the AGM so as to adopt or execute any resolution resulting from this meeting, if applicable.

Without prejudice to the above, the company's articles of association provide that the board of directors may also be convened by the co-ordinating director with the possibility for the latter to include new items on the agenda of a board meeting already convened.

Likewise, the board of directors shall meet when so requested by directors representing at least one third of the members of the board of directors, stating the agenda of the meeting to be held in the locality where the registered office is, without prior request to the chairman, if the latter fails to convene the meeting in the locality where the registered office is within one month without just cause.

For all the above, the company considers that the board of directors gathers 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 [] Explanation []

The former director residing in UAE does not usually attend the meetings of the board of directors nor does he delegate his representation to another director

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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 [] 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 [] 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 [] Not applicable []

Although there are no special refresher programmes in the company, directors are provided with information and advice from all areas of the company in relation to the functions inherent to their position. Likewise, they receive timely information on new legislative developments affecting their competencies and those of the committees of which they are members.

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 be duly recorded in the minutes.

Complies [] 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 [] 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 [] Complies Partially [] Explanation []

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

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 is specifically empowered by the byLaws and by the regulations of the board to perform the duties referred to in the wording of this recommendation, but he is not expressly empowered to coordinate the succession plan of the chairman of the 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.



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The process and areas assessed will be described 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 meetings held by the Executive Commission are available to 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 []

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

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 confidentiality 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.

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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 [] Explanation []

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 [] 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 [] 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 [] 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:

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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 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 Complies Partially Explanation

The Appointments and compensation commission is made up of two independent directors, the proprietary director and one of the other external directors, who changed his category of director, going from independent to other external, since he had been appointed as such for 12 uninterrupted years.

48. That high market capitalisation companies have formed separate appointments and remuneration committees.

Complies Explanation Not applicable

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 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.

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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] Explanation]

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 specialised 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 []

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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 is subject to the control established by the quality and environmental certification systems (ISO environment) and are audited on an annual basis 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 []

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.

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e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies [] 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 [] 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 [] Explanation []

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 [] Complies Partially [] Explanation [] Not applicable []



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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 [] Explanation [] Not applicable []

As a general rule, variable remuneration is determined and paid on the basis of the results recorded after the end of the financial year and after the issuance of the audit report. The company considers this to be a sufficient safeguard to check that the previously established performance conditions have been met and therefore it has not considered it necessary to regulate an additional or specific mechanism for the deferral or reimbursement of the payment of variable components.

In addition, the remuneration policy approved by the AGM on 30 March 2021 and amended at the AGM held on 30 June 2022 for financial years 2022, 2023 and 2024 stipulates that the determination and payment of the variable components of remuneration shall take place upon the preparation and auditing of the financial statements in order to verify that the conditions taken into account for their determination have been effectively fulfilled and shall take into account any qualifications in the auditor's report that reduce the results for the year.

Likewise, should any event occur after the determination and, as the case may be, payment of such variable remuneration, which makes it advisable, the Board of Directors shall assess whether it is appropriate to cancel, in whole or in part, the settlement of the variable remuneration, or, if appropriate, to offset it against future payments.

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 [] 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 [] Not applicable []

The AGM held on 30 March 2022 passed a resolution according to which members of the Board of Directors who have the status of executive directors, as well as any other executives as the Board of Directors may determine, are entitled to receive shares in the Company as part of their variable remuneration.

It was also agreed to empower the board of directors to carry out the necessary actions for the implementation of the remuneration set out in the aforementioned resolution and in particular to determine the requirements and conditions to be met by the beneficiaries so as to be entitled to the remuneration by means of the delivery of shares.

The requirements and conditions to be met by the beneficiaries of this remuneration system have not yet been established.

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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

The Board of Directors has not yet determined the requirements and conditions to be fulfilled by the beneficiaries in order to be entitled to remuneration by delivery of shares.

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 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.

Further, and as indicated in section G 59 above, the remuneration policy approved by the shareholders' meeting held on 30 March, 2021 for years of 2022, 2023 and 2024 provides that the determination and payment of the variable components of the remuneration will be carried out once the financial statements have been prepared and audited in order to verify that the conditions established have been effectively met and they will take into account the eventual exceptions that appear in the auditor's report and reduce said results.

Likewise, should any event occur after the determination and, as the case may be, payment of such variable remuneration, which makes it advisable, the Board of Directors shall assess whether it is appropriate to cancel, in whole or in part, the settlement of the variable remuneration, or, if appropriate, to offset it against future payments.

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 Not applicable



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

The compensation for termination of contracts of executive directors consists of an escalation based on the total remuneration and varies between an amount equivalent to a minimum of two and a maximum of three years of said remuneration. 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 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:

29/02/2024

State whether any directors voted against or abstained from voting on this report.

Yes
 No

Don Juan Amor Fernández, Traductor-Intérprete Jurado de inglés, nombrado por el Ministerio de Asuntos Exteriores, Unión Europea y Cooperación, certifica que la que antecede es traducción fiel y completa al inglés de un documento redactado en español.

I the undersigned Juan Amor Fernández, sworn translator for the English Language, duly appointed by the Ministry for Foreign Affairs, European Union and Cooperation, do hereby certify that the foregoing is a true and faithful translation of the original Spanish document hereunto attached.

Águilas (Murcia) Spain, 28 February 2024

JUAN AMOR FERNÁNDEZ
Traductor-Intérprete Jurado
Alemán, Inglés, Italiano,
Portugués, Catalán
Número 132

Juan Amor Fernández



ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

ISSUERS IDENTIFICATION DETAILS

Year-end date: 31/12/2023

TAX Id. # A-36046993

Company Name:

GRUPO EMPRESARIAL SAN JOSE, S.A.

Registered office:

ROSALIA DE CASTRO 44, BAJO (PONTEVEDRA)

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

A. REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR

A.1.1. Explain the current director remuneration policy applicable to the year in progress. To the extent that it is relevant, certain information may be included in relation to the remuneration policy approved by the General Shareholders' Meeting, provided that these references are clear, specific and concrete.

The specific determinations for the year in progress should be described, both the remuneration of directors in their status as such and as a result of their executive functions carried out for the Board pursuant to the contracts signed with executive directors and to the remuneration policy approved by the General Shareholders' Meeting.

In any event, the following aspects should be reported:

- a) Description of the procedures and company bodies involved in determining and approving the remuneration policy and its terms and conditions.
- b) Indicate and, where applicable, explain whether comparable companies have been taken into account in order to establish the company's remuneration policy.
- c) Information on whether any external advisors took part in this process and, if so, their identity.
- d) Procedures contemplated in the current remuneration policy for directors to apply temporary exceptions to the policy, conditions under which those exceptions may be invoked, and components that may be subject to exception according to the policy.

The board of directors is the competent body to determine the exact amount to be paid each year to each director of the Company within the limit set by the annual general meeting. This agreement must be adopted with the prior proposal of the appointment, remunerations and Governance Committee, and in a manner consistent with the remuneration policy approved by the board.

Remuneration paid to each director will be determined in consideration of the given functions and responsibilities, the participation in the different committees and other objective circumstances deemed relevant.

Rules for the determination, approval and application of the remuneration policy for the executive directors of Grupo Empresarial San José for the performance of executive functions in the Company (other than the functions linked to their status as members of the Board) are the following:

- i.- The Fixed Remuneration that they may receive amounts to a maximum annual amount that as a whole will not exceed the amount of two million euros (€2,000,000).
- ii.- At the proposal of the appointment, remunerations and Governance Committee, the board will establish the amount of the fixed remuneration of each of the executive directors, in a way that is competitive with respect to other comparable entities by market and size and considering the circumstances of each financial year.
- iii.- The determination and payment of the variable components of the remuneration will be carried out once the annual statements have been prepared and audited. in order to verify that the conditions established for its determination have been effectively met, and will take into account any exceptions that appear in the auditor's report and reduce, where appropriate, said results.

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

iv.- In the event that after the determination and, where appropriate, payment of said variable remuneration, an event occurs that makes it advisable, the board of directors will assess whether it is appropriate to cancel, totally or partially, the liquidation of the variable remuneration, or if necessary, offset it with future settlements.

Although no external advisor has been involved in the determination, approval and implementation of the remuneration policy, the remuneration of comparable companies has been taken into account to establish the criteria and amounts of directors' remuneration. In particular, the CNMV's annual report on corporate governance and remuneration of directors of listed companies for 2022 published on 13 September 2023 has been analysed.

The board of directors is entitled to apply temporary exceptions to the remuneration policy. The application of temporary exceptions must be justified by the approval of corporate transactions that are in the Company's interest. The appointment, remunerations and Governance Committee shall be responsible for analysing the circumstances and submitting the corresponding report to the board of directors. On the basis of the information provided by said commission, the board shall ultimately decide on its approval, which, in any event, may only affect the variable component of the remuneration.

Furthermore, remuneration consisting of the delivery of shares or stock options or remuneration rights linked to their value must be approved by the annual general meeting in accordance with the Capital Companies Act and the Articles of Association. To this end, the annual general meeting held on 30 March 2022 resolved that members of the board of directors who have the status of executive directors and such other executives as the board of directors may determine may receive shares in the Company as part of their variable remuneration.

The specific determination of the shares corresponding to each director or executive shall be linked to the achievement of the objectives relating to the Company's turnover and net profit determined by the board of directors on an annual basis, and shall be agreed by the board after the annual accounts for each financial year have been drawn up and audited.

This form of remuneration shall have a maximum duration of 4 years from the date of approval of the resolution of the board. The maximum number of shares that may be allocated in each financial year to this remuneration system shall be 650,260 shares.

The basis for calculating the shares to be delivered to the beneficiary shall be the share price at the close of business on the day prior to delivery to the beneficiary.

The meeting resolved to empower the board of directors to carry out the necessary actions for the implementation of the aforementioned remuneration, and in particular to determine the requirements and conditions to be met by its beneficiaries in order to be entitled to the remuneration through the delivery of shares. The board of directors has not yet implemented the remuneration through the delivery of shares or options, nor has it fixed the requirements and conditions to be met by its beneficiaries.

A.1.2 Relative importance of variable remuneration items vis-à-vis fixed remuneration (remuneration mix) and the criteria and objectives taken into consideration in their determination and to guarantee a suitable balance between the fixed and variable components of the remuneration. In particular, state the actions adopted by the company in relation to the remuneration system to reduce exposure to excessive risks and adapt this to the long-term objectives, values and interests of the company, which will include, as the case may be, mention of any measures to guarantee that the long-term results of the company are taken into account in the remuneration policy, the measures adopted in relation to those categories of staff whose professional activities have a material impact on the risk profile of the company, and any measures to avoid conflicts of interest.

Furthermore, state whether the company has established any period for the accrual or vesting of certain variable remuneration items, in cash, shares or other financial

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

instruments, any deferral period in the payment of amounts or the handover of accrued and vested financial instruments, or if any clause has been approved reducing the deferred remuneration or that obliges the director to return remuneration received, when such remuneration has been based on certain figures that have clearly been shown to be inaccurate.

In accordance with Article 25.3 of the by-Laws, the AGM sets the maximum amount of the annual remuneration that the Company allocates to all its directors in their capacity as such.

The setting of the exact amount to be paid in each year within that limit and its distribution among the different directors will correspond to the Board of Directors.

The maximum amount of annual remuneration for all the directors in their capacity as such is set at one million euros (EUR 1,000,000). This maximum amount will remain valid as long as its amendment is not approved.

The remuneration that corresponds to the directors due to their status as such may include, within the legal and statutory framework, the following concepts:

- a) **Annual fixed allocation**
Directors may receive a fixed annual amount that is in line with market standards, taking into account the functions and responsibilities attributed to each director, the membership of Board committees and the other objective circumstances as may be deemed appropriate by the Board of Directors.
- b) **Assistance allowances**
The directors may receive certain amounts for attendance fees, either to the meetings of the Board or to the meetings of the committees which they belong to.
- c) **Statutory services and risk coverage**
The Company will pay premiums corresponding to the civil liability insurance policy for directors and executives.

The remuneration attributed to each director will be determined in consideration of the functions and responsibilities attributed to each director, their membership in the different committees and the other objective circumstances considered relevant.

Remuneration for different concepts is determined by the Board on the ground of the performance, responsibility and dedication of each member taking into consideration compensation by market.

The four executive directors have received variable remuneration during 2023 for a total amount of 1,600,000 euros, representing between 100% and 200% of their respective fixed remuneration. As explained in section B7, the board of directors has set this variable remuneration based on the general evolution and development of the activity, business and value of the Company (and in particular with respect to the 2023 results, due to the positive evolution of the contracted portfolio in that year and the level of cash), as well as other factors such as the performance of their executive duties, their personal performance and non-financial factors.

As indicated in section A.1.1. above, the determination and payment of the variable components of the remuneration shall be made after the annual accounts have been drawn up and audited in order to verify that the conditions established for their determination have been effectively met, and shall take into account any qualifications stated in the auditor's report that reduce, where appropriate, such results. Should any event occur subsequent to the determination and payment of such variable remuneration that makes it advisable, the board of directors shall assess whether it is appropriate to cancel, in whole or in part, the settlement of the variable remuneration, or to offset it against future settlements.

A.1.3 Amount and nature of fixed components that are due to be accrued during the year by directors in their status as such.

It is expected that the amount of the fixed components to be accrued in 2024 by directors in their capacity as such will be approved at the meeting of the board of directors that is expected to be held next May.

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

The joint amount accrued by the directors during the 2023 has been as follows:

- a) Annual fixed allocation of approximately 318,000 euros.
- b) Board attendance fees amounting to 128,000 euros.
- c) Compensation for membership of commissions amounting to 47,000 euros.
- d) Bylaws and risk coverage: The company pays the amount of the premium corresponding to the civil liability policy for directors and executives amounting to 394,718 euros.

A.1.4 Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.

The total fixed amount to be accrued by executive directors for the performance of their executive functions in 2024 will be set at the meeting of the board of directors that will take place next May.

Until then, executive directors will continue to receive the same fixed remuneration that they would have received in 2023.

Fixed components received in 2023 by the executive directors has amounted to € 1,607,142.

A.1.5 Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favour of the director.

The company pays the amount of the premium corresponding to the civil liability policy for directors and executives and a private healthcare assistance insurance amounting to EUR 394,728.

A.1.6 Amount and nature of variable components, differentiating between those established in the short and long term. Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration in the year in progress, explaining the extent to which these parameters are related to performance, both of the director and of the company, together with their risk profile, and the methodology, deadline necessary and techniques established to determine the degree of compliance with the parameters used in the design of the variable remuneration at the end of the year explaining the criteria and factors that apply in terms of the time required and methods to verify that the performance conditions have been duly fulfilled.

State the range, in monetary terms, of the different variable components according to the degree of compliance with the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.

Previous report of the Appointment, Remuneration and Corporate Governance Committee, the board of directors agrees each year a variable remuneration for directors, according to the indicators or reference parameters established in the company's remuneration policy.

The indicators or reference parameters established in the remuneration policy in force for the year 2017 for the variable compensation are the following:

1. Annual variable remuneration.

Executive directors may receive annual variable remuneration in cash to be determined each year based on the achievement of the Company's economic, financial and strategic objectives in the previous year. Likewise, consideration shall be given to the degree of compliance with the social responsibility objectives defined

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

annually by the board, based on the importance they have in the creation of value, in the contribution to the business strategy and in the long-term sustainability of the Company.

Once the annual accounts have been prepared and audited, and after a report from the committee, the board shall determine the amount to be received by each executive director based on the degree of fulfilment of the objectives set for his position, the responsibilities of the executive director and the results of the company during the year. Executive directors do not participate in the deliberation and adoption of this decision.

Unless the board sets specific annual targets, the targets to which such remuneration is linked shall be understood to be the following:

- i. A portion shall be determined on the basis of the overall performance and development of the Company's business, business and value, and the proper and proper performance of the executive director's duties, his personal performance and non-financial factors, such as compliance with the Company's internal rules and procedures and its risk control and management policy.
- ii. Another part shall be established according to economic indicators:
 - By membership of the executive committee: up to a maximum of 1% of the EBITDA of the Company.
 - By membership of the international executive committee: up to a maximum of 1.5% of the international turnover of the Company.

Annual variable remuneration shall not exceed 200% of annual fixed remuneration.

The Board of Directors shall pass on May 2024 the amount of the variable compensation for directors for their performance in 2023. In the previous year, it amounted to EUR 1,600,000.

2. Variable remuneration in the medium and long term.

Up to date, the Company has no medium and long-term variable remuneration system.

The annual report on directors' remuneration for the previous year is submitted to the advisory vote of the shareholders' meeting.

A.1.7 Main characteristics of the long-term savings systems. Among other information, state the contingencies covered by the system, whether through defined contributions or benefits, the annual contribution that needs to be made to the defined contribution system, the benefits directors are entitled to in the event of defined benefit systems, the conditions under which economic rights are vested for directors and their compatibility with any other type of payment or severance pay as a result of the early termination or dismissal of the director, or deriving from the termination of the contractual relation, on the terms provided, between the company and the director.

State if the accrual or vesting of any of the long-term saving plans is linked to achieving certain objectives or parameters related to the short- or long-term performance of the director.

The Company does not make contributions to pension plans, individual and defined contribution systems, for executive directors, with coverage for contingencies such as retirement, disability, death and severe dependence.

The company does not have any amount recorded or accumulated for pension, retirement or similar benefits.

A.1.8 Any type of payment or severance pay for early termination or dismissal of the director, or deriving from the termination of the contractual relation, on the terms provided between the company and the director, whether voluntary resignation by the director or dismissal of the director by the company, as well as any type of agreement

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reached, such as exclusivity, post-contractual non-competition, continuance in office or loyalty, which entitle the director to any type of remuneration.

There are no compensation or protection clauses for termination of functions of directors in their capacity as such.

Three executive directors (the chairman, the deputy-chairman and a member) have foreseen in their respective contracts the following payments/compensation in case of termination of their contract:

Severance grant: In the cases of termination envisaged in the contract, the executive director will be entitled to receive compensation for termination, 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 the director executive will not be entitled to receive any compensation. Severance grant 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 by the executive director, if the aggregate of these two amounts is less than EUR 750,000.

(ii) Two and a half years of the annual fixed remuneration of the executive director at the time of termination and of the last annual variable remuneration received by the executive director, if the aggregate of these two amounts is greater than EUR 750,000, yet less than EUR 1,100,000.

(iii) Two annuities of the annual fixed remuneration of the executive director at the time of termination and of the last annual variable remuneration received by the executive director, if the aggregate is greater than EUR 1,100,000.

Likewise, the CEO, Mr. José Luis González Rodríguez, includes Severance pay within his contract terms, being entitled to a two-year severance pay of the fixed remuneration at the time of termination of the Contract as well as a post-contractual non-competition clause for a period of two years.

A.1.9 State the conditions that contracts should respect for those exercising senior management functions as executive directors. Among others, information should be provided on the duration, limits on amounts of severance pay, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to hiring bonuses, compensation and golden parachute clauses for early termination of the contractual relationship between the company and the executive director. Include, among others, any clauses or agreements on non-competition, exclusivity, continuance in office and loyalty, and post-contractual non-competition, unless these have been explained in the previous section.

Executive directors' contracts will remain in force as long as they continue to be director executives of the Company.

In the cases of termination provided for in the contract, the executive director will be entitled to receive a compensation for termination according to the terms detailed in the above-mentioned paragraph.

The executive director may terminate the contract unilaterally and by his own will, bringing it to the attention of the Company in writing at least three months in advance. In case of non-compliance with the notice obligation, the executive director shall compensate the Company with an amount equivalent to the fixed remuneration applicable in the moment of termination of the contract corresponding to the unfulfilled period of notice.

During the period of notice, the Company may exempt the executive director from the performance of duties, although said director will continue to be entitled to the remuneration thereon.

The termination of the contract due to the unilateral withdrawal of the executive director will imply, automatically and with effect as from the same date the contract is terminated upon, the resignation from the position of director, and the revocation of as many faculties said director had been delegated in his favour by the board of directors, as well as all the powers granted to the director by the company.

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During the term of the contract and unless there was express and written consent of the company, the executive director shall provide its services exclusively for the Company and the companies of its group.

The executive director may not provide any kind of services, directly or indirectly, under any kind of legal relationship, for third parties, or for his/her own account, even when the activities carried out are not concurrent with those of the company or those of the group, and all professional activity shall be dedicated to the company and the companies of the group

The provision of services or the performance of any other activity that results, for any reason, relevant or may require dedication by the executive director will require the prior authorisation of the board of directors.

The executive director undertakes to use the information of the company solely and exclusively for the purpose of complying with the functions entrusted in the contract. In addition, the executive director undertakes to keep and treat as confidential information and, in particular, not to disclose it to any third party or employee of the company without the prior consent of the company, except in the exercise of the functions entrusted in the contract or by legal imperative, and not to reproduce it, transform it or, in general, use it in a different way other than what is necessary for the exercise of the professional activity.

The executive director undertakes to return immediately to the company, upon request of this during the term of the contract and, in any case, and without need of request, upon its extinction, any kind of confidential information that has been disclosed to or has been created by the executive director.

The contract entered into with the CEO, Mr. José Luis González Rodríguez, includes a non-competence clause for a two-year period.

A.1.10 The nature and estimated amount of any other supplementary remuneration accrued by directors in the year in progress in consideration for services rendered other than those inherent in the post.

Directors are not expected to receive any significant remuneration for services rendered other than those inherent to their position.

The four executive directors are not expected to receive additional remuneration other than that provided in their respective contracts for the provision of services.

A.1.11 Other items of remuneration like those deriving from the company providing advances, loans, guarantees or any other remuneration to the directors.

The company has not granted or plans to grant advances, credits or guarantees to members of the board of directors.

A.1.12 The nature and estimated amount of any other planned supplementary remuneration accrued by directors in the year in progress that is not included in the previous sections, whether payment is made by the company or another group company.

Directors will not earn any supplementary remuneration, other than that indicated in this report.

A.2 Explain any significant change in the remuneration policy applicable in the current year resulting from:

- a) A new policy or a modification of the policy already approved by the General Meeting.

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- b) Significant changes in the specific determinations established by the board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.
- c) Proposals that the board of directors has agreed to submit to the general shareholders' meeting to which this annual report will be submitted and which are proposed to be applicable to the current year.

There have been no material changes to the remuneration policy applicable in the current financial year.

A.3. Identify the direct link to the document where the current company remuneration policy is posted, which must be available on the web page of the company.

http://www.grupo-sanjose.com/data/pdf/1648665115_69917280.pdf

A.4 Explain, taking into account the data provided in Section B.4, the outcome of voting, of a consultative nature, by shareholders at the General Shareholders' Meeting on the annual report on remuneration for the previous year.

The item on the agenda of the shareholders' meeting at which the annual remuneration report for the previous year was put to a consultative vote was approved by 99.09% of the capital present or represented.

This vote will be considered for the remuneration policy for the three-year period 2025-2027 to be voted on at the shareholders' meeting to be held in 2024

B. OVERALL SUMMARY OF HOW REMUNERATION POLICY HAS BEEN APPLIED DURING THE YEAR ENDED

B.1.1 Explain the process followed to apply the remuneration policy and determine the individual remuneration contained in Section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the Board of Directors and, as the case may be, the identity and the role of the external advisors whose services have been used in the process to apply the remuneration policy in the year ended.

With respects to those directors who have exclusively received attendance allowance for meetings of the board and the meetings of the commissions which they belong to, once the attendance of the member has been verified at the corresponding meeting, the payment order is notified to the financial department (Treasury) that carries out the payment in the following days.

Regarding the compensation consisting of an annual fixed allocation for directors in their condition as such, the Appointments, Remuneration and Corporate Governance Committee prepares a reasoned report in consideration of the duties and responsibilities attributed to each director, with the remuneration proposal addressed to the board of directors, which, if appropriate, proceeds to its approval.

For executive directors, in addition to the fixed remuneration established in their respective service lease contracts, the board of directors sets the variable remuneration corresponding to the previous year, following a report and proposal from Appointments, Remunerations and Corporate Governance Committee. Likewise, should there be any modification in the fixed remuneration of executive directors, the new amount would be agreed by the board of directors following a report and proposal by the appointments, remuneration and good governance committee.

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The Appointments, Remunerations and Corporate Governance Committee is informed in advance and reports to the board on any decision to be adopted with regard to the application of the remuneration policy of each member.

B.1.2 Explain any deviation implemented during the period to the procedure established for applying the remuneration policy.

No deviations were implemented to the application procedure.

B.1.3 Explain whether any temporary exception to the remuneration policy has been applied and, if so, explain the given circumstances for such exceptional application, specific components of the remuneration policy implemented and the reasons for which the company deems such exceptional measures were necessary to face long-term interests and company sustainability as a whole. Specify, also, the impact of said exceptional measures on the remuneration of each member.

No exceptional measures were applied to the remuneration policy.

B.2 Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks and adapting them to the long-term objectives, values and interests of the company, including a reference to the measures that have been adopted to guarantee that the long-term results of the company have been taken into consideration in the remuneration accrued and that a suitable balance has been attained between the fixed and variable components of the remuneration, the measures that have been adopted in relation to those categories of staff whose professional activities have a material repercussion on the company's risk profile and the measures that have been adopted to avoid conflicts of interest, if appropriate.

The board of directors determines the variable remuneration for each year once the financial statements have been formulated and audited. Further, in 2023 it also did so upon the AGM having approved the financial statements; circumstance which is expected to occur again this year 2024.

The board deems that so as to establish the remuneration accrued, long-term outcome of the company and a balance between fixed and variable components should be achieved.

Likewise, the company's remuneration policy includes the power of the board to cancel, in whole or in part, the settlement of remuneration (or, where appropriate, offset it with future settlements) in the event that there is a subsequent modification of the profit/(loss) of the financial statements for the year which such remuneration was based on.

However, to date it has not been necessary to correct any dysfunction in the company's remuneration system, since the forecasts considered for the calculation of the remuneration proposals have coincided with the actual results.

The board considers that the decisions adopted have taken into account the risks that the audit committee analyses on a regular basis after gathering information from the external auditors, in order to reduce exposure to risks and adjust it to the objectives, values and long-term interests of company.

The measures adopted to avoid conflicts of interest have consisted of the affected directors, and in particular the executive directors, not participating in the remuneration decision-making process.

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B.3 Explain how the remuneration accrued over the year meets the provisions contained in the current remuneration policy.

Furthermore, report on the relationship between the remuneration obtained by the directors and the results or other performance measures of the company in the short and long term, explaining, as the case may be, how the variations in the performance of the company have influenced changes in the remuneration of directors and how the latter contribute to the short- and long-term results of the company.

The total remuneration of directors approved by the board of directors represents 49.20% of the maximum amount of the annual remuneration for all the directors approved by the AGM.

In 2023 the directors have received a total remuneration that the board of directors considers consistent with the profit for the year.

The remuneration accrued and consolidated in the year complies with the current remuneration policy because it adheres to the different compensation concepts, respects the limits set in the policy and has been agreed based on the results obtained by the company both, in the previous financial year and in the forecast of those that will be obtained according to its strategic plan.

The variations in the performance of the company influence the variation in the remuneration of the directors, as was already noted in a restrictive sense in the period in which the company was subject to the restrictions of the refinancing of its debt (years from 2014 to 2018), and in the opposite direction with the extraordinary results obtained in 2019 due to the cancellation of its short-term and medium-term financial debt.

For reasons above-mentioned, there has been no accrued remuneration whose payment has been deferred.

B.4 Report on the result of the consultative vote at the General Shareholders' Meeting on remuneration in the previous year, indicating the number of votes against that may have been cast:

	Number	% on total
Issued votes	44,658,156	68.68

	Number	% on issued
Negative votes	405,672	0.91
Positive votes	44,252,4844	99.09
Blank votes		0.00
Abstentions		0.00

Notes

B.5 Explain how the fixed components accrued during the year by the directors in their capacity as such have been determined and how they have changed with respect to the previous year

The annual fixed allocation of directors in 2023 has been determined by the board of directors, on the proposal of the Appointments and Remunerations Committee, taking into account the functions actually performed, the special complexity to the dedication provided and to the different responsibilities assumed by each director.

This allocation in 2023 was approximately 47,500 € higher than in the previous year. However, in 2023 a new director was appointed, Ms. María José Alonso Fernandez, who was set a fixed annual remuneration of 22,500 €,

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i.e. if the comparison is made with the same directors who were appointed in 2022, the increase would be only 25,000 €

Relative percentage and variation with regard to the previous year is as follows:

RAMON BARRAL ANDRADE 15.75% No changes recorded.
JOSE MANUEL OTERO NOVAS 15.75% The amount has been increased by 5,000 euros.
AMPARO ALONSO BETANZOS 9.45% The amount has been increased by 5,000 euros.
ENRIQUE MARTIN REY 9.45% No changes recorded
ALTINA DE FÁTIMA 11.02% No changes recorded
ROBERTO ALVAREZ ALVAREZ 31.50%. The amount has been increased by EUR 15,000.
NASSER AL DAREI 0% No changes recorded.
MARIA JOSE ALONSO FERNANDEZ, 7.08% No changes recorded

On the other hand, members have received attendance fees amounting to EUR 2,000 for meetings of the board of directors, and EUR 3,000 for meetings of the executive commission, EUR 1,500 for meetings of the audit committee and the Appointments, Remunerations and Corporate Governance committee and EUR 3,000 for meetings of the international executive committee. These amounts are the same as those applied in previous years.

B.6 Explain how the salaries accrued by each one of the executive directors over the past financial year for the performance of management duties were determined, and how they have changed with respect to the previous year.

Fixed salaries accrued in 2023 by the executive directors were the following:

Jacinto Rey González: € 600,000, same amount accrued in the previous year.
Jacinto Rey Laredo: € 435,714 - 35,714 euros more than in the previous year.
Javier Rey Laredo: € 335,714 - 35,714 euros more than in the previous year.
José Luis González Rodríguez: € 235,714 – 35,714 euros more than in the previous year.

Said salaries are regulated under the terms of the corresponding service contracts, which provide that they can be modified annually by resolution of the board of directors at the proposal of the appointments, remunerations and Corporate Governance Committee of the Company.

B.7 Explain the nature and the main characteristics of the variable components of the remuneration systems accrued in the year ended.

In particular:

- a) Identify each of the remuneration plans that have determined the different variable remuneration accrued by each of the directors during the year ended, including information on their scope, date of approval, date of implementation, vesting conditions, if any, vesting periods and term, criteria used to assess performance and how this has impacted on the setting of the variable amount accrued, as well as the measurement criteria used and the time required to be able to adequately measure all the conditions and criteria stipulated, explaining in detail the criteria and factors applied in terms of the time required and methods for verifying that the performance or other conditions to which the accrual and vesting of each component of variable remuneration was linked have been effectively met.
- b) In the case of share options and other financial instruments, the general characteristics of each plan will include information on both the conditions to acquire unconditional ownership (vesting) and to exercise these options or financial instruments, including the price and term to exercise them.

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- c) Each one of the directors, together with their category (executive directors, proprietary external directors, independent external directors and other external directors), that are beneficiaries of remunerations systems or plans that include variable remuneration.
- d) As the case may be, information is to be provided on periods for the accrual or deferment of payment applied and/or the periods for withholding/unavailability of shares or other financial instruments, if they should exist.

Explain the short-term variable components of the remuneration systems:

Unless the board sets specific annual targets, the targets to which such remuneration is linked shall be understood to be the following:

i.- A part of the variable remuneration shall be established according to the performance of the business and the value of the Company, as well as appropriate development of functions and responsibilities as executive directors, personal performance and non-financial factors, such as the compliance with rules and internal procedures in terms of risk management.

ii.- Another part shall be established according to economic indicators:

- By membership of the executive committee: up to a maximum of 1% of the EBITDA of the Company.
- By membership of the international executive committee: up to a maximum of 1.5% of the international turnover of the Company.

Annual variable remuneration of executive members amounted in 2023 to EUR 1,600,000.

As for now, delivery of shares or rights on shares or any other financial instruments are not considered.

Explain the long-term variable components of the remuneration systems:

During year 2023, no long-term variable remuneration has been accrued.

B.8 Indicate whether certain variable components have been reduced or clawed back when, in the case of the former, payment has been vested and deferred or, in the case of the latter, vested and paid, on the basis of data that have subsequently proved to be inaccurate. Describe the amounts reduced or clawed back through the application of the reduction or clawback clauses, why they were implemented and the years to which they refer.

No. This has not occurred up to the date of preparation of this report.

B.9 Explain the main characteristics of the long-term savings systems where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefit that are financed, totally or partially, by the company, whether through internal or external contributions, indicating the type of plan, whether it is a defined contribution or benefit, the contingencies covered, the conditions for vesting economic rights for directors and their compatibility with any type of severance pay for early termination or termination of the contractual relationship between the company and the director.

The company does not currently have any long-term saving systems.

B.10 Explain, where appropriate, the severance pay or any other type of payment deriving from early dismissal or early resignation, or from the termination of the contract upon



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the terms provided for therein, accrued and/or received by directors during the year ended.

The early termination of the director in his/her condition as such, for any reason, does not imply any compensation in favour of the director.

Contracts of executive directors provide for the termination of the contractual relationship in the following terms:

TERMINATION OF THE CONTRACT

The Contract will be terminated for the following reasons.

1.- Termination by mutual agreement of the Parties. The Contract may be terminated by the agreement between the executive director and the Company, as agreed by the Parties.

2.- Termination for unilateral will of the executive director

The executive director may terminate the contract unilaterally, informing the Company in writing at least three months in advance. In the event of default of notice, the executive director shall indemnify the Company with an amount equivalent to the fixed remuneration applicable at the time of termination of the contract corresponding to the period of unfulfilled notice. During the period of notice, the Company may exempt the executive director from the performance of his/her duties, although he/she will continue to receive the corresponding remuneration.

The termination of the contract by unilateral will of the executive director will automatically imply, with effect as from the same date on which the contract is terminated, his/her resignation from the position of director, and the revocation of any powers delegated to him/her by the board of directors, as well as all the powers granted to by the Company.

3.- Termination for reasons attributable to the Company

3.1 Termination at the Company's discretion

The Contract will be terminated by the will of the Company expressed by agreement of the board of directors, in accordance with the provisions of its by-Laws.

The Contract will also be terminated in the event of (i) cessation or non-renewal of the executive director as a director by resolution of the AGM, or (ii) total or partial revocation, as the case may be, of the powers delegated to the director by the board of directors or of the powers granted by the Company. However, the termination and subsequent and immediate appointment as director or the total or partial revocation of the aforementioned powers or powers and the subsequent and immediate delegation or granting of faculties or powers of analogous content shall not entail the termination of the Contract.

In the event of termination provided for in clause 10.3.1 of the contract, the executive director shall be entitled to receive the compensation for termination indicated below, 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 the executive director will not be entitled to receive any compensation.

3.2 Other reasons for termination

The Contract will automatically be terminated, as a consequence of the death of the executive director or due to his/her legal incapacitation, declaration of total or superior permanent disability, or incapacity or temporary impossibility for the exercise of his/her functions for a period exceeding 12 months.

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In any of the above cases, the revocation, if any, of the faculties and powers of the Executive Director will be automatic and neither this nor, where appropriate, his/her successors will be entitled to receive compensation, without prejudice to the endowments, insurance system or insurance that the Company would have contracted for on behalf of the Executive Director in these cases, which will be consolidated in favour of this or its successors in title.

Severance grant:

In the cases of termination envisaged in the contract, the executive director will be entitled to receive compensation for termination, 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 the director executive will not be entitled to receive any compensation.

Severance grant 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 by the executive director, if the aggregate of these two amounts is less than EUR 750,000.
- (ii) Two and a half years of the annual fixed remuneration of the executive director at the time of termination and of the last annual variable remuneration received by the executive director, if the aggregate of these two amounts is greater than EUR 750,000, yet less than EUR 1,100.000 euros.
- (iii) Two annuities of the annual fixed remuneration of the executive director at the time of termination and of the last annual variable remuneration received by the executive director, if the aggregate is greater than EUR 1,100,000

As for the CEO Mr. José Luis González Rodríguez is concerned, severance grant will consist of two annuities of the fixed remuneration received by the CEO at the moment of termination of the contract.

B.11 Indicate whether there have been any significant changes in the contracts of persons exercising senior management functions, such as executive directors, and, where appropriate, explain such changes. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless these have already been explained in Section A.1.

During the 2023, contracts of executive directors have not been modified.

B.12 Explain any supplementary remuneration accrued by directors as consideration for services rendered outside of their post.

The Second Deputy Chairman Mr. Javier Rey Laredo received EUR 16,516 as compensation for the services rendered in PAMSA, investee with a 20% ownership interest of Grupo San José.

B.13 Explain any remuneration deriving from advance payments, loans or guarantees granted, indicating the interest rate, their key characteristics and the amounts eventually returned, as well as the obligations taken on by way of guarantee or collateral.

The company has not granted advance payments, loans or guarantees to any members of the board of directors.

B.14 Itemise the remuneration in kind accrued by the directors over the year, briefly explaining the nature of the different salary components

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Directors of the company have not accrued any remuneration in kind unless executive directors who enjoy small compensation lacking significant importance consisting of medical insurance and the civil liability insurance programme for members and executives.

- B.15 Explain the remuneration accrued by directors by virtue of payments made by the listed company to a third company at which the director renders services when these payments seek to remunerate the director's services to the company.

Directors of the company have not accrued any remuneration for this concept.

- B.16 Explain and detail the amounts accrued during the year in relation to any other remuneration item other than those listed above, whatever its nature or the group entity paying it, including all benefits in any form, such as when it is considered a related-party transaction or, especially, when it significantly affects the true and fair view of the total remuneration accrued by the director, explaining the amount granted or pending payment, the nature of the consideration received and the reasons why it would have been considered, where appropriate, if applicable, that it does not constitute remuneration to the director in his capacity as such or in consideration for the performance of his executive duties. and whether or not it has been considered appropriate to include it among the amounts accrued under "other items" in section C.

There are no other items of remuneration other than those mentioned in previous sections.



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C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Period of accrual year 2023
Mr. JACINTO REY GONZÁLEZ	Executive Chairman	From 01/01/2023 to 31/12/2023
Mr. JACINTO REY LAREDO	Executive Deputy Chairman	From 01/01/2023 to 31/12/2023
Mr. JAVIER REY LAREDO	Executive Deputy Chairman	From 01/01/2023 to 31/12/2023
Mr. JOSÉ LUIS GONZÁLEZ RODRIGUEZ	CEO	From 01/01/2023 to 31/12/2023
Ms. ALTINA FÁTIMA SEBASTIÁN GONZÁLEZ	Other External Director	From 01/01/2023 to 31/12/2023
Ms. AMPARO ALONSO BETANZOS	Independent Director	
Mr. RAMÓN BARRAL ANDRADE	Coordinating Director	From 01/01/2023 to 31/12/2023
Mr. NASSER HOMAID SALEM ALI ALDAREI	Other External Director	From 01/01/2023 to 31/12/2023
Mr. ENRIQUE MARTÍN REY	Proprietary Director	From 01/01/2023 to 31/12/2023
Mr. JOSÉ MANUEL OTERO NOVAS	Independent Director	From 01/01/2023 to 31/12/2023
Mr. ROBERTO ÁLVAREZ ÁLVAREZ	Other External Director	From 01/01/2023 to 31/12/2023
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ	Independent Director	From 01/01/2023 to 31/12/2023

C.1 Complete the following tables regarding the individual remuneration of each director (including the salary received for performing executive duties) accrued during the year.

a) Remuneration from the reporting company:

i) Remuneration in cash (thousand euros)

Name	Fixed remuneration	Per diem allowances	Remuneration for membership on Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance grant	Other grounds	Total in year 2023	Total in year 2022
Mr JACINTO REY GONZÁLEZ		12		600	500				1,112	1,213
Mr JACINTO REY LAREDO		12		436	350				798	763
Mr JAVIER REY LAREDO		12		336	350				698	663
Mr. JOSÉ LUIS GONZÁLEZ RODRÍGUEZ		12		236	400				648	610
Ms. ALTINA FATIMA SEBASTIAN GONZALEZ	35	12	8						55	54
Ms. AMPARO ALONSO BETANZOS	30	12							42	35
Mr. RAMON BARRAL ANDRADE	50	12	14						76	73
Mr. NASSER HOMAID SALEM ALI ALDAREI										
Mr. ENRIQUE MARTIN REY	30	12	6						48	44
Mr. JOSÉ MANUEL OTERO NOVAS	50	12	14						76	68
Mr. ROBERTO ALVAREZ ALVAREZ	100	12	6						118	99
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ	23	8							31	

Notes

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ii) Cuadro de movimientos de los sistemas de retribución basados en acciones y beneficio bruto de las acciones o instrumentos financieros consolidados.

Name	Name of Plan	Financial instruments at start of year 2021		Financial instruments vested during year 2021		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of year 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No of equivalent/vested shares	Price of consolidated shares	Gross profit from vested shares or financial instruments (thousand €)	No. of equivalent shares	No. of instruments	No. of equivalent shares
Mr JACINTO REY GONZÁLEZ	Plan							0.00				
Mr JACINTO REY LAREDO	Plan							0.00				
Mr JAVIER REY LAREDO	Plan							0.00				
Mr. JOSE LUIS GONZÁLEZ RODRIGUEZ	Plan							0.00				
Ms. ALTINA FATIMA SEBASTIAN GONZALEZ	Plan							0.00				
Ms. AMPARO ALONSO BETANZOS	Plan							0.00				
Mr. RAMON BARRAL ANDRADE	Plan							0.00				
Mr. NASSER HOMAID SALEM ALI ALDAREI	Plan							0.00				
Mr. ENRIQUE MARTIN REY	Plan							0.00				
Mr. JOSÉ MANUEL OTERO NOVAS	Plan							0.00				
Mr. ROBERTO ÁLVAREZ ÁLVAREZ	Plan							0.00				
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ	Plan							0.00				

Notes

iii) Long-term savings systems

Name	Remuneration from vesting of rights to savings systems
Mr JACINTO REY GONZÁLEZ	
Mr JACINTO REY LAREDO	
Mr JAVIER REY LAREDO	
Mr. JOSÉ LUIS GONZÁLEZ RODRÍGUEZ	
Ms. ALTINA FÁTIMA SEBASTIAN GONZALEZ	
Ms. AMPARO ALONSO BETANZOS	
Mr. RAMÓN BARRAL ANDRADE	
Mr. NASSER HOMAID SALEM ALI ALDAREI	
Mr. ENRIQUE MARTÍN REY	
Mr. JOSÉ MANUEL OTERO NOVAS	
Mr. ROBERTO ÁLVAREZ ÁLVAREZ	
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ	

Name	Contribution over the year from the company (thousand EUR)				Amount of accumulated funds (thousand EUR)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights		Savings systems with vested economic rights		Savings systems with non-vested economic rights	
	Year 2023	Year 2022	Year 2023	Year 2022	Year 2023	Year 2022	Year 2023	Year 2022
Mr JACINTO REY GONZÁLEZ								
Mr JACINTO REY LAREDO								
Mr JAVIER REY LAREDO								
Mr. JOSE LUIS GONZALEZ RODRIGUEZ								
Ms. ALTINA FATIMA SEBASTIAN GONZALEZ								
Ms. AMPARO ALONSO BETANZOS								
Mr. RAMON BARRAL ANDRADE								
Mr. NASSER HOMAID SALEM ALI ALDAREI								
Mr. ENRIQUE MARTIN REY								
Mr. JOSÉ MANUEL OTERO NOVAS								
Mr. ROBERTO ÁLVAREZ ÁLVAREZ								
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ								

Notes

iv) Details of other ítems

Name	Item	Amount remunerated
Mr JACINTO REY GONZÁLEZ	Item	
Mr JACINTO REY LAREDO	Item	
Mr JAVIER REY LAREDO	Attendance allowance to Board of Directors of an investee	17
Mr. JOSE LUIS GONZÁLEZ RODRIGUEZ	Item	
Ms. ALTINA FÁTIMA SEBASTIAN GONZÁLEZ	Item	
Ms. AMPARO ALONSO BETANZOS	Item	
Mr. RAMÓN BARRAL ANDRADE	Item	
Mr. NASSER HOMAID SALEM ALI ALDAREI	Item	
Mr. ENRIQUE MARTIN REY	Item	
Mr. JOSÉ MANUEL OTERO NOVAS	Item	
Mr. ROBERTO ÁLVAREZ ÁLVAREZ	Item	
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ	Item	

Notes

b) Remuneration of the company directors for seats on the boards of other group companies:

i) Remuneration in cash (thousand EUR)

Name	Fixed remuneration	Per diem allowances	Remuneration for membership on Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance grant	Other grounds	Total in year 2023	Total in year 2022
Mr. JACINTO REY GONZÁLEZ		46							46	55
Mr. JACINTO REY LAREDO										
Mr. JAVIER REY LAREDO		18							18	18
Mr. JOSÉ LUIS GONZÁLEZ RODRÍGUEZ										
Ms. ALTINA FATIMA SEBASTIAN GONZALEZ										
Ms. AMPARO ALONSO BETANZOS										
Mr. RAMON BARRAL ANDRADE										
Mr. NASSER HOMAID SALEM ALI ALDAREI										

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Mr. ENRIQUE MARTIN REY											
Mr. JOSÉ MANUEL OTERO NOVAS											
Mr. ROBERTO ÁLVAREZ ÁLVAREZ			55							55	55
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ											

Notes

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments.

Name	Name of Plan	Financial instruments at start of year 2021		Financial instruments vested during year 2021		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of year 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No of equivalent/vested shares	Price of consolidated shares	Gross profit from vested shares or financial instruments (thousand €)	No. of equivalent shares	No. of instruments	No. of equivalent shares
Mr JACINTO REY GONZÁLEZ	Plan							0.00				
Mr JACINTO REY LAREDO	Plan							0.00				
Mr JAVIER REY LAREDO	Plan							0.00				
Mr. JOSE LUIS GONZÁLEZ RODRIGUEZ	Plan							0.00				
Ms. ALTINA FATIMA SEBASTIAN GONZALEZ	Plan							0.00				
Ms. AMPARO ALONSO BETANZOS	Plan							0.00				
Mr. RAMON BARRAL ANDRADE	Plan							0.00				
Mr. NASSER HOMAID SALEM ALI ALDAREI	Plan							0.00				
Mr. ENRIQUE MARTIN REY	Plan							0.00				
Mr. JOSÉ MANUEL OTERO NOVAS	Plan							0.00				
Mr. ROBERTO ÁLVAREZ ÁLVAREZ	Plan							0.00				
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ	Plan							0.00				

Notes

iii) Long-term savings systems

Name	Remuneration from vesting of rights to savings systems
Mr JACINTO REY GONZÁLEZ	
Mr JACINTO REY LAREDO	
Mr JAVIER REY LAREDO	
Mr. JOSÉ LUIS GONZÁLEZ RODRÍGUEZ	
Ms. ALTINA FÁTIMA SEBASTIAN GONZALEZ	
Ms. AMPARO ALONSO BETANZOS	
Mr. RAMÓN BARRAL ANDRADE	
Mr. NASSER HOMAID SALEM ALI ALDAREI	
Mr. ENRIQUE MARTÍN REY	
Mr. JOSÉ MANUEL OTERO NOVAS	
Mr. ROBERTO ÁLVAREZ ÁLVAREZ	
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ	

Name	Contribution over the year from the company (thousand EUR)				Amount of accumulated funds (thousand EUR)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights		Savings systems with vested economic rights		Savings systems with non-vested economic rights	
	Year 2023	Year 2022	Year 2023	Year 2022	Year 2023	Year 2022	Year 2023	Year 2022
Mr JACINTO REY GONZÁLEZ								
Mr JACINTO REY LAREDO								
Mr JAVIER REY LAREDO								
Mr. JOSE LUIS GONZALEZ RODRIGUEZ								
Ms. ALTINA FATIMA SEBASTIAN GONZALEZ								
Ms. AMPARO ALONSO BETANZOS								
Mr. RAMON BARRAL ANDRADE								
Mr. NASSER HOMAID SALEM ALI ALDAREI								
Mr. ENRIQUE MARTIN REY								
Mr. JOSÉ MANUEL OTERO NOVAS								

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Mr. ROBERTO ÁLVAREZ ÁLVAREZ								
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ								

Notes

iv) Details of other items

Name	Item	Amount remunerated
Mr JACINTO REY GONZÁLEZ	Item	
Mr JACINTO REY LAREDO	Item	
Mr JAVIER REY LAREDO	Item	
Mr. JOSE LUIS GONZÁLEZ RODRIGUEZ	Item	
Ms. ALTINA FÁTIMA SEBASTIAN GONZÁLEZ	Item	
Ms. AMPARO ALONSO BETANZOS	Item	
Mr. RAMÓN BARRAL ANDRADE	Item	
Mr. NASSER HOMAID SALEM ALI ALDAREI	Item	
Mr. ENRIQUE MARTIN REY	Item	
Mr. JOSÉ MANUEL OTERO NOVAS	Item	
Mr. ROBERTO ÁLVAREZ ÁLVAREZ	Item	
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ	Item	

c) Summary of remuneration (thousand €):

This should include a summary of the amounts corresponding to all the remuneration items included in this report that have accrued to each director (thousand €).

Name	Remuneration accrued at the Company					Remuneration accrued at group companies					TOTAL YEAR 2023 COMPANY + GROUP
	Total Cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings systems	Remuneration for other items	Total year 2023 company	Total Cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings systems	Remuneration for other items	Total year 2023 group	
Mr JACINTO REY GONZÁLEZ	1,112				1,112	46				46	1,158
Mr JACINTO REY LAREDO	798				798						798
Mr JAVIER REY LAREDO	698				698	18				18	716



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Mr. JOSÉ LUIS GONZÁLEZ RODRÍGUEZ	648				648					648
Ms. ALTINA FATIMA SEBASTIAN GONZALEZ	55				55					55
Ms. AMPARO ALONSO BETANZOS	42				42					42
Mr. RAMON BARRAL ANDRADE	76				76					76
Mr. NASSER HOMAID SALEM ALI ALDAREI										
Mr. ENRIQUE MARTIN REY	48				48					48
Mr. JOSÉ MANUEL OTERO NOVAS	76				76					76
Mr. ROBERTO ÁLVAREZ ÁLVAREZ	118				118	55			55	173
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ	31				31					31
TOTAL	3,702				3,702	119			119	3,821

Notes

C.2 Indicate the evolution in the last 5 years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company that have been in that position during the year, of the consolidated profit/(loss) of the company and of the average remuneration on an equivalent full-time basis of employees of the company and its subsidiaries who are not directors of the listed company.

	Accrued amounts and annual variation %								
	Year 2023	Variation % 2023/2022	Year 2022	Variation % 2022/2021	Year 2021	Variation % 2021/2020	Year 2020	Variation % 2020/2019	Year 2019
Executive directors									
Mr. JACINTO REY LAREDO	798	4.59	763	6.56	716	7.67	665	-23.12	865
Mr. JOSE LUIS GONZÁLEZ RODRÍGUEZ	648	6.23	610	8.93	560	118.75	256	-	0
Mr. JACINTO REY GONZÁLEZ	1,158	-8.68	1,268	-7.38	1,369	-12.47	1,564	-67.29	4,782
Mr. JAVIER REY LAREDO	716	5.14	681	7.75	632	13.67	556	4.12	534
External directors									
Ms. ALTINA DE FATIMA SEBASTIAN GONZÁLEZ	55	1.85	54	-6.90	58	7.41	54	-29.87	77
Ms. AMPARO ALONSO BETANZOS	42	20.00	35	-12.50	40	-	0	-	0
Mr ENRIQUE MARTÍN REY	48	9.09	44	-20.00	55	3.77	53	-30.26	76
Mr. JOSÉ MANUEL OTERO NOVAS	76	11.76	68	-9.33	75	-6.25	80	-22.33	103
Mr. NASSER HOMAID SALEM ALI ALDAREI	0	-	0	-	0	-	0	-	0
Mr. RAMÓN BARRAL ANDRADE	76	4.11	73	1.39	72	-6.49	77	-22.22	99
Mr. ROBERTO ÁLVAREZ ÁLVAREZ	173	11.61	155	-7.19	167	13.61	147	-28.64	206
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ	31	-	0	-	0	-	0	-	0
Consolidated Profit/(loss) for the year									
	21,412	39,13	15,390	11.01	13,863	-37.15	22,059	-86.48	163,181
Average remuneration of employees									
	35	9.38	32	14.29	28	0.00	28	7.69	26

Notes



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D. OTHER INFORMATION OF INTEREST

Whether there are any relevant issues relating to directors' remuneration that you have not been able to address in the previous sections of this report, but which are necessary to provide more comprehensive and fully reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

None.

This annual remuneration report has been approved by the board of directors of the company at its meeting on:

29/02/2024

State whether any directors voted against or abstained from voting on this report.

Yes
 No

Don Juan Amor Fernández, Traductor-Intérprete Jurado de inglés, nombrado por el Ministerio de Asuntos Exteriores, Unión Europea y Cooperación, certifica que la que antecede es traducción fiel y completa al inglés de un documento redactado en español.

I the undersigned Juan Amor Fernández, sworn translator for the English Language, duly appointed by the Ministry for Foreign Affairs, European Union and Cooperation, do hereby certify that the foregoing is a true and faithful translation of the original Spanish document hereunto attached.

Águilas (Murcia) Spain, 28 February 2024

JUAN AMOR FERNÁNDEZ
Traductor-Intérprete Jurado
Alemán, Inglés, Italiano,
Portugués, Catalán
Número 132

Juan Amor Fernández