

# **Grupo Empresarial San José, S.A. and Subsidiaries**

**Report on Limited Review  
Half-Yearly Condensed Consolidated  
Financial Statements and Interim  
Directors' Report for the six-month  
period ended 30 June 2022**

*Translation of a report originally issued in Spanish and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain. In the event of a discrepancy, the Spanish-language version prevails.*

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## **REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

To the Shareholders of Grupo Empresarial San José, S.A., at the request of the Board of Directors,

### **Report on the Interim Condensed Consolidated Financial Statements**

#### *Introduction*

We have performed a limited review of the accompanying interim condensed consolidated financial statements (“the interim financial statements”) of Grupo Empresarial San José, S.A. (“the Parent”) and Subsidiaries (“the Group”), which comprise the condensed consolidated balance sheet as at 30 June 2022, the condensed consolidated income statement, condensed consolidated statement of recognized income and expenses, condensed consolidated statement of changes in equity, condensed consolidated cash flow statement and explanatory notes thereto for the six-month period then ended. The Parent’s directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

#### *Scope of Review*

We conducted our limited review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the audit regulations in force in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

#### *Conclusion*

Based on our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2022 are not prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial statements, pursuant to Article 12 of Royal Decree 1362/2007.

#### *Emphasis of Matters*

In addition, we draw attention to Note 2.1 to the accompanying interim financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2021. Our conclusion is not modified in respect of this matter.

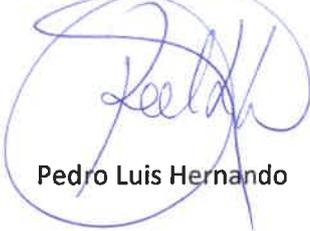
## **Report on Other Legal and Regulatory Requirements**

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2022 contains the explanations which the Parent's directors consider appropriate about the significant events that took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required under Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2022. Our work was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Grupo Empresarial San José, S.A. and Subsidiaries.

## **Other Matters**

This report was prepared at the request of the Board of Directors of Grupo Empresarial San José, S.A. in relation to the publication of the half-yearly financial report required by Article 119 of the Consolidated Spanish Securities Market Law, approved by Legislative Royal Decree 4/2015, of 23 October, and implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.



Pedro Luis Hernando

28 July 2022

# **Grupo Empresarial San José, S.A. and Subsidiaries**

Consolidated Condensed Half-Yearly Financial  
Statements and Consolidated Half-Yearly  
Director's Report for the period ending 30 June  
2022.

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

Translation into English of the Notes to the Consolidated Condensed half-year Financial Statements for the period ending 30 June 2022 originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails. In-house translation, under its sole responsibility and not deemed official.

**GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiaries**  
Condensed consolidated balance sheet at 30 June 2022 and 31 December 2021  
(Thousand of Euros)

ASSETS	Note	30-6-2022	31-12-2021	EQUITY AND LIABILITIES	Note	30-6-2022	31-12-2021
<b>NON-CURRENT ASSETS:</b>				<b>EQUITY:</b>			
Intangible assets	6	16,977	17,646	Share capital		1,951	1,951
Goodwill on consolidation	6.1	9,984	9,984	Reserves		41,530	45,069
Property, plant and equipment	7	79,575	74,136	Reserves in consolidated companies		155,141	146,006
Investment property	8	16,039	13,985	Translation differences	2.3	(42,796)	(53,719)
Investments in associates and joint ventures	9.1	20,953	18,701	Equity-Valuation adjustments		266	259
Equity investments in associates		20,953	18,701	Profit for the year attributable to the parent company		8,572	12,099
Long-term financial investments	9.1	26,689	23,900	Equity attributable to Parent shareholders		164,664	151,665
Equity instruments		4,510	2,088	Minority interests		33,001	30,478
Loans to third parties		21,569	21,243	<b>TOTAL EQUITY</b>	11	<b>197,665</b>	<b>182,143</b>
Other financial assets		610	569				
Deferred tax assets		24,626	28,988				
<b>TOTAL NON-CURRENT ASSETS</b>		<b>194,843</b>	<b>187,340</b>	<b>NON-CURRENT LIABILITIES:</b>			
				Long-term provisions	12	33,565	35,950
				Long-term debt	13	102,199	100,792
				Bank loans and overdrafts		7,288	5,806
				Other financial liabilities		94,911	94,986
				Deferred tax liabilities		15,150	17,887
				Long-term advances		834	810
				<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>151,748</b>	<b>155,439</b>
				<b>CURRENT LIABILITIES:</b>			
				Short-term provisions	12	34,044	29,607
<b>CURRENT ASSETS:</b>				Current bank borrowings	13	11,817	12,591
Inventories	10	86,602	82,627	Bank loans and overdrafts		9,387	10,510
Trade and other receivables		380,813	346,915	Other financial liabilities		2,430	2,081
Trade receivables for sales and services	9.3	331,117	308,839	Payable to related companies	17	426	847
Related companies receivables	17	2,430	2,998	Trade and other payables		560,959	545,872
Sundry accounts receivable		3,934	2,423	Trade payables		427,034	406,576
Public administrations		43,332	32,655	Sundry creditors		1,975	3,714
Investments in associates and joint ventures	17	1,498	1,873	Staff, remuneration payable		6,988	6,970
Short-term investments	9.2	17,138	16,554	Tax payables		23,911	25,418
Short-term accruals		4,009	2,265	Advances from customers	9.3	101,051	103,194
Cash and cash equivalents		278,207	295,496	Short-term accruals		6,451	6,571
<b>TOTAL CURRENT ASSETS</b>		<b>768,267</b>	<b>745,730</b>	<b>TOTAL CURRENT LIABILITIES</b>		<b>613,697</b>	<b>595,488</b>
<b>TOTAL ASSETS</b>		<b>963,110</b>	<b>933,070</b>	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>963,110</b>	<b>933,070</b>

Accompanying Notes 1 to 19 form an integral part of the condensed consolidated balance sheet as 30 June 2022.

Translation into English of the Notes to the Consolidated Condensed half-year Financial Statements for the period ending 30 June 2022 originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails. In-house translation, under its sole responsibility and not deemed official.

## GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiaries

Condensed consolidated Income Statement half year 2022 and year 2021

(Thousands of euros)

	Note	30-6-2022	30-6-2021
<b>CONTINUING OPERATIONS</b>			
Revenue	5	524,883	454,456
Change in inventories of finished goods and work	10	1,546	(1,970)
Work performed by the Group for its property, plant and equipment	6 and 7	1,720	1,253
<b>Procurements</b>		<b>(374,386)</b>	<b>(316,560)</b>
Cost of raw materials and other consumables used		(103,214)	(82,871)
Works performed by other companies		(271,268)	(233,715)
Impairment of goods held for resale, raw materials and other supplies		96	26
<b>Other operating income</b>		<b>9,456</b>	<b>4,120</b>
Non-core and other current income		9,393	4,109
Operating grants taking to income		63	11
<b>Staff costs</b>		<b>(71,546)</b>	<b>(62,235)</b>
<b>Other operating expenses</b>		<b>(72,420)</b>	<b>(59,086)</b>
Impairment losses and changes in provisions for trade		(8,353)	(6,452)
Other operating expenses		(64,067)	(52,634)
<b>Depreciation and amortisation charge</b>	6,7 and 8	<b>(4,045)</b>	<b>(4,021)</b>
<b>Excessive provisions</b>		<b>82</b>	<b>263</b>
<b>Impairment and gains or losses on disposal of non-current assets</b>	7 y 8	<b>(144)</b>	<b>(145)</b>
<b>PROFIT FROM OPERATIONS</b>		<b>15,146</b>	<b>16,075</b>
<b>Finance income</b>		<b>2,270</b>	<b>1,893</b>
<b>Finance costs</b>		<b>(3,967)</b>	<b>(3,679)</b>
<b>Change in fair value of financial instruments</b>		<b>(1)</b>	<b>102</b>
<b>Exchange differences</b>		<b>(263)</b>	<b>(105)</b>
<b>Adjustment for inflation in hyperinflationary economies</b>	2.3	<b>432</b>	<b>608</b>
<b>Impairment and gains or losses on disposal of financial instruments</b>		<b>(878)</b>	<b>(2,474)</b>
<b>FINANCIAL PROFIT</b>		<b>(2,407)</b>	<b>(3,655)</b>
<b>Profit/(Loss) of companies accounted for using the equity method</b>	9.1	<b>(102)</b>	<b>(867)</b>
<b>PROFIT/ (LOSS) BEFORE TAXES</b>		<b>12,637</b>	<b>11,553</b>
Income Tax		(4,804)	(3,992)
<b>PROFIT/ (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>7,833</b>	<b>7,561</b>
<b>PROFIT / (LOSS) ATTRIBUTABLE TO EXTERNAL PARTNERS</b>		<b>(739)</b>	<b>788</b>
<b>PROFIT / (LOSS) FOR THE YEAR</b>		<b>8,572</b>	<b>6,773</b>

Accompanying notes 1 to 19 form an integral part of the Condensed Consolidated Income Statement at 30 June 2022.

Translation into English of the Notes to the Consolidated Condensed half-year Financial Statements for the period ending 30 June 2022 originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails. In-house translation, under its sole responsibility and not deemed official.

**GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiaries**  
**CONDENSED CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES**  
**FOR HALF YEAR 2022 AND YEAR 2021**  
(Thousand of Euros)

	Note	30/06/2022	30/06/2021
<b>CONSOLIDATED PROFITS / (LOSSES) OF THE YEAR</b>		<b>7,833</b>	<b>7,561</b>
<b>Income and expenses recognised directly in equity</b>		<b>14,652</b>	<b>9,257</b>
-For cash flow hedges		(11)	(2)
-Translation differences		14,585	9,258
-Other		101	-
-Tax effect		(23)	1
<b>Transfer to income statement</b>		<b>(53)</b>	<b>1</b>
-For cash flow hedges	13.5	(9)	63
-Translation differences		-	-
-Other		(62)	(49)
-Tax effect		18	(13)
<b>TOTAL RECOGNISED INCOMES / (EXPENSES)</b>		<b>22,432</b>	<b>16,819</b>
a) Attributable to Parent		19,502	12,661
b) Attributable to minority interests		2,930	4,158

Accompanying notes 1 to 19 form an integral part of the condensed consolidated statement of recognized income and expenses at 30 June 2022.

Translation into English of the Notes to the Consolidated Condensed half-year Financial Statements for the period ending 30 June 2022 originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails. In-house translation, under its sole responsibility and not deemed official.

**GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiaries**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR HALF YEAR 2022 AND YEAR 2021**

(Thousand of Euros)

	Note	Share Capital	Legal Reserve	Other reserves		Consolidated Reserves		Translation differences	Equity Adjustments	Profit of the year	Total Equity attributable to parent	Minority interests	Total Equity
				of the parent	In consolidated companies	In associated companies							
<b>Balance at December 31, 2020</b>		<b>1,951</b>	<b>390</b>	<b>5,393</b>	<b>174,465</b>	<b>(5,423)</b>	<b>(56,451)</b>	<b>248</b>	<b>22,753</b>	<b>143,326</b>	<b>26,187</b>	<b>169,513</b>	
Distribution of profit for year 2020:													
-To reserves		-	-	39,286	(22,815)	(221)	-	-	(16,250)	-	-	-	
-Dividend payment		-	-	-	-	-	-	-	(6,503)	(6,503)	(97)	(6,600)	
Total recognized income/expenses year 1H-2021		-	-	-	-	-	5,893	(5)	6,773	12,661	4,158	16,819	
<b>Balance at June 30, 2021</b>		<b>1,951</b>	<b>390</b>	<b>44,679</b>	<b>151,650</b>	<b>(5,644)</b>	<b>(50,558)</b>	<b>243</b>	<b>6,773</b>	<b>149,484</b>	<b>30,248</b>	<b>179,732</b>	
Other equity movements		-	-	-	894	(894)	-	-	-	-	(60)	(60)	
Total recognized income/expenses 2H-2021		-	-	-	-	-	(3,161)	16	5,326	2,181	290	2,471	
<b>Balance at December 31, 2020</b>		<b>1,951</b>	<b>390</b>	<b>44,679</b>	<b>152,544</b>	<b>(6,538)</b>	<b>(53,719)</b>	<b>259</b>	<b>12,099</b>	<b>151,665</b>	<b>30,478</b>	<b>182,143</b>	
Distribution of profit for year 2021:													
-To reserves		-	-	2,964	11,947	(2,812)	-	-	(12,099)	-	-	-	
-Dividend payment	4 and 11.3	-	-	(6,503)	-	-	-	-	-	(6,503)	(407)	(6,910)	
Total recognized income/expenses at 1H-2022		-	-	-	-	-	10,923	7	8,572	19,502	2,930	22,432	
<b>Balance at June 30, 2022</b>		<b>1,951</b>	<b>390</b>	<b>41,140</b>	<b>164,491</b>	<b>(9,350)</b>	<b>(42,796)</b>	<b>266</b>	<b>8,572</b>	<b>164,664</b>	<b>33,001</b>	<b>197,665</b>	

Accompanying notes 1 to 19 form an integral part of the consolidated financial statements and the consolidated statement of changes in equity at 30 June 2022.

Translation into English of the Notes to the Consolidated Condensed half-year Financial Statements for the period ending 30 June 2022 originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails. In-house translation, under its sole responsibility and not deemed official.

**GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiaries**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR HALF YEARS 2022 Y 2021**

(Thousand of Euros)

	Note	At 30 of June of 2022	At 30 of June of 2021
<b>Cash flows from operating activities:</b>			
(+) Profit (Loss) before tax		12,637	11,553
(+) Depreciation and amortisation charge		4,045	4,021
(+/-) Changes in operating allowances		6,201	6,112
(-) Financial income		(2,270)	(1,893)
(+) Financial costs		3,967	3,679
(+/-) Exchange differences		(169)	(503)
(+/-) Result of changes in value of financial instruments		1	(102)
(+/-) Result of companies accounted for using the equity method		102	867
(+/-) Impairment and gains or losses on disposals of financial investments		878	2,474
(+/-) Other gains or losses		(1,785)	801
<b>Total Cash Flows from operating activities</b>		<b>23,607</b>	<b>27,009</b>
<b>Other adjustments</b>			
(-) Income tax paid in the year		(7,243)	9,445
(+/-) (Increase) / Decrease in working capital			
<b>Current Assets</b>			
a) (Increase) / Decrease in inventories		(4,218)	4,640
b) (Increase) / Decrease in debtors and other receivables		(34,819)	(24,835)
c) (Increase) / decrease in other non financial current assets		-	-
<b>Current Liabilities</b>			
a) (Increase) / Decrease in trade payables		23,197	(220)
b) (Increase) / decrease in other non financial current liabilities		-	-
(+/-) Other collections / (payments) due to operating activities		(5,764)	(2,542)
<b>1. TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(5,240)</b>	<b>13,497</b>
<b>Investments:</b>			
(-) Intangible assets	6	(775)	(1,253)
(+) Property, plant and equipment	7 and 8	(4,392)	(2,128)
(-) Shares and other financial assets	9.1	(3,709)	(2,072)
<b>Total Investments</b>		<b>(8,876)</b>	<b>(5,453)</b>
<b>Dividends received</b>		<b>51</b>	<b>31</b>
<b>Disposals:</b>			
(+) Intangible assets		322	-
(+) Property, plant and equipment		58	46
(+) Shares and other financial assets		346	28
<b>Total Disposals</b>		<b>726</b>	<b>74</b>
<b>Other collections / (payments) due to financing activities</b>		<b>389</b>	<b>25,402</b>
<b>2. TOTAL NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(7,710)</b>	<b>20,054</b>
<b>Dividends paid</b>	11.4	<b>(6,910)</b>	<b>(6,600)</b>
<b>Increase / (decrease) in borrowings</b>	13.1	<b>(1,460)</b>	<b>(35,146)</b>
Non Current		1,252	(435)
Current		(2,712)	(34,711)
<b>Net interests:</b>		<b>103</b>	<b>(168)</b>
Received		2,041	1,440
Paid		(1,938)	(1,608)
<b>Other collections / (payments) due to financial activities</b>		<b>13</b>	<b>(1,251)</b>
<b>3. TOTAL NET CASH FLOWS FROM FINANCIAL ACTIVITIES</b>		<b>(8,254)</b>	<b>(43,165)</b>
<b>4. TRANSLATION EFFECT</b>		<b>3,915</b>	<b>984</b>
<b>TOTAL CASH FLOWS FOR THE YEAR</b>		<b>(17,289)</b>	<b>(8,630)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>295,496</b>	<b>285,343</b>
Changes in the year		(17,289)	(8,630)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>278,207</b>	<b>276,713</b>

Accompanying notes 1 to 19 form an integral part of the condensed consolidated cash flow statement at 30 June 2022.

## **Grupo Empresarial San José, S.A. and Subsidiaries**

### **Notes to the Consolidated Condensed Half-Yearly Financial Statements for the period ending 30 June 2022.**

#### **1. Activities of the Group**

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 from "Udra, S.A." into "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 VAT Id. No 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.

#### **Activities**

The activities carried on by the Parent and its investees (hereinafter referred to as "Grupo San Jose" or "Grupo") are classified into the following business lines:

1. Development of all forms of real estate construction.
2. Performance of all manner of public or private construction work, mainly buildings, road networks and hydraulic works.
3. Purchase and sale, administration, operation and any other similar activities in relation to all manner of rural or urban property.
4. Lease of all manner of assets.
5. Design, construction and management of electricity and renewable energy facilities.
6. Storage, distribution, purchase and sale and import of manufactured products.
7. Management and recruitment of personnel for all types of company, association and organisation.
8. Study, design, development and purchase and sale of all manner of electronic, computer, telecommunications and audio-visual components, products and systems.
9. Full maintenance of hospital facilities, maintenance of operating theatres and electro medical equipment, and manufacture and sale of integrated systems for operating theatres, ICUs and patient rooms.
10. Study, design and installation of air conditioning, heating, industrial cooling and plumbing facilities; purchase and sale or manufacture of all kinds of related mechanisms; to sell and act as representative for third-party products.
11. Healthcare: construction of hospital facilities and public and private healthcare maintenance services; electro medicine and gas facilities and maintenance.

12. Facilities and services: integral installation work, electrical, mechanical and hydraulic installation work, turnkey projects and special installation work, as well as the maintenance of all manner of other facilities not related to the healthcare industry such as industrial facilities, other properties, etc.
13. Infrastructure and transport: performance of infrastructure and transport studies, projects and installation work, including those relating to airports, ports, railways and other types of transport infrastructure.
14. Energy and environment: performance of studies and projects focused on the production and sale of energy and industrial maintenance, waste water treatment, installation of water treatment plants and other environmental activities.

Under no circumstances shall the company object be deemed to include activities the performance of which requires any type of administrative authorisation which the 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 the 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 and its main object is the management and control of all the business activities performed by the companies in which it has a material and lasting ownership interest.

The San Jose Group's activities are led by Grupo Empresarial San Jose, S.A. (holding company), which in turn mainly participates in: "Constructora San José, S.A." (construction activity), "San José Energía y Medio Ambiente, S.A." (energy activity), "San José Concesiones y Servicios, S.A." (services) and "Desarrollos Urbanísticos Udra, S.A." (urban developments).

## **2. Basis of presentation of the Consolidated Summary Half-Yearly Financial Statements**

### ***2.1 Regulatory framework and accounting principles***

The Consolidated Financial Statements of "Grupo Empresarial San José, S.A." and Subsidiaries (Grupo SANJOSE or "the Group") for the year ending 31 December 2021 were elaborated by the Directors of the Parent at the meeting of the Board of Directors that took place on 24 February 2022 and passed by resolution of the General Meeting held on 30 March 2022, pursuant to the provisions under the International Financial Information Regulations adopted by the European Union, in compliance with Regulations (CE) No 1606/2002 of the European Parliament and the Board (hereinafter "NIIF-UE", detailed on Notes 2 and 4 of the accompanying consolidated notes to the financial statements), taking into consideration the accounting regulations and standards and assessment criteria of the NIIF-UE, so that they provide a true and exact image of the equity and financial situation of Grupo SANJOSE at 31 December 2021 and its transactions, and the changes net equity and in the consolidated cash flow statement during the year ending on said date.

These Half-Yearly Financial Statements comply with IAS 34 on Interim Financial Information and have been drafted by the Directors of the Parent on 28 July 2022, pursuant to provisions under Article 12 of Royal Decree 1362/2007.

The interim financial information is prepared with the sole purposes of updating the content of the latest annual financial statements prepared by the Group, with special emphasis on new activities, events and circumstances that occurred during the first half of 2022 and not duplicating the information released previously in the consolidated financial statements for the year 2021. Therefore, for a proper understanding of the information included in these Summary Half-Year Financial Statements, they should be read in conjunction with the financial statements of the Company for the year 2021.

The Directors of the Parent consider that, due to the nature of the business of the Group and within its international level, the effect of seasonality is null.

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 EU- IFRSs.

The accounting policies and method applied in the elaboration of these Summary Half-Year Financial Statements are the same as those applied to the consolidated financial statements for year 2021.

*Enforcement of new accounting standards:*

During the first half of 2022, the following standards and interpretations have come into force in 2022, already adopted by the European Union, which, if applicable, have been used by the Group in preparing the financial statements interim consolidated summary semi-annual financial statements. Likewise, the following table includes those standards that, having been approved for use in the European Union, their mandatory application will not occur until the year 2023:

*New standards and amendments of mandatory application:*

<b>Adopted for use within the EU</b>		<b>Compulsory application as from:</b>
<b>Amendments and/or understanding</b>		
Amendment of IFRS 3 Reference to the Conceptual Framework	IFRS 3 is updated to align the definitions of assets and liabilities in a business combination with those contained in the conceptual framework.	1 January 2022
Amendment of IAS 16 Income Earned Before Intended Use	The amendment prohibits reducing the cost of property, plant and equipment any income obtained from the sale of items produced while the entity is preparing its asset for its intended use.	1 January 2022
Amendment of IAS 37 Onerous Contracts – Cost of Fulfilling a Contract	The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract and an allocation of other costs that are directly related to the fulfilment of the contract.	1 January 2022
Improvement IFRS 2018-2020	Amendment of IFRS 1, IFRS 9, IFRS 16 and IAS 41	1 January 2022
Amendment of IAS 1 Breakdown of accounting policies	Modifications that allow entities to properly identify the information on material accounting policies that must be disclosed in the financial statements	1 January 2023
Amendment of IAS 8 Definition of Accounting Estimates	Modifications and clarifications on what should be understood as a change in accounting estimate.	1 January 2023
<b>New standards</b>		
IFRS 17 Insurance contracts and amendments	It replaces IFRS 4 and reflects the principles of registration, valuation, presentation and disclosure of insurance contracts so the entity provides relevant and reliable information that allows users of the information to determine the effect that contracts have on the financial statements.	1 January 2023

The enforcement of these standards and regulations has not had any significant impact on the accompanying consolidated summary financial statements.

*Standards and interpretations issued not adopted by the European Union*

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.:

<b>Non-adopted for use within the EU</b>		<b>Compulsory application as from:</b>
<b>Amendments and/or understanding</b>		
Amendment of IAS 1 Classification of liabilities as current or non-current	Clarifications regarding the presentation of liabilities as current or non-current.	1 January 2023
Amendment of IAS 12 Deferred taxes derived from assets and liabilities resulting from a single transaction	Clarifications on how entities must record the deferred tax that is generated in operations such as leases and decommissioning obligations.	1 January 2023
Amendment of IFRS 17 Insurance Contracts – Initial application of IFRS 17 and IFRS 9. Comparative information	Modification of the transition requirements of IFRS 17 for insurers that apply to IFRS 17 and IFRS 9 for the first time at the same time	1 January 2023

## **2.2 Responsibility for the information and use of estimates**

Consolidated results and the determination of consolidated equity are sensitive to accounting principles and policies, valuation and estimation criteria followed by the Parent Company's Directors for the preparation of the Consolidated Condensed Financial Statements. Main accounting principles and policies and assessment criteria are detailed on Note 4 to the consolidated financial statements for year 2021.

In the preparation of the accompanying consolidated summary financial statements, estimates were occasionally made by management of the Group and of the consolidated companies to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimations have been made according to the best available information regarding:

1. The corporate tax expense that, in accordance with IAS 34, is recognised in interim periods based on the best estimate of the weighted average tax rate that the Group expects for the annual period
2. The useful life of the property, plant and equipment and intangible assets.
3. Measurement of goodwill arising on consolidation.
4. 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).
5. The market value of the real estate assets has been obtained from the valuations carried out by independent experts as at 31 December 2021, having been reviewed at 30 June 2022. These valuations are carried out pursuant to the method of discount of cash flows for equity for rent and the dynamic residual method for real estate stocks, methods that comply with the criteria established by The Royal Institution of Chartered Surveyors (RICS).
6. The probability of occurrence and the amount of uncertain or contingent liabilities.
7. The fair value of certain non-listed assets.
8. The fair value of certain financial instruments.
9. The probability of recovery of financial loans.
10. Management of financial risk.
11. Judgements and assumptions considered in contracts under the IFRS 16 Leasing standard.

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

During the first half of 2022 no significant changes are expected in accounting assessments and forecasts used by the Group at the end of the consolidated financial statements for year 2021.

### **2.3 Currency**

These Summary Half-Year Financial Statements are presented in Euros, since this is the functional currency of the main economic environment where the Group operates. Foreign operations are recognised in accordance with the policies established under Note 4.13 of the financial statements for year 2021.

The breakdown of the closing and average exchange rates of the period used to prepare the Summary Half-Year Financial Statements at 30 June 2022 is as follows:

<b>Country</b>	<b>Currency</b>	<b>Year-end exchange rate</b>	<b>Average exchange rate</b>
The United States	US Dollar (USD)	1.039	1.092
Argentina	Argentine Peso (ARS)	131.404	123.072
Mexico	Mexican Peso	20.942	22.108
Cape Verde	Cape Verde Escudo	110.265	110.265
Uruguay	Uruguayan Peso	41.081	45.350
Paraguay	Guaraní	7,168.580	7,585.703
Peru	Peruvian Sol	4.009	4.169
Chile	Chilean Peso (CLP)	976.720	912.341
Brazil	Brazilian Real	5.493	5.611
India	Indian Rupee	82.739	83.684
Nepal	Nepalian Rupee	133.250	133.933
United Arab Emirates	UAE Dirham	3.852	4.022

Main balances and transactions in foreign currency correspond to those from Chile, Peru, Argentina Cape Verde and Abu Dhabi. Note 5 of the accompanying consolidated financial statements includes total assets and revenue provided by companies with operating currency other than the Euro.

As of 30 June 2022 and 31 December 2021, the Group had negative translation differences recorded in equity amounting to EUR 42,796 thousand and EUR 53,719 thousand. The breakdown as of 30 June 2022 and 31 December 2021 by country is as follows:

Thousands of euros			
Country	Currency	30.06.2022	31.12.2021
Argentina	Argentine Peso (ARS)	(14,128)	(19,674)
Paraguay	Guaraní	(1,515)	(3,951)
Peru	Peruvian Sol	(1,272)	(5,369)
Chile	Chilean Peso (CLP)	(16,659)	(15,463)
United Arab Emirates	UAE Dirham	(5,032)	(5,152)
Others	-	(4,190)	(4,110)

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

#### Hyper-inflationary economy

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

Criteria followed in the application of IAS 29 is described under Note 2.3 of the notes to the financial statements of Grupo SANJOSE for the year ending 31 December 2021.

Inflation considered for this calculation in the first half of year 2022 has been 36.1%. This index is extracted from the information published by the National Institute of Statistics and Censuses (INDEC), a public body, through the publication of the Consumer Price Index that measures the variation in the prices of goods and services representative of consumer spending of homes.

Breakdown for the last years is as follows:

	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020	31.12.2021	30.06.2022
Price index based	100	124.8	184.3	283.5	385.9	582.5	793.0
Annual variation	n/a	24.8%	47.7%	53.8%	36.1%	50.9%	36.1%

Re-expression profits/(loss) recorded in the financial statements of companies with Argentine peso functional currency are included in the consolidated income statement under adjustment for inflation in hyper-inflationary economies". The effect on profit/(loss) of the adjustments for inflation of Group companies with Argentine peso functional currency, corresponding to the first half of year 2022, amounts to a profit of EUR 432 thousand (EUR 608 thousand profit in the first half of year 2021).

The effect on equity of the revaluation of non-monetary items, that stands at 30 June 2022 and 31 December 2021 at EUR 12,649 thousand and EUR 8,029 thousand, respectively, as well as translation differences generated when the restated financial statements of subsidiaries in Argentina are converted into Euros, are recorded under "Translation differences in consolidated companies" under consolidated net assets of the Group.

#### **2.4 Provisions and contingent liabilities**

Information on provisions, contingent liabilities and guarantees given to third parties during 2021 is provided in notes 15 and 21 of the consolidated notes to the Financial Statements of the Group for year 2021. In addition to that discussed in Note 12, during the first half of 2022 no significant changes regarding the information contained in the consolidated financial statements of the Group for year 2021 have taken place.

#### **2.5 Relative importance**

In determining the information to be disclosed in these Notes on the sundry items of the Consolidated Condensed Financial Statements or other matters, the Group has, in accordance with IAS 34, taken into account the materiality principle.

## **2.6. Consolidated Condensed 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.

For the purpose of elaborating the consolidated summary cash flow statements, cash in hand and deposits held at call with banks have been classified as "cash and cash equivalents", as well as short term highly liquid investments that are easily convertible into amounts of cash and which are subject to an insignificant risk of changes in value.

## **2.7 Comparison of information**

Information recorded on the Notes to the Half-Year Financial Statements for the period ending 30 June 2021 and 31 December 2021 is provided for comparison purposes only with that provided for the six-month term ended 30 June 2022.

## **2.8 Events after the reporting period**

During the month of July, a communication was received from the Tax Agency referring to the start of inspection actions for corporate and value added taxes (see Note 15).

Additionally, there are not significant events occurring after 30 June 2022 which could impact the Consolidated Condensed Half-Yearly Financial Statements and the accompanying Notes to the same.

## **3. Changes in the compositions of the Group**

Note 2.4 and Exhibits I, II and III to the consolidated financial statements for year ending on 31 December 2021 provide relevant information on Group companies consolidated at that date and on the companies accounted for using the equity method as well as joint operations.

During the first half of 2022, no significant changes have taken place within the consolidation scope.

## **4. Distribution of the Parents' loss**

The proposed distribution of the parents' profit for year 2021, prepared by the Directors of the Parent Company, at its meeting held on 24 February 2022, has been approved by the General Meeting of Shareholders held on 30 March 2022, being the details as follows:

	Thousands of Euros
<b>Distribution basis:</b>	
Profit for the year	2,964
<b>Distribution:</b>	
To voluntary reserves	2,964

Further, the AGM held of 30 March 2022 has approved the distribution of a dividend charged to voluntary reserves for a gross amount of 0.10 euro/share, which amounts to a total of EUR 6,503 thousand, being fully paid at 30 June 2022 (see Note 11.3).

## 5. Segment information

Note 6 to the consolidated financial statements of the Group for year ending on 31 December 2021, details the criteria used by the Company to define its operational segments. There have been no changes in the segmentation criteria.

Next, information by activity segments for the first half of year 2022 and year 2021 is provided:

### 30 June 2022:

	Thousands of Euros					
	Construction	Real estate and property development	Energy	Concessions and Services	Adjustments and other	TOTAL
External sales	463,351	5,072	10,399	30,394	15,667	524,883
Inter-segment sales	4,961	-	-	1,429	(6,390)	-
<b>Net Revenues:</b>	<b>468,312</b>	<b>5,072</b>	<b>10,399</b>	<b>31,823</b>	<b>9,277</b>	<b>524,883</b>
<b>EBITDA</b>	<b>18,525</b>	<b>750</b>	<b>2,367</b>	<b>1,829</b>	<b>3,984</b>	<b>27,455</b>
Amortisation	(2,965)	(4)	(564)	(212)	(300)	(4,045)
Provisions	(8,202)	(38)	85	(10)	45	(8,120)
Impairment and Profit/(Loss) after disposal	-	-	(146)	1	1	(144)
<b>PROFIT/(LOSS) FROM OPERATIONS</b>	<b>7,358</b>	<b>708</b>	<b>1,742</b>	<b>1,608</b>	<b>3,730</b>	<b>15,146</b>
Financial income	1,077	82	20	923	168	2,270
Financial costs and similar expenses	(2,789)	(89)	(121)	(9)	(959)	(3,967)
Translation differences and other	(169)	(747)	4	1,469	(1,267)	(710)
Profit/(loss) from associates	(388)	286	-	-	-	(102)
<b>Profit/(Loss) before tax</b>	<b>5,089</b>	<b>240</b>	<b>1,645</b>	<b>3,991</b>	<b>1,672</b>	<b>12,637</b>

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30 June 2021:

	Thousands of Euros					
	Construction	Real estate and property development	Energy	Concessions and Services	Adjustments and other	TOTAL
External sales	399,390	8,294	4,950	28,834	12,988	454,456
Inter-segment sales	4,205	-	-	1,230	(5,435)	-
<b>Net Revenues:</b>	<b>403,595</b>	<b>8,294</b>	<b>4,950</b>	<b>30,064</b>	<b>7,553</b>	<b>454,456</b>
<b>EBITDA</b>	<b>17,483</b>	<b>1,507</b>	<b>1,024</b>	<b>2,584</b>	<b>3,948</b>	<b>26,546</b>
Amortisation	(2,855)	(71)	(557)	(255)	(283)	(4,021)
Provisions	(6,248)	(16)	17	(97)	39	(6,305)
Impairment and Profit/(Loss) after disposal	(94)	-	(52)	1	-	(145)
<b>PROFIT/(LOSS) FROM OPERATIONS</b>	<b>8,286</b>	<b>1,420</b>	<b>432</b>	<b>2,233</b>	<b>3,704</b>	<b>16,075</b>
Financial income	673	177	-	1,030	13	1,893
Financial costs and similar expenses	(2,038)	(55)	(127)	(440)	(1,019)	(3,679)
Translation differences and other	10,221	371	-	664	(13,125)	(1,869)
Profit/(loss) from associates	(722)	(131)	-	-	(14)	(867)
<b>Profit/(Loss) before tax</b>	<b>16,420</b>	<b>1,782</b>	<b>305</b>	<b>3,487</b>	<b>(10,441)</b>	<b>11,553</b>

Sales between segments are made at market prices, amounting to EUR 6,390 thousand and EUR 5,435 thousand during the first half of years 2022 and 2021, respectively.

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

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30 June 2022:

	Thousands of Euros					
	Construction	Real estate and property development	Energy	Concessions and Services.	Adjustments and other	TOTAL
<b>Balance sheet:</b>						
<b>Non-current assets:</b>						
Intangible assets	2,289	1,601	16,967	8	6,096	<b>26,961</b>
Property, plant and equipment	16,549	2,229	8,660	998	51,139	<b>79,575</b>
Real estate investments	-	16,037	-	-	2	<b>16,039</b>
Deferred tax assets	8,032	1,835	1,405	1,354	12,000	<b>24,626</b>
Other	11,451	19,365	8	16,041	777	<b>47,642</b>
<b>Current assets:</b>						
Inventories	9,571	68,772	-	94	8,165	<b>86,602</b>
Receivables	328,197	6,035	3,038	18,297	25,246	<b>380,813</b>
Other current assets	2,165	53	20	1,723	48	<b>4,009</b>
Short-term financial investments	7,464	9	1	11,143	19	<b>18,636</b>
Cash and cash equivalents	207,123	17,730	11,728	31,546	10,080	<b>278,207</b>
<b>Total Assets</b>						
In Spain	344,702	61,384	35,250	21,841	48,369	<b>511,546</b>
In foreign countries	248,139	72,282	6,577	59,363	65,203	<b>451,564</b>
<b>Total Assets</b>	<b>592,841</b>	<b>133,666</b>	<b>41,827</b>	<b>81,204</b>	<b>113,572</b>	<b>963,110</b>
<b>Non-current liabilities:</b>						
Long-term payables	4,072	93,948	1,946	246	1,987	<b>102,199</b>
Deferred tax liabilities	6,926	5,831	1,436	145	812	<b>15,150</b>
Other non-current liabilities	21,235	541	1,093	9,849	1,681	<b>34,399</b>
<b>Current liabilities:</b>						
Short-term debts	4,926	95	1,981	1,173	4,068	<b>12,243</b>
Trade payables	520,995	9,447	3,347	15,215	11,955	<b>560,959</b>
Other current liabilities	26,781	2,800	722	5,659	4,533	<b>40,495</b>
<b>Total Liabilities</b>						
In Spain	399,210	91,364	10,176	11,809	19,403	<b>531,962</b>
In foreign countries	185,725	21,298	349	20,478	5,633	<b>233,483</b>
<b>Total Liabilities</b>	<b>584,935</b>	<b>112,662</b>	<b>10,525</b>	<b>32,287</b>	<b>25,036</b>	<b>765,445</b>
<b>Additions to fixed assets:</b>						
In Spain	4,695	-	273	384	214	<b>5,566</b>
In foreign countries	1,205	-	-	78	797	<b>2,080</b>
	<b>5,900</b>	<b>-</b>	<b>273</b>	<b>462</b>	<b>1,011</b>	<b>7,646</b>

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31 December 2021:

	Thousands of Euros					
	Construction	Real estate and property development	Energy	Concessions and Services.	Adjustments and other	TOTAL
<b>Balance sheet:</b>						
<b>Non-current assets:</b>						
Intangible assets	2,289	1,601	17,645	-	6,095	27,630
Property, plant and equipment	14,597	1,439	8,735	698	48,667	74,136
Real estate investments	-	13,982	-	-	3	13,985
Deferred tax assets	10,151	1,754	4,060	1,984	11,039	28,988
Other	5,038	21,013	8	15,718	824	42,601
<b>Current assets:</b>						
Inventories	10,309	65,047	127	-	7,144	82,627
Receivables	303,229	5,409	1,803	19,831	16,643	346,915
Other current assets	1,395	104	50	682	34	2,265
Short-term financial investments	7,900	470	1	10,039	17	18,427
Cash and cash equivalents	223,284	14,186	7,277	37,759	12,990	295,496
<b>Total Assets</b>						
In Spain	345,915	60,365	32,524	20,974	41,457	501,235
In foreign countries	232,277	64,640	7,182	65,737	61,999	431,835
<b>Total Assets</b>	<b>578,192</b>	<b>125,005</b>	<b>39,706</b>	<b>86,711</b>	<b>103,456</b>	<b>933,070</b>
<b>Non-current liabilities:</b>						
Long-term payables	2,832	93,006	2,804	59	2,091	100,792
Deferred tax liabilities	9,005	4,785	1,403	1,942	752	17,887
Other non-current liabilities	23,087	626	1,572	9,840	1,635	36,760
<b>Current liabilities:</b>						
Short-term debts	6,520	92	1,379	1,096	3,504	12,591
Trade payables	505,339	6,304	2,330	22,367	9,532	545,872
Other current liabilities	23,414	2,413	772	5,437	4,989	37,025
<b>Total Liabilities</b>						
In Spain	376,516	90,864	10,257	13,077	18,132	508,846
In foreign countries	193,681	16,362	3	27,664	4,371	242,081
<b>Total Liabilities</b>	<b>570,197</b>	<b>107,226</b>	<b>10,260</b>	<b>40,741</b>	<b>22,503</b>	<b>750,927</b>
<b>Additions to fixed assets:</b>						
In Spain	3,974	1,443	399	45	23	5,884
In foreign countries	1,441	-	2,253	82	573	4,349
	<b>5,415</b>	<b>1,443</b>	<b>2,652</b>	<b>127</b>	<b>596</b>	<b>10,233</b>

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:

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	Thousands of Euros					
	Net Revenue		Total assets		Additions to property, plant and equipment and real state investments	
	Jun.-22	Jun.-21	Jun.-22	Dic.-21	Jun.-22	Jun.-21
Spain	402,174	326,023	511,553	501,231	5,566	2,073
Portugal	64,803	63,646	105,740	70,359	494	181
Cape Verde	774	2,122	14,759	14,352	26	-
Argentina	3,757	3,042	48,275	42,148	176	145
Paraguay	1,979	3,816	54,078	51,440	130	84
Bolivia	-	-	10	10	-	-
The United States	-	-	8,712	8,407	37	3
Peru	5,081	10,615	51,521	41,918	176	8
Brazil	-	-	3,438	9,234	-	-
Panama	-	-	47	43	-	-
France	-	-	228	228	-	-
Germany	-	-	167	1,027	-	-
Chile	36,057	36,913	111,863	125,561	933	1,240
India	382	414	3,408	3,477	51	-
Abu Dhabi	9,862	6,839	43,204	56,689	38	48
Nepal	-	-	107	91	-	-
Timor	-	-	1	1	-	-
Mozambique	-	-	89	89	-	-
Mexico	14	1,026	5,553	6,201	18	-
Malta	-	-	357	564	-	-
<b>TOTAL</b>	<b>524,883</b>	<b>454,456</b>	<b>963,110</b>	<b>933,070</b>	<b>7,646</b>	<b>3,782</b>

Note 2.3 details the main foreign currencies of the countries where the Group operates. From total assets of the Group as of 30 June 2022 and 31 December 2021, EUR 345,065 thousand and EUR 359,661 thousand, respectively, correspond to assets in a currency other than the Euro. Likewise, from total revenue for the first half of year 2022 and year 2021, the activity developed in said countries amounts to EUR 57,906 thousand and EUR 64,787 thousand, respectively.

## **6. Intangible assets**

Breakdown of intangible assets within the consolidated balance sheet at 30 June 2022 and 31 December 2021 is as follows:

	Thousands of Euros	
	30.06.2022	31.12.2021
Goodwill on consolidation (Note 6.1)	9,984	9,984
Concession agreements (Note 6.2)	12,985	13,134
Other intangible assets (Note 6.3)	3,992	4,512
<b>Total</b>	<b>26,961</b>	<b>27,630</b>

### **6.1 Consolidation goodwill**

The breakdown of the item "Consolidation goodwill" of the half-year balance sheets at 30 June 2022 and 31 December 2021, by company, is as follows:

	Thousands of Euros	
	30.06.2022	31.12.2021
Cartuja Inmobiliaria, S.A.U.	600	600
San José Perú Inmobiliaria, S.A.	1,601	1,601
Constructora San José, S.A.	7,662	7,662
Other	121	121
<b>Total</b>	<b>9,984</b>	<b>9,984</b>

In the first half of year 2022 no significant changes have been recorded under this item in the accompanying condensed consolidated balance sheet. Likewise, no significant change has loss has been recorded due to impairment of assets.

During the first half of year 2022, there have been no significant deviations with respect to the estimates and projections made by the Directors of the Group at the end of the 2021 financial year, adequately supports the carrying amount of goodwill allocated to relevant registered CGUs.

## 6.2 Concession agreements

This item mainly includes investments made with regard to concession agreements, for which the consideration received by the Group consists of the right to charge a fixed and a variable stake, which is based on market rates and other parameters established by applicable regulations, as well as the degree of use of the facilities, assuming the risk of recovery of the investment made (assuming the risk of demand). Further, it includes costs incurred into by the Group for the achievement of administrative and other licenses and permits.

Breakdown of this item for the first half of year 2022 is as follows:

	Thousands of Euros			
	Cost	Accumulated depreciation	Impairment	Net
<b>Balance at 31 December 2021</b>	<b>22,416</b>	<b>(8,618)</b>	<b>(664)</b>	<b>13,134</b>
Additions	108	(256)	-	(148)
Disposals	-	-	-	-
Transfers	(2)	1	-	(1)
<b>Balance at 30 June 2022</b>	<b>22,522</b>	<b>(8,873)</b>	<b>(664)</b>	<b>12,985</b>

Additions in the first half of 2022 mainly relate to costs incurred into by the Group regarding the commissioning of the "Serra da Lagoa" wind power project in Lugo. This amount is recorded under the item "Work carried out by the company for its assets" in the accompanying consolidated condensed income statement for the first half of the year 2022.

At 30 June 2022 there are no significant investment commitments in intangible assets.

## 6.3 Other intangible assets

Breakdown of this item for the first half of year 2022 is as follows:

Translation into English of the Notes to the Consolidated Condensed half-year Financial Statements for the period ending 30 June 2022 originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails. In-house translation, under its sole responsibility and not deemed official.

	Thousands of Euros		
	Cost	Accumulated depreciation	Net
<b>Balance at 31 December 2021</b>	<b>9,485</b>	<b>(4,973)</b>	<b>4,512</b>
Additions	667	(66)	601
Disposals	(1,097)	1	(1,096)
Transfers	-	-	-
Translation differences	(82)	57	(25)
<b>Balance at 30 June 2022</b>	<b>8,973</b>	<b>(4,981)</b>	<b>3,992</b>

Main additions during the first half of 2022 relate to expenses incurred into by the Group in the promotion and development of photovoltaic parks in Chile. This amount is recorded under the item "Work carried out by the company for its assets" in the accompanying consolidated condensed income statement for the first half of the year 2022.

Likewise, during the first half of 2022, the Group has formalised the sale of four photovoltaic projects in Chile, derecognising the associated costs capitalised to date. Likewise, during the first half of the year, the Group has proceeded to write off the costs incurred in the development of photovoltaic projects that, as of 30 June 2022, as they were ultimately not viable.

## **7. Property, plant and equipment**

Breakdown of this item for the first half of year 2022 is as follows:

	Thousands of Euros			
	Cost	Accumulated depreciation	Impairment	Net
<b>Balance at 31 December 2021</b>	<b>144,581</b>	<b>(70,389)</b>	<b>(56)</b>	<b>74,136</b>
Additions	6,871	(3,693)	-	3,178
Disposals	(4,849)	4,332	-	(518)
Transfers	-	-	-	-
Translation differences	3,312	(533)	-	2,779
<b>Balance at 30 June 2022</b>	<b>149,915</b>	<b>(70,284)</b>	<b>(56)</b>	<b>79,575</b>

The main addition during the period relates to the purchase of sundry machinery, under finance leases (see Note 13.2), for the development of the main activity of the Group company Constructora San José, S.A., amounting to EUR 2,184 thousand.

Further, an addition of EUR 785 thousand is included, corresponding to the construction costs of a logistics warehouse for own use in Porriño (Pontevedra). As construction is executed by the Group itself, this amount is recorded under the item "Work carried out by the company for its assets" in the accompanying consolidated condensed income statement for the first half of the year 2022.

During the first half of year 2022, the Group derecognised items of property, plant and equipment for a total cost of EUR 3,108 thousand, which were fully depreciated, as they had reached the end of their useful life and were no longer in use.

Further, during the first half of year 2022, there have been maturities and / or cancellations amounting to EUR 457 thousand, as well as new contracts related to lease contracts under the framework of IFRS 16, amounting to EUR 2,479 thousand. Additionally, amortisation for the period stands at EUR 1,758 thousand.

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

The 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.

At 30 June 2022, the Group does not hold any purchase commitments of property, plant and equipment.

### **Fair value of items of property, plant and equipment**

Each year the Group commissions studies from independent valuers to determine the fair values of its investment property. At 31 December 2021, as well as in reference to the corresponding update report made on 30 June 2022, said studies were conducted by "Instituto de Valoraciones, S.A.". Such valuations were performed on the basis of the sale value and lease value of the property on the market (which consists of capitalising the net income from each property and discounting future flows), 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. The fair value was calculated using the discount rates acceptable to a prospective investor and in line with those applied by the market for properties of similar characteristics in similar locations.

According to the above-mentioned study, both, during the first half of 2022 and during year 2021, no significant changes have been recorded in the assessment of real estate investments.

At 30 June 2022 and 31 December 2021, the fair value of the Group 's inventories based on the aforementioned study amounted to EUR 24,6 million and EUR 24.7 million, respectively. The net book cost of these items as of 30 June 2022 and 31 December 2021 amount to 11,4 and 10.7 million euros, respectively.

## **8. Investment property**

Breakdown and details of this item for the first half of year 2022 are as follows:

	Thousands of Euros			
	Cost	Accumulated depreciation	Impairment	Net
<b>Balance at 31 December 2021</b>	42,026	(27,756)	(285)	13,985
Additions	-	(30)	-	(30)
Disposals	-	-	-	-
Translation differences	7,827	(5,743)	-	2,084
Transfer and other	-	-	-	-
<b>Balance at 30 June 2022</b>	<b>49,853</b>	<b>(33,529)</b>	<b>(285)</b>	<b>16,039</b>

### **8.1 Mortgaged investment property**

At 31 December 2021, there are certain real estate assets amounting to EUR 1,900 thousand, which act as mortgage hedge for banking borrowings (see Note 13.3). During the month of February 2022, the Group has fully amortised in advance said financing (see Note 13.3).

### **8.2. Fair value of financial instruments**

Each year the Group commissions studies from independent valuers to determine the fair values of its investment property at the balance sheet date. At 31 December 2021, as well as in reference to the corresponding update report made on 30 June 2022, said studies were conducted by "Instituto de Valoraciones, S.A.". Such valuations were performed on the basis of the sale value and lease value of the property on the market (which consists of capitalising the net income from each property and discounting future flows), 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. The fair value was calculated using the discount rates acceptable to a prospective investor and in line with those applied by the market for properties of similar characteristics in similar locations.

According to the above-mentioned study, both, during the first half of 2022 and during year 2021, no significant changes have been recorded in the assessment of real estate investments.

At 30 June 2022 and 31 December 2021, the fair value of the Group 's inventories based on the aforementioned study amounted to EUR 89,2 million and EUR 88.0 million, respectively. Said amount, at 30 June 2022 and 31

December 2021, includes EUR 44.3 million and EUR 44.2 million, respectively, corresponding to real estate investments of investees according to the Groups' ownership interest (see Note 9).

### 8.3 Insurance policy

The Group takes out insurance policies to cover the possible risks to which substantially all its inventories are subject. Directors consider that contracted coverage insurance at 30 June 2022 is sufficient

## 9. Financial Assets

### 9.1. Non-current financial assets

The detail of the non-current financial assets of the Company at 30 June 2022 is as follows:

	Thousands of Euros			
	Other financial assets	Investments available for sale	Investments until maturity	Total
Equity instruments	20,953	4,510	-	25,463
Credit and loans	-	-	21,569	21,569
Other financial assets	-	-	610	610
<b>Total</b>	<b>20,953</b>	<b>4,510</b>	<b>22,179</b>	<b>47,642</b>

### Investments accounted for using the equity method

The Group's most significant investments in associates at 30 June 2022 and 31 December 2021 were as follows:

	Thousands of Euros	
	30.06.2022	31.12.2021
Cresca, S.A.	330	330
Pinar de Villanueva, S.L.	148	148
Distrito Castellana Norte, S.A. (DCN)	17,071	16,262
Panamerican Mall, S.A. (PM)	3,211	1,671
CSJ GVK Projects ´n Technical SS. P.L.	193	290
<b>Net total</b>	<b>20,953</b>	<b>18,701</b>

The breakdown under this item in the consolidated condensed financial statements for the first half of 2022 is as follows:

	Thousands of Euros
<b>Balance at 31 December 2021</b>	<b>18,701</b>
Profit/loss	(102)
Additions/retirements	1,045
Translation differences	1,309
<b>Balance at 30 June 2022</b>	<b>20,953</b>

The associate "Crea madrid Nuevo Norte, S.A." (formerly named "Distrito Castellana Norte, S.A.") has as main business activity the urban development of the plot of land comprising the area of the "Extension of the Castellana"

in Madrid with regard to real estate action plans known so-called 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.

As of 30 June 2022, the Group holds a 10% stake in the capital of the company, as well as significant influence, to the extent that it maintains representation in its management body. During the first half of year 2022, the investee has carried out a capital increase for EUR 10,449 thousand. The Group has subscribed and paid up according to its participation percentage the capital increase. During year 2021, the investee carried out a capital increase for EUR 20,207 thousand, fully subscribing and paying up the Group its stake.

Exhibit II to the consolidated financial statements of the Group for the year ending 31 December 2021 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 30 June 2022

	Millions of Euros		
	DCN	PM	GSJ GVK
Non-current assets	7.4	385.0	0.0
Current assets	172.9	5.1	5.8
<b>Total Assets</b>	<b>180.3</b>	<b>390.1</b>	<b>5.8</b>
Non-current liabilities	1.0	90.6	0.0
Current liabilities	8.3	15.2	5.8
<b>Total Liabilities</b>	<b>9.3</b>	<b>105.8</b>	<b>5.8</b>
Income from ordinary activities	0.0	8.4	0.0
Profit/(Loss) from continued operations	(2.4)	0.8	(0.1)
Profit/(Loss) for the year	(2.4)	0.8	(0.1)

At 31 December 2021

	Millions of Euros		
	DCN	PM	GSJ GVK
Non-current assets	6.4	395.8	0.0
Current assets	168.9	5.2	5.6
<b>Total Assets</b>	<b>175.3</b>	<b>401.0</b>	<b>5.6</b>
Non-current liabilities	0.5	106.3	0.0
Current liabilities	9.0	17.4	5.0
<b>Total Liabilities</b>	<b>9.5</b>	<b>123.7</b>	<b>5.0</b>
Income from ordinary activities	0.6	22.3	1.1
Profit/(Loss) from continued operations	(2.9)	(21.2)	(7.0)
Profit/(Loss) for the year	(2.9)	(21.2)	(7.0)

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

At 30 June 2022

	Millions of Euros		
	DCN	PM	GSJ GVK
Total net equity	171.0	284.3	0.0
% ownership of Grupo SANJOSE	10.00%	20.00%	50.00%
Net carrying amount of the stake (NCV)	17.1	56.9	0.0
Amendments of the NCV and other	-	(53.7)	0.2
<b>Cost of the Groups' stake</b>	<b>17.1</b>	<b>3.2</b>	<b>0.2</b>

At 31 December 2021

	Millions of Euros		
	DCN	PM	GSJ GVK
Total net equity	165.8	277.3	0.6
% ownership of Grupo SANJOSE	10.00%	20.00%	50.00%
Net carrying amount of the stake (NCV)	16.6	55.5	0.3
Amendments of the NCV and other	-	(53.8)	-
<b>Cost of the Groups' stake</b>	<b>16.6</b>	<b>1.7</b>	<b>0.3</b>

The Group proceeds to homogenize 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.

**Investments available for sale**

The financial assets presented above basically represent investments in equity securities of unlisted entities. Carrying net cost at 30 June 2022 and 31 December 2021 amounts to EUR 4,510 thousand and EUR 2,088 thousand, respectively. Accumulated impairment as of 30 June 2022 and 31 December 2021 amounts to EUR 6,098 and EUR 6,004 thousand, respectively.

These ownership interests remain valued at the best estimate of their value worth reasonable. In the event of listed companies, the lower quoted value at the end of the financial year or the average quotation of the last quarter is taken as reference of the recoverable value.

During the first half of 2022, the Group company "Constructora San José, S.A.", has purchased shares equivalent to 10% of its capital of the companies "Madrid Affordable Housing 2021, S.A." and "Madrid Affordable Housing Development 2021, S.A.", companies whose main activity is related to the "VIVE Plan" of the Community of Madrid. The Group does not exercise control or significant influence over these investee companies.

Net cost at which interest ownership of the Group is recorded, by associate, at 30 June 2022 and 31 December 2021 is as follows:

Company	Thousands of Euros	
	30.06.2022	31.12.2021
Bodegas Altanza, S.A.	736	736
Oryzon Gernomics, S.A. (*)	804	819
Madrid Affordable Housing 2021, S.A.	1,198	-
Madrid Affordable Housing Dev. 2021, S.A.	1,383	-
Others	389	533
	<b>4,510</b>	<b>2,088</b>

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

### **Non-current investments held until maturity**

This item mainly includes credits and collection rights with third parties. Carrying net cost at 30 June 2022 and 31 December 2021 amounts to EUR 22,179 thousand and EUR 21,812 thousand, respectively. Accumulated impairment as of 30 June 2022 and 31 December 2021 amounts to EUR 4,664 and EUR 4,508 thousand, respectively.

At 30 June 2022, this item mainly includes an amount of EUR 9,088 thousand, corresponding to receivables in the long term derived from the transactional agreement signed on 27 November 2020 by the Group, through its subsidiary in Chile "Sociedad Concesionaria San José-Tecnocontrol, SA" with the Chilean Ministry of Public Works, in the arbitration process that the parties maintained in relation to the cost overruns and fines originated in the construction of the Maipú and La Florida hospitals, in Santiago de Chile. By virtue of the aforementioned agreement, which was approved by an arbitration commission, the Chilean Ministry of Public Works is obliged to pay the UF 944.1 thousand (approximately EUR 31.5 million) in four annual instalments of equal amount, the first three on 15 December, 2020, 2021 and 2022, respectively, and the fourth instalment on 15 July 2023. This deferral accrue interest at the rate set by the local authorities for forward operations. This agreement involves the liquidation of the construction phase of the public works concession contract whose purpose is the construction, maintenance and operation of the aforementioned hospitals. At this date, the Group has been paid the first two instalments, according to the agreed schedule.

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

- Collection right for a total amount of EUR 8,490 thousand and EUR 8,677 thousand, as of 30 June 2022 and 31 December 2021, respectively, against the Chilean Ministry of Public Works, as a result of the termination of the contract and execution of the guarantees at first request 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 framework of IFRS 19, taking into consideration the counterparty's risk, the associated impairment recorded at 30 June 2022 and 31 December 2021 amounts to EUR 1,550 thousand and EUR 1,584 thousand. Further, as of 30 June 2022 and 31 December 2021, the Group has recorded a provision under the item "Long-term provisions" for possible liabilities that may arise from this contract, amounting to EUR 7,412 thousand and EUR 7,683 thousand, respectively.

- Long-term collection right related to the civil works contract "Improvement of the Checca-Mazocruz section highway" in Peru, amounting to EUR 4,536 thousand and EUR 4,006 thousand at 30 June 2022 and 1 December 2021, where the successful bidder was the Group company "Constructora San José, S.A.". The Group considers that the reasons alleged by the client for the termination of the contract in February 2020 are unfounded. The Group, in defense of its interest, initiated the arbitration procedure provided for in the contract itself, not foreseeing its resolution in the short term.

Based on the analysis of the recoverability of said debt carried out by the Group, under the framework of IFRS 19, taking into consideration the counterparty's risk, the associated impairment recorded at 30 June 2022 and 31 December 2021 amounts to EUR 1,631 thousand and EUR 1,441 thousand, respectively. Further, as of 30 June 2022 and 31 December 2021, the Group has recorded a provision for possible liabilities that may arise from this contract, amounting to EUR 3,376 thousand and EUR 2,943 thousand, respectively.

### **9.2. Current financial assets**

The detail of the non-current financial assets of the Company at 30 June 2022 is as follows:

	Thousands of Euros		
	Investments until maturity	Derivatives hedges	Total
Credit and loans	8,476	-	8,476
Derivatives	-	-	-
Other financial assets	8,662	-	8,662
<b>Total</b>	<b>17,138</b>	<b>-</b>	<b>17,138</b>

### **Current investments held until maturity**

At 30 June 2022, it mainly includes the following:

- the amounts derived from short-term deposits, amounting to EUR 4,230 thousand.
- the amounts derived from short-term deposits and guarantees, amounting to EUR 4,424 thousand.
- Short-term receivables amounting to EUR 15,753 thousand, referring to the transactional agreement reached with the Chilean Ministry of Public Works by the company of the Group "Sociedad Concesionaria San José-Tecnocontrol, SA", (see Note 9.1). During the first half of year 2022, finance income arising from the update of said items amounting to EUR 199 thousand was recorded.

### **9.3 Trade receivables and customer advances**

The detail of "Trade receivables for sales and services" at 30 June 2022 and 31 December 2021 is as follows:

	Thousands of Euros	
	30.06.2022	31.12.2021
Progress billings receivable and trade receivables for sales and provision of services	205,887	187,500
Executed works pending billing (OEPC)	62,761	53,860
Retentions for guarantees	69,698	72,161
Customers, discounted instruments	22,027	27,652
Impairment	(29,256)	(32,334)
<b>Total</b>	<b>331,117</b>	<b>308,839</b>
Advances	(101,051)	(103,194)
<b>Total net accounts receivable</b>	<b>230,066</b>	<b>205,645</b>

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

The item "Executed works pending billing - OEPC" includes executed works pending certification for construction contracts of the Group amounting to EUR 62,761 thousand at 30 June 2022. This amount includes the differences between the production units executed, valued at sale price, and the certification made to date under the current contract. The amount of the OEPC is made up of the contribution of a large number of works, being very fragmented, and without, in general, there being any work that contributes a significant amount.

The Group, for its operations in Spain for public customers, has reviewed the applicability of RDL 3/2022, by which an exceptional price review is possible as a result of the increase in the cost of materials. The application of this standard has led to the recognition of an additional income amounting to EUR 6.1 million.

"Trade payables" under current liabilities on the consolidated condensed balance sheet at 30 June 2022 and 31 December 2021, includes EUR 101,051 thousand and EUR 103,194 thousand, respectively, corresponding to "Advances from customers" for work certified in advance and advances received for a total amount of EUR 80,746 thousand and EUR 20,305 thousand, respectively, at 30 June 2022 (EUR 83,974 thousand and EUR 19,220 thousand, respectively, at 31 December 2021). Work certified in advance is recognised as a lower income of the Group for the period, according to the application of the method of recognition of income by progress of work (see Note 4.11 of the accompanying notes to the consolidated financial statements for the year ended 31 December 2021).

## **10. Inventories**

The detail of this item at 30 June 2022 and 31 December 2021 is as follows:

	<b>Thousands of euros</b>	
	<b>30.06.2022</b>	<b>31.12.2021</b>
Acquired property	4,974	4,984
Land and plots of land	66,759	64,550
Goods	2,602	1,331
Raw materials and other supplies	3,284	3,464
Inventories under construction	13,273	11,278
Other current inventory	4,292	4,430
Completed construction works	4,906	5,450
Other finished products	240	72
Advances to suppliers	9,303	10,153
Impairment losses on inventories	(23,031)	(23,085)
	<b>86,602</b>	<b>82,627</b>

Further, the item "Other inventories in progress" mainly includes inventories in progress related to agricultural activity, amounting to EUR 4,292 thousand and EUR 4,430 thousand at 30 June 2022 and 31 December 2021, respectively.

### **10.1 Land purchase commitments**

At 30 June 2022 and 31 December 2021, the Group has not signed any promise or option contracts to purchase land and plots.

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

### **10.2 Commitments to sell property developments in progress and completed buildings**

At 30 June 2022 and 31 December 2021, 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 12,306 thousand and EUR 7,538 thousand. At said date, the Group had received advances from the related customers totalling EUR 5,261 thousand and 1,798 thousand, respectively.

### **10.3 Impairment losses on inventories**

Detail of inventories at 30 June 2022 and 31 December 2021 is as follows:

	Thousands of Euros	
	30.06.2022	31.12.2021
Acquired property	2,193	1,903
Land and plots of land	18,220	18,228
Completed construction wo	191	222
<b>TOTAL</b>	<b>20,604</b>	<b>20,353</b>

Further, at 30 June 2022 and 31 December 2021, the Group has recorded an impairment amounting to EUR 2,427 thousand and EUR 2,732 thousand, referring to inventories of raw materials and other supplies.

Each year the Group commissions studies from independent valuers to determine the fair values of its investment property at the end of the year. At 31 December 2021, as well as in reference to the corresponding update report made on 30 June 2022, said studies were conducted by "Instituto de Valoraciones, S.A.". Such valuations were performed on the basis of the sale value of the property on the market, 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.

The comparison method (for finished products) and the static and dynamic residual method (basically for plots of land and developments under construction) were used to calculate the fair value. 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.

At 30 June 2022 and 31 December 2021, the fair value of the Group's inventories based on the aforementioned study amounted to EUR 139.9 million and EUR 137.7 million, respectively. As at 30 June 2022, no additional impairment has become apparent. At 31 December 2021, the Group recorded a negative net equity amounting to EUR 869 thousand.

#### 10.4 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.

#### 10.5 Issuance rights

"Inventories" includes the greenhouse gas emission rights of the "Poligeneració Parc de l'Alba ST-4, SA" Group company, with the total cost at 30 June 2022 of EUR 1,109 thousand being fully allocated to emissions made during the year.

Additionally, as of 30 June 2022, the Group has recorded a short-term provision amounting to EUR 235 thousand, corresponding to the emissions made during year 2022 for which, at 30 June 2022, it did not have purchased emission rights.

During the first half of year 2022, the Group has proceeded to the redemption before the Public Administration of the emission rights corresponding to the CO2 emissions of year 2021 for a total amount of EUR 1,393 thousand.

## **11. Net equity**

### **11.1 Share capital**

At 30 June 2022 and 31 December 2021, share capital of the Parent was represented by 65,026,083 shares of EUR 0.03 par value each.

At 20 July 2009, Parent Company shares can be listed on the Continuous Market, with a market value of EUR 12.86 per share.

The closing and average quote for the last quarter of 2021 has been EUR 4.90 and EUR 4.32, respectively. The closing quote at 30 June 2022 and the average quote for the second quarter of year 2022 has been EUR 3.98 and EUR 4.18, respectively.

At 30 June 2022, 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

### **11.2 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.

As of the current date, the legal reserve is fully constituted.

### **11.3 Distribution of dividends**

At 30 March 2022, the Parent Company's AGM approved the distribution of a dividend with charge to voluntary reserves, for a gross amount of 0.10 euros / share, which amounts to a total of EUR 6,503 thousand. At 30 June 2022, said dividend has been fully disbursed (see Note 4).

### **11.4 Valuation adjustments**

This item of the consolidated half-yearly financial statements includes mainly the net amount of variations in fair value of certain derivative instruments (see Note 13.5), under the provisions of IAS 9.

### **11.5 Shares of the Parent**

At 30 June 2022 the Parent did not hold any treasury shares neither had executed transactions with treasury shares during the first half of 2022.

### **11.6 Property status of the Parent**

At 30 June 2022, the Company records a positive net equity amounting to EUR 44,872 thousand.

### **11.7 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:

*Translation into English of the Notes to the Consolidated Condensed half-year Financial Statements for the period ending 30 June 2022 originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails. In-house translation, under its sole responsibility and not deemed official.*

	30.06.2022	30.06.2021	Changes
Net profit/(loss) for the year attributable to the Parent (thousands of Euros)	8,572	6,773	1,799
Weighted average number of shares (shares)	65,026,083	65,026,083	-
Basic profit/(loss) per share (Euros/Share)	0.13	0.10	0.03

## **12. Current and non-current provisions**

Changes in the first half of year 2022 in the balance sheet were as follows:

	Thousand of Euros	
	Long term provisions	Short term provisions
<b>Balance at 31 December 2021</b>	<b>35,950</b>	<b>29,607</b>
Additions / Reversals	564	5,249
Applications	(4,079)	(1,685)
Translation differences and others	1,130	873
<b>Balance at 30 June 2022</b>	<b>33,565</b>	<b>34,044</b>

### **12.1. Non-current provisions:**

This item mainly includes provisions to cover possible contingencies that may affect Group SANJOSE, arising from litigation and court proceedings (see Note 9.1).

Note 15 to the consolidated financial statements for year 2021 describes the main litigation and court proceedings and other risks provisions at said date.

During the first half of year 2022, no significant changes with regards to current claims have been recorded.

### **12.2. Current provisions:**

Current provisions classified under "Short-term provisions" include estimated amounts to face possible business contingencies. Likewise, this item includes the margin expected for completing those contracts where a negative result has been forecast.

## **13. Financial Liabilities**

Breakdown of this item within the consolidated balance sheet at 30 June 2022 and 31 December 2021 as follows:

30 June 2022:

	Thousands of Euros		
	Debts and accounts payable	Derivatives (Note 13.5)	Total
<b>Non-current financial liabilities:</b>			
Bank borrowings (Note 13.2)	7,288	-	<b>7,288</b>
Other financial liabilities (13.4)	94,911	-	<b>94,911</b>
<b>Total non-current</b>	<b>102,199</b>	-	<b>102,199</b>
<b>Current financial liabilities:</b>			
Bank borrowings (Note 13.2)	9,387	-	<b>9,387</b>
Derivatives (Note 13.5)	-	11	<b>11</b>
Other financial liabilities (13.4)	2,419	-	<b>2,419</b>
<b>Total current</b>	<b>11,806</b>	<b>11</b>	<b>11,817</b>

31 December 2021:

	Thousands of Euros		
	Debts and accounts payable	Derivatives	Total
<b>Non-current financial liabilities:</b>			
Bank borrowings (Note 13.2)	5,806	-	<b>5,806</b>
Other financial liabilities (13.4)	94,986	-	<b>94,986</b>
<b>Total non-current</b>	<b>100,792</b>	-	<b>100,792</b>
<b>Current financial liabilities:</b>			
Bank borrowings (Note 13.2)	10,510	-	<b>10,510</b>
Other financial liabilities (13.4)	2,081	-	<b>2,081</b>
<b>Total current</b>	<b>12,591</b>	-	<b>12,591</b>

**13.1 Obligations and other securities**

As of 30 June 2021, the Group has proceeded to make the payment of the last instalment for a total amount of EUR 34,942 thousand, being the obligations fully paid up.

**13.2 Bank borrowings**

Breakdown of this item in the accompanying balance sheet is as follows:

	Thousand of Euros	
	30.06.2022	31.12.2021
<b>Non-current:</b>		
Finance leasing	1,898	4
Bank loans and credit facilities	5,390	5,393
Total mortgage loans secured by inventories (Notes 8 and 13.3)	-	409
<b>Total non-current</b>	<b>7,288</b>	<b>5,806</b>
<b>Current:</b>		
Finance leasing	361	55
Payables from discounted notes and bills	1,570	1,016
Bank loans and credit facilities	7,456	9,308
Total mortgage loans secured by inventories (Notes 10 and 13.3)	-	131
<b>Total current</b>	<b>9,387</b>	<b>10,510</b>
<b>TOTAL</b>	<b>16,675</b>	<b>16,316</b>

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

At 30 June 2022, "Non-current bank borrowings and loans" under non-current liabilities includes mainly:

- EUR 1,140 thousand and EUR 1,946 thousand, respectively (EUR 1,140 thousand and EUR 2,521 thousand, 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.'s Policy Project (see Note 6.2). Said plant acts as collateral for credit facilities.
- On June 18, 2020, the Group company "Constructora San José, SA", has signed a guarantee loan from the ICO for an amount of 10,000 thousand euros with a maturity of three years and with a grace period of one additional year at a variable interest rate referenced to the Euribor plus a market differential. At 30 June 2022, EUR 2,511 thousand are included.
- On 13 January and 28 April 2022, the Group company "Constructora San José, S.A." signed two leasing contracts for 41 months, divided into 41 instalments, relating to machinery (see Note 7).

At 30 June 2022, the Group has contracted multi-group discount policies, including the main national Group companies, for a total amount of EUR 18,200 thousand (EUR 14,000 thousand at 31 December 2021) with maturity in 2021 and 2022, and at a variable interest rate referenced to the Euribor plus a market differential. At 30 June 2022 the amount drawn down amounts to EUR 1,016 thousand (with no amount drawn down at 31 December 2021).

At 30 June 2022, Group management estimates that at year-end it is in a situation of compliance with the ratios required by the financing contracts.

Breakdown by maturity at 30 June 2022 is as follows:

	Thousands of euros				
	Year 2022	Year 2023	Year 2024	Year 2025 and followings	TOTAL
Finance lease	361	611	618	669	2,259
Payables from discounted notes and bills	611	959	-	-	1,570
Bank loans and credit facilities	7,456	3,790	1,578	22	12,846
<b>TOTAL</b>	<b>8,428</b>	<b>5,360</b>	<b>2,196</b>	<b>691</b>	<b>16,675</b>

### 13.3 Mortgage loans

At 31 December 2021, the Group's mortgage loans refer entirely to the financing of the real estate inventory "Parking spaces and commercial premises in Legazpi (Madrid)" recorded under the Group's consolidated current assets for a total net cost of EUR 1,900 thousand (see Note 10). During the month of February 2022, the Group has fully amortised in advance said financing (see Note 16.2).

### 13.4 Other financial liabilities

"Other long-term financial liabilities" at 30 June 2022 mainly include the financial debt granted by the company "Merlin Properties Socimi, S.A.". This is a loan amounting to EUR 86,397 thousand, signed on 31 October 2019, with a fixed annual interest rate of 2%, payable at maturity, having provided as a guarantee the 10 % stake owned by the Group in the company "Crea Madrid Nuevo Norte, S.A." (formerly named "Distrito Castellana Norte, SA").

At 30 June 2022, the amount of this debt amounts to EUR 90,469. During the first half of 2022, interest has been accrued amounting to EUR 905 thousand.

"Other current financial liabilities" and "Other current financial liabilities:" include, mainly, the debt arising from the application of IFRS 16, amounting to EUR 2,855 and EUR 1,493, respectively, at 30 June 2022 (see Note 2.1).

Breakdown by maturity at 30 June 2022 is as follows:

	Miles de euros				
	Year 2022	Year 2023	Year 2024	Year 2025 and followings	TOTAL
IFRS 16 "Leases"	1,493	514	171	2,170	<b>4,348</b>
Merlin Properties Socimi, S.A.	-	-	-	90,469	<b>90,469</b>
Other financial liabilities	926	-	-	1,587	<b>2,513</b>
<b>TOTAL</b>	<b>2,419</b>	<b>514</b>	<b>171</b>	<b>94,226</b>	<b>97,330</b>

### 13.5 Derivative financial instruments

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

The objective of these contracts is to neutralize or limit, through the contracting of exchange rate derivatives, the fluctuation in the cash flows to be disbursed for the payments made by the Group in foreign currency.

At 30 June 2022, derivative financial instruments of Grupo SANJOSE are mainly currency forward. During the first half of year 2022, no significant changes with regards to contracted derivatives by the Group.

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

Interest rate derivatives contracted by the Group and effective at 30 June 2022 and 31 December 2021, together with their fair value at said date, are the following:

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At 30 June 2022

	Thousands of Euros				
	Financial Instrum.	Maturity	Initial par value	Remaining par value at 30.06.2022	Balance at 30.06.2022 (Note 13)
<b>Efficient Hedges:</b>					
Trendy King, S.A.U.	FXF-GBP	17/10/2022	142	142	(3)
Trendy King, S.A.U.	FXF-GBP	08/03/2023	463	463	(4)
Trendy King, S.A.U.	FXF-GBP	16/08/2022	352	352	(4)
			<b>957</b>	<b>957</b>	<b>(11)</b>

At 31 December 2021

	Thousands of Euros				
	Financial Instrum.	Maturity	Initial par value	Remaining par value at 31.12.2021	Balance at 31.12.2021 (Note 13)
<b>Efficient Hedges:</b>					
Trendy King, S.A.U.	FXF-GBP	15/03/2022	180	180	4
Trendy King, S.A.U.	FXF-GBP	15/03/2022	82	82	2
Trendy King, S.A.U.	FXF-GBP	23/05/2022	82	82	1
Trendy King, S.A.U.	FXF-GBP	16/08/2022	35	35	2
			<b>379</b>	<b>379</b>	<b>9</b>

Assets and liabilities as hedge financial instruments include the changes in the measurement of fair value of hedge financial instruments. At 30 June 2022, the instruments contracted by the Group companies are cross currency swaps, linked to asset and/or liability items on the consolidated balance sheet, as well as highly probable forecast transactions, all of which meet the requirements of IFRS 9 to be designated as hedged items within a hedging relationship.

The Group records as equity the change in fair value of hedge accounting financial instruments. At 30 June 2022 and 31 December 2021, the adjustment to equity for the change in fair value of the Group's hedging instruments, net of tax, is negative, EUR 20 thousand, and positive, EUR 83 thousand, respectively.

During the first half of 2022 and 2021, a pre-tax amount of EUR 9 thousand and EUR 70 thousand of lower and higher financial interest expense, respectively, was recycled from equity as interest on financial liabilities was hedged under designated hedging relationships.

**Classification of financial instruments**

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

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

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

Level 3 inputs as interest are unobservable inputs for the asset or liability.

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

Derivatives of the Group are classified as Level 2. On a residual basis, as of 30 June 2022, the Group classified as Level 1 the investment made in shares of an investee (see Note 9.1).

No transfers from Level 1 to Level 2 have taken place during the first half of year 2022. Neither had taken place inputs or outputs of Level 3 at 31 December 2021.

#### **Sensitivity analysis of interest rate and exchange rate**

The variations in the fair value of the exchange rate derivatives contracted by the Group depend, in the case of the exchange rate hedges contracted by the Group, on the variation of the exchange rate curve of the pound sterling and the euro .

At 30 June 2022, changes in the value of financial instruments of the Group due to changes in currency curves are not significant.

#### **14. Guarantee commitments to third parties**

As of 30 June 2022 and 31 December 2021, the Group has received from financial institutions and insurance companies, guarantees presented to third parties amounting to EUR 366 million and EUR 337 million, respectively (mainly provisional and definitive guarantees for bidding and contracting of works submitted to public and private organisations), of which EUR 0.04 million correspond to the Parent Company on both dates, and the outstanding to subsidiaries.

Of the total of guarantees provided to third parties by the Group, EUR 206 million (approximately 56%) relate to international activity of the Group, mainly in Abu Dhabi, Chile and Portugal, amounting to EUR 86 million, EUR 43 million and EUR 51 million, respectively

Said guarantees related to the Parent and Associates correspond mainly to bid bonds and performance guarantees granted to public and private entities, mainly, Banks and insurance companies.

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

#### **15. Taxation**

Directors of Grupo SANJOSE, for the preparation of this condensed consolidated financial statements at 30 June 2022, have taken into consideration the standards applicable during year 2021 up to now, without recording significant modifications with regards to the tax situation of the Group.

##### ***Years open for review by the tax authorities***

Note 20.1 to the financial statements for year 2021 details the years open for review, as well as the main activities of the inspection. During the current month of July, a communication has been received from the Tax Agency of the start of inspection actions of the corporate tax corresponding to the periods 2017 to 2020, as well as the value added tax corresponding to the period between June 2018 and December 2020, referring to the Tax Consolidation Group in Spain, where the parent company is "Grupo Empresarial San José, S.A."

#### **16. Other disclosure**

##### ***16.1. Average workforce***

The average workforce by professional category is as follows:

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Category	30/06/2022		31/12/2021	
	Men	Female	Men	Female
University graduates	361	133	385	110
University three-year degree graduates	508	149	548	152
Clerical staff	142	115	176	116
Officers and technical personnel	2,407	136	1,930	98
	<b>3,418</b>	<b>533</b>	<b>3,039</b>	<b>476</b>

The average workforce at 30 June 2022 amounted to 4,092, of which 3,551 were men and 541 women

The average number of people employed in the course of the year 2022 with a disability greater than or equal to 33% is 13 employees, 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.

## **17. Balances and transactions with non-consolidated associates and joint ventures**

All the material balances at 30 June 2022 from consolidated companies and the effect of the transactions performed among 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:

	Thousand of Euros			
	Loans to third parties	Payables	Trade receivables	Servicies received
Panamerican Mall, S.A.	-	-	-	-
Cresca, S.A.	-	289	-	-
Pinos Altos XR, S.L.	-	1,246	-	60
CSJ-GVK Projects and Thecnical SS.	-	-	1,771	-
JV Partners and other	1,498	798	659	50
<b>Total</b>	<b>1,498</b>	<b>2,333</b>	<b>2,430</b>	<b>110</b>

Of the total accounts payable to related companies as of 30 June 2022, an amount of EUR 1,907 thousand are financial debts, being recorded under the heading "Other financial liabilities" of the non-current and current liabilities of the attached condensed consolidated balance sheet, for amounts of EUR 1,490 and 417 thousand, respectively.

## **18. Remuneration**

### **18.1 Remuneration of Directors**

The detail of the remuneration of all kinds earned in 2022 and 2021 by the Directors of Grupo Empresarial San José, S.A., for any reason and by any group company, jointly controlled entity or associate obliged to pay such remuneration are as follows:

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Type of Directors	Thousands of euros	
	30.06.2022	30.06.2021
Executive board members	1,624	1,581
Independent board members	89	96
Other external board members	102	107
<b>Total</b>	<b>1,815</b>	<b>1,784</b>

At 30 June 2022 and 31 December 2021, no advances, loans or other types of guarantees had been granted to the former or current directors and there were no additional pension or life insurance obligations to them. In addition, the Group does not have any other kind of transactions with related parties.

The directors of the Company are covered by the "Corporate Liability Insurance Policies of Directors and Officers" contracted by the parent company of Grupo SANJOSE, in order to cover possible damages that may be claimed, and that they arise as a result of an error of management committed by its managers or directors, as well as those of its subsidiaries, in the exercise of their positions (see Note 24.1 on Notes to the accompanying consolidated financial statements of the Group for the year ended 31 December 2021).

### **18.2 Remuneration and other benefits of senior executives**

Total remuneration of all kinds of Directors of the Parent and people discharging similar duties, excluding those who are simultaneously members of the Board of Directors (whose remuneration is disclosed above), is summarised as follows:

Number of people	Thousands of euros
<b><u>At june 2022:</u></b>	
10 directors	816
<b><u>At june 2021:</u></b>	
12 directors	804

Neither the Parent, nor any other company of the Group, have any pension or life insurance obligations to these directors.

## **19. Information on the environment**

In the preparation of the Group's Consolidated Summary Financial Statements as of 30 June 2022, as well as these Explanatory Notes, the Directors' of Grupo SANJOSE have taken into account the environmental regulations applicable during year 2021, without any significant changes affecting the Group during the first half of year 2022.

## GRUPO EMPRESARIAL SAN JOSE, S.A. and Subsidiaries

### Consolidated Directors' Report for the first half of year 2022.

#### 1. Situation of the Organisation

##### 1.1. Organisational Structure

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

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

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



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

##### 1.2. Performance

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

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

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

## 2. Evolution of the market

### 2.1. Market performance

Since March 2020, Spain has been framed in a context of economic uncertainty due to the health Crisis caused by Covid-19. As a result, the Spanish economy registered in 2020 a historical decrease in Gross Domestic Product (GDP) of 10.8%, this being the biggest setback that the economy has experienced since 1936.

During year 2021, the Spanish economy has grown by 5.1%, according to INE data, moving away from the 10.8% fall recorded in 2020.

In the first quarter of 2022, the pace of GDP growth moderated substantially to 0.3% quarter-on-quarter. Chronologically, this was initially due to the adverse impact of the Omicron variant of the COVID-19 virus on leisure activities and then to the economic effects of Russia's invasion of Ukraine. These developments were compounded at the end of the quarter by disruptions in production and distribution caused by the transport strike in our country.

In the second quarter, the war in Ukraine is negatively affecting economic activity through the maintenance of high prices for many raw materials (energy, minerals and food), its impact on agents' confidence and the moderation in the degree of dynamism of world markets - in a context in which the war and China's "zero COVID" policy have made it difficult to resolve bottlenecks in supply chains, or have even intensified them.

These adverse effects have tended to be offset by counteracting effects, most notably the virtual elimination of the restrictions associated with the health crisis, which is driving a remarkable rebound in the services that were most affected by them. Moreover, the impact of rising inflation on consumption and output is being partially cushioned by fiscal and regulatory measures taken to address it.

In this scenario, the average GDP growth of the Spanish economy would stand at 4.1% in 2022, 2.8% in 2023 and 2.6% in 2024. Compared with April, these projections imply a downward revision of GDP growth in 2022 by 0.4%. In the opposite direction, activity is projected to be more dynamic in the current quarter, due to a stronger than expected normalisation in the branches most affected by the pandemic.

As for inflation, growth is projected, in terms of annual averages, to rise to 7.2% in 2022. The war has exacerbated inflationary pressures that had previously affected commodity markets. On the other hand, there is some pass-through of energy and food price increases to other components of consumer prices. Over the remainder of the projection horizon, inflation is projected to decline gradually to 2.6% in 2023 and 1.8% in 2024, under the assumption that energy prices will moderate as suggested by futures markets and feedback loops between price and wage inflation will be very contained.

#### Macroeconomic projections for the Spanish economy (2022-2024)

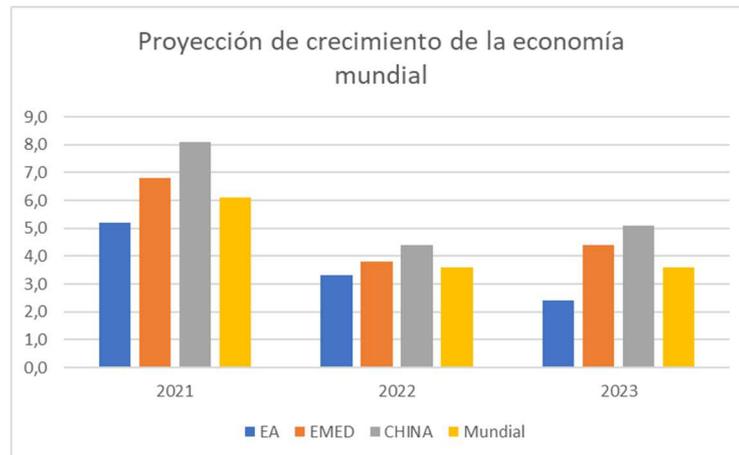
	2021	Proyecciones de junio Banco de España		
		2022	2023	2024
PIB	5,1	4,1	2,8	2,6
Índice amortizado de los precios del consumo (IAPC)	3,0	7,2	2,6	1,8
Empleo (horas trabajadas)	7,0	4,6	1,5	1,1
Tasa de paro	14,8	13,0	12,8	12,7

Source: Bank of Spain and National Institute of Statistics

The IMF has downgraded Spain's economic growth estimates for 2022 and revised upwards those for 2023. The agency estimates that Spain's GDP will register 4.8% this year and 3.3% in 2023.

Globally, economic estimates by the IMF and Central Banks have also been modified. In its latest report dated April 2022, the IMF estimates for 2022 and 2023 a growth of the world economy of 3.6% (reduced to 3.2% in the last published update).

With respect to other markets where the Group is present, growth for 2022 is expected to increase 2.5% in Latin America and 4.6% in the Middle East and Central Asia.



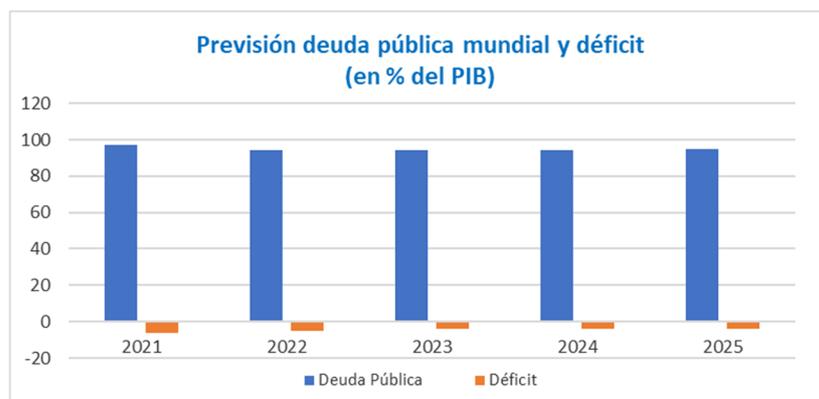
Source: International Monetary Fund

### Macroeconomic projections for the world economy (2022-2023)

	Proyecciones Fondo Monetario Internacional			
	Estimación de enero 2022		Estimación de abril 2022	
	2022	2023	2022	2023
España	5,8	3,8	4,8	3,3
América Latina y el Caribe	2,4	2,6	2,5	2,5
Oriente Medio y Asia Central	4,3	3,6	4,6	3,7
Mundial	4,4	3,8	3,6	3,6

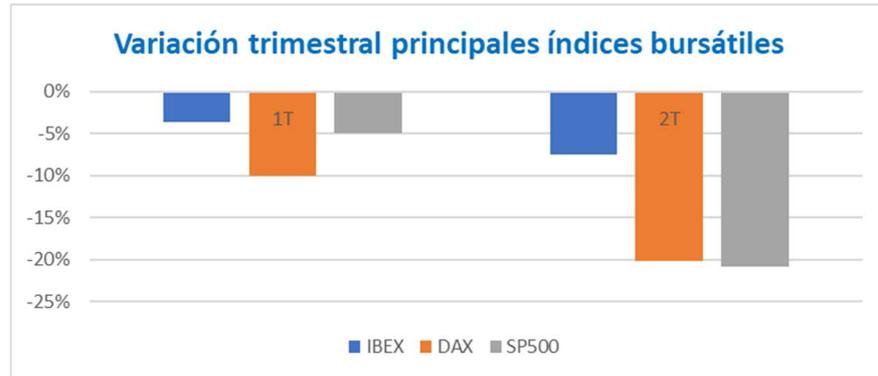
Source: International Monetary Fund

In 2022, the world faces heightened uncertainty, with a war coming on top of a persistent and evolving pandemic, now in its third year. Moreover, the problems that existed before COVID-19 have not disappeared, since before the first lockdown the indebtedness was already very high. When the pandemic broke out, the economic support provided by an unprecedented period of peace stabilised financial markets and gradually eased credit and liquidity conditions around the world. In many countries, tax policy was successful in protecting individuals and businesses during the pandemic. It also supported monetary policy by increasing aggregate demand and avoiding deflationary dynamics. This contributed to the economic and financial recovery. Now, the war in Ukraine adds risks to a situation of unprecedented levels of public debt, while the pandemic continues to strain the budgets of many governments. The IMF estimates that the ratio of public debt to GDP will stabilise at around 95%.



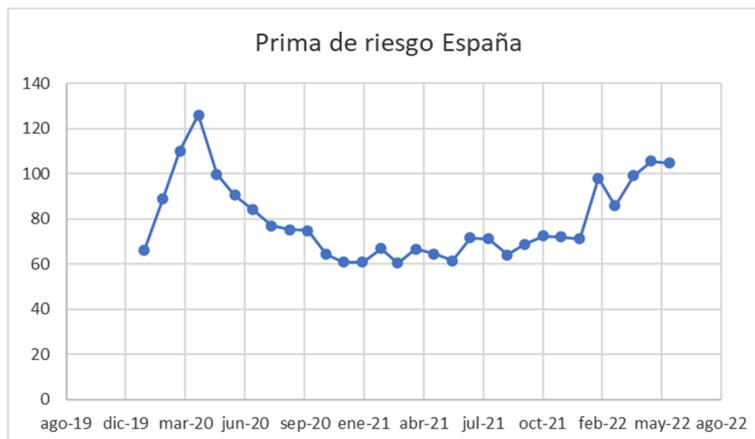
Source: International Monetary Fund

Financial markets, considered as a thermometer of the economic situation, reflect disparate data depending on the geographical area. Thus, the Standard & Poor's 500 index, considered the most representative indicator of the value of US companies, has gone from 4,783 points at the beginning of the year to 4,502.4 points at the end of June (21% depreciation), the Standard German DAX 30 has varied from 16,020.73 points to 15,471.20 points (20% depreciation) and the IBEX 35 has gone from 8,761.20 points at the beginning of the year to 8,612.80 points (8% depreciation).



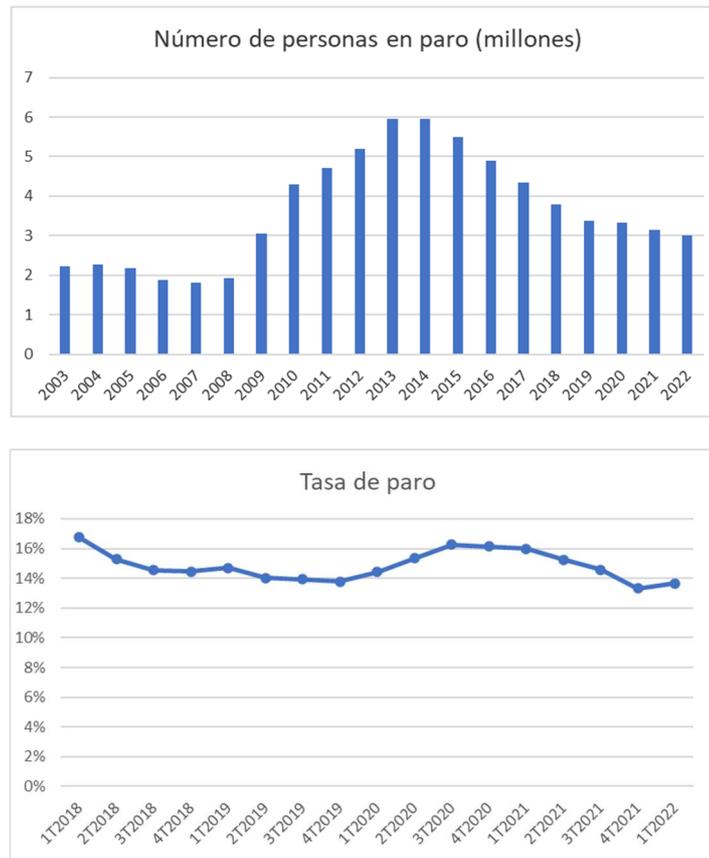
Source: Investing.com

In contrast, the indicator that measures the perception of risk of the foreign investor, which translates into the risk premium (the differential of the Spanish 10-year bond with the German title "bund" at the same term) has recovered more quickly than the stock market. This ratio, which had closed year 2019 at one of its lowest levels in recent years with 65 points, experienced a period of high volatility in 2020, coinciding with the evolution of the pandemic in Spain and closed 2021 with 72.1 points. In 2022, the risk premium has increased, reaching 104.6 points in June.



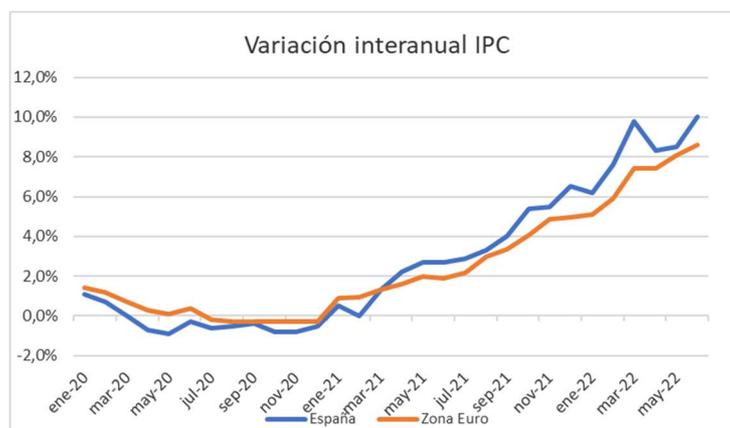
Source: Investing.com

On the other hand, the number of unemployed people is still well below the levels reached in the financial crisis, when it reached 6 million unemployed in 2013. This is due in part to the temporary employment regulation files (ERTE) that have allowed companies to adjust the workforce to their low production without having to assume the entire wage cost and allowing workers to keep part of their working conditions. At the end of March, there were 3,175 thousand people unemployed according to INE.



Source: National Institute of Statistics of Spain.

The estimated annual CPI inflation in June 2022 is 10.2%, according to the leading indicator prepared by the INE. This indicator provides an increase in the CPI that would mean an increase of one and a half points in its annual rate, since in May this variation was 8.7%, and would be at its highest level since April 1985. This development is mainly due to higher fuel and food and non-alcoholic beverages prices. Increased prices in hotels, cafés and restaurants also play a role.

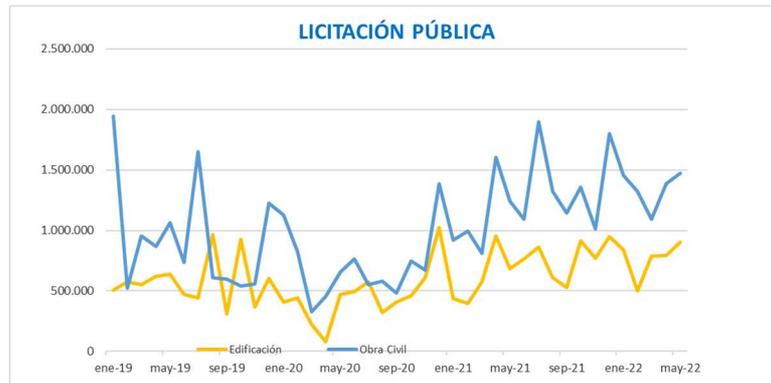


Source: National Institute of Statistics of Spain (Active Population Survey) and Bank of Spain.

CONSTRUCTION is the segment that contributes the most to the Group's turnover with a percentage of 89.2% and Spain has consolidated itself as the most important geographical area with 77% of the total. In addition to domestic market, Grupo SANJOSE is present in Portugal, South America, Asia and Africa. At the end of the first semester of 2022, the foreign business volume stood at 23% of the Group's total turnover (28% in the first semester of year 2021).

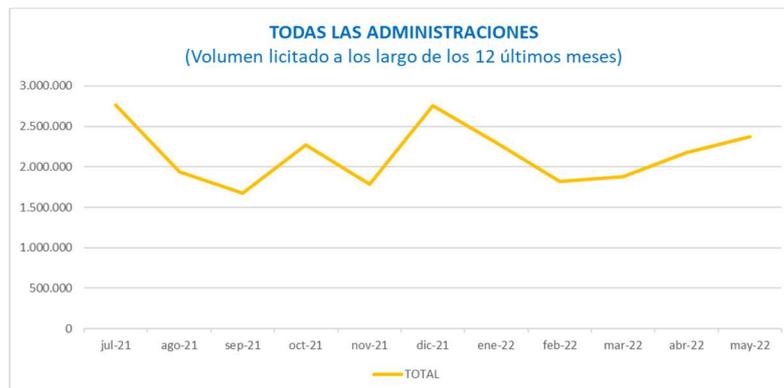
The public tender of the Public Administrations in the first five months of 2022 has been 23% higher than that of the same period of 2021. This increase in public tenders can be explained by several factors. The first of these is the award of the first contracts financed by the European NextGenerationEU funds. The second may be due to increased purchases of supplies in the first half to cope with higher prices and shortages of products resulting from the war in Ukraine or strikes in the transport sector. And the third and last factor will be latent throughout 2022: we are in a pre-election year, so its city councils and autonomous communities are expected to increase public tenders.

The following graph shows the evolution of the tender volume in Spain divided into civil works and building.



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

The following graph exemplifies how tendering by all Public Administrations in Spain increases in 2022.



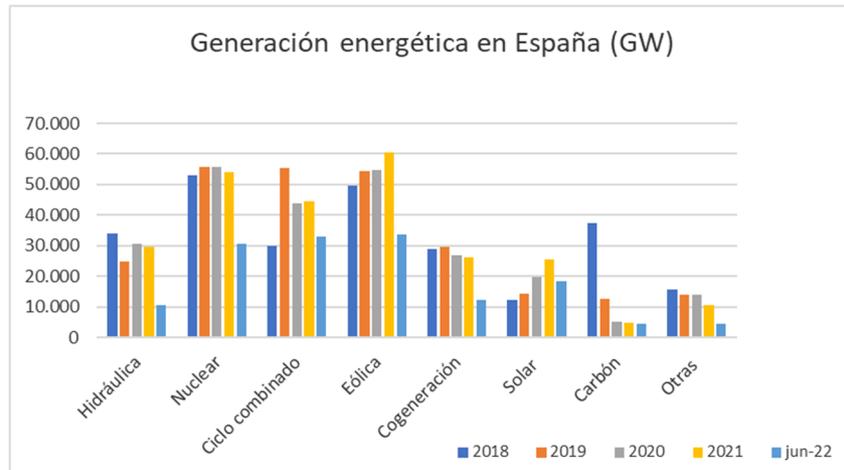
Source: Association of Construction Companies and Infrastructure Concessionaires (Seopan).

Within the CONCESSIONS and SERVICES segment, the Group has a solid presence in Spain with long-term contracts, which focus on the maintenance of buildings, sports facilities, gardens and hospitals, among others. Similarly, the SANJOSE group has had hospital concessions in Chile for several years. The Concessions and Services segment has contributed 31.8 million to the Group's turnover in the first half of 2022, which represents 6% of total revenue. The Group is especially committed to the service provided to hospitals and its workers, paying special attention to staff carrying out their activities in conditions of maximum safety and hygiene.

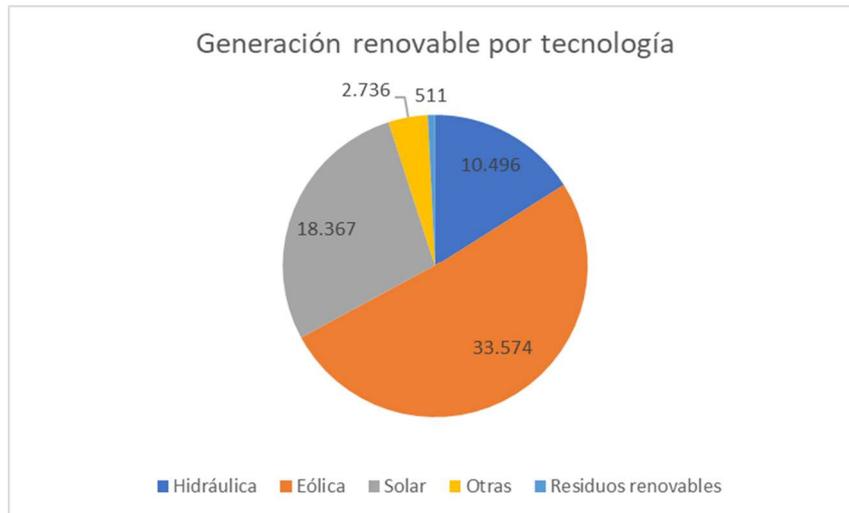
The SANJOSE Group has the goal of consolidating and expanding the contracts in this segment, which are a stable source of income, as well as maintaining its commitment to respect the environment in carrying out the activities developed.

The energy sector has been constantly evolving towards clean energy for years. In the words of the President of the ECB, a large part of the asset purchases to overcome the current economic situation will be focused on projects that are environmentally sustainable. Similarly, the World Bank is positioned, which since 2010 has not invested in projects that generate a carbon footprint and has also invested USD 5.300 million in energy-efficient projects.

The following graphs show the market share for energy in Spain over the last four years and the market share within renewable energies up to the first half of year 2022.



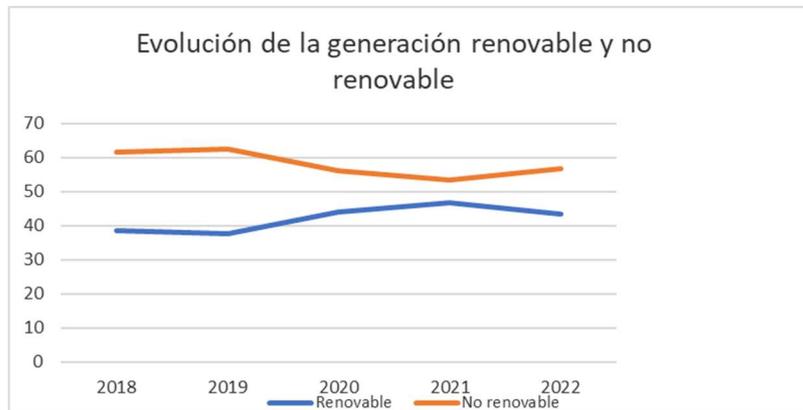
Source: Red Eléctrica de España.



Source: Red Eléctrica de España.

The SANJOSE Group's ENERGY segment has projects for the generation of solar and wind energy and an energy polygeneration plant, among others, which provide a backlog worth EUR 357 million at the end of the first half of 2022. All of them respectful with the environment and in line with current legislation on climate change.

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



Source: Red Eléctrica de España.

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

## 2.2. Main figures of the GROUP

Main consolidated figures of Grupo SANJOSE for the first semester of year 2022 are as follows:

## Consolidated Management Balance Sheet

Thousands of euros

	Jun.22		Dec. 21		Var.
	Amount	%	Amount	%	
Intangible assets	16,977	1.8%	17,646	1.9%	-3.8%
Property, plant and equipment	79,575	8.3%	74,136	7.9%	7.3%
Real state investments	16,039	1.7%	13,985	1.5%	14.7%
Investments accounted for using the equity method	20,953	2.2%	18,701	2.0%	12.0%
Long term financial investments	26,689	2.8%	23,900	2.5%	11.7%
Deferred taxes assets	24,626	2.6%	28,988	3.1%	-15.0%
Goodwill on consolidation	9,984	1.0%	9,984	1.1%	0.0%
<b>TOTAL NON-CURRENT ASSETS</b>	<b>194,843</b>	<b>20.2%</b>	<b>187,340</b>	<b>20.1%</b>	<b>4.0%</b>
Inventories	86,602	9.0%	82,627	8.9%	4.8%
Trade and other receivables	380,813	39.5%	346,915	37.2%	9.8%
Other short term financial investments	18,636	1.9%	18,427	2.0%	1.1%
Short-term accruals	4,009	0.4%	2,265	0.2%	77.0%
Cash and cash equivalents	278,207	28.9%	295,496	31.7%	-5.9%
<b>TOTAL CURRENT ASSETS</b>	<b>768,267</b>	<b>79.8%</b>	<b>745,730</b>	<b>79.9%</b>	<b>3.0%</b>
<b>TOTAL ASSETS</b>	<b>963,110</b>	<b>100.0%</b>	<b>933,070</b>	<b>100.0%</b>	<b>3.2%</b>

Thousands of euros

	Jun.22		Dec. 21		Var.
	Amount	%	Amount	%	
Equity attributable to shareholders of the parent	164,664	17.1%	151,665	16.3%	8.6%
Minority interest	33,001	3.4%	30,478	3.2%	8.3%
<b>TOTAL EQUITY</b>	<b>197,665</b>	<b>20.5%</b>	<b>182,143</b>	<b>19.5%</b>	<b>8.5%</b>
Long term provisions	33,565	3.5%	35,950	3.9%	-6.6%
Long term financial liabilities	102,199	10.5%	100,792	10.8%	1.4%
Deferred taxes liabilities	15,150	1.6%	17,887	1.9%	-15.3%
Long-term accruals	834	0.1%	810	0.1%	3.0%
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>151,748</b>	<b>15.8%</b>	<b>155,439</b>	<b>16.7%</b>	<b>-2.4%</b>
Short term provisions	34,044	3.5%	29,607	3.2%	15.0%
Short term financial liabilities	12,243	1.3%	13,438	1.4%	-8.9%
Trade accounts and other current payables	567,410	58.9%	552,443	59.3%	2.7%
<b>TOTAL CURRENT LIABILITIES</b>	<b>613,697</b>	<b>63.7%</b>	<b>595,488</b>	<b>63.9%</b>	<b>3.1%</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>963,110</b>	<b>100.0%</b>	<b>933,070</b>	<b>100.0%</b>	<b>3.2%</b>

## Consolidated Management Income Statements

Thousands of euros

	Grupo SANJOSE				
	Jun.22		Jun.21		Var.
	Amount	%	Amount	%	
<b>Revenue</b>	<b>524,883</b>	<b>100.0%</b>	<b>454,456</b>	<b>100.0%</b>	<b>15.5%</b>
Other operating income	11,114	2.1%	5,362	1.2%	107.3%
Change in inventories	1,546	0.3%	-1,821	-0.4%	--
Procurements	-374,483	-71.3%	-316,586	-69.7%	18.3%
Staff costs	-71,546	-13.6%	-62,231	-13.7%	15.0%
Other operating expenses	-64,059	-12.2%	-52,634	-11.6%	21.7%
<b>EBITDA</b>	<b>27,455</b>	<b>5.2%</b>	<b>26,546</b>	<b>5.8%</b>	<b>3.4%</b>
Amortisation charge	-4,045	-0.8%	-4,021	-0.9%	0.6%
Impairment on inventories	96	0.0%	-123	0.0%	--
Changes in trade provisions and other impairment	-8,360	-1.6%	-6,327	-1.4%	32.1%
<b>EBIT</b>	<b>15,146</b>	<b>2.9%</b>	<b>16,075</b>	<b>3.5%</b>	<b>-5.8%</b>
Ordinary financial results	-1,697	-0.3%	-1,786	-0.4%	-5.0%
Changes in fair value for financial instruments	-1	0.0%	102	0.0%	-
Foreign exchange results and others	169	0.0%	503	0.1%	-66.4%
Impairment and profit/(loss) from disposal of financial instruments	-878	-0.2%	-2,474	-0.5%	-64.5%
<b>NET FINANCIAL RESULT</b>	<b>-2,407</b>	<b>-0.5%</b>	<b>-3,655</b>	<b>-0.8%</b>	<b>-34.1%</b>
Results on equity method	-102	0.0%	-867	-0.2%	-88.2%
<b>PROFIT BEFORE TAX</b>	<b>12,637</b>	<b>2.4%</b>	<b>11,553</b>	<b>2.5%</b>	<b>9.4%</b>
Income tax	-4,804	-0.9%	-3,992	-0.9%	20.3%
<b>PROFIT AFTER TAX CONTINUED OPERATIONS</b>	<b>7,833</b>	<b>1.5%</b>	<b>7,561</b>	<b>1.7%</b>	<b>3.6%</b>
<b>CONSOLIDATED PROFIT</b>	<b>7,833</b>	<b>1.5%</b>	<b>7,561</b>	<b>1.7%</b>	<b>3.6%</b>

### Alternative Performance Measures (APM):

In its consolidated summary financial statements for the first half of year 2022, the Group prepared its results in accordance with generally accepted accounting regulations. However, directors believe that certain alternative performance measures (MARs) reflect the true and fair view of its financial information and provide useful additional financial information used in the management of the business and that shall be considered to adequately assess performance of the group.

Among others, the Group identifies the following APMs:

- **EBITDA:** defining it as the gross operating result, calculated from operating income, excluding depreciation, provisions and impairment provided or reverted during the period, as well as the result from disposal of fixed assets.
- **Net financial debt (NFD) / Net Cash Position:** total amount of bank and non-bank financial debt, including finance lease creditors and the valuation of obligations associated with financial derivative instruments, discounting the amount recorded under "Other current financial assets" and "Cash and cash equivalents" under current assets in the balance sheet.
- **Backlog:** total amount of sales contracted by Group companies with customers, discounting items made and recognised as income under the income statement. In concession contracts, the total amount of sales is identified with the best estimate carried out by the Group, which is included in the economic-financial business plan of the concessionaire.

## Revenue:

The net operating income (EBIT) of Grupo SANJOSE for the first half of year 2022 stands at EUR 524.9 million.

The main activity of Grupo SANJOSE is Construction, representing in the first half of year 2022 the 89.2% of the total turnover of the Group, and accounting for 74% of the Group's total portfolio for the period. Turnover of this line of activity for the first half of year 2022 stands at EUR 468.3 million, remaining stable with respect to the figure obtained in the previous year.

During the first half of 2022, all of the Group's business lines experienced an increase in activity, except for real estate and urban development, which decreased by 38%. Turnover of Grupo SANJOSE by type of activity is as follows:

Thousands of euros

Revenues by activity	Grupo SANJOSE				
	Jun.22		Jun.21		Var.(%)
Construction	468,312	89.2%	403,595	88.8%	16.0%
Real estate and property development	5,072	10%	8,294	18%	-38.8%
Energy	10,399	2.0%	4,950	1%	110.1%
Concessions and services	31,823	6.1%	30,064	6.6%	5.9%
Adjustment and other	9,277	18%	7,553	17%	22.8%
<b>TOTAL</b>	<b>524,883</b>		<b>454,456</b>		<b>15.5%</b>

With regard to the detail of diversification at geographical level of the turnover, the domestic market shows great strength, experiencing a growth of 23.4% in the first half of year 2022 and representing 77% total revenue of the Group in the period.

For its part, aggregate turnover from international markets for the first half of year 2022 contributes EUR 122.7 million, and represents 23% of the Group's turnover for the period.

Thousands of euros

Revenues by geography	Grupo SANJOSE				
	Jun.22		Jun.21		Var.(%)
National	402,173	77%	326,023	72%	23.4%
International	122,710	23%	128,433	28%	-4.5%
<b>TOTAL</b>	<b>524,883</b>		<b>454,456</b>		<b>15.5%</b>

## Profit:

The EBITDA of Grupo SANJOSE for the first half of year 2022 amounts to EUR 27.5 million, with a 5.2% margin on net revenue.

EBITDA contributed by the construction activity for the first half of year 2022 amounted to EUR 18.5 million, representing 67.5% of the Group's total EBITDA (65.9% in the first half of year 2021).

It is worth highlighting the favourable EBITDA evolution in the first half of 2022 in the Energy business, with a significant increase compared to the same period of the previous year.

EBITDA breakdown by activity is as follows:

Thousands of euros

EBITDA by activity	Grupo SANJOSE		
	Jun.22	Jun.21	Var.(%)
Construction	18,525	17,483	6.0%
Real estate and property development	750	1,507	-50.2%
Energy	2,367	1,024	131.2%
Concessions and services	1,829	2,584	-29.2%
Adjustment and other	3,984	3,948	0.9%
<b>TOTAL</b>	<b>27,455</b>	<b>26,546</b>	<b>3.4%</b>

EBIT of Grupo SANJOSE for the first half of year 2022 amounts to EUR 15.1 million, with a 2.9% margin on net revenue.

Profit after tax of Grupo SANJOSE for the first half of year 2022 stands at EUR 7.8 million, experiencing a 3.6% growth with respect to the figure obtained in the same period of year 2021.

#### Net Cash Position

Net cash position of Grupo SANJOSE at the end of the first half of year 2022 is **positive amounting to EUR 182 million** (EUR 199.7 at the end of year 2021).

#### Net Equity

At 30 June 2022, the Group's Net Equity amounted to EUR 197.7 million, experiencing an increase of 8.5% compared to the previous year and representing 20.5% of the total consolidated assets as of that date.

#### Management cash flows statement

Thousands of Euros

CASH FLOW	Grupo SANJOSE	
	Jun.22	Jun.21
Cash flow from operating activities	23,607	27,009
Working capital	-15,840	-20,415
Others adjustments	-13,007	6,903
<b>Operating cash flow</b>	<b>-5,240</b>	<b>13,497</b>
Divestments / (investments)	-8,150	-5,379
Others adjustments	440	25,433
<b>Investment cash flow</b>	<b>-7,710</b>	<b>20,054</b>
<b>Free cash flow</b>	<b>-12,950</b>	<b>33,551</b>
Capital flow & Minorities	-6,910	-6,600
Increase / (decrease) in borrowings	-1,460	-35,146
Net interest	103	-168
Others adjustments	13	-1,251
<b>Financing cash flow</b>	<b>-8,254</b>	<b>-43,165</b>
<b>Differences due to changes in exchange rates</b>	<b>3,915</b>	<b>984</b>
<b>Total cash flow</b>	<b>-17,289</b>	<b>-8,630</b>

## Backlog

Grupo SANJOSE's backlog, indicating the business contracted in the future by the Group, amounts to EUR 2,163 million as of 30 June 2022, the detail being as follows: Breakdown is as follows.

Millions of euros

BACKLOG by segment	Grupo SANJOSE				
	Jun.22		Jun.21		Var.(%)
<b>Construction</b>	<b>1,595</b>	<b>74%</b>	<b>1,531</b>	<b>72%</b>	<b>4.2%</b>
Civil works	207	10%	188	9%	10.1%
Non residential building	462	21%	486	23%	-4.9%
Residential building	766	35%	798	38%	-4.0%
Industrial	160	7.4%	59	3%	171.2%
<b>Energy</b>	<b>357</b>	<b>16%</b>	<b>368</b>	<b>17%</b>	<b>-3.0%</b>
<b>Concessions and services</b>	<b>211</b>	<b>10%</b>	<b>219</b>	<b>10%</b>	<b>-3.7%</b>
Maintenance	21	1%	19	1%	10.5%
Concessions	190	9%	200	9%	-5.0%
<b>TOTAL BACKLOG</b>	<b>2,163</b>	<b>100%</b>	<b>2,118</b>	<b>100%</b>	<b>2.1%</b>

Millions of euros

BACKLOG by geography	Grupo SANJOSE				
	Jun.22		Jun.21		Var.(%)
<b>National</b>	<b>1,734</b>	<b>80%</b>	<b>1,646</b>	<b>78%</b>	<b>5.3%</b>
<b>International</b>	<b>429</b>	<b>20%</b>	<b>472</b>	<b>22%</b>	<b>-9.1%</b>
<b>TOTAL BACKLOG</b>	<b>2,163</b>		<b>2,118</b>		<b>2.1%</b>

Millions of euros

BACKLOG by client	Grupo SANJOSE				
	Jun.22		Jun.21		Var.(%)
<b>Public client</b>	<b>516</b>	<b>24%</b>	<b>397</b>	<b>19%</b>	<b>30.0%</b>
<b>Private client</b>	<b>1,647</b>	<b>76%</b>	<b>1,721</b>	<b>81%</b>	<b>-4.3%</b>
<b>TOTAL BACKLOG</b>	<b>2,163</b>		<b>2,118</b>		<b>2.1%</b>

At 30 June 2022, project backlog amounts to EUR 2,163 million, what represents a 2.1% increase with regard to the end of year 2021.

The Construction backlog -main activity of Grupo SANJOSE- stands at EUR 1,595 million at the end of the first half of year 2022, a 4.2% higher than that recorded at the end of year 2021, representing 74% of the Group's total backlog.

### 2.3. Performance by sector

#### Construction

Accumulated income obtained in the first half of year 2022 in this line of activity amounts to EUR 468.3 million, experimenting a 16% increase with regard to the same period of the previous year.

EBITDA stands at EUR 18.5 million, representing a 4% margin with regard to turnover for the period (4.3% in the first half of year 2021).

The profit before tax for the first half of year 2022 stands at EUR 5.1 million.

At the end of the first half of year 2022, the construction backlog contracted by the Group amounted to EUR 1,595 million, experimenting a 4.2% increase with regard to the end of year 2021.

Thousands of euros

CONSTRUCTION	Grupo SANJOSE		
	Jun.22	Jun.21	Var.(%)
Revenue	468,312	403,595	16.0%
Earnings before interest, taxes, D&A (EBITDA)	18,525	17,483	6.0%
EBITDA margin	4.0%	4.3%	
Earnings before interest and taxes (EBIT)	7,358	8,286	-11.2%
EBIT margin	1.6%	2.1%	
Earnings before tax	5,089	16,420	-69.0%

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

Thousands of euros

DETAIL OF CONSTRUCTION REVENUES	National		Internat.		Total	
Civil works	25,838	7.1%	6,401	6.1%	32,239	6.9%
Non residential building	173,458	47.6%	62,952	60.3%	236,410	50.5%
Residential building	148,797	40.9%	32,546	31.0%	181,343	38.7%
Industrial	16,059	4.4%	2,261	2.2%	18,320	3.8%
<b>TOTAL</b>	<b>364,152</b>	<b>78%</b>	<b>104,160</b>	<b>22%</b>	<b>468,312</b>	

Domestic construction revenue for the first half of year 2022 stands at EUR 364.2 million, with a 23.3% increase compared to the data recorded for the same period of the previous year, and it accounts for 78% of the total of this line of activity.

Revenue for the construction activity at the international level stands at EUR 104.2 million, representing 22% of the total.

### Real estate and urban development.

Income corresponding to the Group's real estate business in the first half of year 2022 comes mostly from the real estate activity that the Group has been carrying out in Peru, due to the development, sale and delivery of housing units in the "Condominio Nuevavista" residential development, in Lima Peru. The works of this project began in 2018, and the construction of a total of 1,104 housing units is planned, which will be distributed in 10 buildings.

Turnover for the first half of year 2022 stands at EUR 5.1 million, resulting in an EBITDA of EUR 0.8 million, representing a 14.8% margin on revenue.

Thousands of euros

REAL ESTATE AND PROPERTY DEVELOPMENT	Grupo SANJOSE		
	Jun.22	Jun.21	Var.(%)
Revenue	5,072	8,294	-38.8%
Earnings before interest, taxes, D&A (EBITDA)	750	1,507	-50.2%
EBITDA margin	14.8%	18.2%	
Earnings before interest and taxes (EBIT)	708	1,420	-50.1%
EBIT margin	14.0%	17.1%	
Earnings before tax	240	1,782	-86.5%

### Energy

Turnover of this line of activity for the first half of year 2022 stands at EUR 10.4 million, experiencing a 110% growth with respect to the figure obtained in the same period of the previous year.

EBITDA stands at EUR 2.4 million, representing a 22.8% margin with regard to turnover for the period.

Thousands of euros

ENERGY	Grupo SANJOSE		
	Jun.22	Jun.21	Var.(%)
Revenue	10,399	4,950	110.1%
Earnings before interest, taxes, D&A (EBITDA)	2,367	1,024	131.2%
EBITDA margin	22.8%	20.7%	
Earnings before interest and taxes (EBIT)	1,742	432	303.2%
EBIT margin	16.8%	8.7%	
Earnings before tax	1,645	305	439.3%

Grupo SANJOSE has a total contract backlog for this line of activity amounting to EUR 357 million for the first half of year 2022, which shall be translated as more activity of the group during a period of 25 years.

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

## Concessions and Services

Turnover of this line of activity for the first half of year 2022 stands at EUR 31.8 million, remaining stable with respect to the figure obtained in the same period of the previous year.

EBITDA stands at EUR 1.8 million, representing a 5.7% margin with regard to revenue.

Thousands of euros

CONCESSIONS AND SERVICES	Grupo SANJOSE		
	Jun.22	Jun.21	Var.(%)
Revenue	31,823	30,064	5.9%
Earnings before interest, taxes, D&A (EBITDA)	1,829	2,584	-29.2%
EBITDA margin	5.7%	8.6%	
Earnings before interest and taxes (EBIT)	1,608	2,233	-28.0%
EBIT margin	5.1%	7.4%	
Earnings before tax	3,991	3,487	14.5%

At the closing of the first half of year 2022, contract backlog of this line of activity amounted to EUR 211 million.

### 2.4. Average payment term to suppliers

During the first half of 2022 no significant variations have taken place in the average payment term to suppliers. During year 2021, the Group has paid supplies within an average term of 52 days upon the provision of services. This figure is within the average legal period established by law 15/2010 which is 30 days, extended to 60 days in those cases with agreements between the parties.

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

### 3. Liquidity and capital resources

#### Liquidity

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

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

During the first half of year 2022, net position has changes as follows:

Thousands of euros

NET CASH POSITION	Jun.22		Dec. 21		Var.
	Amount	%	Amount	%	
Other short term financial investments	18,636	6.3%	18,427	5.9%	1.1%
Cash and cash equivalents	278,207	93.7%	295,496	94.1%	-5.9%
<b>Total cash</b>	<b>296,843</b>	<b>100%</b>	<b>313,923</b>	<b>100%</b>	<b>-5.4%</b>
Long term financial liabilities	102,199	89.3%	100,792	88.2%	1.4%
Short term financial liabilities	12,243	10.7%	13,438	11.8%	-8.9%
<b>Total debt</b>	<b>114,442</b>	<b>100%</b>	<b>114,230</b>	<b>100%</b>	<b>0.2%</b>
<b>TOTAL NCP</b>	<b>182,401</b>		<b>199,693</b>		<b>-8.7%</b>

Net cash position of Grupo SANJOSE at the end of the first half of year 2022 is positive amounting to EUR 182.4 million (EUR 199.7 million at the end of year 2021).

Financial debt as of 30 June 2022 also includes the financing of project finance without recourse for a total value of EUR 3.1 million (EUR 3.7 million at the end of year 2021).

#### Capital resources

At 30 June 2022, no significant amendments regarding equity and debt recorded at 31 December 2021 have taken place.

Further, The Company does not expect any material change in its structure, including equity and debt, or the relative cost of capital resources during year 2022.

#### Future contractual obligations

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

#### **4. Main risks and uncertainties**

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

##### **Operational risks**

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

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

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

##### **Financial risks**

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

- **Interest rate risk:** This is the main risk which the Group is exposed to as a result of the bank borrowings described in the notes to the consolidated financial statements. Further, the Financial Management of Grupo SANJOSE in order to minimise exposure to this risk has arranged cash flow hedges to protect the Company against foreseeable interest rate increases in the future.
- **Foreign currency risk:** The Group's policy is to borrow in the same currency as that of the cash flows of each business. Consequently, there is currently no significant foreign currency risk. However, noteworthy in this connection are the exchange rate fluctuations arising in translating the financial statements of foreign companies whose functional currency is not the Euro. In view of the Group's geographical expansion over the last few years, exposure to foreign currency risk may arise in the future. Should this risk arise, the best solution will be analysed in order to minimise it by arranging hedges, provided such instruments conform to the Group's corporate criteria.
- **Credit risk:** risk which arises from customer defaults, is managed by means of the preventive assessment of the solvency rating of the Group's potential customers at the beginning of the relationship and throughout the duration of the contract, evaluating the credit rating of the outstanding amounts receivable and reviewing and segregating the estimated recoverable receivables from doubtful receivables.
- **Liquidity risk:** dealt with on Note 3 of this report herein.

#### **5. Events after the reporting period**

Further, there are no other significant events occurred after 30 June 2022 which may have impacted on the accompanying financial statements.

## **6. Future outlook**

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

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

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

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

In view of the Company's backlog amounting to EUR 2,163 million, its organic stability is assured, foreseeing to maintain the average size of the projects, trying to take advantage of public bidding opportunities, both in national territory and in foreign countries, especially in those in which it has presence and expertise.

## **7. R&D and innovation Activities**

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

R&D and innovation issues are widely developed in the Non-Financial Information and Diversity Report of Grupo Empresarial San José, S.A. and subsidiaries for the year ending 31 December 2021.

## **8. Treasury share transactions**

Grupo SANJOSE did not have treasury shares at 30 June 2022 nor made any transactions with treasury shares during the first half of year 2022.

## **9. Other Information of Interest**

### **Stock exchange information**

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

	2022 hasta el 20/07	2021
Capitalización * (Miles de Euros)	252.301	318.628
Nº de acciones (x 1.000)	65.026	65.026
Precio cierre período (euros)	3,8800	4,9000
Último precio período (euros)	3,8800	4,9000
Precio máximo período (euros)	5,2100	6,6600
Precio mínimo período (euros)	3,8500	3,5750
Volumen (miles de acciones)	3.845	13.400
Efectivo (miles de euros)	16.971	66.534

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

Source: Bolsas y Mercado Españoles (BMEX)

### Dividend policy

The Directors of the Parent Company proposed the AGM the distribution of a dividend with charge to the voluntary reserves for a gross amount of 0.10 euros / share, which amounts to a total of EUR 6,503 thousand. At 30 June 2022, said dividend has been fully disbursed.

## DIRECTORS' SIGNATURES

The Consolidated Condensed Financial Statements for the six-month term ending on 30 June 2022 of "Grupo Empresarial San José, S.A. and Subsidiaries", comprising the consolidated condensed balance sheet at 30 June 2022, the income statement, the statement of changes in equity and the consolidated condensed cash flow statement, as well as Notes to the same, for the six-month term ending on 30 June 2022, and the accompanying Consolidated Directors' Report, issued on 58 sheets of regular paper on one side only, including the present two sign pages, have been prepared by the Board of Directors of "Grupo Empresarial San José, S.A." on 28 July 2022.

For the purposes of R.D. 1362/2007 on 19 October (Article 8.1.b and Article 10), the undersigned Directors of "Grupo Empresarial San Jose, S.A." hereby make the following statement of liability:

That, to the best of their knowledge, the condensed consolidated financial statements prepared in accordance with applicable accounting standards provide a true and fair view of the equity, the financial position and the outcome of the issuer and its consolidated companies taken as a whole and that the Directors' Report includes an accurate analysis of business development and its outcome, the position of the issuer and the companies included within its consolidation scope taken as a whole, together with a description of the main risks and uncertainties which they face.

In proof of their agreement, the Directors attending the meeting sign below:

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Mr. Jacinto Rey González

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Mr. Jacinto Rey Laredo

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Ms. Amparo Alonso Betanzos

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Mr. Enrique Martín Rey

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Ms. Altina de Fátima Sebastián González

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Mr. Ramón Barral Andrade

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Mr. José Manuel Otero Novas

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Mr. Roberto Alvarez Álvarez

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Mr. Javier Rey Laredo

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Mr. Nasser Homaid Salem Ali Alderei

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Mr. José Luis González Rodríguez

At the request of the Chairman, today's meeting of the board of directors was held telematically, via videoconference.

The meeting was attended by all the directors except for Mr. Nasser Homaid Salem Ali Alderei, who has not expressed any discrepancy regarding the formulation of this financial information.

According to the minutes of the meeting, and in accordance with article 109 a) of the Commercial Registry Regulations, I hereby record that all directors have unanimously approved the preparation of these condensed consolidated financial statements and explanatory notes, as well as the accompanying consolidated management report, for the first half of year 2022.

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Javier Alonso López  
The Vicesecretary to the Board