

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

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



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

## Independent auditor's report on the financial statements

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

### Report on the financial statements

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#### Opinion

We have audited the financial statements of Grupo Empresarial San José, S.A. (the Company), which comprise the balance sheet as at 31 December 2023, and the income statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2023, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in note 2 of the notes to the financial statements), and in particular, with the accounting principles and criteria included therein.

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#### Basis for opinion

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

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

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

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#### Key audit matters

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

<b>Key audit matters</b>	<b>How our audit addressed the key audit matters</b>
<p data-bbox="277 448 802 510"><b>Impairment in investments in associates and joint ventures</b></p> <p data-bbox="277 539 821 875">The Company has equity investments in associates recorded in the non-current assets of the balance sheet for a net amount of 101,626 thousand euros as of 31 December 2023, related to investments in associates and joint ventures. These investments have an acquisition cost of 125,105 thousand euros and an accumulated impairment of 23,479 thousand euros, as disclosed in note 7.2 of the financial statements.</p> <p data-bbox="277 904 821 1391">As indicated in note 4.d, financial assets at cost are valued at cost, less, where applicable, by the accumulated amount of valuation adjustments for impairment. These corrections are calculated as the difference between its book value and the recoverable amount, understood as the greater amount between its fair value less selling costs and the present value of the future cash flows derived from the investment. Unless there is better evidence of the recoverable amount of investments in equity instruments, the net equity of the investee entity is taken into consideration, corrected by the unrealized capital gains existing on the valuation date net of the tax effect.</p> <p data-bbox="277 1420 821 1628">The magnitude of the heading, as well as the degree of estimation and judgment by management in calculating the recoverable amount, means that we consider the subsequent valuation of investments in equity instruments of group companies and associates as a key audit matter.</p>	<p data-bbox="841 539 1461 786">Our audit procedures have included, among others, the understanding of the Company's processes and controls for the subsequent valuation of equity instruments, and the evaluation of accounting policies related to the impairment of equity instruments, obtaining explanations of the management on the judgment applied during its quantification.</p> <p data-bbox="841 815 1461 1023">Likewise, we perform selective tests to verify whether the value and assumptions used by management are appropriate. In particular, we evaluate the reasonableness of existing unrealized capital gains as part of the fair value analysis and check the reasonableness and arithmetic accuracy of the calculations made.</p> <p data-bbox="841 1052 1461 1144">Finally, we consider the sufficiency of the information disclosed in the financial statements regarding equity instruments.</p> <p data-bbox="841 1173 1461 1265">The result of the procedures carried out has made it possible to reasonably achieve the audit objectives for which said procedures were designed.</p>

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**Other matters**

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On 29 February 2023, other auditors issued their audit report on the financial statements for the 2022 financial year in which an unqualified opinion was expressed.

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**Other information: Management report**

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

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

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

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

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#### **Responsibility of the directors and the audit committee for the financial statements**

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

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

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

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#### **Auditor's responsibilities for the audit of the financial statements**

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

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

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

## **Report on other legal and regulatory requirements**

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### **European single electronic format**

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We have examined the digital file of the European single electronic format (ESEF) of Grupo Empresarial San José, S.A. for the 2023 financial year that comprises an XHTML file of the financial statements for the financial year, which will form part of the annual financial report.

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

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



Grupo Empresarial San José, S.A.

In our opinion, the digital file examined completely agrees with the audited financial statements, and these are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

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#### **Report to the audit committee**

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

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#### **Appointment period**

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

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#### **Services provided**

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Services provided to the audited entity for services other than the audit of the accounts are disclosed in note 12.6 to the financial statements.

In relation to the services provided to the subsidiaries of the Company for services other than the audit of the accounts, refer to the audit report dated 29 February 2024 on the consolidated financial statements of Grupo Empresarial San José, S.A. and subsidiaries, where these subsidiaries have been consolidated.

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PricewaterhouseCoopers Auditores, S.L. (S0242)

Original signed by

Fernando Chamosa Valín (21402)

29 February 2024

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

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

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

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

**GRUPO EMPRESARIAL SAN JOSÉ, S.A.**  
**BALANCE SHEET AS DECEMBER 31<sup>ST</sup> 2023 AND DECEMBER 31<sup>ST</sup> 2022**

(Thousand of Euros)

	<u>Note</u>	31/12/2023	31/12/2022		<u>Note</u>	31/12/2023	31/12/2022
<b>NON-CURRENT ASSETS:</b>				<b>EQUITY:</b>			
Intangible assets	5	1,220	1,830	Share capital		1,951	1,951
Property, plant and equipment	6	513	473	Reserves		40,587	41,530
Investments in associates and joint ventures	7	102,951	105,300	Legal and statutory		390	390
Equity Investments in associates		101,626	102,061	Otras reserves		40,197	41,140
Loans to related companies	7 y 13.2	1,325	3,239	Profit for the year		4,057	5,560
Other non-current financial assets	7.1	10	10	<b>TOTAL EQUITY</b>	8	<b>46,595</b>	<b>49,041</b>
Deferred tax assets	11.3	9,571	11,264	<b>NON-CURRENT LIABILITIES</b>			
<b>TOTAL NON-CURRENT ASSETS</b>		<b>114,265</b>	<b>118,877</b>	Long-term provisions	9.1	2,207	3,091
				Non-current bank borrowings	10.1 y 13.2	66,672	66,672
				Deferred tax liabilities	11.3	2,319	2,285
				<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>71,198</b>	<b>72,048</b>
<b>CURRENT ASSETS:</b>				<b>CURRENT LIABILITIES:</b>			
Trade and other receivables		17,657	6,423	Short-term provisions	9.2	430	430
Related companies receivables	7.1 y 13.2	2,984	2,043	Current bank borrowings	10.1 y 13.2	91	88
Other current assets	7.1	56	59	Payable to Group and associated companies	10.1 y 13.2	22,878	14,856
Public admisnitrations	11.1	14,617	4,321	Trade and other payables		3,976	8,916
Investments in associates and joint ventures	7.1 y 13.2	13,199	19,999	Trade payables	10.1	171	212
Short-term financial investments	7.1	3	3	Suppliers Group and associated companies	10.1 y 13.2	463	3,644
Cash and cash equivalents	7.3	44	77	Staff, remuneration payable	10.1	2,638	2,751
				Tax Payable	11.1	704	2,309
<b>TOTAL CURRENT ASSETS</b>		<b>30,903</b>	<b>26,502</b>	<b>TOTAL CURRENT LIABILITIES</b>		<b>27,375</b>	<b>24,290</b>
<b>TOTAL ASSETS</b>		<b>145,168</b>	<b>145,379</b>	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>145,168</b>	<b>145,379</b>

Notes 1 to 16 of the accompanying notes form an integral part of the Balance Sheet at 31 December 2023.

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

**GRUPO EMPRESARIAL SAN JOSÉ, S.A.**  
**INCOME STATEMENTS FOR YEARS 2023 AND 2022**

(Thousand of Euros)

	<u>Note</u>	<b>Year 2023</b>	<b>Year 2022</b>
<b><u>CONTINUING OPERATIONS</u></b>			
<b>Revenue</b>	12.1	1,657	1,566
<b>Other operating income</b>	12.1	19,464	22,545
<b>Staff costs</b>		<b>(8,793)</b>	<b>(8,272)</b>
Wages and salaries		(7,399)	(7,051)
Social charges	12.2	(1,394)	(1,221)
<b>Other operating expenses</b>		<b>(5,662)</b>	<b>(9,120)</b>
Outside services	12.4	(5,630)	(9,063)
Tributes		(28)	(47)
Other operating expenses		(4)	(10)
<b>Depreciation and amortisation charge</b>	5 y 6	<b>(649)</b>	<b>(619)</b>
<b>Impairment and result from disposal of fixed assets</b>		-	2,197
<b>PROFIT FROM OPERATIONS</b>		<b>6,017</b>	<b>8,297</b>
<b>Finance income</b>		<b>208</b>	-
In third	12.5	208	-
<b>Finance costs</b>		<b>(2,423)</b>	<b>(2,562)</b>
On debts to Group companies and associates	13.1	(2,420)	(2,559)
On debts to third parties		(3)	(3)
<b>Exchange differences</b>		-	<b>(8)</b>
<b>Impairment and gains or losses on disposal of financial instruments</b>	7.1	<b>(552)</b>	141
<b>FINANCIAL PROFIT</b>		<b>(2,767)</b>	<b>(2,429)</b>
<b>PROFIT (LOSS) BEFORE TAXES</b>		<b>3,250</b>	<b>5,868</b>
Income Tax	11.2	807	(308)
<b>PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>4,057</b>	<b>5,560</b>
<b>RESULT OF THE FINANCIAL YEAR [Benefits]</b>		<b>4,057</b>	<b>5,560</b>

Notes 1 to 16 of the accompanying notes form an integral part of the income statement for year 2023.

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

## GRUPO EMPRESARIAL SAN JOSÉ, S.A.

### STATEMENTS OF CHANGES IN EQUITY FOR PERIOD ENDED AT DECEMBER 31<sup>st</sup> 2023 AND 2022

#### A) STATEMENTS OF RECOGNISED INCOMES AND EXPENSES

(Thousand of Euros)

	<u>Note</u>	Year 2023	Year 2022
<b>PROFITS/(LOSSES) OF THE YEAR</b>		4,057	5,560
<b>Income and expenses recognised directly in equity</b>			
-For cash flow hedges		-	-
-Tax effect		-	-
<b>Total Income and expenses recognized directly in equity</b>		-	-
<b>Transfer to income statement</b>			
-For cash flow hedges		-	-
-Tax effect		-	-
<b>Total Transfers to profits and losses account</b>		-	-
<b>TOTAL RECOGNISED INCOMES/(EXPENSES)</b>		4,057	5,560

## GRUPO EMPRESARIAL SAN JOSÉ, S.A.

### STATEMENTS OF CHANGES IN EQUITY FOR PERIOD ENDED AT DECEMBER 31<sup>st</sup> 2023 AND 2022

#### B) STATEMENTS OF CHANGES IN EQUITY

(Thousand of Euros)

	<u>Note</u>	Share capital	Issurance premium	Voluntary reserves	Profit of the year	TOTAL
<b>Balance at December 31, 2021</b>		1,951	390	44,679	2,964	49,984
Distribution of profit for year 2021:						
-To reserves		-	-	2,964	(2,964)	-
Dividends distribution		-	-	(6,503)	-	(6,503)
Total recognized income/expenses year 2022		-	-	-	5,560	5,560
<b>Balance at December 31, 2022</b>		1,951	390	41,140	5,560	49,041
Distribution of profit for year 2022:						
-To reserves		-	-	5,560	(5,560)	-
Dividends distribution		-	-	(6,503)	-	(6,503)
Total recognized income/expenses year 2023		-	-	-	4,057	4,057
<b>Balance at December 31, 2023</b>		1,951	390	40,197	4,057	46,595

Notes 1 to 16 of the accompanying notes form an integral part of the statement of changes in equity for year 2023.

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

## GRUPO EMPRESARIAL SAN JOSÉ, S.A.

### CASH FLOW STATEMENTS FOR YEARS 2023 AND 2022

(Thousands of Euros)

	Note	Year 2023	Year 2022
<b>Cash flows from operating activities:</b>			
(+) Profit (Loss) before tax		3,250	5,868
(+) Depreciation and amortisation charge		649	619
(+/-) Changes in operating allowances		-	(2,197)
(-) Financial income		(1,865)	(1,566)
(+) Financial costs		2,423	2,562
(+/-) Exchange differences		-	8
(+/-) Impairment and gains and losses on property, plant and equipment disposals		552	(141)
<b>Total Cash Flows from operating activities</b>		<b>5,009</b>	<b>5,153</b>
<b>Variation in working capital:</b>			
<u>Operating current assets</u>			
a) (Increase) / Decrease in inventories		-	-
b) (Increase) / Decrease in trade and other receivables		(937)	10,965
<u>Operating current liabilities</u>			
a) Increase / (Decrease) in trade and other payables		(3,379)	3,170
b) (Increase) / Decrease in other non financial liabilities		-	-
<b>Other operating activities cash flows</b>			
(-) Income tax paid in the year		(6,481)	(149)
(+/-) Other collections / (payments) due to operating activities		-	-
<b>1. TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(5,788)</b>	<b>19,139</b>
<b>Investments:</b>			
(-) Property, plant and equipment and investment properties		(79)	(76)
(-) Shares and other financial assets		(1,000)	(1,325)
<b>Total Investments</b>		<b>(1,079)</b>	<b>(1,401)</b>
<b>Dividends received</b>		<b>1,200</b>	<b>1,250</b>
<b>Disposals:</b>			
(+) Shares and other financial assets		1,914	35
<b>Total Disposals</b>		<b>1,914</b>	<b>35</b>
<b>Interest received</b>		<b>341</b>	<b>165</b>
<b>Other collections / (payments) due to financing activities</b>		<b>4,435</b>	<b>(1,636)</b>
<b>2. TOTAL NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>6,811</b>	<b>(1,587)</b>
<b>Dividends paid</b>		<b>(6,503)</b>	<b>(6,503)</b>
<b>Increase / (decrease) in borrowings</b>		<b>5,799</b>	<b>(10,793)</b>
Non-current		140	(275)
Current		5,659	(10,518)
<b>Interest paid</b>		<b>(352)</b>	<b>(1,870)</b>
<b>Other collections / (payments) due to financial activities</b>		<b>-</b>	<b>-</b>
<b>3. TOTAL NET CASH FLOWS FROM FINANCIAL ACTIVITIES</b>		<b>(1,056)</b>	<b>(19,166)</b>
<b>4. EFFECT OF EXCHANGE RATE DIFFERENCES</b>		<b>-</b>	<b>-</b>
<b>TOTAL CASH FLOWS FOR THE YEAR</b>		<b>(33)</b>	<b>(1,614)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>77</b>	<b>1,691</b>
Changes in the year		(33)	(1,614)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>44</b>	<b>77</b>

Notes 1 to 16 of the accompanying notes form an integral part of the Cash Flow Statement for year 2023.

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

Notes for the year ended 31 December 2023

## **1. Incorporation, legal framework and business activities**

### ***a) Incorporation***

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

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

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

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

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

### ***b) Legal framework***

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

### ***c) Activities***

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

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

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

The Company's functional currency is the Euro.

## **2. Basis of presentation of the Financial Statements**

### ***a) Legal framework***

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

- i) Code of Mercantile Law and similar.
- ii) Accounting Standard approved by Royal Decree 1514/2007 dated 16 November and adaptation for activity sectors.
- iii) Compulsory regulations passed by the Audit and accounting Institute regarding the Accounting Standards and similar.
- iv) Applicable Spanish regulation on the issue.

**b) Fair view**

These financial statements were prepared from the accounting records of the Company and are prepared in accordance with the accounting principles and rules in force, so that they show a true and exact image of the equity and financial situation of the company, changes in equity and cash flows occurred within the year. These financial statements, which were prepared by Directors of the company, will be subject to approval at the Shareholders' General Meeting are similar. expected to be approved without any changes. As far as they are concerned, the financial statements for year 2022 were approved by the Ordinary General meeting of Shareholders held on 20 April 2023, and recorded at the Trade Registry of Pontevedra.

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

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

- The assessment of potential impairment losses of certain assets (see Notes 4.c and 4.d).
- The useful life of the intangible assets, materials and goodwill (see Notes 4.a and 4. b).
- The number of certain provisions (see Note 4.h and 4.i).
- The assessment of credit recovery feasibility (see Notes 4.f and 11.3).

Estimations have based prepared based on the best information available at the end of year 2022. Yet, due to its nature, future events may lead to its subsequent amendment (upwards or downwards) in future years, what would be done prospectively.

**d) Non-compulsory accounting principles applied**

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

**e) Associated items**

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

**f) Comparative information**

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

**g) Working capital and assets**

As shown in the accompanying balance sheet as of 31 December 2023 the Company has at said date a positive working capital amounting to EUR 3,528 thousand (EUR 2,212 thousand on 31 December 2021) as current assets are greater than current liabilities.

The Company records under current liabilities the debt with Group companies, derived from the existence of current account financing agreements with subsidiaries, as well as the fact that the Company is the parent of a Tax Group, that amounts on 31 December 2023 to EUR 22,878 thousand (EUR 14,856 thousand at 31 December 2022) (see Notes 4.f and 13.2). Directors of the Company do not expect difficulties to face payments of debts at maturity dates.

On 31 December 2023 and 2022, the Company records a positive net equity amounting to EUR 46,595 thousand and EUR 49,041 thousand, respectively.

**h) Consolidation**

The Company is head of the group of dependent companies and associated (see Note 7.2), which issue separate financial statements. Consolidated financial statements for year 2023 have been prepared by the Directors of the Company, as well as the accompanying statements, in compliance with International Financial Regulations and

Standards as adopted by the UE, the EC No 1606/2002 (hereinafter, "IFRS-UE"). Financial statements for year ended 31 December 2022 were approved on at the Annual General Meeting held on 20 April 2023 and registered at the Trade Register of Companies of Pontevedra.

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

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

	Thousand of euros
Share capital and issuance rights	1,951
Reserves and equity attributed to the Parent	159,487
Net profit/(loss) for the year attributable to the Parent company	19,944
Total assets	1,136,480
Turnover	1,335,835

***i) Changes in the accounting criteria***

During year 2023, no significant changes in accounting criteria have been applied with regards to those implemented in year 2022.

***j) Correction of errors***

In the preparation of the accompanying financial statements, no significant errors leading to restatement of the amounts included under financial statements for the year ended 31 December 2022 have been recorded.

***k) Assets of environmental nature***

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

Grupo SANJOSE, which the Company forms part of, considers the preservation of the environment and sustainable development as fundamental premises within its strategic lines of business. Due to the type of activity carried out by the Company, and the companies within the Group, as well as the concern and awareness measures implemented internally so as to minimise the environmental impact, the Company has no expenses, assets, provisions or contingencies of an environmental nature. that could be significant in relation to equity, financial position and profit/(loss) for the year (see Note 15).

**3. Distribution of profit/(loss)**

Directors of the Company will propose the AGM the distribution of EUR 4,057 thousand profit for year 2023 according to the following breakdown:

	Thousand of euros
<b>Distribution base:</b>	
Current year profit	4,057
<b>Distribution:</b>	
To other reserves	4,057

There are no specific limitations on the distribution of dividends, other than those established in the Capital Companies Act and other regulations that apply to the Company.

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

#### **4. Accounting principles and measurement basis**

Main accounting principles and measurements used in the preparation of the accompanying financial statements for year 2023 and 2022 pursuant to Spanish National Chart of Accounts are as follows:

##### **a) Intangible assets**

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

##### Goodwill:

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

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

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

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

##### Computer software:

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

##### **b) Property, plant and equipment**

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

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

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

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

##### **c) Asset impairment**

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

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

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

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

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

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

#### **d) Financial assets**

##### *Classification*

Financial assets are classified into the following categories:

a. Financial assets at amortised cost: it includes those financial assets which the Company invests in so as to receive the cash flows derived from the execution of the contract, and the contractual conditions of these assets give rise, on specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding.

In general terms, it includes:

- i) Credits for commercial transactions: originated in the sale of goods or in the provision of services for transactions with deferred payment, and
- ii) Credits for non-commercial transactions: they come from loan or credit transactions granted by the Company whose collections are of a determined or determinable amount.

b. Financial assets at cost: basically, the following investments are included in this category: a) equity instruments of Group companies, jointly controlled entities and associates and b) participating loans with contingent interest.

Companies of the Group are those managed and/or controlled directly or through their management by the Company itself. In addition to this, multi-group companies include those companies incorporated by means of an agreement and which imply joint management, by the partners.

##### *Initial recognition*

Financial assets are, in general terms, measured at fair value plus direct costs incurred. However, transaction costs directly attributable to assets recorded at fair value with changes in the income statement will be recorded in the income statement for the year.

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

##### *Subsequent recognition*

Financial assets at amortised cost will be recorded applying said valuation criterion, allocating accrued interest to the income statement applying the effective interest rate method.

Financial assets at cost are valued at their cost, deducting any applicable cumulative sum of valuation corrections through impairment deducted. These corrections are calculated as the difference between the book value and the recoverable sum, the latter understood as whichever is the greater of the fair value less the costs of sale and the current value of the future cash flows derived from the investment. Unless there is better evidence of the recoverable amount, net equity of the investee company is taken into account, corrected for tacit capital gains existing on the valuation date.

### *Impairment*

Financial assets at amortised cost or at cost are subject to an impairment test at the end of each reporting period. If the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognised for the difference. Impairment is charged to the income statement.

Specifically, and with respect to valuation adjustments related to trade receivables and other receivable, criteria used by the Company to calculate the corresponding valuation adjustments, if any, consists of evaluating based on the solvency of the debtor and the maturity of the debt the recoverable amounts.

The Company recognises the derecognising of financial assets when they expire or whenever cash flow rights over the financial assets have been transferred together with the inherent risks, such as profits through sale of assets, factoring credit transfers, sale of assets with put option at fair value or financial assets lacking on behalf of the Company subordinated financing or any collateral or risk.

On the contrary, the Company does not write off the financial assets and recognises a financial liability for an amount equal to the consideration received, in the assignments of financial assets in which the risks and rewards inherent to its property are substantially retained, such as the discount of effects, the "factoring with recourse", the sales of financial assets with repurchase agreements at a fixed price or at the sale price plus an interest and the securitisation of financial assets in which the transferor retains subordinated financing or other guarantees that substantially absorb all expected losses.

### **Interest and dividends from financial assets:**

In any event, interest and dividends on financial assets accrued subsequent to the time of acquisition are recognised as revenue in the income statement. The interest received on financial assets at amortised cost is acknowledged in accordance with the effective interest rate and the dividends shall be recorded when the right of the shareholder to receive dividends is declared.

For these purposes, in the initial valuation of the financial assets, the amount of the explicit interest accrued and not due at that time, as well as the amount of the dividends agreed by the competent body in the time of acquisition shall be recorded separately. "Explicit interest" shall be understood as those obtained by applying the contractual interest rate of the financial instrument.

Likewise, if distributed dividends unequivocally come from profit generated prior to the date of acquisition for the distribution of amounts greater than the profits generated by the investee as from the acquisition date, these shall not be recorded as income, and shall, in turn, reduce the book value of the investment. The judgement as to whether profits have been generated by the investee shall be made based exclusively on the profits recorded in the individual income statement as from the date of acquisition, unless the distribution charged to said profits is undoubtedly qualified as a recovery of the investment from the perspective of the entity receiving the dividend.

Interest and dividends derived from the holding of financial instruments in subsidiaries are recorded under the item "Net Turnover" in the income statement, given the consideration of the holding company, in accordance with the criteria of the Institute of Accounting and Auditing of Accounts collected in query 2 of BOICAC n°79 "Determination of the net amount of the turnover of a Holding Company".

### **e) Financial Liabilities**

Financial liabilities assumed or incurred into by the Company correspond, basically, to financial liabilities at amortised cost, that is, debts and payables of the Company that have originated in the purchase of goods and services for traffic business transactions of the company, or those that, without having a commercial origin, nor being derivative instruments, come from loan or credit transactions received by the Company.

These liabilities are stated at their face value plus direct costs incurred in to. Subsequently, said liabilities are valued according to their amortised costs.

Assets and liabilities are presented separately in the balance sheet and are only presented at their net amount when the company has the enforceable right to offset the recognised amounts and, furthermore, intends to settle the net amounts or to execute the assets and cancel the liability simultaneously.

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

**f) Income tax**

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

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

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

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

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

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

At 31 December 2023, the following companies of Grupo SANJOSE filed consolidated tax returns, acting "Grupo Empresarial San Jose, S.A." as the head of the consolidated tax group:

- Constructora San José, S.A.
- Cartuja Inmobiliaria, S.A.U.
- Desarrollos Urbanísticos Udra, S.A.U.
- Inmobiliaria Americana de Desarrollos Urbanísticos, S.A.U.
- Tecnocontrol Servicios, S.A.U.
- Basket King, S.A.U.
- Arserex, S.A.U.
- Comercial Udra, S.A.U.
- Udramedios, S.A.U.
- Cadena de Tiendas, S.A.U.
- Trendy King, S.A.U.
- Outdoor King, S.A.U.
- Athletic King, S.A.U.
- Vision King S.A.U.
- Running King, S.A.U.
- Enerxías Renovables de Galicia, S.A.
- Xornal de Galicia, S.A.U.
- San José Concesiones y Servicios, S.A.U.
- San José Energía y Medioambiente, S.A.U.
- Poligeneració Parc de L'Alba ST-4, S.A.
- GSJ Solutions, S.L.U.
- Fotovoltaica el Gallo 10, S.L.

**g) Revenue and expenditure**

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

Ordinary income from the sale of goods and the provision of services is valued at the monetary amount received or, as the case may be, at the fair value of the consideration received, or expected to be received, and unless there is evidence to the contrary, it will be the agreed price deducting any discount, taxes and interest included in the nominal value of the credits. The best estimate of the variable consideration will be included in the valuation of income when its reversal is not considered highly probable.

Revenue recognition occurs when (or as) control over the promised goods or services is transferred to the customer.

Revenue recognised over time, as it corresponds to goods or services whose control is not transferred at a given moment in time, is valued considering the degree of completion of the provision at the balance sheet date, as long

as reliable information is available. to measure the degree of completion. Otherwise, revenue will only be recognised in an amount equivalent to the costs incurred into that are expected to be reasonably recovered in the future.

Income derived from commitments that are executed at a given time are recorded on that date, recording as inventories the costs incurred into up to the date of production of said goods or services.

#### ***h) Provisions and contingencies***

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

- a) Provisions: credit balances covering present obligations at the balance sheet date arising from past events which could give rise to a loss for the companies, which is certain as to its nature but uncertain as to its amount and/or timing.
- b) Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the consolidated companies.

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

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

As of 31 December 2023, the Company has recorded provisions for risks and expenses, which are intended to cover possible contingencies arising from the holding of financial investments (see Note 9.1).

#### ***i) Termination benefits***

In accordance with current legislation, the Company is obliged to pay compensation to those employees who, under certain circumstances, have their employment contracts terminated. Compensation for redundancy liable to objective quantification is registered as an expense for the financial year in which the decision concerning the redundancy is taken. At 31 December 2023, the company has not recorded any entry for this item.

#### ***j) Transactions with associates***

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

#### ***k) Treasury shares***

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

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

As 31 December 2023 and 2022, the Company does not hold treasury shares. Likewise, no transactions involving treasury shares were carried out during years 2023 and 2022 (see Note 8.5).

#### ***l) Classification of current assets and liabilities***

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

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

**m) Cash flow Statement**

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

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities: the principal revenue-producing activities of the Group and other activities than investing or financing.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of the equity and borrowings of the Group companies that are not operating activities.

**5. Intangible assets**

Breakdown of this item for years 2023 and 2022 is as follows:

Year 2023:

	Thousand of euros			
	Balance 31/12/2022	Additions / (Provisions)	Disposals	Balance 31/12/2023
<b>Cost:</b>				
Goodwill	6,095	-	-	6,095
Computer software	150	-	-	150
<b>Total Cost</b>	<b>6,245</b>	<b>-</b>	<b>-</b>	<b>6,245</b>
<b>Accumulated amortisation:</b>				
Goodwill	(4,269)	(607)	-	(4,876)
Computer software	(146)	(3)	-	(149)
<b>Total Accumulated amortisation</b>	<b>(4,415)</b>	<b>(610)</b>	<b>-</b>	<b>(5,025)</b>
<b>Net cost</b>	<b>1,830</b>	<b>(610)</b>	<b>-</b>	<b>1,220</b>

Year 2022:

	Thousand of euros			
	Balance 31/12/2021	Additions / (Provisions)	Disposals	Balance 31/12/2022
<b>Cost:</b>				
Goodwill	6,095	-	-	6,095
Computer software	150	-	-	150
<b>Total Cost</b>	<b>6,245</b>	<b>-</b>	<b>-</b>	<b>6,245</b>
<b>Accumulated amortisation:</b>				
Goodwill	(3,659)	(610)	-	(4,269)
Computer software	(144)	(2)	-	(146)
<b>Total Accumulated Amortisation</b>	<b>(3,803)</b>	<b>(612)</b>	<b>-</b>	<b>(4,415)</b>
<b>Net cost</b>	<b>2,442</b>	<b>(612)</b>	<b>-</b>	<b>1,830</b>

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

In order to proceed with its amortisation, the Company estimates a 10-year useful life, and a linear recovery according to a prospective approach, as of 1 January 2016. Further, the directors of the Company carry out regular reviews of the recovery of these assets, according to expected flows pursuant to the business plan of the Group. At 31 December 2023, no impairment is recorded under this item.

The cost of the assets fully amortised at 31 December 2023 and 2022 amounts to EUR 146 thousand in both financial years.

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

Breakdown of this item for years 2023 and 2022 is as follows:

### Year 2023:

	Thousand of euros			
	Balance 31-12-2022	Additions / (Provisions)	Disposals	Balance 31-12-2023
<b>Cost:</b>				
Other items of property, plant and equipment	1,298	79	(1)	1,376
<b>Total Cost</b>	<b>1,298</b>	<b>79</b>	<b>(1)</b>	<b>1,376</b>
<b>Accumulated amortisation:</b>				
Other items of property, plant and equipment	(825)	(39)	1	(863)
<b>Total Accumulated amortisation</b>	<b>(825)</b>	<b>(39)</b>	<b>1</b>	<b>(863)</b>
<b>Net property, plant and equipment</b>	<b>473</b>	<b>40</b>	<b>-</b>	<b>513</b>

### Year 2022

	Thousand of euros		
	Balance 31-12-2021	Additions / (Provisions)	Balance 31-12-2022
<b>Cost:</b>			
Other items of property, plant and equipment	1,222	76	1,298
<b>Total Cost</b>	<b>1,222</b>	<b>76</b>	<b>1,298</b>
<b>Accumulated amortisation:</b>			
Other items of property, plant and equipment	(818)	(7)	(825)
<b>Total Accumulated Amortisation</b>	<b>(818)</b>	<b>(7)</b>	<b>(825)</b>
<b>Net property, plant and equipment</b>	<b>404</b>	<b>69</b>	<b>473</b>

This item includes mainly equipment for the treatment of information.

Carrying net cost at 31 December 2023 and 2022 amounts to EUR 811 thousand and EUR 810 thousand, respectively.

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

## **7. Financial Assets**

The breakdown under this item at 31 December 2023 and 2022 is as follows:

Year 2023:

	Thousand of euros						TOTAL
	Non-Current			Current			
	Heritage Instruments	Debt securities	Derivatives and Other	Heritage Instruments	Debt securities	Derivatives and Other	
Financial assets at amortized cost (Note 7.2)	-	-	10	-	-	16,242	16,252
Financial assets at cost (Note 7.2)	101,626	-	1,325	-	-	-	102,951
<b>TOTAL</b>	<b>101,626</b>	<b>-</b>	<b>1,335</b>	<b>-</b>	<b>-</b>	<b>16,242</b>	<b>119,203</b>

Year 2022:

	Thousand of euros						TOTAL
	Non-Current			Current			
	Heritage Instruments	Debt securities	Derivatives and Other	Heritage Instruments	Debt securities	Derivatives and Other	
Financial assets at amortized cost (Note 7.2)	-	-	2,024	-	-	22,104	24,128
Financial assets at cost (Note 7.2)	102,061	-	1,225	-	-	-	103,286
<b>TOTAL</b>	<b>102,061</b>	<b>-</b>	<b>3,249</b>	<b>-</b>	<b>-</b>	<b>22,104</b>	<b>127,414</b>

**7.1. Assets at amortised cost**

The breakdown under this item at 31 December 2023 and 2022 is as follows:

	Thousand of euros	
	31/12/2023	31/12/2022
<b><u>Non-Current:</u></b>		
-Loans to related and associates companies	-	2,014
-Other non-current financial assets	10	10
<b><u>Current:</u></b>		
-Related companies receivables (Note 13.2)	2,984	2,043
-Other debtors	56	59
-Investments in related and associates	13,199	19,999
-Other short-term financial assets	3	3
<b>Total</b>	<b>16,252</b>	<b>24,128</b>

The balance of "Investments in Group companies and associates in the short term" corresponds mainly to current account financial contracts maintained by the Company with Group companies, which amount at 31 December 2023 and 2022 to EUR 9,264 thousand and EUR 13,377 thousand, respectively, that accrue interest at Euribor plus a market spread (3.79% and 3.101% during years 2023 and 2022 respectively). Breakdown for associates at 2023 and 2022 year-end is detailed on Note 13.2.

Additionally, due to the fact that the Company is the head of the consolidated tax group, this item of the balance sheet includes the debit position vis-à-vis of various companies that make up the tax group, for a total amount of EUR 3,935 thousand and EUR 6,622 thousand at 31 December 2023 and 2022, respectively, corresponding to the amount to be paid as corporate income, and value added tax of Group companies within the scope of the tax perimeter (see Note 13.2).

**7.2. Financial Assets at cost**

The breakdown under this item at 31 December 2023 and 2022 is as follows:

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

	Thousand of euros	
	31/12/2023	31/12/2022
<b>Non-Current:</b>		
Equity Investments in associates	101,626	102,061
Loans to related companies (Note 13.2)	1,325	1,225
<b>Total</b>	<b>102,951</b>	<b>103,286</b>

The movement in the item "Equity instruments of Group companies and associates" and "Loans to Group companies and associates" during years 2023 and 2022, is as follows:

Year 2023:

	Thousand of euros				
	Balance at 31/12/2022	Additions	Reversals	Transfers (Note 9.1)	Balance at 31/12/2023
<b>Equity intruments</b>					
Cost	124,105	1,000	-	-	125,105
Impairment	(22,044)	(645)	210	(1,000)	(23,479)
	<b>102,061</b>	<b>355</b>	<b>210</b>	<b>(1,000)</b>	<b>101,626</b>
<b>Granted loans and credits</b>	<b>3,239</b>	<b>557</b>	<b>(2,471)</b>	<b>-</b>	<b>1,325</b>
<b>Total</b>	<b>105,300</b>	<b>912</b>	<b>(2,261)</b>	<b>(1,000)</b>	<b>102,951</b>

Year 2022:

	Thousand of euros				
	Balance at 31/12/2021	Additions	Reversals	Transfers (Note 9.1)	Balance at 31/12/2022
<b>Equity intruments</b>					
Cost	123,105	1,000	-	-	124,105
Impairment	(21,185)	(73)	214	(1,000)	(22,044)
	<b>101,920</b>	<b>927</b>	<b>214</b>	<b>(1,000)</b>	<b>102,061</b>
<b>Granted loans and credits</b>	<b>2,914</b>	<b>975</b>	<b>(650)</b>	<b>-</b>	<b>3,239</b>
<b>Total</b>	<b>104,834</b>	<b>1,902</b>	<b>(436)</b>	<b>(1,000)</b>	<b>105,300</b>

During years 2023 and 2022, the Company has increased the capital of its subsidiary "SJB Müllroser Baugesellschaft GmbH" in EUR 1,000 thousand each year, holding 100% of its share capital. Consequently, the impairment associated with said investment has been increased by reclassifying, for said amount, the provision for possible liabilities associated with said investee that was recorded as of 31 December 2023 and 2022 (see Note 9.1).

Detail of stakes in Group companies, as well as of credits and loans granted as of 31 December 2023 and 2022 is as follows:

Year 2023:

	Ownership %		Thousand of euros				Long-term loans (Note 13.2)
			Net carrying amount of the stake				
	Direct	Indirect	Cost	Impairment of the year	Accumulated impairment	Net cost	
<b>Group companies:</b>							
Constructora San José, S.A. (b)	99.79%	-	92,510	-	-	92,510	-
San José Concesiones y Servicios, S.A.U. (c)	100.00%	-	2,446	-	-	2,446	-
San José Energía y Medio Ambiente, S.A.U. (c)	100.00%	-	7,964	(645)	(5,084)	2,880	1,325
Energías Renovables de Galicia, S.A (c)	25.00%	75.00%	662	-	(431)	231	-
Cadena de Tiendas, S.A.U. (c)	100.00%	-	60	-	-	60	-
Comercial Udra, S.A.U. (c)	100.00%	-	1,748	-	-	1,748	-
Constructora Udra Limitada (a)	7.00%	69.85%	25	-	-	25	-
SJB Müllroser Baugesellschaft GmbH (c)	100.00%	-	3,730	-	(3,730)	-	-
Udra Medios, S.A.U. (c)	100.00%	-	15,600	210	(14,213)	1,387	-
Xornal de Galicia, S.A. (c)	-	92.73%	-	-	-	-	-
Udra México, S.A. de C.V. (c)	0.17%	99.83%	23	-	(21)	2	-
GSJ Solutions, S.L.U.(b)	100%	-	337	-	-	337	-
<b>TOTAL</b>			<b>125,105</b>	<b>(435)</b>	<b>(23,479)</b>	<b>101,626</b>	<b>1,325</b>

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

Year 2022:

	Ownership %		Thousand of euros				Long-term loans (Note 13.2)
			Net carrying amount of the stake				
	Direct	Indirect	Cost	Impairment of the year	Accumulated impairment	Net cost	
<b>Group companies:</b>							
Constructora San José, S.A. (a)	99.79%	-	92,510	-	-	92,510	-
San José Concesiones y Servicios, S.A.U. (c)	100.00%	-	2,446	-	-	2,446	-
San José Energía y Medio Ambiente, S.A.U. (c)	100.00%	-	7,964	(73)	(4,439)	3,525	975
Energías Renovables de Galicia, S.A (c)	25.00%	75.00%	662	-	(431)	231	-
Cadena de Tiendas, S.A.U. (c)	100.00%	-	60	-	-	60	-
Comercial Udra, S.A.U. (c)	100.00%	-	1,748	-	-	1,748	-
Constructora Udra Limitada (a)	7.00%	69.85%	25	-	-	25	-
SJB Müllroser Baugesellschaft GmbH (c)	100.00%	-	2,730	-	(2,730)	-	-
Udra Medios, S.A.U. (c)	100.00%	-	15,600	214	(14,423)	1,177	250
Xornal de Galicia, S.A. (c)	-	92.73%	-	-	-	-	2,014
Udra México, S.A. de C.V. (c)	0.17%	99.83%	23	-	(21)	2	-
GSJ Solutions, S.L.U.(a)	100%	-	337	-	-	337	-
<b>TOTAL</b>			<b>124,105</b>	<b>141</b>	<b>(22,044)</b>	<b>102,061</b>	<b>3,239</b>

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

During year 2023, the company has recognised a net impairment of its financial holdings amounting to 552 thousand euros (EUR 141 thousand for partial reversal in the year 2022), recorded under the heading "Impairment and profit/(loss) arising from the disposal of financial instruments" in the accompanying income statement for year 2023.

Further, at 31 December 2023 and 2022 the Company records a provision for EUR 2,207 thousand and EUR 3,091 thousand, respectively, under the heading "Long-term provisions" in non-current liabilities in the balance sheet, devoted to cover any contingencies arising from the holding of these financial participations (see Note 9.1).

The most significant information regarding investees in which the Company takes parts, at 2023 and 2022 year-end is as follows:

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

Year 2023:

			Thousand of euros (*)				
			Capital and issuance fee	Profit/(Loss) for the year		Remaining net equity	Total net equity
				From operations	For the Year		
<b>Group companies:</b>							
Constructora San José, S.A.	Construction, purchase and sale of land	Rosalía de Castro, 44 (Pontevedra)	8,076	26,161	11,603	188,134	207,813
GSJ Solutions, S.L.U.	Engineering services	Ronda de Poniente, 11 – Tres Cantos (Madrid)	300	104	91	685	1,076
San José Concesiones y Servicios, S.A.U.	Provision of healthcare and social services	Rosalía de Castro, 44 (Pontevedra)	2,446	(2)	14	172	2,632
San José Energía y Medio Ambiente, S.A.U.	Construction, provisions of services and management of energy contracts	Ronda de Poniente, 11 – Tres Cantos (Madrid)	4,039	(238)	(364)	(2,261)	1,414
Cadena de Tiendas, S.A.U.	Storage, destruction and sale of goods	Rosalía de Castro, 44 (Pontevedra)	60	(1)	11	88	159
Comercial Udra, S.A.U.	Storage, distribution and sale of manufactured products	Rosalía de Castro, 44 (Pontevedra)	4,181	1,347	1,239	1,152	6,572
Constructora Udra Limitada	Construction, maintenance and repair	C/ 1º de Dezembro, 12-14 - Monção (Portugal)	350	1,593	1,382	9,675	11,407
SJB Müllroser Baugesellschaft GmbH	Construction	Gew erparkinh, 1315299 Müllroser. Alemania	2,625	(10)	(140)	(4,693)	(2,208)
Enerxias Renovables de Galicia, S.A.	Production and trade of electric energy by renewable energy resources	Rosalía de Castro, 44 (Pontevedra)	2,649	6	7	(2,075)	581
Udra Medios, S.A.U.	Edition, production, reproduction and release of books, new spapers, magazines and video	Rosalía de Castro, 44 (Pontevedra)	1,500	(2)	189	(294)	1,395
Udra México, S.A. de C.V.	Holding company	Miravalle, México	3,427	(475)	(128)	391	3,690

Year 2022:

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

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

None of the associates is listed on the stock exchange market at 31 December 2023 and 2022.

### **7.3. Cash and cash equivalents**

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

### **7.4. Management of financial risk**

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

#### a) Credit risk

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

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

The Company's credit risk is mainly attributable to trade receivables of Group companies. The amounts presented in the consolidated balance sheet are net of allowances for doubtful debts, estimated by Group management based on past experience and its assessment of the current economic climate. The amount of financial assets recognised

in the consolidated financial statements, net of possible impairment losses, represents the Group's maximum exposure to credit risk, excluding guarantees or other credit improvements provided.

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

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

b) Liquidity risk:

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

a) Market risk

- Interest rate risk: Both the treasury and the financial debt of the Company are exposed to interest rate risk, which could have an adverse impact on financial outcome and cash flows. In order to minimise this impact, the Company's policy is to contract derivative financial instruments to hedge interest rates. At 31 December 2023 and 2022, since most of the funding of the Company is repaid on a fix interest rate (see Note 11.2.b), there are no derivative financial instruments.

- Exchange rate risk: the Company does not bear at 31 December 2023 and 2022 any positions in other currency than in Euro. Likewise, there are no coverage contracts for exchange rates. Its currency exposure corresponds mainly to its stake in group companies operating in markets with a currency other than the Euro (see Note 7.2). The Group's policy is that funding of these units, if applicable, would be in local currency.

## **8. Net Equity**

### **8.1 Share Capital**

At 31 December 2023 and 2022, share capital of the Parent company was represented by 65,026,083 shares of EUR 0.03 par value each.

At 20 July 2009, shares of the Company are admitted to trading on the Continuous Market. The closing and mean quote for the last quarter of the year stood at EUR 3.46 and EUR 3.56 for year 2023 and EUR 3.93 and 3.86 for year 2022, respectively.

At 31 December 2023, the only shareholder with a stake exceeding 10% in the share capital of the Company was Mr. Jacinto Rey González, with a direct and effective participation of 24,952% and 48.292%, respectively.

### **8.2 Share issue premium**

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

### **8.3 Legal reserve**

Under the Consolidated Spanish Companies Act, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, as long as sufficient other reserves are not available for this purpose. At year-end 2022, the legal reserve has not been fully provided.

### **8.4 Distribution of dividends**

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

## 8.5 Treasury shares

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

## 8.6 Property situation

The company has a solid asset and financial situation. At 31 December 2023 and 2022, the company has positive net assets amounting to EUR 46.595 thousand and EUR 49.041 thousand, representing 32.1% and 33.7% of the assets, so it is in a balanced situation.

## 9. Provisions and contingencies

### 9.1 Long-term provisions

The detail of long-term provisions under the balance sheet at 2023 and 2022 year-end, as well as main movements during years 2023 and 2022, are as follows:

#### Year 2023:

	Thousand of euros			
	Balance at 31-12-2022	Additions	Tranfers (Note 7.2)	Balance at 31-12-2023
Provision for risks and expenses	3,091	116	(1,000)	2,207
<b>Total</b>	<b>3,091</b>	<b>116</b>	<b>(1,000)</b>	<b>2,207</b>

#### Year 2022:

	Thousand of euros			
	Balance at 31-12-2021	Additions	Tranfers (Note 7.2)	Balance at 31-12-2022
Provision for risks and expenses	4,091	-	(1,000)	3,091
<b>Total</b>	<b>4,091</b>	<b>-</b>	<b>(1,000)</b>	<b>3,091</b>

This item mainly includes provisions provided by the Company in order to cover possible contingencies arising from the holding of financial investments with negative equity, in addition to the impairment of own shares that may be recorded to date (see Note 7.2). At 31 December 2023 and 2022, the amount of the provision refers mainly to the Company's stake in the Group company "SJB Müllroser Baugesellschaft GmbH" (see Note 7.2)

### 9.2 Short-term provisions

At 31 December 2023 and 2022, the Company has short-term provisions amounting to EUR 430 thousand euros, in both fiscal years, in order to meet contingencies arising from its activity.

### 9.3 Contingencies

The amount of the guarantees granted to third parties by the Company is very insignificant. Directors of the Company do not consider any liability arising in connection to committed guarantees, in addition to those recorded in the accompanying financial statements at 31 December 2023.

## 10. Financial Liabilities

The breakdown under this item at 31 December 2023 and 2022 is as follows:

Year 2023:

	Thousand of euros						
	Non-Current			Current			TOTAL
	Bank borrowings	Bonds and other securities	Credits, Derivatives and Other	Bank borrowings	Bonds and other securities	Credits, Derivatives and Other	
Financial liabilities at amortized cost or cost	-	-	66,672	-	-	26,241	92,913
Liabilities at fair value with changes in P&G							
Trading book	-	-	-	-	-	-	-
Designated	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Derivative Financial Instruments	-	-	-	-	-	-	-
<b>TOTAL</b>	-	-	<b>66,672</b>	-	-	<b>26,241</b>	<b>92,913</b>

Year 2022

	Thousand of euros						
	Non-Current			Current			TOTAL
	Bank borrowings	Bonds and other securities	Credits, Derivatives and Other	Bank borrowings	Bonds and other securities	Credits, Derivatives and Other	
Financial liabilities at amortized cost or cost	-	-	66,672	-	-	21,551	88,223
Liabilities at fair value with changes in P&G							
Trading book	-	-	-	-	-	-	-
Designated	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Derivative Financial Instruments	-	-	-	-	-	-	-
<b>TOTAL</b>	-	-	<b>66,672</b>	-	-	<b>21,551</b>	<b>88,223</b>

**10.1. Financial liabilities at amortised cost or at cost**

Long-term financial liabilities at amortised cost – Long term:

The Company records under this item the long-term debt with Group companies which, at 31 December 2023 and 2022, amounts to EUR 66,672 thousand in both years (see Note 13.2).

Short-term financial liabilities at amortised cost – Short term

The breakdown under this item at 31 December 2023 and 2022 is as follows:

	Thousand of euros	
	31/12/2023	31/12/2022
Current bank borrowings	91	88
Payable to Group and associated companies (Note 13.2)	22,878	14,856
Trade payables	171	212
Suppliers Group and associated companies (Note 13.2)	463	3,644
Staff, remuneration payable	2,638	2,751
<b>Total</b>	<b>26,241</b>	<b>21,551</b>

**11. Public administrations and fiscal situation**

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

**11.1. Tax receivables and payables**

Breakdown of tax receivables at 31 December 2023 and 2022 is as follows:

	Thousand of euros	
	31/12/2023	31/12/2022
<b>Current assets:</b>		
VAT receivables	10,183	4,321
Income tax receivables and other	4,434	-
<b>Total</b>	<b>14,617</b>	<b>4,321</b>

The heading "Taxes receivable for income tax and others" includes, for the most part, the account receivable from public authorities for corporate income tax for the year 2023 (see Note 11.2).

Breakdown of current payables to Public Administrations at 31 December 2023 and 2022 is as follows:

	Thousand of euros	
	31/12/2023	31/12/2022
<b>Current liabilities:</b>		
VAT payable	68	0
Income tax payable (Note 11.2)	-	1,693
Personal income payable and other	535	528
Social Security payables	101	88
<b>Total</b>	<b>704</b>	<b>2,309</b>

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

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

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

The Company has made the corporate income tax expense forecast for 2023 taking into account this ruling, in particular assuming the possibility of offsetting a maximum of 70% of the BIN of previous years, and assuming the new structure of tax loss carryforwards (BIN) that would result taking into account the higher amount of those that would have been offset in the tax years affected by the unconstitutionality issue

Based on the information available at the date of preparation of these annual accounts, the Company estimates that the amount of additional BIN that could have been offset by the tax group in the period in question would be in the region of 50-70 million euros, with a share effect of approximately 13-18 million euros. However, the Company classifies this asset as contingent as it does not consider it virtually certain to be obtained. Likewise, it is pending identification and quantification in detail, and may be conditioned by the conclusions reached in the tax inspection process in which the Group is involved once it is completed (see Note 11.4).

The reconciliation of the accounting profit/(loss) and the taxable base for income tax purposes for year 2023 and 2022 is as follows:

	Thousand of euros	
	2023	2022
<b>Profit/(Loss) before tax</b>	<b>3,250</b>	<b>5,868</b>
Permanent differences		
Increase	1,232	613
Decrease	(1,136)	(3,795)
Offset of prior years' tax losses	(6,759)	(1,469)
<b>Prior taxable profit</b>	<b>(3,413)</b>	<b>1,217</b>
<b>Prior setting 25%</b>	<b>(853)</b>	<b>304</b>
Deductions	(2)	(1)
Regularisation and other	48	5
<b>Income tax expense</b>	<b>(807)</b>	<b>308</b>
Temporary differences		
Decrease prepaid tax	-	-
Increase prepaid tax (Note 11.3)	1	1
To offset tax credit (Note 11.3)	(1,690)	-
Deductions	-	-
Current year deduction increases	(1)	-
To offset outstanding deductions	-	-
Adjustments and other	(48)	(7)
Principal transactions	(5,269)	(4,834)
<b>Amount (payable) / receivable</b>	<b>(7,814)</b>	<b>(4,532)</b>
-Offset against tax group (Note 13.2)	3,400	6,225
-Tax debit / (credit)	4,414	(1,693)

Permanent adjustments made in the tax base are chiefly due to the adjustment of the dividend income received by the Company in years 2023 and 2022, amounting to EUR 1,200 thousand and EUR 1,250 thousand, respectively (see Note 12.1), as well as the adjustment due to the registration and reversal of non-deductible provisions and the goodwill amortisation.

#### Pillar 2 Directive

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

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

The Company is awaiting the final wording of the aforementioned Law in order to quantify the effect of this legislation.

#### **11.3. Deferred tax assets and liabilities**

The detail of deferred tax assets under the balance sheet at 31 December 2023 and 2022, as well as main movements in said years, are as follows:

Year 2023:

	Thousand of euros			
	31.12.2022	Tax for the year (Note 11.2)	Regularisation and other	31.12.2023
Temporary differences on other items	2,364	1	(2,364)	1
Offset of tax loss carry forwards (Note 13.2)	8,900	(1,691)	2,361	9,570
<b>Total</b>	<b>11,264</b>	<b>(1,690)</b>	<b>(3)</b>	<b>9,571</b>

Year 2022:

	Thousand of euros			
	31.12.2022	Tax for the year (Note 11.2)	Regularisation and other	31.12.2023
Temporary differences on other items	2,365	1	(2)	2,364
Offset of tax loss carry forwards (Note 13.2)	8,900	-	-	8,900
<b>Total</b>	<b>11,265</b>	<b>1</b>	<b>(2)</b>	<b>11,264</b>

The detail of deferred tax assets under the balance sheet at 31 December 2022 y 2021, as well as main movements in said years, are as follows:

Year 2023:

	Thousand of Euros			
	31.12.2022	Tax for the year (Nota 11.2)	Regularisation and other	31.12.2023
Temporary differences in margins for group transactions	2,054	-	35	2,089
Payable to group companies for income tax (Note 13.2)	231	(1)	-	230
<b>Total</b>	<b>2,285</b>	<b>(1)</b>	<b>35</b>	<b>2,319</b>

Year 2022:

	Thousand of Euros			
	31.12.2021	Tax for the year (Nota 11.2)	Regularisation and other	31.12.2022
Temporary differences in margins for group transactions	2,054	-	-	2,054
Payable to group companies for income tax (Note 13.2)	231	-	-	231
<b>Total</b>	<b>2,285</b>	<b>-</b>	<b>-</b>	<b>2,285</b>

**Negative Taxable Bases**

At 31 December 2023, the Company has tax loss carryforwards pending offset, all of them generated within the consolidated tax group to which it belongs, amounting to 312,504 thousand euro. This amount is after deducting the BIN offset in 2023, based on the Company's forecast corporate income tax expense. The reduction in BIN resulting from a higher amount of compensation in the years affected by the ruling handed down by the Constitutional Court has also been taken into account (see Note 11.2).

The Company partially capitalises tax loss carryforwards, generating a tax credit. At 31 December 2023 and 2022, the tax credit recognised by the Company amounts to 9,570 thousand and 8,900 thousand euros, respectively.

Company management has assessed the recoverability of the deferred tax asset based on projections of the various activities carried out by the Group for the period 2024-2033, including the main variables arising from current tax legislation (Tax Plan).

The projections used are based on Grupo SANJOSE's Strategic Plan, and are appropriately reviewed and updated by Group management in accordance with the most recent business projections, which take into account the historical evolution of recent years and, in particular, the situation of financial stability in recent years. In addition, in the preparation of the revenue and margin projections, external sources from internationally recognised organisations, such as the International Monetary Fund, and information on public investment plans in infrastructure

The Group's forecasts foresee positive results which, in fact, are becoming evident over the last few years. The Group uses conservative assumptions to draw up the aforementioned Tax Plan. At 31 December 2023, the main assumptions used are as follows:

- Regarding the construction activity:

- Sales: total revenues from the construction business are estimated based on current activity and the contracted portfolio (short and medium term), as well as on the guidelines set out in the Group's business plan (medium and long term), assuming an average annual growth for the period 2024-2033 of around [2-5]%
- Relatively stable EBITDA margin at [4.5-6.0]%
- Possible capital gains from the sale of real estate assets and income and profits from urban development activity are not taken into account.

- Regarding the rest of the activities: energy, commercial, services and maintenance and media. They are of secondary importance to the construction business.

- Sales: in general, average annual growth of around [1.5-4]%
- EBITDA margin: maintenance of the average margins obtained in recent years.

Based on the *Tax Plan*, it is concluded that the Group generates sufficient taxable income to offset the amount of deferred tax assets recognised at 31 December 2023 over a period of approximately 4 years.

### **Deductions**

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

At 31 December 2023 and 2022, the Company has no outstanding deductions.

### **11.4. Years open for tax review**

The Company, as well as its subsidiaries, that integrate the fiscal consolidation Group perimeter, are undergoing a tax inspection of the last four years (starting at 2017 as for the corporate income tax). Furthermore, the Company was reported by the Tax Authorities the start of a procedure in which the corporate tax, the value added tax and withholdings and payments on account of work income, professionals and movable capital, would be open for inspection covering from 2017 up to 2020.

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

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

Directors of the Company deem that no significant additional liabilities will arise to those already recorded as a result of possible verifications, which may be carried out, in the years open to inspection.

#### **11.5. Transactions under the special tax neutrality regime**

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

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

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

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

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

#### **11.6 Subrogation of the Company of tax liabilities of absorbed companies**

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

In 2006, the company "Parquesol Inmobiliaria y Proyectos SA" absorbed "Miralepa Cartera, SL" and "Parquesol Inmobiliaria y Proyectos, SL", a company that in year 2000 had already absorbed certain companies. Article 90 of the Consolidated Text of the Companies Tax Law (Royal Legislative Decree 4/2004, on 5 March) establishes that when a restructuring operation is carried out determining a universal succession, as in the case of the above-mentioned takeovers, all rights and tax obligations of the absorbed entities are transferred to the acquiring entity. Thus, the Company acquired, among other, the tax obligations of the absorbed companies. However, the directors of the Company do not expect any significant liabilities arising as a consequence of said transaction. Likewise, merger agreements of the Company with "Parquesol Inmobiliaria y Proyectos, S.L." and "Miralepa Cartera, S.L." specified that said transactions would qualify for taxation under the special tax regime provided for in Chapter VIII of Title VII of Legislative Royal Decree 4/2004, of 5 March, approving the Consolidated Spanish Corporation Tax Law, of which the tax authorities will be formally notified.

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

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

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

## 12. Revenue and expenditure

### 12.1 Net Revenue and other operating income

Net revenue by activity for years 2023 and 2022 is as follows:

	Thousand of euros	
	2023	2022
Dividends received	1,200	1,250
Financial incomes from Group companies	457	316
<b>Total</b>	<b>1,657</b>	<b>1,566</b>

Revenue obtained by the company from its activity as a holding company is included as net turnover: includes mainly financial income from the financing granted to the investees, as well as the dividends received from them (see Note 13.1).

"Other operating income" in the accompanying income statement for years 2023 and 2022 amounts to EUR 19,376 thousand and EUR 22,545 thousand, respectively, and corresponds mainly to income from the provisions of management services by the Company to its investees (see Note 13.1).

### 12.2 Social security costs

Breakdown for years 2023 and 2022 is as follows:

	Thousand of euros	
	2023	2022
Social security	1,017	925
Other social costs	377	296
<b>Total</b>	<b>1,394</b>	<b>1,221</b>

### 12.3 Staff costs

The average number of employees during years 2023 and 2022 is as follows:

Category	2023		2022	
	Men	Female	Men	Female
University graduates	24	13	24	14
Medium term grades	10	9	12	8
Clerical staff	10	14	8	13
Technicians	1	-	1	-
<b>Total</b>	<b>45</b>	<b>36</b>	<b>45</b>	<b>35</b>

At 31 December 2023 and 2022, average workforce amounted to 81 employees (45 men and 36 women) and 80 employees (45 men and 35 women), respectively, being the distribution by type of grade similar in both periods.

The average number of people employed in the course of the years 2023 and 2022 with a disability greater than or equal to 33% is 1 worker, who is herself a university graduate. The Company, taking into account the specific risk involved in its activity, has recognised the exception of hiring disabled workers, fulfilling it by contracting services with different special employment centres. These contracts are on an annual basis, incurring into an average expense higher than the minimum required by law.

### 12.4 External services

Breakdown for years 2023 and 2022 is as follows:

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	Thousand of euros	
	2023	2022
Rents and royalties	480	449
Repair and maintenance services	1	-
Independent professional services	666	646
Insurance premiums	712	640
Banking services and similar	2	2
Advertising, publicity and public relations	12	28
Utilities	2	4
Other services	3,755	7,294
<b>Total</b>	<b>5,630</b>	<b>9,063</b>

This heading includes, mainly under "Other services" services provided by companies of the Group amounting to EUR 2,715 thousand and EUR 6,306 thousand in years 2023 and 2022, respectively (see Note 13.1).

### 12.5 Finance income

The breakdown of this item in the financial years 2023 and 2022 is as follows:

	Thousand of euros	
	2023	2022
Other financial income	1	-
Financial income on Group companies (Note 13.1)	207	-
<b>Total</b>	<b>208</b>	<b>-</b>

### 12.6 Audit fees

During the financial year 2023 and for the financial years 2023 to 2024, inclusive, the General Meeting of the Company has appointed "PricewaterhouseCoopers Auditores, S.L." as auditor of its annual accounts and individual and consolidated management report (until the financial year 2022, the Company's auditor was "Deloitte, S.L.").

The detail of the fees is as follows:

Year 2023:

Description	Thousand of euros
Audit fees	56
Other verification services	33
<b>Total audit services and related services</b>	<b>89</b>
Tax advisory services	-
Other Services	-
<b>Total</b>	<b>89</b>

Year 2022:

Description	Thousand of euros
Audit fees	61
Other verification services	35
<b>Total audit services and related services</b>	<b>96</b>
Tax advisory services	-
Other Services	-
<b>Total</b>	<b>96</b>

**13. Associates**

**13.1. Transactions with associates**

The detail of transactions with associates for years 2023 and 2022 is as follows:

Year 2023:

	Thousand of euros				
	Provision from services (Note 12.1)	Reception of services (Note 12.4)	Financial expenses	Financial incomes	Holding activity incomes (Note 12.1)
Comercial Udra, S.A.U.	540	-	8	-	1,200
Pinos Altos X.R., S.L.	-	121	-	-	-
Eraikuntza Birgaikuntza Artapena, S.L.U.	802	-	-	-	-
Cartuja Inmobiliaria, S.A.U.	1,300	-	-	-	-
Constructora San José, S.A.	13,277	2,557	348	-	-
San Jose Concesiones y Servicios, S.A.U.	327	-	191	-	-
San Jose Energía y Medio Ambiente, S.A.U.	180	-	-	-	209
Udramedios, S.A.U.	-	-	198	-	18
Constructora Udra Limitada	1,013	-	-	-	-
Cadena de Tiendas, S.A.	-	-	6	-	-
San José Inmobiliaria Perú S.A.C.	248	-	-	-	-
Rexa Constructora S.A.C.	200	-	-	-	-
Concesionaria San Jose Technocontrol, S.A.	565	-	-	-	-
Constructora Sanjose Chile Ltda.	683	-	-	-	97
SJB Mullroser Baugeschellsaft	-	-	-	-	133
Fotovoltaica El Gallo, S.A.	126	-	-	-	-
Constructora San José Argentina, S.A.	5	-	-	-	-
Udra México S.A. de C.V.	66	-	-	-	-
GSJ Solutions, S.L.	-	37	20	-	-
Desarrollos Urbanísticos Udra, S.A.U.	-	-	1,647	-	-
Other companies of the Group	44	-	2	207	-
<b>Total</b>	<b>19,376</b>	<b>2,715</b>	<b>2,420</b>	<b>207</b>	<b>1,657</b>

Year 2022:

	Thousand of euros			
	Provision from services (Note 12.1)	Reception of services (Note 12.4)	Financial expenses	Holding activity incomes (Note 12.1)
Comercial Udra, S.A.U.	463	-	7	1,250
Pinos Altos X.R., S.L.	-	121	-	-
Eraikuntza Birgaikuntza Artapena, S.L.U.	743	6	-	-
Cartuja Inmobiliaria, S.A.U.	540	-	-	-
Constructora San José, S.A.	16,718	6,147	702	-
San Jose Concesiones y Servicios, S.A.U.	227	-	9	10
San Jose Energía y Medio Ambiente, S.A.U.	122	-	-	169
Udramedios, S.A.U.	-	-	183	18
Constructora Udra Limitada	1,000	-	-	-
Cadena de Tiendas, S.A.	-	-	4	-
San José Inmobiliaria Perú S.A.C.	180	-	-	-
Rexa Constructora S.A.C.	255	-	-	-
Concesionaria San Jose Tecnocontrol, S.A.	504	-	-	-
Constructora Sanjose Chile Ltda.	1,237	-	-	78
Rexa Constructora S.A.C.	-	-	-	41
Fotovoltaica El Gallo, S.A.	123	-	-	-
Constructora San José Argentina, S.A.	8	-	-	-
Udra México S.A. de C.V.	54	-	-	-
GSJ Solutions, S.L.	-	32	7	-
Desarrollos Urbanísticos Udra, S.A.U.	-	-	1,647	-
Other companies of the Group	371	-	-	-
<b>Total</b>	<b>22,545</b>	<b>6,306</b>	<b>2,559</b>	<b>1,566</b>

The number of services rendered by the investee company "Constructora San José, SA" in 2023 and 2022 is mainly for the provision of management services provided by this investee, which, in turn, the Company partially re-invoices to the rest of the Group companies in which it takes part in.

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

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

### 13.2. Balances with associates

Breakdown of balances with associates is as follows:

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Year 2023:

	Thousand of euros					
	Long-term loans (Note 7.1)	Trade receivables	Short-term Credits	Long-term debt	Short-term Debts	Trade payables
Comercial Udra, S.A.U.	-	54	-	-	54	-
San José Energía y Medio Ambiente, S.A.U.	1,325	109	5,756	-	-	-
San José Concesiones y Servicios, S.A.	-	33	-	-	6,379	-
Constructora Udra Limitada	-	169	-	-	-	-
Xornal de Galicia, S.A.	-	-	-	-	-	-
Cadena de Tiendas, S.A.U.	-	-	-	-	152	-
Constructora San José, S.A.	-	1,734	-	-	9,743	419
SJB Mullroser Baugeschellsaft	-	-	3,503	-	-	-
Udra Medios, S.A.U.	-	-	-	-	2,797	-
San José Inmobiliaria Perú, S.A.C.	-	62	-	-	-	-
Constructora San José Colombia, S.A.S.	-	1	-	-	-	-
Eraikuntza Birgaikuntza Artapena, S.L.U.	-	81	-	-	-	-
Pinos Altos XR, S.L.	-	-	-	-	-	10
Cartuja Inmobiliaria, S.A.U.	-	131	-	-	-	-
Udra México, S.A. de CV	-	0	-	-	-	-
GSJ Solutions, S.L.	-	-	-	-	789	34
Desarrollos Urbanísticos Udra, S.A.U.	-	-	-	66,672	-	-
Sociedad Concesioaria San José Tecnocontrol S.A.	-	188	-	-	-	-
San Jose Constructora Chile S.A.	-	228	-	-	-	-
Constructora San José Argentina, S.A.	-	-	-	-	-	-
Other companies of the Group	-	194	5	-	-	-
<b>Balances with companies of the group by tax consolidation</b>	-	-	3,935	-	2,964	-
<b>Total</b>	<b>1,325</b>	<b>2,984</b>	<b>13,199</b>	<b>66,672</b>	<b>22,878</b>	<b>463</b>

Year 2022:

	Thousand of Euros					
	Long-term loans (Note 7.1)	Trade receivables	Short-term Credits	Long-term debt	Short-term Debts	Trade payables
Comercial Udra, S.A.U.	-	47	-	-	46	-
San José Energía y Medio Ambiente, S.A.U.	975	12	4,798	-	-	-
San José Concesiones y Servicios, S.A.	-	-	984	-	-	-
Constructora Udra Limitada	-	250	-	-	-	-
Xornal de Galicia, S.A.	2,014	-	-	-	-	-
Cadena de Tiendas, S.A.U.	-	-	-	-	142	-
Constructora San José, S.A.	-	808	-	-	6,390	3,624
SJB Mullroser Baugeschellsaft	-	-	4,275	-	-	-
Udra Medios, S.A.U.	250	-	-	-	5,152	-
San José Inmobiliaria Perú, S.A.C.	-	15	-	-	-	-
Constructora San José Colombia, S.A.S.	-	1	-	-	-	-
Eraikuntza Birgaikuntza Artapena, S.L.U.	-	75	-	-	-	-
Pinos Altos XR, S.L.	-	-	-	-	-	11
Cartuja Inmobiliaria, S.A.U.	-	54	-	-	-	-
Udra México, S.A. de CV	-	45	-	-	-	-
GSJ Solutions, S.L.	-	-	-	-	316	9
Desarrollos Urbanísticos Udra, S.A.U.	-	-	-	66,672	-	-
Sociedad Concesioaria San José Technocontrol S.A.	-	168	-	-	-	-
San Jose Constructora Chile S.A.	-	412	3,320	-	-	-
Constructora San José Argentina, S.A.	-	11	-	-	-	-
Other companies of the Group	-	145	-	-	-	-
<b>Balances with companies of the group by tax consolidation</b>	-	-	<b>6,622</b>	-	<b>2,810</b>	-
<b>Total</b>	<b>3,239</b>	<b>2,043</b>	<b>19,999</b>	<b>66,672</b>	<b>14,856</b>	<b>3,644</b>

The balance of heading "Long-term debts with Group companies" as of 31 December 2023 and 2022, amounting to EUR 66,672 thousand in both years corresponds entirely to the loan made between the Company and the Group company "Desarrollos Urbanísticos Udra, S.A.U." on 31 October 2019, for EUR 86,397 thousand, with a single repayment at maturity at 20 years, at a fixed interest rate of 2.48% per annum, fully repayable at maturity. As of 31 December 2023 and 2022, it also includes EUR 275 thousand corresponding to the financial expense accrued on that date pending settlement.

At 31 December 2023 and 2022, the amount recorded under "Long-term loans to Group companies", amounting to Euros 1,325 thousand and Euros 3,239 thousand, respectively, relates to long-term loans granted by the Company to its investees. Also included is the participating loan granted to its investee "San José Energía y Medio Ambiente, S.A.U." in the amount of Euros 1,325 thousand, where the accrual of financial income is conditional upon the borrower company obtaining positive results, and the purpose of which is to strengthen its equity position. At 31 December 2022 this includes participating loans granted by the Company to its investees "San José Energía y Medio Ambiente, S.A.U." and "Udra Medios, S.L.U.", amounting to Euros 975 thousand and Euros 250 thousand, respectively.

Due to the fact that the Company is the head of the consolidated tax group for corporate income tax, the Company recorded under "Deferred Tax Liability" a long-term credit position against the Group, for a total amount of EUR 230 and 231 thousand at 31 December 2023 and 2022, respectively corresponding to the Company's accounts payable to companies within the tax group, for the tax credit recorded by the Company under "Deferred tax assets" with regards to negative tax bases contributed to the tax perimeter by them (see Note 11.3). Likewise, and derived from the corporate tax forecast, and VAT statements, for the year 2022, the item "Short-term investments in Group companies" at 31 December 2023 and 2022 includes EUR 3,935 thousand and EUR 6,622 thousand, respectively.

Further, "Short-term loans" and "Short-term liabilities" at 31 December 2023 and 2022 are derived from current financial account contracts signed with Group companies and accrue interest at Euribor plus a market spread (3.79 and 3.101% in years 2023 and 2022).

Also, at 31 December 2023 and 2022, the Company has a balance payable to shareholders, directors and executives amounting to EUR 91 thousand and EUR 88 thousand, respectively, which is recognised under "Current liabilities" in the accompanying balance sheet (see Note 10.1).

## **14. Other disclosure**

### **14.1. Information on deferred payments to suppliers. Third supplementary provision. "Information duties" of Law 15/2010 on 5 July**

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

	<b>Year 2023</b>	<b>Year 2022</b>
<b>Average payment term to suppliers (days)</b>	<b>27</b>	<b>22</b>
Ratio of paid transactions (days)	27	22
Ratio of transactions pending payment (days)	28	24
Total payments made (thousands of Euros)	2,864	3,483
Total pending payments (thousand of Euros)	143	212

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

During the years 2023 and 2022, the total amount in euros and number of invoices paid to suppliers in a period shorter than the maximum established in the legislation in force, as well as how much they represent out of the total amount of payments to suppliers, is as follows:

	<b>Year 2023</b>	<b>Year 2022</b>
nº of invoices paid in a period < 60 days	751	713
% over the total nº of paid invoices for the Company	98.7%	97.7%
Amount of paid invoices in a period < 60 days (thousand of euros)	2,676	3,401
% over the total nº of paid invoices for the Company	93.4%	97.7%

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

For the sole purpose of giving the information provided in this Resolution, suppliers are considered to be commercial creditors for debts with suppliers of goods or services, included in the "Suppliers" and "Sundry payables" items of the current liabilities of the balance sheet. Likewise, it is considered the effective payment date, the one in which the commercial creditor receives the money paid by the company.

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

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

## 14.2. Remuneration of Directors and Executives

The detail of the remuneration of all kinds earned in 2023 and 2022 by the members of the Board of the Company is as follows:

Type of Directors	Thousand of euros	
	2023	2022
Executive	3,256	3,249
Independent board members	225	177
Other external board members	221	198
<b>Total</b>	<b>3,702</b>	<b>3,624</b>

Total remuneration paid by the Company in years 2023 and 2022 to executive directors amounts to EUR 6'5 thousand and EUR 570 thousand, respectively.

At 2023 year-end, the Company's Board of Directors is made up of 9 men and 3 women, (9 men and 2 women at the end of 2022).

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

The directors of the Company are covered by the "Corporate Liability Insurance Policies of Directors and Officers" contracted by the parent company of Grupo SANJOSE, in order to cover possible damages that may be claimed, and that they arise as a result of an error of management committed by its managers or directors, as well as those of its subsidiaries, in the exercise of their positions. Net value of the allowance in the year 2023 amounts to EUR 336 thousand (EUR 391 thousand in 2022).

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

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

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

At year-end 2023 neither the members of the Board of Directors of the Company or any third parties related to them, as defined in the Companies Act, have reported to the other members of the Board of Directors any conflict of interests, either direct or indirect, with the interests of the Company.

## **15. Information on the environment**

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

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

- Protection of the environment through the prevention or mitigation of environmental impact, the prevention of pollution, the reduction of waste generation, the sustainable use of resources and energy efficiency.

- Continuous improvement in the management of our environmental performance, through the establishment and monitoring of environmental targets and goals, aimed at contributing to the improvement of processes and services.
- Compliance with application environmental legislation and regulations.
- Qualification and awareness, through training and awareness activities addressed to all workers, subcontractors and other concerned parties.

Since 1999 the Grupo has maintained a firm commitment to the environment in continuous review and adaptation to needs and expectations of the society and the environment. Hence, the implementation of an environmental management system in order to integrate business development, generate social value and environmental protection is a priority for the Group. Since 2006, the Group has been certified under the ISO-14001 standard with regard to environmental management systems.

The Group shares the concern of society and interested parties in relation to climate change, assuming responsibility for the possible impacts arising from the development of its works and services. To adapt to the consequences of climate change, the Group promotes mitigation and adaptation measures that contribute to the transition to a low-carbon economy, among which we highlight:

- Energy saving and efficiency measures, replacing equipment and facilities for more efficient ones. In this sense, and despite the fact that the Group's activity is not very intensive in the use of fixed assets, in light of the regulatory requirements regarding the environment and climate change mitigation, the Group has revalued the recoverable value of its main items of property, plant and equipment (machinery, technical installations, etc.), without having identified signs of impairment. As these items of fixed assets are fully depreciated, they will be replaced by more sustainable ones. Likewise, cash outflows for potential investments to be made in the future to adapt to current regulations do not have a significant impact on the recoverable value of other Group assets (real estate investments, goodwill or inventories).
- Promotion of renewable energy generation. In this sense, the Group owns and operates a 5.4 MW photovoltaic plant in Jaen (Spain), as well as a polygeneration plant for electrical energy, cold and heat. Likewise, it is a specialist in the construction, start-up and maintenance of renewable energy generation plants, both wind and photovoltaic.
- Study and implementation of environmental proposals to the client to improve the resilience of buildings in the face of the expected effects of climate change, promoting energy savings, the use of renewable energies, proper waste management, the integration of vegetation in projects.
- Sensitisation and awareness of all personnel involved in the development of projects and services in order to promote behaviours that contribute to reducing energy consumption and the environmental impact of the activities carried out.
- Energy services designed and executed in order to provide integral solutions adapted to customers' needs in order to guarantee the maximum energy efficiency of facilities, ensuring and developing sustainable energy solutions capable of reducing the consumption of energy and optimising its reuse.

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

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

On 18 January 2024, the Constitutional Court upheld the question of unconstitutionality raised by the Administrative Chamber of the National High Court with respect to several amendments to corporate income tax introduced by Royal Decree-Law 3/2016, of 2 December. The Company has made the corporate income tax expense forecast for 2023 taking into account this ruling (see Note 11.2).

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

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

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

Águilas (Murcia) Spain, 28 February 2024

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

*Juan Amor Fernández*

# GRUPO EMPRESARIAL SAN JOSE, S.A.

## Management report for the year ended 31 December 2023

### 1. Situation of the Company

#### 1.1. Organisational Structure

The Company is the parent company of the SANJOSE Group. Its activity is to be the holding company of this Group, providing its investee companies with management and administration services, and carrying out the functions of management and coordination of all of them. Grupo SANJOSE is arranged as a set of companies that operate in different sectors. Since its foundation, the main business activity of the Group is construction, strengthening its activity in the last years.

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

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



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

#### 1.2. Performance

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

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

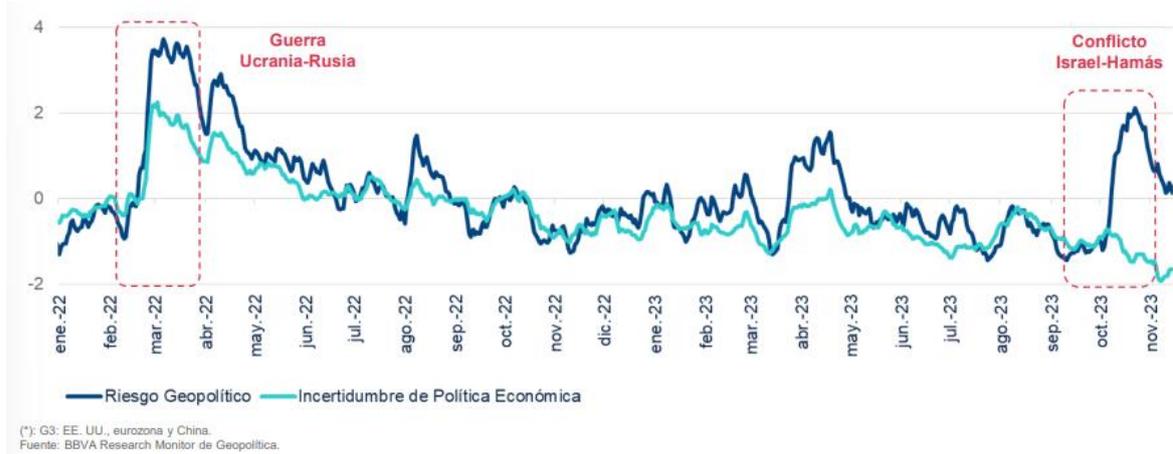
The Group's main objective is to maintain sustained growth while keeping the profitability margins of recent years, taking the construction activity as the main driver and increasing its weight in the international sphere, boosting development in the countries in which we are already present and in those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

## 2. Business performance and results

### 2.1 Market and its evolution

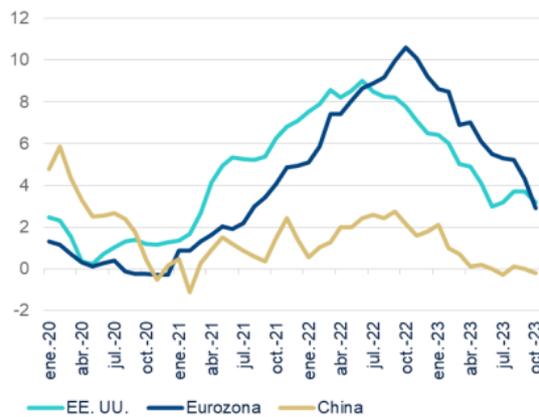
In recent years, the evolution of the Spanish economy has been marked, to a greater or lesser extent, by the COVID-19 health crisis, as well as by the supply and energy crisis resulting from geopolitical tensions in Europe, which led to a macroeconomic scenario of high inflation levels.

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



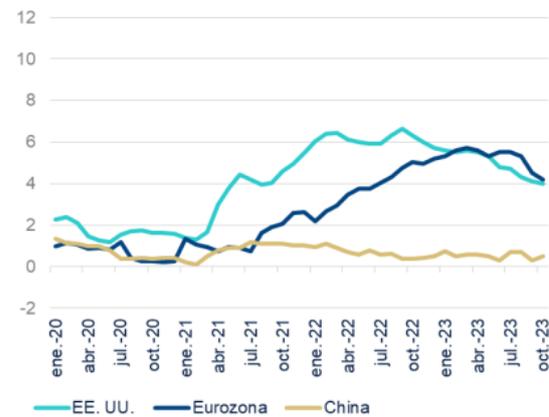
Inflation moderates, mainly after interest rate hikes. Fed and ECB rates seem to have peaked. However, no cuts are expected before June 2024. For the time being, liquidity will continue to shrink. Labour markets and fiscal policy support growth, reducing the risk of recessions, but helping to maintain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

**INFLACIÓN: IPC**  
(A/A %)



Fuente: BBVA Research basado en datos de Haver.

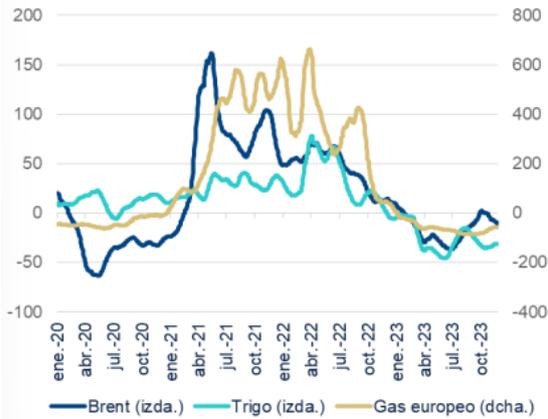
**INFLACIÓN SUBYACENTE: IPC**  
(A/A %)



Fuente: BBVA Research basado en datos de Haver.

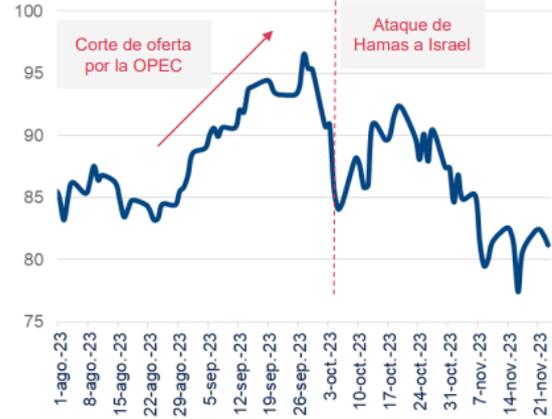
During the financial year 2023 there has been a certain containment in the increase of raw material prices, which contributes to reduce inflation, and generate a positive effect on economic activity.

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



Fuente: BBVA Research basado en datos de Haver.

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



Fuente: BBVA Research basado en datos de Haver.

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



Fuente: BBVA Research basado en datos de Bloomberg.

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

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

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

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

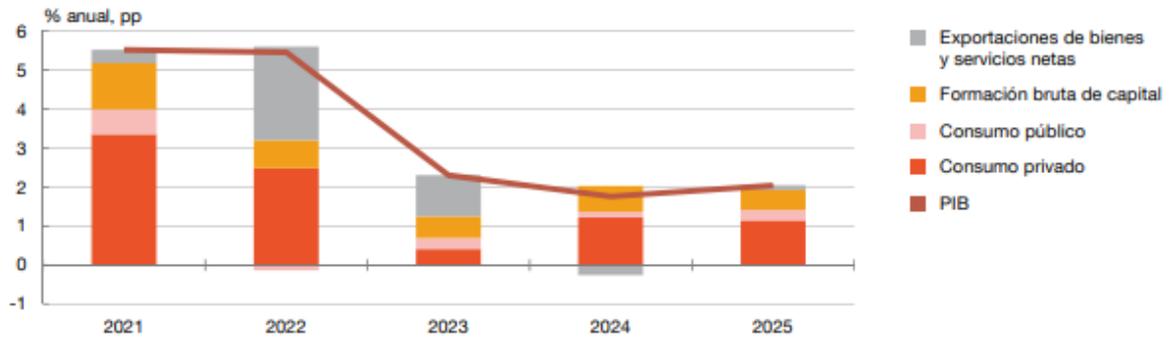
Reforms to reduce structural impediments to growth - for example, by encouraging labour market participation - would smooth the decline in inflation to the target level and facilitate debt reduction. Faster and more efficient multilateral cooperation on debt resolutions is needed to avoid debt overhang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

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

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

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

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

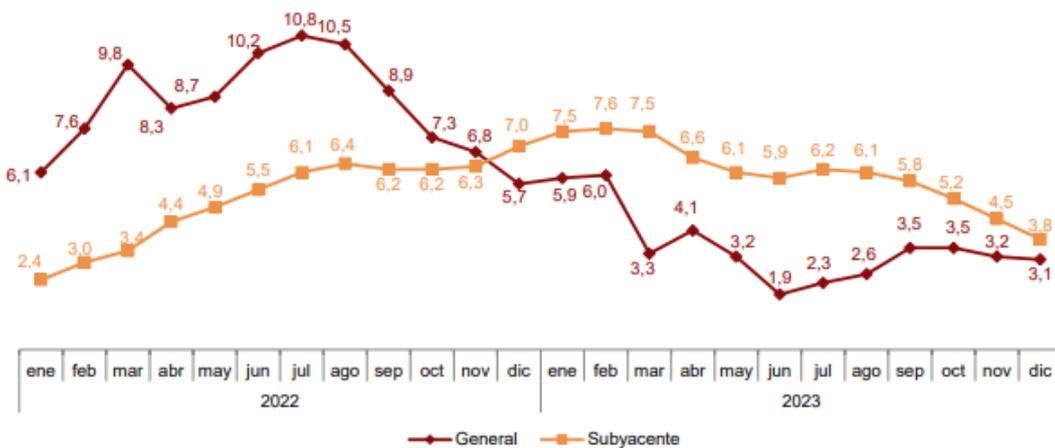


FUENTE: Instituto Nacional de Estadística.

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

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

### Evolución anual del IPC<sup>1</sup> Índice general y subyacente. Porcentaje



<sup>1</sup> El último dato se refiere al indicador adelantado.

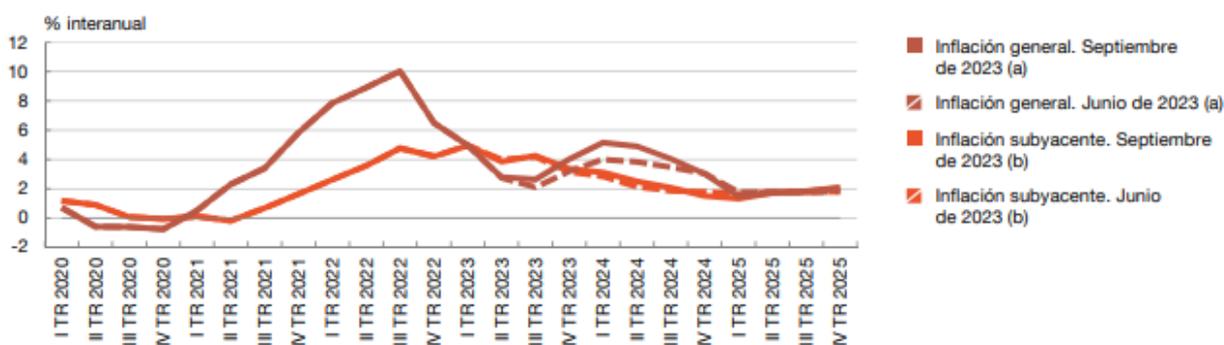
In the near term, the path of headline inflation will be driven by the behaviour of the energy component. On average in the third quarter of 2023, the energy HICP is projected to fall at a rate of around 20% year-on-year. But the recent rise in the price of the relevant commodities (especially oil),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

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

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

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

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



FUENTES: Instituto Nacional de Estadística y Banco de España.

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

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

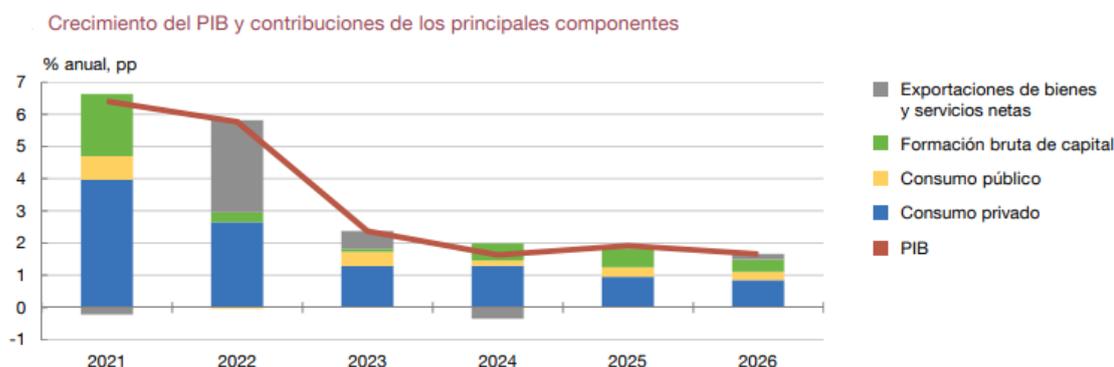
Moreover, there remains the risk that a hypothetical escalation of geopolitical tensions - for example, in the context of the war in Ukraine - could have an upward impact on the prices of energy and food commodities, and even cause some disruption in their availability. Such a scenario would lead to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

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

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

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

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



FUENTE: Instituto Nacional de Estadística.

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

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

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

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

## **2.2 Main magnitudes**

The Company is the parent company of the SANJOSE Group, and its main activity is as a holding company for this group of companies, providing management and administrative services to its investees, and carrying out the management and coordination functions for all of them.

At 31 December 2023, its total assets amount to 145.2 million euros (145.4 million euros at 31 December 2022), with investments in current and non-current Group and associated companies, as well as receivables from Group companies, totalling 119.1 million euros (127.3 million euros at 31 December 2022), being of particular importance.

At year-end 2023, the Company's net assets amount to EUR 46.6 million, representing 32.1% of the total amount of the Company's assets at that date (EUR 49 million, representing 33.7%, as at 31 December 2022). The main liability is the financing received from Group companies, amounting to 89.6 million euros at 31 December 2023 (81.5 million euros at year-end 2022).

The Company's net turnover amounts to 1.7 and 1.6 million euros in 2023 and 2022, respectively, mainly corresponding to the financial income recorded during the year with its investee companies, either in the form of dividends received or income from financing granted. In addition, the Company recognised as "Other operating income" the services rendered to its investees and the passing on of expenses incurred on their behalf, amounting to Euros 19.5 million and Euros 22.5 million in 2023 and 2022, respectively.

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

### Consolidated balance sheet:

Thousands of euros

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

Thousands of euros

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

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

## Consolidated management profit and loss account

Thousands of euros

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

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

### Alternative Performance Measures (APMs):

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

Among others, the Company identifies the following APM:

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

### Turnover:

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

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

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

Thousands of euros

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

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

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

Thousands of euros

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

### Operating profit:

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

The breakdown of EBITDA by activity is as follows:

Thousands of euros

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

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

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

#### Order portfolio

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

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

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Millions of euros

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

Millions of euros

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

Millions of euros

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

### 2.3 Average payment period to suppliers

The Company has paid its suppliers in 2023 with a weighted average payment period of approximately 27 days (22 days on average in 2022). This figure is within the legal average period established by Law 15/2010, which is 30 days, extended to 60 days in those cases with agreements between the parties.

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

	Year 2023	Year 2022
nº of invoices paid in a period < 60 days	751	713
% over the total nº of paid invoices for the Company	98.7%	97.7%
Amount of paid invoices in a period < 60 days (thousand of euros)	2,676	3,401
% over the total nº of paid invoices for the Company	93.4%	97.7%

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

### 3. Liquidity and capital resources

#### Liquidity

At 31 December 2023 and 2022, the Company has total liquidity of EUR 13.2 million and EUR 20.1 million, respectively, including cash and cash equivalents, short-term financial investments and investments in Group companies and current associates

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

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

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

Thousands of euros

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

### Capital resources

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

### Future contractual obligations

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

### Main risks and uncertainties

The Company, as the holding company of a group of companies, is exposed to the risks affecting the companies in which it participates, either due to the activities carried out by these companies or to the country and the regulatory, economic and financial environment in which they operate.

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

### Operating risks

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

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

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

## **Financial risks**

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

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

## **4. Significant events after the balance sheet date**

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

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

## **5. Information on foreseeable developments**

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

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

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

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

Based on the Group's total portfolio level of EUR 2,662 million as at 31 December 2023, the Group considers that its organic stability is assured and expects to maintain the average size of the projects, trying to take

advantage of public tender opportunities, both in Spain and abroad, especially in those projects in which it has a presence and great *expertise*

## **6. R&D&I activities**

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

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

## **7. Acquisition and Disposal of Treasury Shares**

The Company, either directly or indirectly through its subsidiaries, did not hold any treasury shares as of December 31, 2023 and 2022, nor has it carried out any transactions with treasury shares during those years.

## **8. Other Relevant Information**

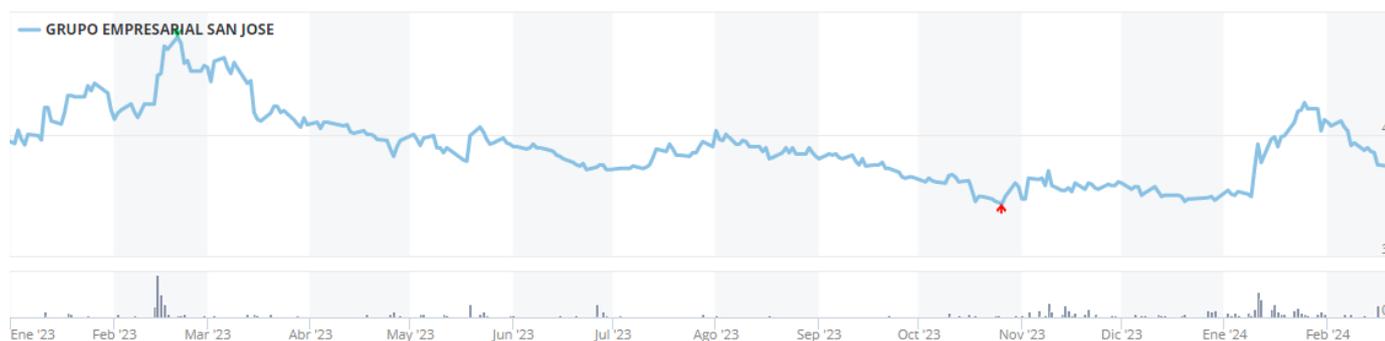
### **Stock exchange information**

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

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

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



Fuente.: Bolsas y Mercado Españoles (BMEX).

## Dividend policy

The Company aims to maintain a strong financial and asset structure. In the last four years, the Company has paid out dividends of EUR 6,503 thousand each.

## Proposed distribution of profit

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

## 9. Statement of non-financial information

The Company produces a "Consolidated statement of non-financial information", which is available in its consolidated management report for the financial year 2023, attached to the consolidated annual accounts for that year.

## 10. Annual Corporate Governance Report

In accordance with the provisions of commercial legislation, the Annual Corporate Governance Report forms an integral part of this Directors' Report. It is attached by reference and is available in the Company's consolidated management report for the financial year 2023, as well as on the Company's website and on the website of the Comisión Nacional del Mercado de Valores (CNMV).

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#### **11. Annual Report on Directors' Remuneration**

In accordance with company law, the Annual Report on Directors' Remuneration forms an integral part of this Directors' Report. It is attached by reference and is available in the Company's consolidated management report for the financial year 2023, as well as on the Company's website and on the website of the Comisión Nacional del Mercado de Valores (CNMV).

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

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

Águilas (Murcia) Spain, 28 February 2024

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

*Juan Amor Fernández*



## **ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES**

### **ISSUERS IDENTIFICATION DETAILS**

Year-end date: 31/12/2023

TAX Id. # A-36046993

Company Name:

**GRUPO EMPRESARIAL SAN JOSE, S.A.**

Registered office:

ROSALIA DE CASTRO 44, BAJO (PONTEVEDRA)

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

### A. CAPITAL STRUCTURE

A.1 Complete the following table on the share capital and voting rights attributed, including, where applicable, those corresponding to shares with loyalty voting rights, at the end of the financial year:

Indicate whether the company's articles of association contain provision for dual loyalty voting:

Yes  
 No

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

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

Yes  
 No

A.2 Disclose the direct and indirect holders of significant shareholdings at the reporting date, including directors with a significant shareholding:

Name of shareholder	Voting rights attached to shares		% of voting rights through financial		% of total voting rights
	Direct	Indirect	Direct	Indirect	
MS. MARIA VIRTUDES SÁNCHEZ AVALOS	4.73	0.00	0.00	0.00	4.73
MR. JACINTO REY GONZÁLEZ	24.95	23.34	0.00	0.00	48.29
MS. JULIA SÁNCHEZ AVALOS	7.44	0.00	0.00	0.00	7.44
MARIA JOSÉ SÁNCHEZ ÁVALOS	2.62	0.00	0.00	0.00	2.62
MR. JUAN VILLALONGA NAVARRO	2.02	0.00	0.00	0.00	2.02

Breakdown of the indirect holding:

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

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

State the most significant shareholder structure changes during the year:

- A.3 Give details of the shareholdings, by whatever percentage, at year-end of the members of the board of directors who hold voting rights attributed to shares in the company or through financial instruments, excluding the directors identified in section A.2 above:

Name of director	Voting rights attributed to shares (including loyalty votes)		% of voting rights through financial instruments		% of total voting rights	Of the total voting rights attached to the shares, indicate, if applicable, the % of additional votes attached to the shares that correspond to loyalty voting shares	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR ROBERTO ÁLVAREZ ÁLVAREZ	0.28	0.00	0.00	0.00	0.28	0.00	0.00
MR RAMON BARRAL ANDRADE	0.17	0.00	0.00	0.00	0.17	0.00	0.00
MR JACINTO REY LAREDO	0.33	0.00	0.00	0.00	0.33	0.00	0.00
MR JOSE MANUEL OTERO NOVAS	0.03	0.00	0.00	0.00	0.03	0.00	0.00
MR ENRIQUE MARTIN REY	0.00	0.00	0.00	0.00	0.00	0.00	0.00

<b>Total percentage of voting rights held by the Board of Directors</b>	49.10
-------------------------------------------------------------------------	-------

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

Breakdown of the indirect holding:

Name of director	Name of direct shareholder	Voting rights attributed to shares (including loyalty votes)	% of voting rights through financial instruments	% of total voting rights	Of the total voting rights attached to the shares, indicate, if applicable, the % of additional votes attached to the shares that correspond to loyalty voting shares
N/A					

Give details of the total percentage of voting rights represented on the board:

<b>Total percentage of voting rights held by the Board of Directors</b>	59.12
-------------------------------------------------------------------------	-------

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

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Name of related party	Nature of	Brief description
MS MARÍA VIRTUDES, MS JULIA SANCHEZ AVALOS, MS MARIA JOSÉ SÁNCHEZ ÁVALOS	Family	The three holders of significant stakes are sisters.

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

Name of related party	Nature of	Brief description
N.A.		

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

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

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
MR JACINTO REY GONZÁLEZ	PINOS ALTOS XR, S.L.	GRUPO EMPRESARIAL SAN JOSE, S.A.	Mr. Jacinto Rey González is majority shareholder of Pinos Altos XR, S.L.
MR JACINTO REY LAREDO	MR JACINTO REY GONZÁLEZ	GRUPO EMPRESARIAL SAN JOSE, S.A.	Family relationship to the first degree, father and son
MR ENRIQUE MARTIN REY	MS MARIA JOSE AND JULIA SÁNCHEZ AVALOS	GRUPO EMPRESARIAL SAN JOSE, S.A.	Mr. Enrique Martín Rey is the brother-in-law of Ms. Julia Sánchez Avalos and nephew in-law of Ms. María José and Ms. Virtudes Sánchez Ávalos
MR JAVIER REY LAREDO	MR JACINTO REY GONZÁLEZ	GRUPO EMPRESARIAL SAN JOSE, S.A.	Family relationship to the first degree, father and son

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES**

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

Yes  
 No

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

Yes  
 No

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

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

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

Yes  
 No

Name or company name
JACINTO REY GONZÁLEZ

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

At year-end:

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

(\*) Through:

Name of direct shareholder	Number of direct shares
NA	

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

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

On 30 March 2021, the AGM authorised the board for the derivative acquisition of treasury shares of the company, directly or through entities controlled by it, and for the acceptance of treasury shares as collateral or other form of guarantee, in accordance with the applicable legislation in each case and subject to the following limits and requirements:

- Modalities of the acquisition: acquisition by title of sale or by any other inter vivo act for consideration.
- Maximum number of shares to be acquired: a number such that the par value of the shares to be acquired, added to those owned by both the company and any of its controlled companies, does not exceed 10% of the company's capital stock.
- Minimum and maximum acquisition price: the minimum acquisition price of the shares will be equal to 75% of their listed value on the acquisition date, and the maximum price will be 120% of their listed value on that same date.
- Duration of the authorisation: five years as from 30 March 2021.
- Use of authorisation: the board of directors will make use of this authorisation in the terms established by the internal regulations of the applicable code of conduct of the company in force at that time.
- Possible delivery of shares to workers or executives: the board of directors is empowered to allocate, totally or partially, the treasury shares acquired to remuneration programmes intended to or involved in the delivery of shares or stock option rights, in accordance with the provisions of section 1 a) of article 146 of the Capital Companies Act.

In the event that a pledge, collateral or guarantee is constituted on treasury shares and the same shall be executed, limits and requirements applicable in accordance with the applicable regulations and the present agreement for the acquisition of treasury shares, where appropriate, shall be fulfilled.

The board may delegate this authorisation in favour of any other person that it expressly empowers for this purpose.

### A.11 Estimated free-float:

	%
Estimated free-float	34.16

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

- Yes  
 No

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

- Yes  
 No

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



## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

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

- Yes  
 No

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

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

### B. ANNUAL GENERAL MEETING

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

Yes  
 No

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

Yes  
 No

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

In order for the shareholders' meeting to be able to resolve on the increase or reduction of capital and any other amendment of the articles of association, the issue of bonds, the abolition or limitation of the right of pre-emptive acquisition of new shares, as well as the conversion, merger, demerger or global transfer of assets and liabilities and the transfer of the registered office abroad, the attendance, at first call, of shareholders present or represented by proxy holding at least 50% of the subscribed share capital with voting rights is required.

On second call, the attendance of 25% of such capital shall be sufficient, although, when shareholders representing less than 50% of the subscribed share capital with voting rights are present or represented, the resolutions referred to in this paragraph may only be validly adopted with the favourable vote of two-thirds of the share capital present or represented at the meeting.

These provisions are contained in Articles 17 and 21 of the Articles of Association and Articles 14 and 21 of the Meeting Regulations.

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

Date of General Meeting	Attendance data				
	% physically present	% present by proxy	% distance vote		Total
			Electronic voting	Other	
29/07/2020	49.80	13.76	0.00	0.00	63.56
<b>Of which, free-float:</b>	0.64	1.61	0.00	0.00	2.25
30/03/2021	49.24	20.02	0.00	0.00	69.26
<b>Of which, free-float:</b>	0.28	1.35	0.00	0.00	1.63
30/03/2022	49,13	19,29	0.00	0.00	68,42
<b>Of which, free-float:</b>	0,34	0,52	0.00	0.00	0,86
20/04/2023	49,56	18,65	0.28	0.17	68,66
<b>Of which, free-float:</b>	0,47	6,47	0.28	0.17	7,39



## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

AGM for year 2023 was held in person with the possibility of remote attendance, so the data on physical presence includes both, physical presence and remote attendance accredited during the holding of the meeting through the platform that the company made available to the shareholders.

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

Yes  
 No

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

Yes  
 No

<b>Number of shares required to attend General Meetings</b>	100
<b>Number of shares required for distance voting</b>	100

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

Yes  
 No

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

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

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

### C. COMPANY ADMINISTRATIVE STRUCTURE

#### C.1 Board of Directors

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

<b>Maximum number of directors</b>	15
<b>Minimum number of directors</b>	5
<b>Number of directors set by the general meeting</b>	12

C.1.2 Please complete the following table on directors:

Name of director	Representative	Director category	Position on the Board	Date first appointed to Board	Last re-election date	Method of selection to Board
MR. JOSE LUIS GONZALEZ RODRIGUEZ		Executive	CEO	25/06/2020	29/07/2020	RESOLUTION AGM
MR ROBERTO ÁLVAREZ ÁLVAREZ		Other external	DIRECTOR	27/06/2008	30/03/2022	RESOLUTION AGM
MR RAMÓN BARRAL ANDRADE		Independent	INDEPENDENT COORDINATOR	27/02/2014	30/03/2022	RESOLUTION AGM
MR JACINTO REY GONZÁLEZ		Executive	CHAIRMAN & CEO	18/08/1987	30/03/2022	RESOLUTION AGM
MR JACINTO REY LAREDO		Executive	VICE CHAIRMAN	31/10/2006	30/03/2022	RESOLUTION AGM
MR JOSE MANUEL OTERO NOVAS		Independent	DIRECTOR	28/08/2014	20/04/2023	RESOLUTION AGM
MS AMPARO ALONSO BETANZOS		Independent	DIRECTOR	17/12/2020	30/03/2021	RESOLUTION AGM
MR ENRIQUE MARTIN REY		Proprietary	DIRECTOR	28/06/2013	20/04/2023	RESOLUTION AGM
MS ALTINA DE FÁTIMA SEBASTIAN GONZALEZ		Other External	DIRECTOR	27/06/2008	30/03/2022	RESOLUTION AGM
MR JAVIER REY LAREDO		Executive	SECOND VICEPRESIDENT	28/06/2012	30/03/2022	RESOLUTION AGM
MR NASSER HOMAID SALEM ALI ALDEREI		Other External	DIRECTOR	17/12/2015	29/07/2020	RESOLUTION AGM
MS MARIA JOSE ALONSO FERNANDEZ		Independent	DIRECTOR	20/04/2023	20/04/2023	RESOLUTION AGM

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

<b>Total number of directors</b>	12
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State if any directors, whether through resignation, dismissal or any other reason, have left the Board during the period subject to this report:

Director	Director category at time of leaving	Date of last appointment	Date director left	Specialised committees of which he/she was a member	Indicate whether the director left before the end of the term
NA					

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

### EXECUTIVE DIRECTORS

Name of director	Post in organisational chart of the company	Profile
MR. JOSE LUIS GONZALEZ RODRIGUEZ	CEO	Degree in Economics from the University of Santiago de Compostela, with a Master in Financial Management and International Trade from ESEUNE University and Berkeley. He has developed his professional career in different companies belonging to Grupo SANJOSE. He joined in 1999 in the commercial area. Since this date, he has held and held positions of strategic responsibility in the Company, assuming the General Management of the Group. At the end of 2015, he was appointed General Manager of Grupo Empresarial San José.
MR JACINTO REY GONZÁLEZ	Chairman & CEO	Chairman Grupo SANJOSE (Company listed on the Spanish Stock Exchange) Chairman Carlos Casado S.A. (Company listed on the Buenos Aires and New York Stock Exchange) Previously he has been a member of different boards of directors: Banco Simeón, Banco Caixa General, among others.
MR JACINTO REY LAREDO	Vice Chair	He graduated in Law by the Complutense University of Madrid and was certificated in European Law by the San Pablo CEU University. Mr. Jacinto Rey Laredo majored in International Law at the University of Columbia, in Communication by the New York University School of Continuing Education and participated in a management development programme (PADE) at the IESE. He has almost developed his entire professional career within Grupo SANJOSE, being the Deputy-chairman of the Group and the Chairman of SANJOSE Constructora.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

MR JAVIER REY LAREDO	Second Vice Chair	Diploma in Business Science by the European University of Madrid. Postgraduate studies by IED in Top Management He has developed his entire professional career within companies of Grupo SANJOSE. Current positions: Deputy to the Chairman and CEO of Grupo SANJOSE, Member of the Board of SANJOSE Constructora, Executive Chairman of Comercial Udra, Director Carlos Casado S.A. Previous professional experience: Chairman of SANJOSE Desarrollos Inmobiliarios, responsible for the domestic and international management (Douro Atlántico Galicia S.L. and Douro Atlántico S.A. in Portugal), Member of the Board of Comercial Udra. Domestic and international management, Managing Director of SANJOSE Constructora, Branch office of Galicia, Management Director of C&C, regional construction, rehabilitation and conservation company in Galicia.
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Total number of executive directors	4
Percentage of the Board	33.33

### PROPRIETARY DIRECTORS

Name of director	Nombre del accionista significativo a quien representa o que ha propuesto su nombramiento	Profile
MR ENRIQUE MARTIN REY	MS MARIA JOSE & JULIA SÁNCHEZ AVALOS	Graduate in Business Science by the Complutense University of Madrid (1993 - 1999), MBA by the Escuela de Negocios Caixanova (2000) and Master Programme in Banking and Finance by the ISTP Banking School (2009). He is the Business Manager and Corporate Business Development Manager of Carrión S.A. Establecimiento Financiero de Crédito. Where he has developed his professional career since 2005, after having worked as strategic counsellor for the Instituto Tecnológico de Galicia (ITG) and for LKS Consultores (Grupo Mondragon SCoop).

Total number of proprietary directors	1
Percentage of the Board	8.33

### INDEPENDENT DIRECTORS

Name of director	Profile
MR RAMÓN BARRAL ANDRADE	Economist Professor at the School of Higher Business Studies of A Coruña, Bachelor of Economic and Business Sciences and Censor Jury of Accounts (promotion 1976). In the professional career of Mr. Ramón Barral, he emphasises his work in sundry positions of responsibility at Banco Simeon until becoming General Director (1995 - 2003), member of the Mixed Commission for State transfers - Xunta de Galicia (1977 - 1979), Professor of the Middle Management School in the Chamber of Commerce of Pontevedra. Editorial Galaxia advisor. Special attention should be given to the important and lasting collaboration of Mr. Ramón Barral with Grupo SANJOSE throughout its history, until becoming an advisor and chairman of the audit commissions and appointments, remuneration and good governance of the Group.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

<p>MR JOSE MANUEL OTERO NOVAS</p>	<p>Professional Lawyer: Law Degree, Extraordinary Award. He entered by Opposition in the Body of State Lawyers in 1967. He entered by Opposition Contest in Inspectors of the Services of the Ministry of Economy and Finance in 1974. He practiced State Advocacy in the Province of Lugo, in the National Court, and finally in the Supreme Court. Also, the Inspection of the Services of the Ministry of Finance, in several tasks. He has been -and still is- Counselor, or sometimes President, of several companies, among which stand out: Cepsa, Grupo SANJOSE, Banco Exterior de España and foreign subsidiaries, Gescafix., Euro Transfac, Unión Inversora Internacional. International Technical Union, The Union and the Phoenix, AGF Unión Fénix Seguros y Reaseguros, Transfesa (Including Presidency) and Transfesa UK, International Real Estate Union, Gran Alacant, Costa Canaria Veneguera, Northwest Corporation, Cementos Cosmos, Society for the Development of Galicia (SODIGA), Vocal Executive Committee and Board of Directors of the Independent Business Confederation of Madrid (CEIM). Social: It has been for the maximum statutory periods Vocal (and Vice President) of the Board of Trustees of the San Pablo CEU University Foundation and of the San Pablo College. President of the Institute of Studies of Democracy of the San Pablo University-CEU. Since 1997, he has been a member of the Social Sciences Jury of the Prince of Asturias Awards every year. Honours: Knight Grand Cross of three Spanish Orders, Carlos III, Isabel the Catholic and Alfonso X the Wise. Knight Grand Cross of the Order of the Lion of Finland; Idem of the Order of Merit of the Italian Republic; and Idem of the Order of Merit of the Republic of Peru. Gold Medal of the Ibero-American Organization for Education, Science and Culture. Gold Medal of the San Pablo University Foundation.</p>
<p>Ms AMPARO ALONSO BETANZOS</p>	<p>Degree in Chemistry, major in Industrial Chemistry (1984) and PhD in Physics (1988), with an extraordinary award, from the University of Santiago de Compostela. She has been a Postdoctoral Fellow at the Medical College of Georgia, USA (1988-90), where she worked on the development of expert systems for medical applications. Later on, she has worked both in the development of artificial intelligence applications in sundry areas (Environment, Health, Industry 4.0, etc.), as in the development of machine learning algorithms. She is currently a professor at the University of A Coruña (UDC) since 2002 in the area of Computer Science and Artificial Intelligence, where since 1990 she coordinates the LIDIA group (Laboratory of R + D in Artificial Intelligence), which belongs to the CITIC (Centre of Research in Information and Communication Technologies). She is currently commissioner of the UDC for the development of the Artificial Intelligence node of the City of ICT in A Coruña (2019). She has been vice dean and Erasmus coordinator (1999-2005), director of the Department of Computing (2007-09), coordinator of the Intelligent Systems Specialty of the Master in Computer Science (2006-07) and coordinator of the Master's Degree in Bioinformatics for Health Sciences (2016-17), at the Faculty of Informatics of the UDC. She received in 1998 the LÓreal-UNESCO Prize for Women in Science in Spain, the Galicia ICT Prize for Digital Innovation in 2004, and the Galicia Prize ICT to Professional Career in 2019. President of the Spanish Association of Artificial Intelligence since 2013, and member of the “Reserve List” of the High-Level Expert Group on Artificial Intelligence (AI HLG) of the European Commission since 2018. She has participated as member of the GTIA, Working Group on Artificial Intelligence, of the Ministry of Science, Innovation and Universities (MINECO), which collaborated in the drafting of the Spanish Strategy for R &amp; D &amp; I in Artificial Intelligence presented in 2018. He is currently a member of the Group of Work on the role of of ficial Statistics in Data Administration and Management (Data Stewardship), as well as she as a member of the Artificial Intelligence Advisory Council of the Government of Spain. She is also Senior Member of the IEEE and ACM professional associations.</p>

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

<p>Ms MARIA JOSE ALONSO FERNANDEZ</p>	<p>Professor of the Department of Pharmacy and Pharmaceutical Technology at the University of Santiago de Compostela (USC). Throughout her scientific career she has worked at prestigious universities such as the University of Paris South (1986-87) and the Massachusetts Institute of Technology (MIT) (1991-92). Since 1987 he has led a pioneering research group in Spain in the field of nanomedicine and bioengineering at the USC. He has mainly worked on the design of new drug and vaccine delivery systems and on the knowledge of their biological behaviour. With regard to its transfer activity to the industrial sector, this activity has focused on its collaboration with 15 medium and large pharmaceutical companies, as well as numerous start-ups, through its involvement in innovative research projects and in the licensing of patents. Moreover, the translational nature of its research activity is in line with its participation as inventor in 22 patent families (77 patents in different countries), most of them generated in collaboration with industry or licensed. She is also directly involved as co-promoter of spin-off companies such as "Advancell", "Smart Vitamins" and "Libera Bio", the latter being the result of an acceleration process promoted by the European Commission (Nanomedicine Translation Advisory Board), as well as the commitment of the Xunta de Galicia through the IGNICIA Valorisation Programme. The company "Libera Bio" has received numerous national and international awards, including two awards from the National Cancer Institute, NCI, in the United States (AIM HI Accelerator Found and Salisbury Award). Ms. María José has led and participated in the coordination of several international scientific associations, including her multiple positions in the Controlled Release Society (CRS) Inc. for more than 10 years, culminating in her presidency of the society (2018-20).</p> <p>She has also been a member of technology platforms such as the European Technology Platform on Nanomedicine, Nanofuture and the Spanish Nanomedicine Platform and of several collaborative networks (Galenos -Erasmus Mundus, Nanofar -Erasmus Mundus, Nabba -Marie Curie, Cost-Nanotheranostics). She is currently on the editorial board of 12 international impact journals and is editor-in-chief of the official journal of the CRS, the Journal of Drug Delivery and Translational Research (DDTR). She and her team have received numerous research awards from scientific associations, scientific journals and foundations. These include the "Rey Jaime I" Award in the new technologies category, the "Novoa Santos" Award, the "Maurice Maria Janot" award of the International Association of Pharmaceutical Technology (APGI), the "Founders Award", the "Outstanding Service Award" and the "Outstanding Service Award", "Outstanding Service Award and Women in Sciences Award of the international Controlled Release Society (CRS), the Medal of the General Council of Pharmacists Associations, as well as the Josefa Wonenburger Award, the Castelao Medal awarded by the Xunta de Galicia, the Medal of Merit in Research and University Education, in its Silver category, which was awarded by the Xunta de Galicia, and the Medal of Merit in Research and University Education, in its Silver category, which was awarded by the Xunta de Galicia. in its Silver category, awarded by the Spanish Government at the proposal of the Ministry of Science and Innovation, the Burdinola Research Prize, awarded by Burdinola, the Honorary Prize for Excellence in Scientific Research, awarded by the AstraZeneca Foundation, the Juan de la Cierva National Research Prize in the area of Technology Transfer 2021, awarded by the Ministry of Science and Innovation, the "ASEICA Women and Science 2022" prize awarded by the Spanish Association for Cancer Research. She is a Full Member of the Royal Academy of Pharmacy of Galicia, the Royal National Academy of Pharmacy and the Royal Galician Academy of Sciences. She is a member of the National Academy of Medicine of the United States (NAM) (there are only two resident academicians in Spain) and of the Académie Royale de Médecine de Belgique. She is a Fellow of the American Institute for Medical and Biological Engineering (AIMBE) and holds an Honorary Doctorate from the University of Nottingham. Finally, she has been involved in science management and policy through her responsibility as Vice-Rector for Research and Innovation at the University of Santiago de Compostela (2006-10). She has also advised the Ministry of Science and Technology (MICINN) on the drafting of the Law on Science, Technology and Innovation; she has been a member of the Advisory Board of the Ministry of Health; she has been a board member of the Bankinter Foundation of Innovation; and she is currently on the advisory board of several platforms, universities and research centres.</p>
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## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

<b>Total number of independent directors</b>	4
<b>Percentage of the Board</b>	33.33

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

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

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

OTHER EXTERNAL DIRECTORS			
Please identify other external directors and explain why they are not deemed to be proprietary or independent, and their relationship with the company, executives and shareholders:			
Name of director	Reasons	Company, director or shareholder to whom the director is related	Profile
MR NASSER HOMAID SALEM ALI ALDEREI	He is a shareholder of San José Contracting, LLC and Tecnocontrol Contracting, LLC, companies owned by Grupo San José companies.	SAN JOSÉ CONTRACTING LLC	Businessman, Commander in the reserve of the Army of the United Arab Emirates. CEO of Gulf Connection. Business consultant / service provider located in Abu Dhabi and with a presence in the United Arab Emirates, which provides support to international companies that intend to establish themselves in their region of influence, an area that due to its growth and financial strength represents an attractive market and great business opportunities for companies in international expansion. This company brings its experience in the strategic planning of implementation, definition of the market of action and of the main objectives. Executive Chairman of New Art. Company specializing in interior design and operating in the United Arab Emirates, Qatar and Morocco. Currently New Art is part of Gulf Connection. General Director of SANJOSE Contracting L.L.C., an Emirati company specializing in all types of construction projects. Local agent /

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES**

			partner of several companies, among which stand out: SANJOSE Constructora Lane Middle East Contracting, CPC, Crane Middle East, PMK Consultant, Dal Riada.
MS ALTINA DE FÁTIMA SEBASTIÁN GONZÁLEZ	Ms. Altina Fatima Sebastian was appointed director by first time on 27.06.2008 The article 529 4.i establishes that in no case may be considered independent directors those who have been directors for a continuous period of more than 12 years. For this reason, the Member Ms. Altina Fatima Sebastian changes category from Independent to Other External	GRUPO EMPRESARIAL SAN JOSE, S.A	<p>Degree in Economics and Business Administration from the Catholic University of Lisbon, Doctor of Business and Business Management from IESE and she has completed a post-doctorate at Harvard Business School. She is currently a Non-Executive Director, Member of the Audit Committee and Chairman of the Governance Committee of Caixa Geral de Depósito, the largest Portuguese bank, Independent Director of Banco Caixa Geral (former Banco Simeón), Chairman of the Audit and Compliance Committee and Chairman of the Appointments and Remuneration Committee (2003 - October 2019 date of the sale of the Bank to Abanca), Director and Member of the Audit Committee of Grupo Empresarial San José, a company listed on the Madrid Stock Exchange, Member of the Expansión Advisory Board and Economic News and Councilor of the Diaspora of the Portuguese Republic - World Portuguese Network.</p> <p>In addition, she has been an Independent Director, Chairman of the Audit Committee of the Instituição Financeira de Desenvolvimento, bank specialised in financing to SMEs, and Counselor, Chairman of the Audit Committee of Parquesol, a listed company on the Madrid Stock Exchange, and Founding Partner of the AB Research and Diagnostic &amp; Solutions Consultants. She has recently been appointed by the Commission Nacional del Mercado de Valores, member of the jury of the 2019 Antonio Moreno Espejo Journalism Award. In the academic field, she is a professor in the Department of Financial Administration and Accounting of the Complutense University Madrid and Visiting Professor at the</p>

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES**

			Portuguese Catholic University. Her teaching experience is focused on training for executives in the banking sector in Spain, Portugal, Angola, Mozambique and Ecuador. She has posted seven books and more than one hundred articles in the economic press and magazines specialized in Banking and Finance.
MR. ROBERTO ALVAREZ ALVAREZ	Mr. Roberto Álvarez Álvarez was appointed director for the first time on 27.06.2008 The article 529k 4.i establishes that members who have been acting as directors for a continuous period of more than 12 years shall not be considered as independent directors. For this reason, the Director Mr. Roberto Álvarez Álvarez changes category from Independent to Other External	GRUPO EMPRESARIAL SAN JOSE S.A.	Business Administration for Directors by the Catholic University of Argentina, expert in Capital Markets Dean Witter (New York), Technician in Foreign Trade and specialised in Futures Trading at the London School of Economics. In addition to his distinguished career as Director of Grupo SANJOSE, highlights his experience in sundry companies: Director and Partner of Casa de la Bolsa Aldazabal and Cia. founded in 1980, Vice President of Carlos Casado, Director of Mapfre Argentina since year 2000, Board Member of the Stock Exchange of Commerce of Buenos Aires and representative thereof for relations with Spain, Director of Metrogas - company controlled by Repsol- (2002 - 2008), Director of the Boldt Group, Director of Banco Caudal (1989 - 1992), Vice President of the AA of the Museum of Modern Art and Vice President of the Athletic Club San Lorenzo de Almagro

<b>Total number of other external directors</b>	3
<b>Percentage of the Board</b>	25.00

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

Name of director	Date of change	Previous Status	Current status
NA			

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

Number of female directors	% of directors for each category
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## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

	Year 2023	Year 2022	Year 2021	Year 2020	Year 2023	Year 2022	Year 2021	Year 2020
<b>Executive</b>					0.00	0.00	0.00	0.00
<b>Proprietary</b>					0.00	0.00	0.00	0.00
<b>Independent</b>	2	1	1	1	50.00	33.33	33.33	25.00
<b>Other</b>	1	1	1	1	33.33	33.33	33.33	50.00
<b>Total</b>	3	2	2	2	25.00	18.18	18.18	18.18

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

Yes

No

Partial policies

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

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

Description of policies, objectives, measures and how they have been implemented, including results achieved
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El The Board of Directors of Grupo Empresarial San José, S.A. agreed in 2016 on its director selection policy through which the transparency of the director selection process is deemed essential within its corporate governance strategy.

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

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

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

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

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

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

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

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

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

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

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

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

Explanation of means
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The company maintains its objective of seeking to increase the number of female directors on the board of directors in order to achieve a more balanced presence of men and women as vacancies arise.

However, as mentioned in section C.1.5 above, when proposing new directors, the Appointments commission primarily assesses the qualities and aptitudes of the directors and their performance on the board of directors, in order to achieve an adequate balance in the composition of the board.

In other words, in the selection of directors, the Appointments commission scrupulously respects gender diversity, although it gives priority to the needs demanded by the company at any given time and, consequently, the experience and knowledge of the person proposed as director.

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

Explanation of reasons
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At the 2023 AGM, the appointment of a third female director in the person of Ms María José Alonso Fernández was approved.

In the future, the company plans to continue to increase the number of female directors and senior managers with sufficient experience and expertise to contribute to the development of its business in compliance with the policy of non-discrimination on the grounds of sex established in its CSR documentation and in the approved director selection policy.

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

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

The Appointments Committee has applied during 2023. the same criteria as in previous years for the appointment of directors.

Criteria is based in policies devoted to seek and incorporate candidates with the best requirements in terms of suitable competence, knowledge and experience for the development of the functions entrusted, ensuring equality through its action policies and promoting the company's growth areas.

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

Name of shareholder	Reason
NA	

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

Yes  
 No

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

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

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

Name of director or committee	Name of the Company	Position	Does the director have executive powers?
Mr. JOSE LUIS GONZALEZ RODRÍGUEZ	GSL SOLUTIONS	Sole director	yes
Mr. JOSE LUIS GONZALEZ RODRÍGUEZ	Constructora San Jose Colombia, sas	Liquidator	yes
Mr. JOSE LUIS GONZALEZ RODRÍGUEZ	Tecnocontrol Servicios sau	Sole director	yes
Mr. JOSE LUIS GONZALEZ RODRÍGUEZ	Tecnocontrol sistemas de seguridad, SAU	Sole director	yes
Mr. JOSE LUIS GONZALEZ RODRÍGUEZ	Tecnocontrol instalaciones SLU	Sole director	yes



## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Mr. JOSE LUIS GONZALEZ RODRÍGUEZ	Fotovoltaica el Gallo 10, sl	Sole director	yes
Mr. JOSE LUIS GONZALEZ RODRÍGUEZ	Poligeneracion parc del alba st4, sa	CEO	yes
Mr. JOSE LUIS GONZALEZ RODRÍGUEZ	Comercial Udra sau	Joint director	no
Mr. JOSE LUIS GONZALEZ RODRÍGUEZ	Pinar Villanueva SA	Joint director	no
Mr. JOSE LUIS GONZALEZ RODRÍGUEZ	Sanjose maroc, sarlau	Sole director	yes
Mr. JOSE LUIS GONZALEZ RODRÍGUEZ	Sociedad concesionaria San Jose – tecnocontrol, sa	Director	yes
Mr. ROBERTO ALVAREZ ALVAREZ	Carlos Casado	Deputy Chairman	No
Mr. ROBERTO ALVAREZ ALVAREZ	Tecnoartel	Director	No
MR JACINTO REY GONZÁLEZ	San José Peru SAC	Chairman	yes
MR JACINTO REY GONZÁLEZ	San José Contracting LLC	General Manager	yes
MR JACINTO REY GONZÁLEZ	San Jose Constructora Peru, S.A.	Chairman	yes
MR JACINTO REY GONZÁLEZ	Inmobiliaria 2010, S.A.	Chairman	yes
MR JACINTO REY GONZÁLEZ	Carlos Casado, S.A.	Chairman	yes
MR JACINTO REY GONZÁLEZ	Sociedad concesionaria San José Tecnocontrol	Chairman	yes
MR JACINTO REY GONZÁLEZ	San José Tecnologías Peru, SAC	Chairman	yes
MR JACINTO REY GONZÁLEZ	Inmobiliaria Americana de Desarrollos Urbanísticos SAU	Sole Director	yes
MR JACINTO REY GONZÁLEZ	Desarrollos Urbanísticos Udra, S.A.	Sole Director	yes
MR JACINTO REY LAREDO	Udra Obras Integrales	Chairman	yes
MR JACINTO REY LAREDO	SJB Mullroser Baugesellschaft mbH	Sole Director	yes
MR JACINTO REY LAREDO	San Jose BAU GmbH	Sole Director	yes
MR JACINTO REY LAREDO	Constructora Udra Lda	Sole Director	yes
MR JACINTO REY LAREDO	San José Construction Group	Chairman	yes
MR JACINTO REY LAREDO	Constructora San José, S.A.	CEO	yes



## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

MR JACINTO REY LAREDO	San José France, S.A.	Sole Director	yes
MR JACINTO REY LAREDO	Constructora San José Cabo Verde, S.A.	Director	yes
MR JACINTO REY LAREDO	Udra Mexico, S.A. CV	Chairman	yes
MR JAVIER REY LAREDO	Constructora San José representaçao em Portugal	Legal representative	yes
MR JAVIER REY LAREDO	San José Concesiones y Servicios	Sole Director	yes
MR JAVIER REY LAREDO	Carlos Casado, S.A.	Director	yes
MR JAVIER REY LAREDO	Tecnoartel	Chairman	yes
MR JAVIER REY LAREDO	Centro Comercial Panamericano	Chairman	yes
MR JAVIER REY LAREDO	Inmobiliaria sudamericana de desarrollos urbanisticos	Chairman	yes
MR JAVIER REY LAREDO	Constructora San José, S.A.	Director	yes
MR JAVIER REY LAREDO	Comercial Udra, S.A.	Chairman & CEO	yes
MR JAVIER REY LAREDO	Cadena de Tiendas SAU	Sole Director	yes
MR JAVIER REY LAREDO	Constructora San Jose in Portugal	Legal representative	Yes

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

Name of director	Name of listed company	Position
MR ROBERTO ALVAREZ ALVAREZ	Bolsa de Comercio de Buenos Aires	MEMBER
MR ROBERTO ALVAREZ ALVAREZ	Fundación Bolsa de Comercio (Argentina)	MEMBER
MR ROBERTO ALVAREZ ALVAREZ	Aldazabal y Cia (Casa de Bolsa)	MEMBER
MR ROBERTO ALVAREZ ALVAREZ	Udra Argentina, S.A.	MEMBER
MR RAMON BARRAL ANDRADE	Editorial Galaxia, S.A.	MEMBER
MR RAMON BARRAL ANDRADE	Barral e Fillos, S.L.	MEMBER
MR JACINTO REY GONZÁLEZ	Udra Argentina, S.A.	SOLE DIRECTOR
MR JACINTO REY GONZÁLEZ	Pinos Altos de Argentina, S.R.L.	CHAIRMAN – CEO

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

MR JACINTO REY GONZÁLEZ	Pinos Altos XR, S.L.	SOLE DIRECTOR
MR JOSE MANUEL OTERO NOVAS	Patronato Fundacion San Pablo CEU	SOLE DIRECTOR
MS AMPARO ALONSO BETANZOS	SOCIEDADE PARA O DESENVOLVEMENTO DE PROXECTOS ESTRATÉXICOS DE GALICIA, S.L..	MEMBER
MS AMPARO ALONSO BETANZOS	Asociación Española de Inteligencia Artificial	CHAIRMAN
MR ENRIQUE MARTIN REY	Financiera Carrión, S.A.	MEMBER
MS, ALTINA DE FATIMA SEBASTIAN	Caixa Geral de Depositos	MEMBER

The position of Independent Director that Ms. Amparo Alonso Betanzos holds in the SOCIEDADE PARA O DESENVOLVEMENTO DE PROXECTOS ESTRATÉXICOS DE GALICIA, S.L. is a position in which allowances are only received for attending the Board.

The position of Director of Mr. Roberto Álvarez in the company Aldazabal y CIA (Brokerage House) is remunerated.

State, if applicable, other remunerated activities of the directors or representatives of the directors, whatever its nature, other than those indicated in the previous table.

Identification of the member or representative	Other remunerated activities
MR JOSE MANUEL OTERO NOVAS	The performance of MR JOSE MANUEL OTERO NOVAS as a lawyer is a remunerated activity
MS AMPARO BETANZOS ALONSO	University Professor at the University of Coruña
MS, ALTINA DE FATIMA SEBASTIAN GONZÁLEZ	Complutense University of Madrid – Professor of Degree and Master University of Barcelona – Professor of Degree on Training of Members of Boards of Directors of Bancos y Cajas Rurales Estatates are remunerated activities.

Ms. Amparo Alonso Betanzos is a paid university professor at the University of A Coruña.

The performance of Mr. José Manuel Otero Novas as a lawyer is remunerated.

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

Yes  
 No

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

<b>Board remuneration in financial year (thousand euros)</b>	3.821
<b>Amount of funds accumulated by current directors through long-term savings schemes with vested economic rights (thousands of euros)</b>	-
<b>Amount of funds accumulated by current directors for long-term savings schemes with non-consolidated economic rights (thousands of euros)</b>	-

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

<b>Amount of funds accumulated by former directors through long-term savings schemes (thousands of euros)</b>	-
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C.1.14 Identify senior management staff who are not executive directors and their total remuneration accrued during the year:

Name	Position
MR JOSÉ ANTONIO SÁNCHEZ DE ROJAS PANFIL	Director of Consolidation y control interno
MR JOSÉ MÁRQUEZ MARROQUI	Managing Director south America
MR MIGUEL ANGEL BRAVO	Middle East Director
MR NILTON RAMOS AMORIM	Portugal & Cape Verde Director
MR FRANCISCO REY DIEGUEZ	Managing Director Portugal, Cape Verde & Brazil
MR ANGEL RODRIQUEZ TEJO	Northern Area Directors
MR JUAN ARESES VIDAL	Director General of Civil Works & Procurement Constructora San José
MR PEDRO ALLER ROMÁN	Member Carlos Casado
MR. JUAN ANTONIO ACEDO LOPEZ	Director of Peru
MR. ANTONIO SALGUERO DELGADO	Director E.B.A.
<b>Female on senior executive positions</b>	
<b>% over total senior executives</b>	0.00
<b>Total senior management remuneration (thousand euros)</b>	1,749

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

Yes  
 No

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

The members of the board of directors are appointed by the shareholders' meeting or, in the event of an early vacancy, by the board itself by co-optation.

The proposal for appointment or re-election of board members is made by the Appointments and compensation commission in the case of independent directors, and by the board itself in all other cases. The proposal shall be submitted together with a report on competence, excellence and merits of the member which shall be attached to the Minutes for the General Meeting or the Meeting of the Board.

The appointment or reappointment proposal for members other than independent members shall be backed up by a report from the Appointments, Compensation and Corporate Governance Commission. The Appointments, Compensation and Corporate Governance Commission shall assess the quality of the work performed.

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

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

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

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



## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

### Description of changes

As a result of the self-assessment of the Board of Directors, no changes to the internal organisation and procedures applicable to its activities have been identified as necessary.

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

### Description of the evaluation process and evaluated areas

The Appointments, compensation and corporate governance commission has carried out an evaluation of the functioning of the board and its committees, as a result of which it noted the normal and satisfactory functioning of these committees and did not deem it necessary to make any changes with respect to the conclusions reached in the self-evaluation of previous years.

The result of this evaluation has been communicated to the board of directors, which has agreed with the conclusion.

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

Not applicable

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

According to Article 25 of the Board of Directors Regulations, Directors shall resign from their posts upon expiration of the period for which they were appointment for, whenever decided by the General Meeting or when incurring into a legal reason for such resignation.

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

The board of directors shall not propose the removal of any independent director before the expiry of the term of office established in the bylaws for which he/she was appointed, except where just cause is found by the board following a report from the Appointments, compensation and corporate governance commission. In particular, just cause shall be understood to exist when the director has failed to comply with the duties inherent to his/her office. The removal of independent directors may also be proposed as a result of takeover bids, mergers or other similar corporate transactions entailing a change in the structure or distribution of the company's capital.

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

Yes  
 No

If so, please explain.



**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES**

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

- Yes
- No

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

- Yes
- No

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

- Yes
- No

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

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

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

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

<b>Number of Board meetings</b>	6
<b>Number of Board meetings without the chairman</b>	0

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

<b>Number of meetings</b>	0
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Please specify the number of meetings held by each committee of the Board during the year:

<b>Number of meetings held by the Executive Committee.</b>	0
<b>Number of meetings held by the International Executive Committee</b>	0
<b>Number of meetings held by the Audit Committee</b>	5
<b>Number of meetings held by the Appointments, Compensation and Corporate Governance Commission.</b>	4



## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

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

<b>Number of meetings with the attendance of at least 80% of the directors</b>	6
<b>Attendance % of total votes during the year</b>	100.00
<b>Number of meetings with all directors attending in person or by proxy with specific instructions</b>	
<b>% of votes cast in person and by proxy with specific instructions of all votes cast during the year</b>	100.00

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

Yes

No

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

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

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

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

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

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

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

-In addition, the external auditor is immediately informed of any extraordinary operation that could be subject to interpretation or complex application of the accounting regulations, in order to check the registration and / or valuation criteria, information to be provided, etc.

-The final stage of the audit work begins prior to the formulation of financial statements by the Board of Directors.



## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

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

With regard to the half-yearly and annual closes, and partly justified by the fact that such information is subject to review and audit, the audit committee receives the conclusions issued by the external auditor, and reviews a draft of the auditor's report. It confirms that the auditor's report is correct and free of any qualifications (as the Group's policy in this respect is to accept for consideration and review any recommendations made). For the formulation of the financial information in general, the Board of Directors relies on the positive opinion of the Audit Committee.

In the case of half-yearly and annual reporting, the board of directors additionally relies on a draft review or audit report from the external auditor.

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

No  
 Yes

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

Name of the secretary	Representative
MR FERNANDO CALBACHO LOSADA	

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

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

The Committee is also empowered to establish the appropriate relations with the external auditor and to receive information on those matters that may jeopardise its independence and any other matters related to the process of auditing, as well as any other communications envisaged in the audit legislation and auditing standards.

In any case, the audit committee receives annually from the external auditors a declaration of their independence in relation to the entity or entities directly or indirectly related to it, as well as information on additional services of any kind rendered and the corresponding fees received from the external auditor, or by any person or entity related to the external auditor, in accordance with the legislation on the audit of accounts.

The audit committee shall issue on an annual basis, prior to the issuance of the audit report, a report in which it expresses an opinion on the independence of the statutory auditor. This report should, in any case, contain an assessment of the provision of the additional services referred to in the preceding paragraph, individually considered and as a whole, other than the statutory audit and in relation to the independence regime or to the audit regulations.

For the effective exercise of its functions, the audit committee may seek the assistance of experts when, for reasons of independence or specialisation, it cannot make sufficient use of the Company's technical resources.

The committee may also request the assistance of any employee or officer of the Company, and may even require their attendance without the presence of any other executive.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

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

- Yes  
 No

Outgoing Auditor	Incoming Auditor
Deloitte S.L.	PricewaterhouseCoopers Auditores S.L.

If there were disagreements with the outgoing auditor, explain the content of these disagreements:

- Yes  
 No

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

- Yes  
 No

	Company	Group Companies	Total
Amount invoiced for non-audit services (thousand euros)	32	41	73
Amount invoiced for non-audit services/Amount invoiced for audit services (in %)	58.24	23.97	35.42

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

- Yes  
 No

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

	Individual	Consolidated
Number of consecutive years	1	1

	Individual	Consolidated
Number of years audited by the current audit firm/number of fiscal years the company or its group has been audited (by %)	3.45	3.45

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

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

Yes  
 No

### Explanation of procedure

Pursuant to article 26 of the board regulations, directors shall diligently inform of board of the company's progress, for which purpose they may request information from executives of the company, informing the chairman or chief executive officer accordingly. Likewise, any director may request, through the chairman, the deputy-chairman, the CEO, the secretary and the deputy secretary of the board of directors, any information as may be reasonable. The right to information extends to subsidiaries, whether in Spain or abroad. Overall, each member of the board must have access to all the information communicated to the board of directors.

The chairman, the deputy-chairman, the CEO, the secretary and the deputy secretary of the board of directors shall endeavour to respond to requests for information made by the members of the board of directors by providing them directly with the information required or by offering them appropriate interlocutors within the organisation. If, in the opinion of the chairman, such a request for information could be detrimental to the interest of the company, the matter shall be submitted for to the board of directors for decision.

In order to be assisted in the exercise of their duties, article 27 of the board regulations provides that the directors and the committees and commissions of the board may request the chairman of the board of directors to engage legal, accounting, financial or other experts.

The engagement must necessarily deal with specific problems of a certain importance and complexity that arise in the performance of their duties.

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

Yes  
 No

### Explanation of procedure

According to article 25 of the Board of Directors Regulations, Directors shall resign from their posts upon expiration of the period for which they were appointment, whenever having incurred into legal prohibitions established by the Companies Act or any other applicable regulations.

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

Yes  
 No

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

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

No agreement has been formalised.

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

Number of beneficiaries	4
Type of beneficiary	Description of agreement
Executive directors	The agreement contained in the contract of the 3 executive directors is as follows: In the event of termination of the contract at the company's discretion, the executive director will be entitled to receive severance indemnity, except in the event that such termination is due to a serious breach of any of the obligations of the executive director, in which case he will not be entitled to receive any compensation for the termination of the contract. The termination indemnity shall be equivalent to: (i) Three annual payments of the annual fixed remuneration of the executive director at the time of termination and of the last annual variable remuneration received, if the aggregate of these two amounts is less than 750,000 euros. (ii) Two annuities of the annual fixed remuneration of the executive director at the time of termination and of the last annual variable remuneration received, if the aggregate of these two amounts is more than 750,000 euros but less than 1,100,000 euros. (iii) Two annuities of remuneration annual of the executive director at the time of cessation and of the last annual variable remuneration received, if the aggregate of these two amounts is greater than 1,100,000 euros. Withdrawal compensation will be deducted on account of Personal Income Tax of and Social Security contributions in charge of the executive director according to current legislation. Likewise, the contract of the CEO, Mr. José Luis González Rodríguez, provides that in the event of termination, the executive director shall be entitled to receive a severance payment, except that such termination is due to a serious breach of any of the director's duties, in which case the executive director shall not be entitled to any compensation for the termination of this Agreement. The severance payment shall be equivalent to 2 annual payments of the fixed remuneration that the executive director had been receiving at the time of the termination of the Agreement.

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

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

	Yes	No
Are these terms notified to the Annual General Meeting?	√	

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



## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

### C.2 Committees of the Board of Directors

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

Executive Commission		
Name	Position	Category
MR JACINTO REY GONZALEZ	CHAIRMAN	Executive
MR JACINTO REY LAREDO	MEMBER	Executive
MR JOSE MANUEL OTERO NOVAS	MEMBER	Independent
MR JAVIER REY LAREDO	MEMBER	Executive

% of executive directors	75.00
% of proprietary directors	0.00
% of independent directors	25.00
% of other external directors	0.00

Explain the functions delegated or attributed to this committee, other than those already described in section C.1.9, and describe the procedures and rules for its organisation and operation. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions

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

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

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

The secretary and deputy-secretary of the board of directors shall be the secretary and deputy-secretary of the executive committee. If there were several, the one corresponding by priority of number, and in the absence of all of them, the director designated for such purpose from among the members.

The Executive Commission is borne to the following performance rules:

1. The Executive Committee will meet according to the schedule of meetings to be set at the beginning of each year and whenever the Chairman deems it appropriate in order to ensure the proper performance of the Committee.
2. Insofar, provided not incompatible with their nature, provisions of the Bylaws relating to the convening of meetings shall apply.
3. Executive Committee will be quorate when at least half of its members are present or represented. Whenever Directors Member of the Executive Committee cannot personally attend the meeting, Directors may delegate their representation to another attendee members by letter addressed to the Chairman.
4. Meetings shall be chaired by the Chairman of Board. In the absence of the Chairman, his duties shall be exercised by the Deputy-Chairman, and in the event of being several, priority shall be set out by number, and in default of all, the Director appointed by the Committee from among its members to fulfil this function.



## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

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

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

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

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

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

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

Without prejudice to the possible attribution of other functions decided by the board of directors, the advisory committees shall have powers for providing information, advice and proposals in the matters determined in the following articles, as well as in any others that the board of directors may deem appropriate. The powers of the committees to make proposals do not preclude the board from deciding on these matters on its own initiative.

The chairman of each of the advisory committees shall be appointed by the board of directors from among its members and must in any case be an independent director.

The secretary of the committees shall be the secretary of the board of directors. In the absence or inability of the secretary, this function may be performed by the deputy secretary and, alternatively, by the person appointed by the committee itself from among its members. In all matters not specifically provided for, the rules of operation established by these regulations in relation to the executive committee shall apply as long as they are compatible with the nature and function of the committee concerned.

International Executive Commission		
Name	Position	Category
MR ROBERTO ALVAREZ ALVAREZ	MEMBER	Other External
MR JACINTO REY GONZALEZ	CHAIRMAN	Executive
MR JACINTO REY LAREDO	MEMBER	Executive
MR JAVIER REY LAREDO	MEMBER	Executive
MR NASSER HOMAID SALEM ALI ALDEREI	MEMBER	Other External
MS MARIA JOSE ALONSO FERNANDEZ	MEMBER	Independent

<b>% of executive directors</b>	50.00
<b>% of proprietary directors</b>	0.00
<b>% of independent directors</b>	16.67
<b>% of other external directors</b>	33.33

Explain the functions delegated or attributed to this committee, other than those already described in section C.1.9, and describe the procedures and rules for its organisation and operation. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

Article 18 (2) of the regulations of the Board of Directors reflects the composition, functioning and internal regulation of the International Executive Committee.



## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

### Composition.

The International Executive Committee will comprise a maximum of twelve members, who shall be appointed by the Board of Directors under the unique proposal of the Chairman.

The members of the International Executive Committee shall be either members of the Board of Directors, as directors, or either technicians, with the character of international advisors or sector experts, especially appointed for this function.

The International Executive Committee is responsible for the information, monitoring, advisory and proposal of matters of its competence in the international arena. The Committee will be chaired by the Chairman of the Board of Directors.

The resolutions of the Committee, adopted with the Chairman, shall be considered as legal decisions by the Chairman in accordance with the delegated powers of the Board.

The members of the International Executive Committee shall cease by substitution, the termination of the period which they have been appointed for, willingly or by loss of the condition of Member.

### Functioning

The International Executive Committee shall meet whenever the Chairman deems it appropriate. The sessions of the Committee may be plenary or by sections, consisting the latter in private meetings with the members invited in each case by the Chairman, in response to a variety of countries, areas of specialization or sectors of activity.

### Competencies:

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

- a) To collaborate in the development of the Group's international area in all its divisions, both in construction and in concessions, energy and real estate projects and urban or any other type of business.
- b) To contribute to the increase of the international relations of the Group with public and private, local and international partners.
- c) To search for new business opportunities and projects, elaborate proposals for foreign, either public or private, institutions, and other entities that develop projects worldwide.
- d) To raise capital and investment financing for international projects.
- e) To propose projects with the appropriate partners.

Audit Committee		
Name	Position	Category
MR RAMÓN BARRAL ANDRADE	MEMBER	Independent
MR JOSE MANUEL OTERO NOVAS	CHAIRMAN	Independent
MR ALTINA DE FÁTIMA SEBASTIÁN GONZÁLEZ	MEMBER	Other external

% of executive directors	0.00
% of proprietary directors	0.00
% of independent directors	66.67
% of other external directors	33.33

Explain the functions, including, if applicable, those additional to those provided for by law, attributed to this committee, and describe the procedures and rules of organisation and operation thereof. For each of these functions, indicate its most important actions during the year and how it has exercised in practice each of the functions attributed to it, either by law or in the bylaws or in other corporate resolutions.



## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

The audit Committee is governed by Article 33 of the By-laws and Articles 15 and 16 of the Board of Directors' Regulations.

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

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

The mandate of members of the Committee shall end by replacement, at the end of the period for which they were appointed, by own will or by the loss of the condition of member. The audit Committee shall meet at least four times a year.

The responsibilities of the Committee are:

- a) To report to the AGM on any issues arising in connection with matters within the committee's competence.
- b) To supervise the effectiveness of the company's internal control, internal audit and risk management systems.
- c) To supervise the process of preparation and presentation of the mandatory financial information.
- d) To submit to the Board of Directors proposals for the selection, appointment, re-election and replacement of the external auditor.
- e) To establish the appropriate relations with the external auditor to receive information on any issues that may jeopardise its independence.
- f) To issue annually, prior to the issuance of the audit report, a report expressing an opinion on the independence of the external auditor.
- g) To report on related-party transactions to be approved by the general meeting or the board of directors and supervise the internal procedure established by the company for such transactions.
- g) To report on related-party transactions to be approved by the general meeting or the board of directors and supervise the internal procedure established by the company for those whose approval has been delegated.
- h) To report, in advance, to the board of directors on all matters provided for in the law, the bylaws and the regulations of the board and, in particular, on the following:
  1. The financial information that the company must periodically disclose to the public.
  2. The creation or acquisition of shareholdings in special purpose vehicles or entities domiciled in countries or territories considered tax havens.
- i) To ensure the independence of the unit that assumes the internal audit function, propose the selection, appointment and removal of the head of the internal audit service.
- j) To establish and supervise a mechanism that allows employees and other persons related to the Company to report any irregularities of potential importance, including the financial and accounting irregularities, or any other irregularities of any other nature related to the company, which they may have noticed within the company or its group.
- k) In general, to ensure that the policies and systems established for internal control are effectively applied in practice.
- l) In the event of resignation of the external auditor, to examine the circumstances giving rise to such resignation.
- m) To ensure the external auditor's remuneration.
- n) To supervise that the Company notifies the CNMV of any change of auditor.
- o) When circumstances advise so, to ensure that the external auditor meets with the board of directors.
- p) To ensure that the Company and the external auditor comply with current regulations on the provision of non-audit services.

In the exercise of its duties, the audit committee may seek the assistance of experts.

: During 2023, the main actions of the committee within the scope of its functions consisted of

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

- The committee has focused its activity on the fulfilment of its legal and statutory functions by delegation of the board of directors, which has been regularly informed of the issues discussed at the meetings held.
- It has carried out a punctual follow-up and report to the board of directors on the internal audit work carried out during each quarter.
- It also ensured compliance with the duties of the external auditors and recommended to the board the appointment of PWC as statutory auditors for the financial year 2023.
- It has prepared the report on the independence of the external auditors, which was prepared on the basis of the independence declaration submitted by PWC. drafted and approved a policy on the authorisation of non-audit services.
- It has analysed the status of the Group's internal control system and the risks to which it is exposed.
- It also controlled the submission of quarterly, half-yearly and annual information to the CNMV and the monitoring of the Group's results, at individual and consolidated level, for submission to the board of directors.
- It has analysed and reported favourably on the internal procedure for delegation of approval, reporting and periodic control of related-party and intra-group transactions, which the board subsequently approved.
- The most important issues discussed at the 2023 committee meetings were: (i) Review of the periodic financial information to be prepared by the board of directors; (ii) Information on the fees for external audit work; (iii) Analysis of the degree of compliance with the 2023 internal audit plan; (iv) Approval of the annual internal audit plan for the 2023 financial year; (v) Monitoring of key audit points (KAM).

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

<b>Name of directors with experience</b>	MR RAMÓN BARRAL ANDRADE / MR JOSE MANUEL OTERO NOVAS / MS ALTINA DE FÁTIMA SEBASTIÁN GONZÁLEZ
<b>Date of appointment of the chairperson</b>	28/07/2022

Appointments, Compensation and Governance Commission		
Name	Position	Category
MR ROBERTO ÁLVAREZ ÁLVAREZ	DIRECTOR	Other external
MR RAMÓN BARRAL ANDRADE	CHAIRMAN	Independent
MR JOSE MANUEL OTERO NOVAS	DIRECTOR	Independent
MR ENRIQUE MARTIN REY	DIRECTOR	Proprietary

<b>% of executive directors</b>	0.00
<b>% of proprietary directors</b>	25.00
<b>% of independent directors</b>	50.00
<b>% of other external directors</b>	25.00

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



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each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

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

The Appointments, compensation and Governance Commission will consist of a minimum of three members and a maximum of 5 members. The Commission shall be composed exclusively of non-executive directors appointed by the Board of Directors, two of whom, at least, must be independent directors. The Chairman of the Commission shall be appointed from among the independent directors. The term of office of the Chairman shall be four (4) years and may be reappointed after the expiry of one (1) year from the date of termination.

Any member of the management or of the company is obliged to attend the meetings of the Committee when required to do so.

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

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

The functions of the Commission are:

1. To evaluate the competencies, knowledge and experience required for the Board of Directors.
2. To establish a goal of representation for the under-represented sex in the Board and draw up guidelines on how to achieve this objective.
- 3 To submit to the board of directors proposals for the appointment of independent directors, as well as proposals for the re-election or removal of such directors by the general meeting of shareholders.
4. To report on the proposals for appointment of the remaining directors for their designation.
5. To report on proposals for the appointment and removal of senior executives and the basic conditions of their contracts.
6. To examine and organise the succession of the chairman of the board of directors and the chief executive officer of the company.
7. To propose to the Board of Directors the remuneration policy for directors and executives.
8. To report, in advance, to the Board of Directors on transactions with related parties.
9. To supervise and monitor the transparency of corporate actions.
10. To propose to the board of directors the modification of the regulations of the board of directors.
11. Within the scope of its functions, to submit to the Board of Directors, for its possible study and approval, such proposals as it deems appropriate.
12. The commission shall ensure that the procedures for the selection of directors favour diversity of gender, experience and knowledge, and are free from implicit bias that could imply any discrimination, and in particular that they facilitate the selection of female directors.

During the year 2023 the committee has exercised some of these functions as follows:

1º.- It has reviewed and analysed the drafts of the IAGC and IAR reports and has forwarded its comments and observations to the secretary so that he may incorporate them into the reports and, consequently, has agreed to submit such reports for approval by the board of directors.

2º.- It has proceeded with the analysis and report on the fixed remuneration of directors in their capacity as such and on the fixed and variable remuneration of executive directors.

3º.- It carried out the self-assessment process of the board itself as well as of the audit and the CNRB&GC committees. The evaluation was carried out by obtaining the opinion of the directors by means of the completion



## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

by them of the questionnaire prepared by the secretary of the board, which was subsequently submitted for the consideration of all the members of the committee.

4º.- It proposed the appointment of an independent director and the re-election of an independent director.

5º.- It reported on the proposal for the appointment of independent directors and the re-election of proprietary and independent directors.

6º.- It reported on the appointment of the person responsible for the internal information system.

7º.- It reported on the proposed appointment of Jacinto Rey Laredo as first vice-chairman and Javier Rey Laredo as second vice-chairman.

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

	Number of female directors							
	Year 2023		Year 2022		Year 2021		Year 2020	
	Number	%	Number	%	Number	%	Number	%
<b>Executive Committee</b>	0	0.00	0	0.00	0	0.00	0	0.00
<b>International Executive Committee</b>	1	16.67	0	0.00	0	0.00	0	0.00
<b>Audit Committee</b>	1	33.33	1	33.33	1	33.33	1	33.33
<b>Appointments Committee</b>	0	0.00	0	0.00	0	0.00	0	0.00

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

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

There have been no changes in financial year 2023.

Annual reports are issued on the activities of the audit, nomination and remuneration committees.

## **D. RELATED-PARTY AND INTRAGROUP TRANSACTIONS**

D.1 Explain, if applicable, the procedure and competent bodies for the approval of related-party and intra-group transactions, indicating the general internal criteria and rules of the company governing the abstention obligations of the directors or shareholders affected and detailing the internal reporting and periodic control procedures established by the company in relation to those related-party transactions whose approval has been delegated by the board of directors.

Pursuant to article 32 of the board regulations, the board of directors shall be competent to approve all related-party transactions under the terms established by law, subject to a report from the audit committee.

The board's power to approve related-party transactions may be delegated in the following cases:

- (a) transactions between companies forming part of the same group which are carried out in the ordinary course of business and on an arm's length basis;
- (b) transactions entered into under contracts whose standardised terms and conditions are applied on a masse basis to a large number of customers, at prices or rates generally established by the supplier of the goods or services, and for an amount not exceeding 0,5 % of the company's net turnover.

In such cases, approval of the related-party transaction shall not require a prior report from the audit committee.

However, at the board of directors' meeting held on 12 May 2022, an internal procedure was approved to delegate the approval, reporting and periodic control of related-party transactions to the audit committee.

This procedure provides for the coordinating director to be delegated the power to approve the following related-party transactions:

- (a) Transactions between companies forming part of the same group that are carried out in the scope of ordinary management and on an arm's length basis;
- (b) transactions entered into under contracts whose standardised terms and conditions are applied on a masse basis to a large number of customers, at prices or rates generally established by the supplier of the goods or services, and for an amount not exceeding 0,5 % of the company's net turnover.
- c) Transactions entered into by the company with its parent or other companies of the group subject to conflict of interest, provided that these transactions refer to the ordinary course of business, including those resulting from the execution of a framework agreement or contract, and concluded at arm's length.

The company that intends to carry out any of the transactions referred to in a), b) and c) shall notify the co-ordinating director, with a copy to the head of the financial department, indicating the details of the transaction envisaged, and in particular the identity of the related party or parties.

Such communication must be made in writing before the transaction is entered into and may not be formalised before the coordinating director giving the authorisation in writing. This authorisation must be given, where appropriate, within a maximum period of five working days, and shall not require a prior report from the audit committee.

The co-ordinating director shall periodically inform the audit committee of the transactions notified and authorised, so that the latter may review that all transactions comply with the requirements of the regulations of the board.

The financial department shall draw up a register of all communications received and transactions authorised by the coordinating director.

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D.2 List individually those transactions that are significant due to their amount or relevant due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or represented on the company's board of directors, indicating which body was competent to approve them and whether any shareholder or director affected abstained. In the event that the board was competent, indicate whether the proposed resolution was approved by the board without the majority of independent directors voting against:

	Name of significant shareholder	Participation %	Name of company or entity within the group	Amount (thousand euros)	Authorising body	Significant abstain shareholders or member	The proposal has been approved by the board without a majority of negative votes
(1)	PINOS ALTOS XR, S.L.	23.34	Grupo Empresarial San José, S.A.	113	Board of Directors	Jacinto Rey González, Jacinto Rey Laredo y Javier Rey Laredo	Yes
(2)	PINOS ALTOS XR, S.L.	23.34	Xornal de Galicia, S.A.	1,193	Board of Directors	Jacinto Rey González, Jacinto Rey Laredo y Javier Rey Laredo	Yes
(3)	PINOS ALTOS XR, S.L.	23.34	Carlos Casado	22	Board of Directors	Jacinto Rey González, Jacinto Rey Laredo y Javier Rey Laredo	Yes
(4)	PINOS ALTOS XR, S.L.	23.34	Constructora San José, S.A.	164	Board of Directors	Jacinto Rey González, Jacinto Rey Laredo y Javier Rey Laredo	Yes

	Name or company name of the shareholder or subsidiary	Nature of the relationship	Transaction and other relevant information
(1)	PINOS ALTOS XR, S.L.	Trade	Leasing meeting hall for meetings of the board of directors and executive committee.
(2)	PINOS ALTOS XR, S.L.	Trade	Loan of Pinos Altos to Xornal de Galicia renewable on an annual basis
(3)	PINOS ALTOS XR, S.L.	Trade	Office leasing in Argentina of Pinos Altos to Carlos Casado.
(4)	PINOS ALTOS XR, S.L.	Trade	Office leasing in Argentina of Carlos Casado to Constructora San Jose.

D.3 List individually the transactions that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the directors or executives of the company, including those transactions carried out with entities that the director or executive controls or jointly controls, indicating which body was competent to approve them and whether any shareholder or director affected abstained. In the event that the board was competent, indicate whether the proposed resolution was approved by the board without the majority of independent directors voting against:

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Name of director or manager	Name of the related party	Relationship	Amount (thousand euros)	Authorising body	Significant abstain shareholders or member	The proposal has been approved by the board without a majority of negative votes
N/A						

Name or company name of the shareholder or subsidiary	Nature of the transaction and other relevant information
N/A	

D.4 Report on an individual basis on significant intra-group transactions due to their amount or relevant due to their subject matter carried out by the company with its parent company or with other entities belonging to the parent company's group, including the listed company's own subsidiaries, unless no other related party of the listed company has an interest in such subsidiaries or the latter are wholly owned, directly or indirectly, by the listed company

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

Name of entity within the group	Brief description of the transaction	Amount (thousand euros)
Constructora Udra Limitada	Corporate guarantee (comfort letter) of Constructora San José, S.A. for the renewal of a line of guarantees granted by Banco Sabadell to Constructora San José representation in Portugal and Constructora Udra Limitada, in the amount of €7,000,000. This guarantee replaced the one already provided by Constructora San José, S.A. (Spain) to guarantee the line of guarantees that is being renewed and extended	10,000
Constructora Udra Limitada	Corporate guarantee (comfort letter) of Constructora San José, S.A. for the renewal and extension of a confirming line granted by BBVA bank to Constructora Udra Limitada, for an amount of 1,500,000 €. This guarantee replaced the one already provided by Constructora San José, S.A. (Spain) to guarantee the confirming line that is being renewed and extended	1,500
Constructora San José, S.A.	Grupo Empresarial San José, S.A. has provided the necessary comfort letter guarantee for the development of Constructora San José's business and projects in Malta.	
Fotovoltaica el Gallo, S.L.	The insurance company Zurich Insurance Plc, branch in Spain has issued a fiduciary guarantee in favour of the company Fotovoltaica el Gallo, S.L. (a company in which Constructora San José, S.A. holds an 82.50% stake) for an amount of 4,438,526 € to guarantee the subsidiary civil liability of the aforementioned company, which may arise from the legal proceedings being processed in the courts of Arenys del Mar. In order to obtain the aforementioned guarantee, it was necessary for Constructora San José, S.A. to subscribe a counter-guarantee for the same amount as the guarantee obtained in favour of the insurance company.	4,439

D.5 List individually any transactions that are significant in amount or material in terms of their subject matter carried out by the company or its subsidiaries with other related parties that are significant in accordance with International Accounting Standards as adopted by the EU and have not been reported under the preceding headings.

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

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

The regulations of the board of directors set out in detail the general obligations of directors in accordance with the provisions of articles 225 et seq. of the Companies Act.

Pursuant to article 28, directors must perform their duties and comply with the duties imposed by law and the by-Laws with the diligence of an orderly businessman, taking into account the nature of the position and the functions entrusted and subordinate, in all cases, their own interests to the interests of the company.

The directors shall have the appropriate dedication and shall adopt the necessary measures for the proper management and control of the company.

In the performance of their duties, directors have the duty to demand and the right to obtain from the company the appropriate and necessary information to enable them fulfil their duties.

Directors shall perform their duties with the loyalty of a faithful representative, acting in good faith and in the best interests of the Company.

Loyalty commits Directors to:

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

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

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

The board regulations regulate duties of confidentiality (Article 29), non-competition (Article 30), conflicts of interest (Article 31), related-party transactions (article 32), confidential or reserved information (article 33) and exemption of directors from certain duties (article 34).

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

- Yes  
 No

## **E. RISK MANAGEMENT AND CONTROL SYSTEMS**

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

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

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

The scope of the risk management system covers the entire Group, regardless of the activity and / or geographical region.

The Tax Department reviews the local operations of each company, confirms the taxes applicable to it and checks that the forecasts and settlements made are correct and timely. To this end, it relies on tax experts contracted in each of the geographical areas where the Group operates.

The Internal Audit Department of the Group is based on the principles of:

- Integral management of risk.
- Valuation of risks and establishment of the level of risk assumed.
- Respect for the ethical code and anti-corruption code, and
- Consistence and coherence of the internal control system of financial information.

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

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

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

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

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

In the preparation and execution of the risk management system, it is particularly important that all business divisions and the management of the investee companies identify and assess risks, including those of a fiscal nature, which are faced in the achievement of business targets with the aim of identifying in advance the mitigating measures that minimise or eliminate the possibility of occurrence of a risk and its impact on the Group's objectives.

## **ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES**

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

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

- Market risk: in particular, those relating to the demand for and price of the services and products offered by the Group, as well as the availability and price of the resources it uses. In recent years, the level of uncertainty in economic activity worldwide has increased, mainly as a result of the geostrategic crises arising from the military conflicts in Europe and the Middle East, with a negative effect on the energy market and world trade, which has led to higher prices for productive resources, mainly energy, as well as greater risk due to the lack of availability of raw materials. There has also been an increase in the cost of skilled labour. All this could have a negative impact on the Group's results and margins.

- Regulatory and political risk: relating to compliance with legal requirements that affect the development of the activity. The number of countries in which the Group operates is high, being subject to the regulatory framework of each country. Additionally, some of the assets managed by the Group are subject to specific regulations, considered in the preparation of their business plans. There may be unforeseen regulatory or legislative changes that may modify the legal and regulatory environment, conditioning the Group's ability to manage and capitalise on its businesses. In certain cases, the Group's adequate and complete business development may be affected and conditioned by political decisions or changes in governance structures that may be contrary to the interests of the Group, increasing the difficulty of achieving the business plan.

- Compliance with environmental regulations and adequate management and minimisation of possible damage to the environment: the Group is especially aware of the importance of proper environmental management, waste management and minimisation of possible negative impacts on the environment derived from the development of its activity.

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

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

- Financial risk: exposure to credit risk, liquidity risk, foreign exchange risk and interest rate risk. The Group's financial and solvency structure minimises these risks for the most part.

-Operational risk: The Group's activity consists mainly of the design, development and management of construction projects. The Group is endowed with very demanding controls in order to ensure the proper development of its activity, and the provision of services of maximum quality to its customers. Compliance with the quality levels and delivery deadlines of the goods and services provided by the Group.

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

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

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

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

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

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

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

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

The main risks which the Group has been exposed to in 2021 were as follows:

-Financial risk - exposure to the exchange rate: during year 2021 there has been a significant depreciation of the Argentine peso, increasing that of previous years. Likewise, and due to the high levels of inflation accumulated in recent years since 2018, international organisations have classified the Argentine economy as hyper-inflationary.

-Market risk - Increase in prices of productive resources: during the last years and as a consequence of the recovery and reactivation of the world economy experienced after the period of the Covid-19 health crisis, as well as the inefficiencies in the production process and global distribution channels, and the geostrategic tensions that are significantly affecting the price of energy resources, a general increase in prices has become apparent. The major world economies have entered in an inflationary phase, not foreseeing that it is a merely circumstantial factor.

- Market risk - Reduction in demand: during the last two years, and mainly due to the restriction measures adopted by the authorities in the context of the Covid-19 health crisis, there has been a very significant reduction in economic activity, especially severe in certain countries in which the Group operates. Likewise, the rate of reactivation after the pandemic period is being slow.

- Contract non-compliance: possible breaches of contracts, either with customers or with suppliers, negatively affecting the foreseen margins, and resulting, in some cases, in unilateral termination of the contracts.

### E.6 Explain the response and monitoring plans for all major risks, including tax compliance risks, of the company, as well as the procedures followed by the company in order to ensure that the board of directors responds to any new challenges that arise.

The internal control system is mainly focused on: i) identifying the risks which the Group may be exposed to by the intrinsic characteristics of the activity or markets where it operates, ii) quantifying its potential impact, iii) defining action policies to meet defined objectives, iv) establishing the necessary controls to minimise possible contingencies that may arise, and create actions or responses to those contingences once occurred.

In this regard, monitoring and response plans for major risk events are:

- In the face of demand risk: the commercial and research department has multiple instruments for detecting and evaluating new business opportunities, establishing regular contracting meetings and being in full coordination with the Production Department. Likewise, we try to find contractual formulas that satisfy both parties and minimise exposure to variations in the price of raw materials and production resources in general. In addition, at a strategic level, the Group evaluates new markets that offer business opportunities.



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- Upon the risk of information security and cyber-attacks: the IT department is endowed with the material elements and protocols to guarantee back-ups and security of information, limitation in access to systems, etc.

- Upon environmental risk: the Group periodically carries out external quality and environmental audits in order to confirm that the appropriate procedures are maintained to guarantee that, in the development of the activity, either directly or through subcontractors, environmental regulations are complied with and procedures are carried out with maximum respect for the environment.

- Upon the risk of work conflict, the Group is endowed with a human resources department that, in a centralised manner, establishes recruitment, training, professional follow-up policies, etc., in a coordinated manner with local personnel departments in each of the geographical locations where it operates, establishing as a main objective compliance with labour legislation and respect for workers' rights.

Additionally, and in coordination with the Human Resources and Production Division, the Occupational Risk Prevention Division stands out, whose main objective is to maximise the level of safety and protection of workers in the different work centres.

- Upon financial risks:

- I. Liquidity risk: activity budgets are carried out and monitored periodically, specifically, treasury estimates, daily, weekly and monthly.
- II. Interest rate and exchange rate risk: the Group's policy is to obtain financing at local level, and in the currency which the flows and rents derived from the development of the activity are obtained in. When it is not feasible to contract fixed interest rates, the contracting of derivative financial instruments is valued.
- III. Credit risk: the Group has a credit risk management department, that assesses the solvency of the clients beforehand, and establishes credit limits for each one.

- Risk of production: a supervision and authorisation system is established with the objective of not assuming risk positions in bids submitted, as well as in the production and development stage of works.

- Risk of fraud and corruption: a very strict system is established in the granting of powers to the governing body and employees of the Group, as well as in the realisation and control of payments. The Group has a code of conduct and an anti-corruption policy that, among other measures, establishes the creation of a whistle-blower channel.



## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

### F. INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATED TO THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)

Describe the mechanisms comprising the System of Internal Control over Financial Reporting (ICFR) of your company.

#### F.1. Control environment

Report on at least the following, describing their principal features:

F.1.1 The bodies and/or departments that are responsible for (i) the existence and maintenance of an adequate and effective ICFR; (ii) their implementation; and (iii) their supervision.

The Internal Control System on Financial Information (ICFR) of the Group is based on the principles and good practices of the reports published by the Committee of Sponsoring Organisations of the Tread way Commission that sets out the main guidelines for the implementation, management and control of a system of internal control and corporate risk management.

The Board of Directors formally assumes the ultimate responsibility for the existence and correct application of Internal Control Systems on Financial Information: it verifies the existence and supervises the correct application of the Internal Control over Financial Reporting Systems.

The Board of Directors' role is to approve the risk control and management policy, and the regular monitoring of internal information and control systems. This function is carried out by the audit committee which, mainly through the annual internal audit plan, reviews and assesses adequate design and effectiveness of the Group's internal control system

The design, implementation and operation of ICFR is the responsibility of the General Directorate of Administration and Finance Group, as set out in the Group's Policy on Supervision of Internal Control over Financial Reporting. However, regardless of whether this department is responsible, maximum involvement of the Group's management is required to be as involved as possible, insofar as the financial information is fed by the information generated by the different business and support areas, and must reflect the reality of the activity carried out by the Group.

The Internal Audit Department of Grupo SANJOSE is responsible for carrying out the supervision and evaluation tasks that arise from the Group's annual audit plan, those that may be expressly entrusted to it by the Group's Audit Committee, or any other tasks deemed appropriate and opportune.

F.1.2 State whether the following are present, especially if they relate to the creation of financial information:

Departments and/or mechanisms in charge of: (i) design and review of corporate structure; (ii) clear definition of lines of responsibility and authority with an adequate distribution of tasks and functions; and (iii) assurance that adequate procedures exist for proper communication throughout the entity.

The board of directors, on the basis of the reports drawn up by the Appointments, Compensation and Corporate Governance Commission, and with the advice and participation of the Human Resources Department, as well as any other department deemed appropriate, is responsible for setting the structure for the first reporting line, in particular that related to the appointment and dismissal of senior management members. The latter, in turn, are responsible for setting changes in the structure within their departments, in coordination with the Human Resources Directorate, and with the prior authorisation of the board of directors.



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With regard to the units and departments that directly intervene in the process of preparing and controlling financial information, the General Management and Finance Division of the Group are responsible for the design and definition of the organisational structure, establishing the main lines of responsibility and authority, with an adequate distribution of tasks and functions. The support and advice of the Human Resources Department is essential.

The Group has a section on the Intranet where the organisation chart and the functions of the main area managers are published. Access to such content is restricted according to the type of user.

Code of conduct, the body approving this, degree of dissemination and instruction, including principles and values, (state if there is specific mention of transaction recording and creation of financial information), a body charged with analysing breaches and proposing corrective actions and sanctions.

Grupo SANJOSE has an Organisation and Management Model for the Prevention of Crimes that has as its main objective to institutionalise the corporate ethical culture of the Group, which is oriented towards the compliance with the regulatory framework and the development and improvement of corporate social responsibility.

The Model is mainly composed of the Code of Conduct and the Anticorruption Policy, being approved by the Group's Board of Directors, and informed to the rest of the organisation, published on the Group's corporate website.

It contemplates formative actions that shall affect the whole of the organisation, so that the adequate diffusion, understanding and commitment of all the affected agents is guaranteed.

The principles that constitute the sources which the Code of Conduct of the Group is based on, are those included in the United Nations Global Compact in the area of human rights, which are the following:

- To support and respect the protection of internationally proclaimed human rights.
- To not be complicit in human rights abuses.
- To uphold the freedom of association and the effective recognition of the right to collective bargaining.
- To eliminate all forms of forced and compulsory labour.
- To effectively abolish child labour.
- To eliminate the discrimination in respect of employment and occupation.
- To support a precautionary approach to environmental challenges.
- To undertake initiatives to promote greater environmental responsibility.
- To encourage the development and diffusion of environmentally friendly technologies.
- To work against corruption in all its forms, including extortion and bribery.

The Model considers as a basic pillar to ensure an adequate compliance culture, the existence of a series of tools, manuals, protocols and procedures that the Group has implemented, which allow mitigating the risk of default or violation. It is worth highlighting the existence of computer control tools implemented in the Group, especially the ERP: Sigrid Gestión. It is a computer system aimed at management and planning of resources and business activities. It provides a complete computer system that, among others, includes the management of human resources, the planning and control of financial resources, commercial management, the integral management of works and projects, etc. In particular, it provides a powerful support for the registration of financial information and document management, ensuring an adequate and complete system of registration, documentation and approval of transactions.

The ERP becomes a key element in the internal control system, especially in the system of internal control of financial information.



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The body in charge of analysing potential breaches and proposing, if necessary, corrective actions and sanctions is the Surveillance Body. It is a body of internal character in charge of supervising the operation and compliance of the Model through the execution of, among others, the following functions:

- Revision of the adequacy of the Model and promotion of its update whenever it considers it appropriate.
- Promotion of the dissemination of the Model and supervision of the training activities carried out.
- Reception and management of complaints received through the Whistleblowing Channel.
- Instruction of internal review processes that are carried out when there is any indication of unlawful acts.
- Inform the Board of Directors.

The Supervisory Body is appointed by the Board of Directors, following a report from the Appointment, Remuneration and Good Governance Committee, and enjoys full autonomy and independence for the performance of its functions.

Whistle-blower channel, that allows notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, reporting, as the case may be, if this is of a confidential nature.

The Organisation and Management Model for the Prevention of Crimes established by the Group contemplates, among others, the existence of a whistleblowing channel.

The directors, executives and employees of the Group have the obligation to inform the Surveillance Body of any fact that they believe may constitute an offence or breach of the Model and the controls which the Model refers to (Code of Conduct, Anti-Corruption Policy, and other tools, manuals, protocols and internal procedures).

For the reporting of allegedly unlawful or constitutive acts of noncompliance (including irregular conduct of a financial, accounting or any other similar nature), the complainant may use any of the following channels, constituting the group's whistle-blower channel:

- By email, at the address established by the Group for these purposes.
- By telephone through a personal interview or conversation with the Compliance Officer.

Regardless of the formula chosen by the complainant, the Group fully guarantees the confidentiality of the identity of the complainant.

The Compliance Officer shall implement whatever measures deemed appropriate so as to assess, analyse and resolve the complaints, for what he may rely, on absolute discretion and confidentiality, on the support and advice on internal and/or external advisors.

With regards to accounting and financial irregular conducts, the Surveillance Body shall report the issue to the Audit Committee.

Training and periodic refresher programmes for staff involved in the preparation and revision of financial information, as well as assessment of the ICFR (Internal Control System for Financial Information), that covers at least accounting rules, audits, internal control and risk management.

Staff of Grupo SANJOSE involved in the preparation and review of financial information and the assessment of the ICFR receives training and updating of the regulations and good practices necessary to guarantee the reliability of the financial information generated.

### F.2 Assessment of financial information risks

Report on at least the following:



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F.2.1 The main characteristics of the risk identification process, including error and fraud risk, as regards:

Whether the process exists and is documented.

The identification of risks is one of the most important stages in the overall process of the ICFR of Grupo SANJOSE. It has a double objective: a) To guarantee with reasonable security the reliability of the financial information provided to the market and, b) To support the responsibilities of the people involved in the preparation of the financial information.

The presence of the SANJOSE Group in various business areas and in different countries with different regulatory, political and social environments means that there are risks to be identified and managed of a very varied nature. These are identified and analysed in the first instance by the General Management and Board of Directors of the Group, in order to adequately define the registration and control processes of the information and documentation, or to include the modifications to existing processes, in demand of the specific characteristics of the business to be carried out or of the regulatory framework of the country where the activity is carried out.

Additionally, among the works scheduled in the Group's Audit Plan, a review of the financial / accounting magnitudes of each unit that makes up the Group is included, as well as the most relevant transactions that may have been carried out, with a relatively high frequency throughout the year. In this work carried out by the Group's Internal Audit Department, the identification of risks, including errors or fraud, is particularly important, affecting the review processes contemplated in the Annual Audit Plan.

Annually, included as part of the Group Audit Plan that is presented to the Audit Committee for its approval, the Internal Audit Department identifies, evaluates and updates the risks which the Group is exposed to, and proposes the proposed actions for review and control.

If the process covers all of the objectives of financial information, (existence and occurrence; completeness; valuation; delivery; breakdown and comparability; and rights and obligations), whether it is updated and with what frequency.

The identification and assessment of risks carried out by the Group covers all the objectives of the financial information: existence and occurrence, integrity, valuation, presentation, breakdown and comparability, rights and obligations.

The identification and evaluation of risks is carried out by the Administration and Finance Department, in a continuous manner, in response to the modifications that may occur in the Group's activity or business (new businesses, new locations, etc.). guaranteeing its adequate updating.

Additionally, the Internal Audit Department, on a monthly basis, reviews the main risk indicators that it has established, in order to guarantee the work previously carried out by the Administration and Finance Department.

The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex company structures, shell companies, or special purpose entities.

The Group relies on a documented internal process that guarantees the correct definition of the consolidation perimeter and the identification of any possible alteration that may affect it, through an adequate segregation of functions in the application, authorisation, communication and registration of any incorporation, merger, spin-off, acquisition or sale transaction of companies, as well as of any other corporate transaction, that implies for its execution, directly, and in a coordinated manner, the Corporate Departments of Central Administration, Consolidation, Legal and Tax, among others.



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This process considers the possible existence of complex corporate structures, instrumental entities or special purpose entities, among others, through the establishment of an adequate segregation structure of request, authorisation and communication functions to carry out any corporate transaction in the Group.

If the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.

The design of the ICFR of the Group is made from a global perspective, taking into account the possible effects of other risks (operational, technological, legal, reputational, environmental, etc.), including references and links to them.

The governing body within the company that supervises the process.

The Internal Audit Department of the Group is responsible for supervising the adequacy and correct application of the ICFR:

- a) Follow up on the recommendations made and confirm their correct implementation by the General Directorate of Administration and Finance;
- b) Issue an opinion (binding) on the changes proposed by the General Directorate of Administration and Finance, etc.
- c) The General Directorate of Administration and Finance is responsible for periodically evaluating the ICFR, and ensuring its proper updating.

The risk identification process is presented, at least on an annual basis, by the Internal Audit Department to the Audit Committee for its supervision.

### F.3. Control activities

State whether the company has at least the following, describing their main characteristics:

F.3.1 Review and authorisation procedures for financial information published by the stock markets and a description of the ICFR, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including financial closing procedures and the specific review of judgements, estimates, valuations and relevant forecasts.

The financial information and the description of the ICFR that is published in the securities markets is generated by the General Directorate of Administration and Finance. In the process of generating financial information, the control and authorisation procedures carried out by the different hierarchical and liability levels are particularly important.

The Internal Audit Department of the Group directly intervenes in the preparation of the individual and consolidated financial statements of each and every one of the companies that make up the Group and, in particular, of the financial information to be published periodically, reviewing and confirming the financial statements, as well as judgments, estimates, valuations and relevant projections taken into account by the General Directorate of Administration and Finance in its preparation.

As established in Article 16.7 of the Regulations of the Board of Directors of Grupo Empresarial San José, S.A., it is established as a function of the audit committee "to inform, in advance, to the board of directors, on all the matters foreseen in the Law, the bylaws and in the regulations of the board and, in particular, on: i) The financial information that the society must make public periodically. "



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In the development of its functions, the audit committee requires explanations and / or documentation to the managers or workers they deem appropriate. In particular, the presence of the General Director of Administration and Finance and the Director of Internal Audit is required. Likewise, and at least referred to the half-year and annual closings, the presence of the external Auditor is required to confirm that said information is complete and that the criteria consistent with the previous annual closing have been followed.

Prior to its publication, the financial information is reviewed by the board of directors, based on the report presented by the chair of the audit committee. Additionally, it may require the presence, explanations and / or documentation to the people it deems appropriate and necessary to guarantee the goodness of the information to be published.

**F.3.2 Internal IT control policies and procedures (access security, change controls, their operation, operational continuity, and segregation of duties, among others) which support relevant processes within the company and relate to the creation and publication of financial information.**

El Grupo SANJOSE has policies, standards and procedures of internal control of information systems and security management set within the MSIS or Management System of Safety of Information Systems, in accordance with international standards, such as ISO 27001, ISO27002.

Access to information systems is managed in accordance with the job title of positions, limitations are established by applicable regulations and business needs in order to ensure the reliability of the information.

Following corporate policy, Companies of the Group, coordinated by the Director of Systems, define access profiles, modification, validation or query information based on each user's role, assigned under the criteria of an adequate segregation of duties.

Procedures have been established to ensure that installed software cannot be changed without specific permission. All information systems are protected against viruses and software updates are available to prevent hacking into information systems.

**F.3.3 Internal control policies and procedures intended to guide the management of activities subcontracted to third parties, as well as those aspects of assessment, calculation or evaluation entrusted to independent experts, which may materially affect financial statements.**

As a general rule, Grupo SANJOSE performs management controls of activities which may affect the reliability of financial statements by the direct use of internal resources, avoiding outsourcing activities.

The management of assessment activities, calculation or assessment procedures commissioned to independent experts refer mainly to real estate appraisal. The selection of such companies is performed according to methods consistent with the criteria established by "The Royal Institution of Chartered Surveyors" in implementing International Assessment Standards.

The reports on assets assessment are subjected to an internal review process to verify the adequacy of hypotheses and most significant assumptions used, as well as its compliance with International Accounting and Assessment Standards.

### **F.4 Information and communication**

State whether the company has at least the following, describing their main characteristics:

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**F.4.1** A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.

The accounting policies adopted by the Group are in accordance with the provisions of the International Financial Reporting Standards adopted in the European Union (IFRS-EU), taking into account all the principles and accounting standards and the criteria for valuation of mandatory application of the IFRS-EU.

Due to the complexity of the applicable accounting regulatory framework, as well as the relative frequency of changes in the standard, the Group places great importance on the function of defining, maintaining, interpreting and guaranteeing the application in a homogeneous manner.

This function is carried out in the General Administration and Finance Department, especially in the Consolidation Department, and there is full coordination with the Administration Department.

The Group has the appropriate procedures and mechanisms to transmit to the personnel involved in the process of preparing the financial information, the applicable performance criteria, as well as the information systems used in such processes.

**F.4.2** Measures for capturing and preparing financial information with consistent formats for application and use by all of the units of the entity or the group, and which contain the main financial statements and notes, as well as detailed information regarding ICFR.

The Group's financial information is produced through a process consisting of aggregating individual financial statements for further consolidation in response to consolidation and accounting regulations on consolidated financial information publishing in the markets.

All of the units within the SANJOSE Group are required to submit detailed financial information using a single format and a CFO is responsible for each level of aggregation.

The Consolidation Department establishes the formats to use and analyses potential problems which may arise, reporting the same to the General Direction of Administration and Finance.

Virtually all of the Group's companies are integrated into the Group's ERP. This guarantees the accessibility to the accounting information at maximum detail, as well as the homogeneity in the application of the accounting policy. Additionally, in the process of aggregation and consolidation of the financial statements, the Group employs a computerised procedure, which includes multiple checks and automatic reconciliation of the information, in order to guarantee the security of the process and the integrity and goodness of the information processed in search of inconsistencies in the registered data, before its validation.

### **F.5 Supervision of system performance**

Describe at least the following:

**F.5.1** The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function that has among its mandates support of the committee and the task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible prepares the assessment reports on its results, whether the company has an action plan describing possible corrective measures, and whether its impact on financial reporting is considered.

Among the functions of the Audit Committee, the Board of Directors Regulation includes the monitoring of accounting and financial information, internal and external audit services and corporate governance.



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The ICFR monitoring activities undertaken by the Audit Committee include the following:

- To approve the internal audit plan for the assessment of Internal Control Systems of Financial Information Reporting and receive regular information on worked performed and a corrective action plan.
- To monitor the independence and efficacy of internal auditing; proposing the selection, appointment, re-election and removal of the head of internal audit; proposing the department's budget; receiving regular feedbacks on its activities; and verifying whether senior management is acting on the findings and recommendations of the reports.
- To review on a semi-annual and quarterly basis the preparation of financial statements.

The Group has an Internal Audit Department responsible for the assurance and consulting functions, among other, supporting the Audit Committee on monitoring the internal control system of financial reporting.

The Internal Audit Department submits to the Audit Committee its annual working plan, reports directly of all incidents identified in its development, proposing possible corrective measures on the same. Likewise, work progress is reported regularly, and especially of the possible incidents identified in the development of the same, also informing of the corrective measures applied by the organisation to avoid its future occurrence.

**F.5.2** If there is a procedure by which the account auditor (in accordance with the contents of the Normas Técnicas de Auditoría (NTA) - "Auditing Standards"), internal auditor and other experts may communicate with senior management and the audit committee or senior managers of the company regarding significant weaknesses in internal control identified during the review of the annual accounts or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses found.

The Audit Committee maintains a stable and professional relationship with the external auditors of Grupo SANJOSE and the main Group companies, with strict respect for their independence. This relationship facilitates communication and discussion of significant weaknesses of internal control identified during the revision of financial statements.

In addition, the audit committee requires the presence of the external auditor at least every six months. The external auditor reports on the external audit plan and the results of its execution, as well as on any shortcomings in the internal control system which may have been identified in the course of their work.

The Department of Internal Audit assesses correction measures regarding implementing time and method. The Internal Audit Department reports on a regular basis to the Audit Committee of the main weaknesses identified as well as the correction process implemented.

### **F.6 Other relevant information**

None

### **F.7 External auditor's report**

Report on:

**F.7.1** If the ICFR information submitted to the markets has been subject to review by the external auditor, in which case the entity shall include its report as an attachment. If not, reasons why should be given.

Grupo San Jose does not subject the ICFR information submitted to the markets to the review of external auditors.



## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

### G. EXTENT OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's level of compliance with recommendations from the Good Governance Code of Listed Companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation should be included explaining the reasons in such a manner that shareholders, investors and the market in general have enough information to judge the company's actions. General explanations are not acceptable.

1. That the Articles of Association of listed companies do not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of shares on the market.

Complies [  ]      Explanation [  ]

2. That, when the listed company is controlled, within the frameworks of Article 42 of the Commercial Code, by another entity, listed or not, and has, directly or through its subsidiaries, business relationships with said entity or one of its subsidiaries (other than those of the listed company) or carry out activities related to those of any of them publicly report with precision about:

a) The respective areas of activity and eventual business relationships between, on the one hand, the listed company or its subsidiaries and, on the other, the parent company or its subsidiaries.

b) The mechanisms envisaged to resolve eventual conflicts of interest that may arise

Complies [  ]    Complies Partially [  ]      Explanation [  ]      Not applicable [  ]

3. That, during the course of the ordinary General Shareholders' Meeting, complementary to the distribution of a written Annual Corporate Governance Report, the chairman of the Board of Directors makes a detailed oral report to the shareholders regarding the most material aspects of corporate governance of the company, and in particular:

a) Changes that have occurred since the last General Shareholders' Meeting.

b) Specific reasons why the company did not follow one or more of the recommendations of the Code of Corporate Governance and, if so, the alternative rules that were followed instead.

Complies [  ]    Complies Partially [  ]      Explanation [  ]

The Board of Directors informs the AGM of any relevant deviations from the recommendations of the Code of Corporate governance.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

4. That the company has defined and promoted a policy of communication and contact with shareholders, institutional investors and proxy advisors that complies in all aspects with rules preventing market abuse and gives equal treatment to similarly situated shareholders. And that the company has made such a policy public through its web page, including information related to the manner in which said policy has been implemented and the identity of contact persons or those responsible for implementing it.

And that, without prejudice to the legal obligations for the dissemination of privileged information and other regulated information, the company also has a general policy regarding the communication of economic-financial, non-financial and corporate information through the channels it considers adequate (communication media, social networks or other channels) that contributes to maximizing the dissemination and quality of information available to the market, investors and other interest groups.

Complies [  ]      Complies Partially [  ]      Explanation [  ]

5. That the Board of Directors should not propose to the General Shareholders' Meeting any proposal for delegation of powers allowing the issuance of shares or convertible securities without pre-emptive rights in an amount exceeding 20% of equity at the time of delegation.

And that whenever the Board of Directors approves any issuance of shares or convertible securities without pre-emptive rights the company immediately publishes reports on its web page regarding said exclusions as referenced in applicable company law.

Complies [  ]      Complies Partially [  ]      Explanation [  ]

6. That listed companies which draft reports listed below, whether under a legal obligation or voluntarily, publish them on their web page with sufficient time before the General Shareholders' Meeting, even when their publication is not mandatory:

a) Report regarding the auditor's independence.

b) Reports regarding the workings of the audit committee and the appointments and remuneration committee.

c) Report by the audit committee regarding related-party transactions.

Complies [  ]      Complies Partially [  ]      Explanation [  ]

7. That the company reports in real time, through its web page, the proceedings of the General Shareholders' Meetings.

And that the company has mechanisms that allow the delegation and the exercise of the vote by telematic means and even, in the case of companies with high capitalisation and to the extent that it is proportionate, the attendance and active participation in the General Meeting

Complies [  ]      Complies Partially [  ]      Explanation [  ]



## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

Given the low capitalisation and the low percentage of broadcasting, it is not considered necessary to carry out a live transmission of the meeting. Article 19 of the general meeting regulations provides for the possibility for shareholders to cast their vote by mail or electronic communication.

However, it should be noted that the last three shareholders' meetings have been held telematically or mixed, i.e. telematically and in person, so that all shareholders who wished to do so were able to follow the meetings live on the company's web site. The company does not rule out the possibility of continuing to hold shareholders' meetings in the future in a mixed manner (face-to-face and telematic).

8. That the audit committee ensures that the financial statements that the board of directors present to the general meeting of shareholders are prepared in accordance with accounting regulations. And that in those cases in which the account auditor has included any caveat in its audit report, the chairman of the audit committee clearly explains at the general meeting the opinion of the audit committee on its content and scope, becoming available to shareholders at the time of the meeting, together with the rest of the proposals and reports of the board, a summary of said opinion.

Complies  Complies Partially  Explanation

9. That the company permanently maintains on its web page the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies  Complies Partially  Explanation

10. That when a verified shareholder has exercised his right to make additions to the agenda or to make new proposals to it with sufficient time in advance of the General Shareholders' Meeting, the company:

- a) Immediately distributes the additions and new proposals.
- b) Publishes the attendance card credential or proxy form or form for distance voting with the changes such that the new agenda items and alternative proposals may be voted upon under the same terms and conditions as those proposals made by the Board of Directors.
- c) Submits all of these items on the agenda or alternative proposals to a vote and applies the same voting rules to them as are applied to those drafted by the Board of Directors including, particularly, assumptions or default positions regarding votes for or against.
- d) That after the General Shareholders' Meeting, a breakdown of the results of said additions or alternative proposals is communicated.

Complies  Complies Partially  Explanation  Not applicable

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

11. That, in the event the company intends to pay for attendance at the General Shareholders' Meeting, it establishes in advance a general policy of long-term effect regarding such payments.

Complies [  ] Complies Partially [  ] Explanation [  ] Not applicable [  ]

12. That the Board of Directors completes its duties with a unity of purpose and independence, treating all similarly situated shareholders equally and that it is guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, and the promotion of continuity and maximisation of the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and in engaging in conduct based on good faith, ethics and a respect for commonly accepted best practices, it seeks to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders, as well as the impact of its corporate activities on the communities in which it operates and the environment.

Complies [  ] Complies Partially [  ] Explanation [  ]

13. That the Board of Directors is of an adequate size to perform its duties effectively and collegially, and that its optimum size is between five and fifteen members.

Complies [  ] Explanation [  ]

14. That the Board of Directors approves a selection policy devoted to favour a balance composition of the board and that:

a) Is concrete and verifiable.

b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the needs of the Board of Directors.

c) Favours diversity in knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of senior managers favour gender diversity.

That the resulting prior analysis of the needs of the Board of Directors is contained in the supporting report from the appointments committee published upon a call to the General Shareholders' Meeting submitted for ratification, appointment or re-election of each director.

The appointments committee will annually verify compliance with the selection policy of directors and explain its findings in the Annual Corporate Governance Report.

Complies [  ] Complies Partially [  ] Explanation [  ]

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

15. That proprietary and independent directors constitute a substantial majority of the Board of Directors and that the number of executive directors is kept at a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

And that the number of female directors represents at least 40% of the members of the board of directors before the end of 2022 and thereafter, not previously being less than 30%.

Complies [  ]      Complies Partially [  ]      Explanation [  ]

Proprietary and independent directors constitute a majority of 7 to 4 with respect to executive directors.

Regarding the percentage of women members of the board of directors, it should be noted that in the notice of the call to the 2023 AGM, a new female director is proposed to be appointed, so that if the meeting approves this proposal, the board of directors will have 3 female directors, i.e. almost 28%.

16. That the percentage of proprietary directors divided by the number of non- executive directors is no greater than the proportion of the equity interest in the company represented by said proprietary directors and the remaining share capital.

This criterion may be relaxed:

a) In companies with a high market capitalisation in which interests that are legally considered significant are minimal.

b) In companies where a diversity of shareholders is represented on the Board of Directors without ties among them.

Complies [  ]      Explanation [  ]

17. That the number of independent directors represents at least half of the total number of directors.

Nonetheless, when the company does not have a high level of market capitalisation or in the event that it is a high cap company with one shareholder or a group acting in a coordinated fashion who together control more than 30% of the company's equity, the number of independent directors represents at least one third of the total number of directors.

Complies [  ]      Explanation [  ]

18. That companies publish and update the following information regarding directors on the company website:

a) Professional profile and biography.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

b) Any other Boards to which the director belongs, regardless of whether the companies are listed, as well as any other remunerated activities engaged in, regardless of type.

c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.

d) The date of their first appointment as a director of the company's Board of Directors, and any subsequent re-election.

e) The shares and options they own.

Complies  Complies Partially  Explanation

19. That the Annual Corporate Governance Report, after verification by the appointments committee, explains the reasons for the appointment of proprietary directors at the proposal of the shareholders whose equity interest is less than 3%. It should also explain, where applicable, why formal requests from shareholders for membership on the Board meeting were not honoured, when their equity interest is equal to or exceeds that of other shareholders whose proposal for proprietary directors was honoured.

Complies  Complies Partially  Explanation  Not applicable

20. That proprietary directors representing significant shareholders must resign from the Board if the shareholder they represent disposes of its entire equity interest. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors representing this shareholder.

Complies  Complies Partially  Explanation  Not applicable

21. That the Board of Directors may not propose the dismissal of any independent director before the completion of the director's term provided for in the Articles of Association unless the Board of Directors finds just cause and a prior report has been prepared by the appointments committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties attendant to his post as a director, fails to complete the tasks inherent to his or her post, or enters into any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or similar transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of the proportionate representation criteria provided for in Recommendation 16.

Complies  Complies Partially  Explanation

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES**

22. That companies establish rules that oblige directors to inform and, where appropriate, to resign when situations that affect them arise, related or not to their performance in the company itself, that may harm its credit and reputation, and, in particular, that oblige them to inform the board of directors of any criminal case in which they appear as investigated, as well as their procedural vicissitudes.

And that, having been informed or the board having otherwise known any of the situations mentioned in the previous paragraph, examine the case as soon as possible and, taking into account the specific circumstances, decide, following a report from the appointments and remuneration, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the director or proposing the removal. And that it be reported on the matter in the annual corporate governance report, unless there are special circumstances that justify it, which must be recorded in the minutes. It without prejudice to the information that the company must disseminate, if appropriate, at the time of the adoption of the corresponding measures.

Complies [  ]                      Complies Partially [  ]                      Explanation [  ]

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies in the case of the secretary of the Board of Directors, despite not being a director.

Complies [  ]    Complies Partially [  ]    Explanation [  ]    Not applicable [  ]

24. That when, either by resignation or by resolution of the general meeting, a director ceases in the position before the end of the mandate, he/she sufficiently explains the reasons for his resignation or, in the case of non-executive directors, his/her opinion on the reasons for the removal, in a letter that will be sent to all members of the board of directors.

And that, without prejudice to the fact that all this is reported in the annual corporate governance report, insofar as it is relevant for investors, the company publishes the termination as soon as possible including sufficient reference to the reasons or circumstances provided by the counselor

Complies [  ]    Complies Partially [  ]    Explanation [  ]    Not applicable [  ]



## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

25. That the appointments committee ensures that non-executive directors have sufficient time in order to properly perform their duties.

And that the Board rules establish the maximum number of company Boards on which directors may sit.

Complies [  ]                      Complies Partially [  ]                      Explanation [  ]

The Company requires Members of the Board to devote time enough for the proper development of the tasks inherent to their position; the mechanism to achieve that is the remuneration system associated to the meetings of the Board, Commissions and the global allocation established by the Shareholders' Meeting.

Although the Regulation does not establish a maximum number of boards the Member may form part of, members of the board attending other boards are not frequent, so there is actually no need to limit it.

26. That the Board of Directors meets frequently enough so that it may effectively perform its duties, at least eight times per year, following a schedule of dates and agenda established at the beginning of the year and allowing each director individually to propose items that do not originally appear on the agenda.

Complies [  ]                      Complies Partially [  ]                      Explanation [  ]

When approving the annual calendar of meetings, the board of directors sets 5 meetings with a pre-established date, without prejudice to the fact that, if necessary, other meetings of the board may be held..During 2022, 5 meetings were held.

Board meetings are scheduled on a quarterly basis in order to report financial information to the market. In addition, a further board meeting is foreseen at the same date of the AGM so as to adopt or execute any resolution resulting from this meeting, if applicable.

Without prejudice to the above, the company's articles of association provide that the board of directors may also be convened by the co-ordinating director with the possibility for the latter to include new items on the agenda of a board meeting already convened.

Likewise, the board of directors shall meet when so requested by directors representing at least one third of the members of the board of directors, stating the agenda of the meeting to be held in the locality where the registered office is, without prior request to the chairman, if the latter fails to convene the meeting in the locality where the registered office is within one month without just cause.

For all the above, the company considers that the board of directors gathers with the necessary frequency to perform with effectiveness its functions and does not consider it necessary to held a minimum number of eight meetings per year.

27. That director absences only occur when absolutely necessary and are quantified in the Annual Corporate Governance Report. And when absences occur, that the director appoints a proxy with instructions.

Complies [  ]                      Complies Partially [  ]                      Explanation [  ]

The former director residing in UAE does not usually attend the meetings of the board of directors nor does he delegate his representation to another director

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes, upon a request from the protesting party.

Complies [  ]    Complies Partially [  ]    Explanation [  ]    Not applicable [  ]

29. That the company establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies [  ]    Complies Partially [  ]    Explanation [  ]

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances require.

Complies [  ]    Explanation [  ]    Not applicable [  ]

Although there are no special refresher programmes in the company, directors are provided with information and advice from all areas of the company in relation to the functions inherent to their position. Likewise, they receive timely information on new legislative developments affecting their competencies and those of the committees of which they are members.

31. That the agenda for meetings clearly states those matters about which the Board of Directors is to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, under exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.

Complies [  ]    Complies Partially [  ]    Explanation [  ]

32. That directors shall be periodically informed of changes in equity ownership and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies [  ]    Complies Partially [  ]    Explanation [  ]

33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out his duties required by law and the Articles of Association, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances so dictate.

Complies [  ]    Complies Partially [  ]    Explanation [  ]

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

34. That when there is a coordinating director, the Articles of Association or the Board rules should confer upon him the following competencies in addition to those conferred by law: chair of the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; reflect the concerns of non- executive directors; liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and coordinate a succession plan for the chairman.

Complies [ ] Complies Partially [ X ] Explanation [ ] Not applicable [ ]

The coordinating director is specifically empowered by the byLaws and by the regulations of the board to perform the duties referred to in the wording of this recommendation, but he is not expressly empowered to coordinate the succession plan of the chairman of the board.

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account the recommendations regarding good governance contained in this Code of Good Governance and which are applicable to the company.

Complies [ X ] Explanation [ ]

36. That the Board of Directors meets in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

a) The quality and efficiency of the Board of Directors' work.

b) The workings and composition of its committees.

c) Diversity of membership and competence of the Board of Directors.

d) Performance of the chairman of the Board of Directors and the chief executive officer of the company.

e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the appointments committee.

Every three years, the Board of Directors will rely upon the assistance of an external advisor for its evaluation, whose independence shall be verified by the appointments committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group shall be specified in the Annual Corporate Governance Report.



## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

The process and areas assessed will be described in the annual corporate governance report.

Complies [ ] Complies Partially [ X ] Explanation [ ]

Up to date, the board has not deemed necessary to request the services of an external adviser to assess its performance.

37. When there is an executive committee with the presence of at least two non-executive directors, at least one of them being independent; and that its secretary is the secretary of the board of directors.

Complies [ ] Complies Partially [ ] Explanation [ X ] Not applicable [ ]

The Executive Commission consists of three executive directors and an independent member since it is understood to be the best arrangement in order to meet management needs.

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies [ ] Complies Partially [ X ] Explanation [ ] Not applicable [ ]

Minutes of meetings held by the Executive Commission are available to directors.

39. That the members of the audit committee as a whole, in particular its chairman, are appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, and both financial and non-financial.

Complies [ X ] Complies Partially [ ] Explanation [ ]

40. That under the supervision of the audit committee, there must be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.

Complies [ ] Complies Partially [ X ] Explanation [ ]

The Company has a unit that assumes the internal audit function that ensures the proper functioning of the information and internal control systems. Although functionally dependent on the general manager, it is available to the chairman of the audit commission for any questions or tasks that may be entrusted to him.

41. That the head of the unit that assumes the internal audit function presents to the audit committee, for its approval by the latter or by the board, its annual work plan, informs it directly of its execution, including possible incidents and limitations to the scope that are presented in its development, the results and the follow-up of its recommendations and submits an activity report at the end of each year.

Complies [ X ] Complies Partially [ ] Explanation [ ] Not applicable [ ]

## **ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES**

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:
1. With regard to information systems and internal control:
    - a) To supervise and evaluate the process of preparation of the financial and non-financial information, as well as the control and management systems of financial and non-financial risks related to the company and, where appropriate, to the group - including operational , technological, legal, social, environmental, political and reputational or related to corruption issues - reviewing the compliance with regulatory requirements, the proper delimitation of the consolidation perimeter and the correct application of accounting criteria.
    - b) To ensure the independence of the unit that assumes the internal audit function; to propose the selection, appointment and removal of the person in charge of the internal audit service; to propose the budget for this service; to approve or propose approval to the board of the guidance and annual work plan of internal audit, ensuring that its activity is primarily focused on relevant risks (including reputational risks); to receive periodic information about your activities; and verify that senior management takes into account the conclusions and recommendations of its reports.
    - c) To establish and supervise a mechanism that allows employees and other people related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report potentially significant irregularities, including financial and accounting irregularities, or of any other nature, related to the company that they notice within the company or its group. Said mechanism must guarantee confidentiality and, in any case, foresee cases in which communications can be made anonymously, respecting the rights of the complainant and the accused.
    - d) Generally, to ensure that the policies and systems established in the field of internal control are applied effectively in practice
  2. With regard to the external auditor:
    - a) In the event that the external auditor resigns, examine the circumstances which caused said resignation.
    - b) Ensure that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.
    - c) Insist that the company file a relevant fact with the CNMV when there is a change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

d) Ensure that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks accomplished and regarding the development of its accounting and risks faced by the company.

e) Ensure that the company and the external auditor comply with applicable rules regarding the rendering of services other than auditing, proportional limits on the auditor's billing, and all other rules regarding the auditor's independence.

Complies [  ]                      Complies Partially [  ]                      Explanation [  ]

43. That the audit committee may require the presence of any employee or manager of the company, even without the presence of any other member of management.

Complies [  ]                      Complies Partially [  ]                      Explanation [  ]

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draft a report beforehand to the Board of Directors regarding economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies [  ]    Complies Partially [  ]    Explanation [  ]    Not applicable [  ]

45. That the risk management and control policy identify and determine, at a minimum:

a) The various types of financial and non-financial risks (among those operational, technological, legal, social, environmental, political and reputational) which the company faces, including financial or economic risks, contingent liabilities and other off-balance sheet risks.

b) A risk control and management model based on different levels, of which a specialised risk committee will be part when the sectoral regulations provide for it or the company deems it appropriate.

c) The level of risk the company considers acceptable.

d) Means identified in order to minimise identified risks in the event they transpire.

e) Internal control and information systems to be used in order to control and manage identified risks, including contingent liabilities and other off-balance sheet risks.

Complies [  ]                      Complies Partially [  ]                      Explanation [  ]

46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal control and management function should exist delegated to an internal unit or department of the company which is expressly charged with the following responsibilities:

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

a) Ensure the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks that may affect the company.

b) Actively participate in the creation of the risk strategy and in important decisions regarding risk management.

c) Ensure that the risk management and control systems adequately mitigate risks as defined by policy issued by the Board of Directors.

Complies  Complies Partially  Explanation

47. That members of the appointment and remuneration committee – or of the appointments committee and the remuneration committee if they are separate – are chosen taking into account the knowledge, ability and experience necessary to perform the duties they are called upon to carry out and that the majority of said members are independent directors.

Complies  Complies Partially  Explanation

The Appointments and compensation commission is made up of two independent directors, the proprietary director and one of the other external directors, who changed his category of director, going from independent to other external, since he had been appointed as such for 12 uninterrupted years.

48. That high market capitalisation companies have formed separate appointments and remuneration committees.

Complies  Explanation  Not applicable

49. That the appointments committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director may ask the appointments committee to consider potential candidates he or she considers appropriate to fill a vacancy on the Board of Directors.

Complies  Complies Partially  Explanation

50. That the remuneration committee exercises its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

a) Propose basic conditions of employment for senior management.

b) Verify compliance with company remuneration policy.

c) Periodically review the remuneration policy applied to directors and senior managers, including remuneration involving the delivery of shares, and guarantee that individual remuneration be proportional to that received by other directors and senior managers.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

d) Oversee that potential conflicts of interest do not undermine the independence of external advice rendered to the Board.

e) Verify information regarding remuneration paid to directors and senior managers contained in the various corporate documents, including the Annual Report on Director Remuneration.

Complies  ]      Complies Partially  ]      Explanation  ]

51. That the remuneration committee consults with the chairman and the chief executive of the company, especially in matters relating to executive directors and senior management.

Complies  [ X ]      Complies Partially  [ ]      Explanation  [ ]

52. That the rules regarding composition and workings of supervision and control committees appear in the rules governing the Board of Directors and that they are consistent with those that apply to mandatory committees in accordance with the recommendations above, including:

a) That they are comprised exclusively of non-executive directors, with a majority of them independent.

b) That their chairmen be independent directors.

c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and detail their activities and accomplishments during the first plenary session of the Board of Directors held after the committee's last meeting.

d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.

e) That their meetings be recorded and the minutes be made available to all directors.

Complies  [ X ]      Complies Partially  [ ]      Explanation  [ ]      Not applicable  [ ]

53. That the supervision of compliance with the policies and rules of the company in environmental, social and corporate governance matters, as well as the internal codes of conduct, shall be attributed to one or distributed among several committees of the board of directors, which may be the audit committee, the appointment committee, a committee specialised in sustainability or corporate social responsibility or another specialised committee that the board of directors, in exercise of its self-organisation powers, has decided to create. And that such committee is made up solely of non-executive directors, being the majority independent and specifically assigned the minimum functions indicated in the following recommendation.

Complies  [ ]      Complies Partially  [ X ]      Explanation  [ ]

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

The supervision of compliance with the policies and rules of the company in environmental matters is carried out directly by senior managers of the company, and compliance with such policies is subject to the control established by the quality and environmental certification systems (ISO environment) and are audited on an annual basis by AENOR.

54. That the minimum functions referred to by the above-mentioned recommendation are as follows:

- a) Verification of compliance with internal codes of conduct and the company's corporate governance rules, making sure corporate culture is in line with the same.
- b) Supervision of the application of the policy on communication strategy on financial and non-financial information, as well as the communication and relationship with shareholders and investors, including small- and medium-sized shareholders.
- c) The periodic evaluation and review of the suitability of the company's corporate governance system, with the goal that the company promotes company interests and take into account, where appropriate, the legitimate interests of other stakeholders.
- d) Follow-up of corporate social responsibility strategy and practice in environmental and social terms.
- e) Supervision and evaluation of the way relations with various stakeholders are handled.

Complies [ ] Complies Partially [ X ] Explanation [ ]

The evaluation and regular review of the environmental policy as well as the supervision that the company's practices in environmental matters conform to the established policies carried out under the supervision of the top management of the company. In addition, the company annually conducts an environmental policy audit by AENOR, which allows it to have the environmental ISO certificate.

55. That the sustainability policy in terms of environmental and social issues identifies and includes the following:

- a) Concrete practices in matters related to shareholders, employees, clients, suppliers, social issues, the natural environment, diversity, fiscal responsibility, respect for human rights, and the prevention of unlawful conduct.
- b) The methods or systems for monitoring compliance with policies, associated risks and their management.
- c) Means of supervising non-financial risk, ethics, and business conduct.
- d) Communication channels, participation and dialogue with stakeholders.

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES**

e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies  Complies Partially  Explanation

56. That director remuneration is sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded by the post, while not being so excessive as to compromise the independent judgment of non-executive directors.

Complies  Explanation

57. That only executive directors receive remuneration linked to corporate results or personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments whose value is indexed to share value, or long-term savings plans such as pension plans, retirement accounts or any other retirement plan.

Shares may be given to non-executive directors under the condition that they maintain ownership of the shares until they leave their posts as directors. The foregoing shall not apply to shares that the director may be obliged to sell in order to meet the costs related to their acquisition.

Complies  Complies Partially  Explanation

58. That as regards variable remuneration, the policies incorporate limits and administrative safeguards in order to ensure that said remuneration is in line with the work performance of the beneficiaries and is not based solely upon general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk undertaken to achieve a given result.

b) Promote sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with rules and internal operating procedures and risk management and control policies.

c) Are based upon balancing short-, medium- and long-term objectives, permitting the reward of continuous achievement over a period of time long enough to judge creation of sustainable value such that the benchmarks used for evaluation are not comprised of one-off, seldom occurring or extraordinary events.

Complies  Complies Partially  Explanation  Not applicable



## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

59. That the payment of the variable components of the remuneration is subject to verification that the performance or other conditions previously established have been effectively met. The companies will include in the annual directors' remuneration report the criteria regarding the time required and methods for such verification based on the nature and characteristics of each variable component.

That, additionally, the companies value the establishment of a reduction clause ('malus') based on the deferral for a sufficient period of the payment of a part of the variable components that implies their total or partial loss in the event that previously at the time of payment, an event occurs that makes it advisable.

Complies [ ] Complies Partially [ X ] Explanation [ ] Not applicable [ ]

As a general rule, variable remuneration is determined and paid on the basis of the results recorded after the end of the financial year and after the issuance of the audit report. The company considers this to be a sufficient safeguard to check that the previously established performance conditions have been met and therefore it has not considered it necessary to regulate an additional or specific mechanism for the deferral or reimbursement of the payment of variable components.

In addition, the remuneration policy approved by the AGM on 30 March 2021 and amended at the AGM held on 30 June 2022 for financial years 2022, 2023 and 2024 stipulates that the determination and payment of the variable components of remuneration shall take place upon the preparation and auditing of the financial statements in order to verify that the conditions taken into account for their determination have been effectively fulfilled and shall take into account any qualifications in the auditor's report that reduce the results for the year.

Likewise, should any event occur after the determination and, as the case may be, payment of such variable remuneration, which makes it advisable, the Board of Directors shall assess whether it is appropriate to cancel, in whole or in part, the settlement of the variable remuneration, or, if appropriate, to offset it against future payments.

60. That remuneration related to company results takes into account any reservations which may appear in the external auditor's report which would diminish said results.

Complies [ X ] Complies Partially [ ] Explanation [ ] Not applicable [ ]

61. That a material portion of variable remuneration for executive directors depends upon the delivery of shares or instruments indexed to share value.

Complies [ ] Complies Partially [ ] Explanation [ X ] Not applicable [ ]

The AGM held on 30 March 2022 passed a resolution according to which members of the Board of Directors who have the status of executive directors, as well as any other executives as the Board of Directors may determine, are entitled to receive shares in the Company as part of their variable remuneration.

It was also agreed to empower the board of directors to carry out the necessary actions for the implementation of the remuneration set out in the aforementioned resolution and in particular to determine the requirements and conditions to be met by the beneficiaries so as to be entitled to the remuneration by means of the delivery of shares.

The requirements and conditions to be met by the beneficiaries of this remuneration system have not yet been established.

## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

62. Once the shares, options or financial instruments corresponding to the remuneration systems have been attributed, the executive directors cannot transfer their ownership or exercise them until after a period of at least three years has elapsed.

The exception is the case in which the director maintains, at the time of the transfer or exercise, a net economic exposure to the variation in the price of the shares for a market value equivalent to an amount of at least twice the annual fixed remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to the shares that the director needs to dispose of to satisfy the costs related to their acquisition or, after a favourable assessment by the appointments and remuneration committee, to deal with extraordinary situations that may require it.

Complies  Complies Partially  Explanation  Not applicable

The Board of Directors has not yet determined the requirements and conditions to be fulfilled by the beneficiaries in order to be entitled to remuneration by delivery of shares.

63. That contractual arrangements include a clause which permits the company to seek reimbursement of variable remuneration components in the event that payment does not coincide with performance criteria or when delivery was made based upon data later deemed to be inaccurate.

Complies  Complies Partially  Explanation  Not applicable

Variable remuneration is determined and paid up based on the profit/(loss) for the year and upon the issuance of the audit report. The company understands that this constitutes a sufficient safeguard to verify that it meets conditions previously established, and therefore has not considered necessary the regulation of an additional or specific deferral mechanism or reimbursement of the payment of variable components.

Further, and as indicated in section G 59 above, the remuneration policy approved by the shareholders' meeting held on 30 March, 2021 for years of 2022, 2023 and 2024 provides that the determination and payment of the variable components of the remuneration will be carried out once the financial statements have been prepared and audited in order to verify that the conditions established have been effectively met and they will take into account the eventual exceptions that appear in the auditor's report and reduce said results.

Likewise, should any event occur after the determination and, as the case may be, payment of such variable remuneration, which makes it advisable, the Board of Directors shall assess whether it is appropriate to cancel, in whole or in part, the settlement of the variable remuneration, or, if appropriate, to offset it against future payments.

64. That payments made for contract termination shall not exceed an amount equivalent to two years of total annual remuneration and that it shall not be paid until the company has verified that the director has fulfilled all previously established criteria for payment.

For the purposes of this recommendation, among the payments for contractual termination, any payments whose accrual or payment obligation arises as a consequence or on the occasion of the termination of the contractual relationship that bound the director with the company, including long-term savings systems and amounts paid under post-contractual non-competition agreements, are taken into consideration.

Complies  Complies Partially  Explanation  Not applicable



## ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

The compensation for termination of contracts of executive directors consists of an escalation based on the total remuneration and varies between an amount equivalent to a minimum of two and a maximum of three years of said remuneration. Contracts provide that the aforementioned amounts are paid at the time that the resolution or termination of the contract takes place.

### H. FURTHER INFORMATION OF INTEREST

1. If there is any aspect regarding corporate governance in the company or other companies in the group that has not been included in other sections of this report, but which is necessary in order to obtain a more complete and comprehensible picture of the structure and governance practices in the company or group, describe it briefly below.
2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not redundant.

Specifically, state whether the company is subject to any corporate governance legislation other than that prevailing in Spain and, if so, include any information required under this legislation that differs from the data requested in this report.

3. The company may also state whether it voluntarily complies with other ethical or best practice codes, whether international, sector-based or other. In such a case, name the code in question and the date the company began following it. It should be specifically mentioned that the company adheres to the Code of Good Tax Practices of 20 July 2010.

Grupo Empresarial San José has assumed as own the principles and guidelines enshrined in the United Nations Global Compact.

This Annual Corporate Governance Report was approved by the Board of Directors of the company at the meeting held on:

29/02/2024

State whether any directors voted against or abstained from voting on this report.

Yes  
 No

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

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

Águilas (Murcia) Spain, 28 February 2024

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

*Juan Amor Fernández*



## **ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES**

### **ISSUERS IDENTIFICATION DETAILS**

Year-end date: 31/12/2023

TAX Id. # A-36046993

Company Name:

**GRUPO EMPRESARIAL SAN JOSE, S.A.**

Registered office:

ROSALIA DE CASTRO 44, BAJO (PONTEVEDRA)

## **ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES**

### **A. REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR**

A.1.1. Explain the current director remuneration policy applicable to the year in progress. To the extent that it is relevant, certain information may be included in relation to the remuneration policy approved by the General Shareholders' Meeting, provided that these references are clear, specific and concrete.

The specific determinations for the year in progress should be described, both the remuneration of directors in their status as such and as a result of their executive functions carried out for the Board pursuant to the contracts signed with executive directors and to the remuneration policy approved by the General Shareholders' Meeting.

In any event, the following aspects should be reported:

- a) Description of the procedures and company bodies involved in determining and approving the remuneration policy and its terms and conditions.
- b) Indicate and, where applicable, explain whether comparable companies have been taken into account in order to establish the company's remuneration policy.
- c) Information on whether any external advisors took part in this process and, if so, their identity.
- d) Procedures contemplated in the current remuneration policy for directors to apply temporary exceptions to the policy, conditions under which those exceptions may be invoked, and components that may be subject to exception according to the policy.

The board of directors is the competent body to determine the exact amount to be paid each year to each director of the Company within the limit set by the annual general meeting. This agreement must be adopted with the prior proposal of the appointment, remunerations and Governance Committee, and in a manner consistent with the remuneration policy approved by the board.

Remuneration paid to each director will be determined in consideration of the given functions and responsibilities, the participation in the different committees and other objective circumstances deemed relevant.

Rules for the determination, approval and application of the remuneration policy for the executive directors of Grupo Empresarial San José for the performance of executive functions in the Company (other than the functions linked to their status as members of the Board) are the following:

- i.- The Fixed Remuneration that they may receive amounts to a maximum annual amount that as a whole will not exceed the amount of two million euros (€2,000,000).
- ii.- At the proposal of the appointment, remunerations and Governance Committee, the board will establish the amount of the fixed remuneration of each of the executive directors, in a way that is competitive with respect to other comparable entities by market and size and considering the circumstances of each financial year.
- iii.- The determination and payment of the variable components of the remuneration will be carried out once the annual statements have been prepared and audited. in order to verify that the conditions established for its determination have been effectively met, and will take into account any exceptions that appear in the auditor's report and reduce, where appropriate, said results.

## **ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES**

iv.- In the event that after the determination and, where appropriate, payment of said variable remuneration, an event occurs that makes it advisable, the board of directors will assess whether it is appropriate to cancel, totally or partially, the liquidation of the variable remuneration, or if necessary, offset it with future settlements.

Although no external advisor has been involved in the determination, approval and implementation of the remuneration policy, the remuneration of comparable companies has been taken into account to establish the criteria and amounts of directors' remuneration. In particular, the CNMV's annual report on corporate governance and remuneration of directors of listed companies for 2022 published on 13 September 2023 has been analysed.

The board of directors is entitled to apply temporary exceptions to the remuneration policy. The application of temporary exceptions must be justified by the approval of corporate transactions that are in the Company's interest. The appointment, remunerations and Governance Committee shall be responsible for analysing the circumstances and submitting the corresponding report to the board of directors. On the basis of the information provided by said commission, the board shall ultimately decide on its approval, which, in any event, may only affect the variable component of the remuneration.

Furthermore, remuneration consisting of the delivery of shares or stock options or remuneration rights linked to their value must be approved by the annual general meeting in accordance with the Capital Companies Act and the Articles of Association. To this end, the annual general meeting held on 30 March 2022 resolved that members of the board of directors who have the status of executive directors and such other executives as the board of directors may determine may receive shares in the Company as part of their variable remuneration.

The specific determination of the shares corresponding to each director or executive shall be linked to the achievement of the objectives relating to the Company's turnover and net profit determined by the board of directors on an annual basis, and shall be agreed by the board after the annual accounts for each financial year have been drawn up and audited.

This form of remuneration shall have a maximum duration of 4 years from the date of approval of the resolution of the board. The maximum number of shares that may be allocated in each financial year to this remuneration system shall be 650,260 shares.

The basis for calculating the shares to be delivered to the beneficiary shall be the share price at the close of business on the day prior to delivery to the beneficiary.

The meeting resolved to empower the board of directors to carry out the necessary actions for the implementation of the aforementioned remuneration, and in particular to determine the requirements and conditions to be met by its beneficiaries in order to be entitled to the remuneration through the delivery of shares. The board of directors has not yet implemented the remuneration through the delivery of shares or options, nor has it fixed the requirements and conditions to be met by its beneficiaries.

**A.1.2 Relative importance of variable remuneration items vis-à-vis fixed remuneration (remuneration mix) and the criteria and objectives taken into consideration in their determination and to guarantee a suitable balance between the fixed and variable components of the remuneration. In particular, state the actions adopted by the company in relation to the remuneration system to reduce exposure to excessive risks and adapt this to the long-term objectives, values and interests of the company, which will include, as the case may be, mention of any measures to guarantee that the long-term results of the company are taken into account in the remuneration policy, the measures adopted in relation to those categories of staff whose professional activities have a material impact on the risk profile of the company, and any measures to avoid conflicts of interest.**

Furthermore, state whether the company has established any period for the accrual or vesting of certain variable remuneration items, in cash, shares or other financial

## **ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES**

instruments, any deferral period in the payment of amounts or the handover of accrued and vested financial instruments, or if any clause has been approved reducing the deferred remuneration or that obliges the director to return remuneration received, when such remuneration has been based on certain figures that have clearly been shown to be inaccurate.

In accordance with Article 25.3 of the by-Laws, the AGM sets the maximum amount of the annual remuneration that the Company allocates to all its directors in their capacity as such.

The setting of the exact amount to be paid in each year within that limit and its distribution among the different directors will correspond to the Board of Directors.

The maximum amount of annual remuneration for all the directors in their capacity as such is set at one million euros (EUR 1,000,000). This maximum amount will remain valid as long as its amendment is not approved.

The remuneration that corresponds to the directors due to their status as such may include, within the legal and statutory framework, the following concepts:

- a) **Annual fixed allocation**  
Directors may receive a fixed annual amount that is in line with market standards, taking into account the functions and responsibilities attributed to each director, the membership of Board committees and the other objective circumstances as may be deemed appropriate by the Board of Directors.
- b) **Assistance allowances**  
The directors may receive certain amounts for attendance fees, either to the meetings of the Board or to the meetings of the committees which they belong to.
- c) **Statutory services and risk coverage**  
The Company will pay premiums corresponding to the civil liability insurance policy for directors and executives.

The remuneration attributed to each director will be determined in consideration of the functions and responsibilities attributed to each director, their membership in the different committees and the other objective circumstances considered relevant.

Remuneration for different concepts is determined by the Board on the ground of the performance, responsibility and dedication of each member taking into consideration compensation by market.

The four executive directors have received variable remuneration during 2023 for a total amount of 1,600,000 euros, representing between 100% and 200% of their respective fixed remuneration. As explained in section B7, the board of directors has set this variable remuneration based on the general evolution and development of the activity, business and value of the Company (and in particular with respect to the 2023 results, due to the positive evolution of the contracted portfolio in that year and the level of cash), as well as other factors such as the performance of their executive duties, their personal performance and non-financial factors.

As indicated in section A.1.1. above, the determination and payment of the variable components of the remuneration shall be made after the annual accounts have been drawn up and audited in order to verify that the conditions established for their determination have been effectively met, and shall take into account any qualifications stated in the auditor's report that reduce, where appropriate, such results. Should any event occur subsequent to the determination and payment of such variable remuneration that makes it advisable, the board of directors shall assess whether it is appropriate to cancel, in whole or in part, the settlement of the variable remuneration, or to offset it against future settlements.

**A.1.3 Amount and nature of fixed components that are due to be accrued during the year by directors in their status as such.**

It is expected that the amount of the fixed components to be accrued in 2024 by directors in their capacity as such will be approved at the meeting of the board of directors that is expected to be held next May.

## **ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES**

The joint amount accrued by the directors during the 2023 has been as follows:

- a) Annual fixed allocation of approximately 318,000 euros.
- b) Board attendance fees amounting to 128,000 euros.
- c) Compensation for membership of commissions amounting to 47,000 euros.
- d) Bylaws and risk coverage: The company pays the amount of the premium corresponding to the civil liability policy for directors and executives amounting to 394,718 euros.

### **A.1.4 Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.**

The total fixed amount to be accrued by executive directors for the performance of their executive functions in 2024 will be set at the meeting of the board of directors that will take place next May.

Until then, executive directors will continue to receive the same fixed remuneration that they would have received in 2023.

Fixed components received in 2023 by the executive directors has amounted to € 1,607,142.

### **A.1.5 Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favour of the director.**

The company pays the amount of the premium corresponding to the civil liability policy for directors and executives and a private healthcare assistance insurance amounting to EUR 394,728.

### **A.1.6 Amount and nature of variable components, differentiating between those established in the short and long term. Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration in the year in progress, explaining the extent to which these parameters are related to performance, both of the director and of the company, together with their risk profile, and the methodology, deadline necessary and techniques established to determine the degree of compliance with the parameters used in the design of the variable remuneration at the end of the year explaining the criteria and factors that apply in terms of the time required and methods to verify that the performance conditions have been duly fulfilled.**

State the range, in monetary terms, of the different variable components according to the degree of compliance with the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.

Previous report of the Appointment, Remuneration and Corporate Governance Committee, the board of directors agrees each year a variable remuneration for directors, according to the indicators or reference parameters established in the company's remuneration policy.

The indicators or reference parameters established in the remuneration policy in force for the year 2017 for the variable compensation are the following:

1. Annual variable remuneration.

Executive directors may receive annual variable remuneration in cash to be determined each year based on the achievement of the Company's economic, financial and strategic objectives in the previous year. Likewise, consideration shall be given to the degree of compliance with the social responsibility objectives defined

## **ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES**

annually by the board, based on the importance they have in the creation of value, in the contribution to the business strategy and in the long-term sustainability of the Company.

Once the annual accounts have been prepared and audited, and after a report from the committee, the board shall determine the amount to be received by each executive director based on the degree of fulfilment of the objectives set for his position, the responsibilities of the executive director and the results of the company during the year. Executive directors do not participate in the deliberation and adoption of this decision.

Unless the board sets specific annual targets, the targets to which such remuneration is linked shall be understood to be the following:

- i. A portion shall be determined on the basis of the overall performance and development of the Company's business, business and value, and the proper and proper performance of the executive director's duties, his personal performance and non-financial factors, such as compliance with the Company's internal rules and procedures and its risk control and management policy.
- ii. Another part shall be established according to economic indicators:
  - By membership of the executive committee: up to a maximum of 1% of the EBITDA of the Company.
  - By membership of the international executive committee: up to a maximum of 1.5% of the international turnover of the Company.

Annual variable remuneration shall not exceed 200% of annual fixed remuneration.

The Board of Directors shall pass on May 2024 the amount of the variable compensation for directors for their performance in 2023. In the previous year, it amounted to EUR 1,600,000.

### **2. Variable remuneration in the medium and long term.**

Up to date, the Company has no medium and long-term variable remuneration system.

The annual report on directors' remuneration for the previous year is submitted to the advisory vote of the shareholders' meeting.

**A.1.7 Main characteristics of the long-term savings systems.** Among other information, state the contingencies covered by the system, whether through defined contributions or benefits, the annual contribution that needs to be made to the defined contribution system, the benefits directors are entitled to in the event of defined benefit systems, the conditions under which economic rights are vested for directors and their compatibility with any other type of payment or severance pay as a result of the early termination or dismissal of the director, or deriving from the termination of the contractual relation, on the terms provided, between the company and the director.

State if the accrual or vesting of any of the long-term saving plans is linked to achieving certain objectives or parameters related to the short- or long-term performance of the director.

The Company does not make contributions to pension plans, individual and defined contribution systems, for executive directors, with coverage for contingencies such as retirement, disability, death and severe dependence.

The company does not have any amount recorded or accumulated for pension, retirement or similar benefits.

**A.1.8 Any type of payment or severance pay for early termination or dismissal of the director, or deriving from the termination of the contractual relation, on the terms provided between the company and the director, whether voluntary resignation by the director or dismissal of the director by the company, as well as any type of agreement**

## **ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES**

reached, such as exclusivity, post-contractual non-competition, continuance in office or loyalty, which entitle the director to any type of remuneration.

There are no compensation or protection clauses for termination of functions of directors in their capacity as such.

Three executive directors (the chairman, the deputy-chairman and a member) have foreseen in their respective contracts the following payments/compensation in case of termination of their contract:

Severance grant: In the cases of termination envisaged in the contract, the executive director will be entitled to receive compensation for termination, except in the event that such termination is due to a serious breach of any of the obligations of the executive director, in which case the director executive will not be entitled to receive any compensation. Severance grant shall be equivalent to:

(i) Three annual payments of the annual fixed remuneration of the executive director at the time of termination and of the last annual variable remuneration received by the executive director, if the aggregate of these two amounts is less than EUR 750,000.

(ii) Two and a half years of the annual fixed remuneration of the executive director at the time of termination and of the last annual variable remuneration received by the executive director, if the aggregate of these two amounts is greater than EUR 750,000, yet less than EUR 1,100,000.

(iii) Two annuities of the annual fixed remuneration of the executive director at the time of termination and of the last annual variable remuneration received by the executive director, if the aggregate is greater than EUR 1,100,000.

Likewise, the CEO, Mr. José Luis González Rodríguez, includes Severance pay within his contract terms, being entitled to a two-year severance pay of the fixed remuneration at the time of termination of the Contract as well as a post-contractual non-competition clause for a period of two years.

**A.1.9 State the conditions that contracts should respect for those exercising senior management functions as executive directors. Among others, information should be provided on the duration, limits on amounts of severance pay, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to hiring bonuses, compensation and golden parachute clauses for early termination of the contractual relationship between the company and the executive director. Include, among others, any clauses or agreements on non-competition, exclusivity, continuance in office and loyalty, and post-contractual non-competition, unless these have been explained in the previous section.**

Executive directors' contracts will remain in force as long as they continue to be director executives of the Company.

In the cases of termination provided for in the contract, the executive director will be entitled to receive a compensation for termination according to the terms detailed in the above-mentioned paragraph.

The executive director may terminate the contract unilaterally and by his own will, bringing it to the attention of the Company in writing at least three months in advance. In case of non-compliance with the notice obligation, the executive director shall compensate the Company with an amount equivalent to the fixed remuneration applicable in the moment of termination of the contract corresponding to the unfulfilled period of notice.

During the period of notice, the Company may exempt the executive director from the performance of duties, although said director will continue to be entitled to the remuneration thereon.

The termination of the contract due to the unilateral withdrawal of the executive director will imply, automatically and with effect as from the same date the contract is terminated upon, the resignation from the position of director, and the revocation of as many faculties said director had been delegated in his favour by the board of directors, as well as all the powers granted to the director by the company.

## **ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES**

During the term of the contract and unless there was express and written consent of the company, the executive director shall provide its services exclusively for the Company and the companies of its group.

The executive director may not provide any kind of services, directly or indirectly, under any kind of legal relationship, for third parties, or for his/her own account, even when the activities carried out are not concurrent with those of the company or those of the group, and all professional activity shall be dedicated to the company and the companies of the group

The provision of services or the performance of any other activity that results, for any reason, relevant or may require dedication by the executive director will require the prior authorisation of the board of directors.

The executive director undertakes to use the information of the company solely and exclusively for the purpose of complying with the functions entrusted in the contract. In addition, the executive director undertakes to keep and treat as confidential information and, in particular, not to disclose it to any third party or employee of the company without the prior consent of the company, except in the exercise of the functions entrusted in the contract or by legal imperative, and not to reproduce it, transform it or, in general, use it in a different way other than what is necessary for the exercise of the professional activity.

The executive director undertakes to return immediately to the company, upon request of this during the term of the contract and, in any case, and without need of request, upon its extinction, any kind of confidential information that has been disclosed to or has been created by the executive director.

The contract entered into with the CEO, Mr. José Luis González Rodríguez, includes a non-competence clause for a two-year period.

### **A.1.10 The nature and estimated amount of any other supplementary remuneration accrued by directors in the year in progress in consideration for services rendered other than those inherent in the post.**

Directors are not expected to receive any significant remuneration for services rendered other than those inherent to their position.

The four executive directors are not expected to receive additional remuneration other than that provided in their respective contracts for the provision of services.

### **A.1.11 Other items of remuneration like those deriving from the company providing advances, loans, guarantees or any other remuneration to the directors.**

The company has not granted or plans to grant advances, credits or guarantees to members of the board of directors.

### **A.1.12 The nature and estimated amount of any other planned supplementary remuneration accrued by directors in the year in progress that is not included in the previous sections, whether payment is made by the company or another group company.**

Directors will not earn any supplementary remuneration, other than that indicated in this report.

## **A.2 Explain any significant change in the remuneration policy applicable in the current year resulting from:**

- a) A new policy or a modification of the policy already approved by the General Meeting.

## **ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES**

- b) Significant changes in the specific determinations established by the board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.
- c) Proposals that the board of directors has agreed to submit to the general shareholders' meeting to which this annual report will be submitted and which are proposed to be applicable to the current year.

There have been no material changes to the remuneration policy applicable in the current financial year.

A.3. Identify the direct link to the document where the current company remuneration policy is posted, which must be available on the web page of the company.

[http://www.grupo-sanjose.com/data/pdf/1648665115\\_69917280.pdf](http://www.grupo-sanjose.com/data/pdf/1648665115_69917280.pdf)

A.4 Explain, taking into account the data provided in Section B.4, the outcome of voting, of a consultative nature, by shareholders at the General Shareholders' Meeting on the annual report on remuneration for the previous year.

The item on the agenda of the shareholders' meeting at which the annual remuneration report for the previous year was put to a consultative vote was approved by 99.09% of the capital present or represented.

This vote will be considered for the remuneration policy for the three-year period 2025-2027 to be voted on at the shareholders' meeting to be held in 2024

## **B. OVERALL SUMMARY OF HOW REMUNERATION POLICY HAS BEEN APPLIED DURING THE YEAR ENDED**

B.1.1 Explain the process followed to apply the remuneration policy and determine the individual remuneration contained in Section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the Board of Directors and, as the case may be, the identity and the role of the external advisors whose services have been used in the process to apply the remuneration policy in the year ended.

With respects to those directors who have exclusively received attendance allowance for meetings of the board and the meetings of the commissions which they belong to, once the attendance of the member has been verified at the corresponding meeting, the payment order is notified to the financial department (Treasury) that carries out the payment in the following days.

Regarding the compensation consisting of an annual fixed allocation for directors in their condition as such, the Appointments, Remuneration and Corporate Governance Committee prepares a reasoned report in consideration of the duties and responsibilities attributed to each director, with the remuneration proposal addressed to the board of directors, which, if appropriate, proceeds to its approval.

For executive directors, in addition to the fixed remuneration established in their respective service lease contracts, the board of directors sets the variable remuneration corresponding to the previous year, following a report and proposal from Appointments, Remunerations and Corporate Governance Committee. Likewise, should there be any modification in the fixed remuneration of executive directors, the new amount would be agreed by the board of directors following a report and proposal by the appointments, remuneration and good governance committee.

## **ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES**

The Appointments, Remunerations and Corporate Governance Committee is informed in advance and reports to the board on any decision to be adopted with regard to the application of the remuneration policy of each member.

### **B.1.2 Explain any deviation implemented during the period to the procedure established for applying the remuneration policy.**

No deviations were implemented to the application procedure.

### **B.1.3 Explain whether any temporary exception to the remuneration policy has been applied and, if so, explain the given circumstances for such exceptional application, specific components of the remuneration policy implemented and the reasons for which the company deems such exceptional measures were necessary to face long-term interests and company sustainability as a whole. Specify, also, the impact of said exceptional measures on the remuneration of each member.**

No exceptional measures were applied to the remuneration policy.

### **B.2 Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks and adapting them to the long-term objectives, values and interests of the company, including a reference to the measures that have been adopted to guarantee that the long-term results of the company have been taken into consideration in the remuneration accrued and that a suitable balance has been attained between the fixed and variable components of the remuneration, the measures that have been adopted in relation to those categories of staff whose professional activities have a material repercussion on the company's risk profile and the measures that have been adopted to avoid conflicts of interest, if appropriate.**

The board of directors determines the variable remuneration for each year once the financial statements have been formulated and audited. Further, in 2023 it also did so upon the AGM having approved the financial statements; circumstance which is expected to occur again this year 2024.

The board deems that so as to establish the remuneration accrued, long-term outcome of the company and a balance between fixed and variable components should be achieved.

Likewise, the company's remuneration policy includes the power of the board to cancel, in whole or in part, the settlement of remuneration (or, where appropriate, offset it with future settlements) in the event that there is a subsequent modification of the profit/(loss) of the financial statements for the year which such remuneration was based on.

However, to date it has not been necessary to correct any dysfunction in the company's remuneration system, since the forecasts considered for the calculation of the remuneration proposals have coincided with the actual results.

The board considers that the decisions adopted have taken into account the risks that the audit committee analyses on a regular basis after gathering information from the external auditors, in order to reduce exposure to risks and adjust it to the objectives, values and long-term interests of company.

The measures adopted to avoid conflicts of interest have consisted of the affected directors, and in particular the executive directors, not participating in the remuneration decision-making process.

## ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

**B.3** Explain how the remuneration accrued over the year meets the provisions contained in the current remuneration policy.

Furthermore, report on the relationship between the remuneration obtained by the directors and the results or other performance measures of the company in the short and long term, explaining, as the case may be, how the variations in the performance of the company have influenced changes in the remuneration of directors and how the latter contribute to the short- and long-term results of the company.

The total remuneration of directors approved by the board of directors represents 49.20% of the maximum amount of the annual remuneration for all the directors approved by the AGM.

In 2023 the directors have received a total remuneration that the board of directors considers consistent with the profit for the year.

The remuneration accrued and consolidated in the year complies with the current remuneration policy because it adheres to the different compensation concepts, respects the limits set in the policy and has been agreed based on the results obtained by the company both, in the previous financial year and in the forecast of those that will be obtained according to its strategic plan.

The variations in the performance of the company influence the variation in the remuneration of the directors, as was already noted in a restrictive sense in the period in which the company was subject to the restrictions of the refinancing of its debt (years from 2014 to 2018), and in the opposite direction with the extraordinary results obtained in 2019 due to the cancellation of its short-term and medium-term financial debt.

For reasons above-mentioned, there has been no accrued remuneration whose payment has been deferred.

**B.4** Report on the result of the consultative vote at the General Shareholders' Meeting on remuneration in the previous year, indicating the number of votes against that may have been cast:

	Number	% on total
Issued votes	44,658,156	68.68

	Number	% on issued
Negative votes	405,672	0.91
Positive votes	44,252,4844	99.09
Blank votes		0.00
Abstentions		0.00

### Notes

**B.5** Explain how the fixed components accrued during the year by the directors in their capacity as such have been determined and how they have changed with respect to the previous year

The annual fixed allocation of directors in 2023 has been determined by the board of directors, on the proposal of the Appointments and Remunerations Committee, taking into account the functions actually performed, the special complexity to the dedication provided and to the different responsibilities assumed by each director.

This allocation in 2023 was approximately 47,500 € higher than in the previous year. However, in 2023 a new director was appointed, Ms. María José Alonso Fernandez, who was set a fixed annual remuneration of 22,500 €,

## ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

i.e. if the comparison is made with the same directors who were appointed in 2022, the increase would be only 25,000 €

Relative percentage and variation with regard to the previous year is as follows:

RAMON BARRAL ANDRADE 15.75% No changes recorded.  
JOSE MANUEL OTERO NOVAS 15.75% The amount has been increased by 5,000 euros.  
AMPARO ALONSO BETANZOS 9.45% The amount has been increased by 5,000 euros.  
ENRIQUE MARTIN REY 9.45% No changes recorded  
ALTINA DE FÁTIMA 11.02% No changes recorded  
ROBERTO ALVAREZ ALVAREZ 31.50%. The amount has been increased by EUR 15,000.  
NASSER AL DAREI 0% No changes recorded.  
MARIA JOSE ALONSO FERNANDEZ, 7.08% No changes recorded

On the other hand, members have received attendance fees amounting to EUR 2,000 for meetings of the board of directors, and EUR 3,000 for meetings of the executive commission, EUR 1,500 for meetings of the audit committee and the Appointments, Remunerations and Corporate Governance committee and EUR 3,000 for meetings of the international executive committee. These amounts are the same as those applied in previous years.

**B.6 Explain how the salaries accrued by each one of the executive directors over the past financial year for the performance of management duties were determined, and how they have changed with respect to the previous year.**

Fixed salaries accrued in 2023 by the executive directors were the following:

Jacinto Rey González: € 600,000, same amount accrued in the previous year.  
Jacinto Rey Laredo: € 435,714 - 35,714 euros more than in the previous year.  
Javier Rey Laredo: € 335,714 - 35,714 euros more than in the previous year.  
José Luis González Rodríguez: € 235,714 – 35,714 euros more than in the previous year.

Said salaries are regulated under the terms of the corresponding service contracts, which provide that they can be modified annually by resolution of the board of directors at the proposal of the appointments, remunerations and Corporate Governance Committee of the Company.

**B.7 Explain the nature and the main characteristics of the variable components of the remuneration systems accrued in the year ended.**

In particular:

- a) Identify each of the remuneration plans that have determined the different variable remuneration accrued by each of the directors during the year ended, including information on their scope, date of approval, date of implementation, vesting conditions, if any, vesting periods and term, criteria used to assess performance and how this has impacted on the setting of the variable amount accrued, as well as the measurement criteria used and the time required to be able to adequately measure all the conditions and criteria stipulated, explaining in detail the criteria and factors applied in terms of the time required and methods for verifying that the performance or other conditions to which the accrual and vesting of each component of variable remuneration was linked have been effectively met.
- b) In the case of share options and other financial instruments, the general characteristics of each plan will include information on both the conditions to acquire unconditional ownership (vesting) and to exercise these options or financial instruments, including the price and term to exercise them.

## ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

- c) Each one of the directors, together with their category (executive directors, proprietary external directors, independent external directors and other external directors), that are beneficiaries of remunerations systems or plans that include variable remuneration.
- d) As the case may be, information is to be provided on periods for the accrual or deferment of payment applied and/or the periods for withholding/unavailability of shares or other financial instruments, if they should exist.

Explain the short-term variable components of the remuneration systems:

Unless the board sets specific annual targets, the targets to which such remuneration is linked shall be understood to be the following:

i.- A part of the variable remuneration shall be established according to the performance of the business and the value of the Company, as well as appropriate development of functions and responsibilities as executive directors, personal performance and non-financial factors, such as the compliance with rules and internal procedures in terms of risk management.

ii.- Another part shall be established according to economic indicators:

- By membership of the executive committee: up to a maximum of 1% of the EBITDA of the Company.
- By membership of the international executive committee: up to a maximum of 1.5% of the international turnover of the Company.

Annual variable remuneration of executive members amounted in 2023 to EUR 1,600,000.

As for now, delivery of shares or rights on shares or any other financial instruments are not considered.

Explain the long-term variable components of the remuneration systems:

During year 2023, no long-term variable remuneration has been accrued.

**B.8** Indicate whether certain variable components have been reduced or clawed back when, in the case of the former, payment has been vested and deferred or, in the case of the latter, vested and paid, on the basis of data that have subsequently proved to be inaccurate. Describe the amounts reduced or clawed back through the application of the reduction or clawback clauses, why they were implemented and the years to which they refer.

No. This has not occurred up to the date of preparation of this report.

**B.9** Explain the main characteristics of the long-term savings systems where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefit that are financed, totally or partially, by the company, whether through internal or external contributions, indicating the type of plan, whether it is a defined contribution or benefit, the contingencies covered, the conditions for vesting economic rights for directors and their compatibility with any type of severance pay for early termination or termination of the contractual relationship between the company and the director.

The company does not currently have any long-term saving systems.

**B.10** Explain, where appropriate, the severance pay or any other type of payment deriving from early dismissal or early resignation, or from the termination of the contract upon



## ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

the terms provided for therein, accrued and/or received by directors during the year ended.

The early termination of the director in his/her condition as such, for any reason, does not imply any compensation in favour of the director.

Contracts of executive directors provide for the termination of the contractual relationship in the following terms:

### TERMINATION OF THE CONTRACT

The Contract will be terminated for the following reasons.

1.- Termination by mutual agreement of the Parties. The Contract may be terminated by the agreement between the executive director and the Company, as agreed by the Parties.

2.- Termination for unilateral will of the executive director

The executive director may terminate the contract unilaterally, informing the Company in writing at least three months in advance. In the event of default of notice, the executive director shall indemnify the Company with an amount equivalent to the fixed remuneration applicable at the time of termination of the contract corresponding to the period of unfulfilled notice. During the period of notice, the Company may exempt the executive director from the performance of his/her duties, although he/she will continue to receive the corresponding remuneration.

The termination of the contract by unilateral will of the executive director will automatically imply, with effect as from the same date on which the contract is terminated, his/her resignation from the position of director, and the revocation of any powers delegated to him/her by the board of directors, as well as all the powers granted to by the Company.

3.- Termination for reasons attributable to the Company

3.1 Termination at the Company's discretion

The Contract will be terminated by the will of the Company expressed by agreement of the board of directors, in accordance with the provisions of its by-Laws.

The Contract will also be terminated in the event of (i) cessation or non-renewal of the executive director as a director by resolution of the AGM, or (ii) total or partial revocation, as the case may be, of the powers delegated to the director by the board of directors or of the powers granted by the Company. However, the termination and subsequent and immediate appointment as director or the total or partial revocation of the aforementioned powers or powers and the subsequent and immediate delegation or granting of faculties or powers of analogous content shall not entail the termination of the Contract.

In the event of termination provided for in clause 10.3.1 of the contract, the executive director shall be entitled to receive the compensation for termination indicated below, except in the event that such termination is due to a serious breach of any of the obligations of the executive director, in which case the executive director will not be entitled to receive any compensation.

3.2 Other reasons for termination

The Contract will automatically be terminated, as a consequence of the death of the executive director or due to his/her legal incapacitation, declaration of total or superior permanent disability, or incapacity or temporary impossibility for the exercise of his/her functions for a period exceeding 12 months.

## **ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES**

In any of the above cases, the revocation, if any, of the faculties and powers of the Executive Director will be automatic and neither this nor, where appropriate, his/her successors will be entitled to receive compensation, without prejudice to the endowments, insurance system or insurance that the Company would have contracted for on behalf of the Executive Director in these cases, which will be consolidated in favour of this or its successors in title.

Severance grant:

In the cases of termination envisaged in the contract, the executive director will be entitled to receive compensation for termination, except in the event that such termination is due to a serious breach of any of the obligations of the executive director, in which case the director executive will not be entitled to receive any compensation.

Severance grant shall be equivalent to:

- (i) Three annual payments of the annual fixed remuneration of the executive director at the time of termination and of the last annual variable remuneration received by the executive director, if the aggregate of these two amounts is less than EUR 750,000.
- (ii) Two and a half years of the annual fixed remuneration of the executive director at the time of termination and of the last annual variable remuneration received by the executive director, if the aggregate of these two amounts is greater than EUR 750,000, yet less than EUR 1,100. 000 euros.
- (iii) Two annuities of the annual fixed remuneration of the executive director at the time of termination and of the last annual variable remuneration received by the executive director, if the aggregate is greater than EUR 1,100,000

As for the CEO Mr. José Luis González Rodríguez is concerned, severance grant will consist of two annuities of the fixed remuneration received by the CEO at the moment of termination of the contract.

**B.11** Indicate whether there have been any significant changes in the contracts of persons exercising senior management functions, such as executive directors, and, where appropriate, explain such changes. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless these have already been explained in Section A.1.

During the 2023, contracts of executive directors have not been modified.

**B.12** Explain any supplementary remuneration accrued by directors as consideration for services rendered outside of their post.

The Second Deputy Chairman Mr. Javier Rey Laredo received EUR 16,516 as compensation for the services rendered in PAMSA, investee with a 20% ownership interest of Grupo San José.

**B.13** Explain any remuneration deriving from advance payments, loans or guarantees granted, indicating the interest rate, their key characteristics and the amounts eventually returned, as well as the obligations taken on by way of guarantee or collateral.

The company has not granted advance payments, loans or guarantees to any members of the board of directors.

**B.14** Itemise the remuneration in kind accrued by the directors over the year, briefly explaining the nature of the different salary components

## **ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES**

Directors of the company have not accrued any remuneration in kind unless executive directors who enjoy small compensation lacking significant importance consisting of medical insurance and the civil liability insurance programme for members and executives.

- B.15 Explain the remuneration accrued by directors by virtue of payments made by the listed company to a third company at which the director renders services when these payments seek to remunerate the director's services to the company.

Directors of the company have not accrued any remuneration for this concept.

- B.16 Explain and detail the amounts accrued during the year in relation to any other remuneration item other than those listed above, whatever its nature or the group entity paying it, including all benefits in any form, such as when it is considered a related-party transaction or, especially, when it significantly affects the true and fair view of the total remuneration accrued by the director, explaining the amount granted or pending payment, the nature of the consideration received and the reasons why it would have been considered, where appropriate, if applicable, that it does not constitute remuneration to the director in his capacity as such or in consideration for the performance of his executive duties. and whether or not it has been considered appropriate to include it among the amounts accrued under "other items" in section C.

There are no other items of remuneration other than those mentioned in previous sections.



## ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

### C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Period of accrual year 2023
Mr. JACINTO REY GONZÁLEZ	Executive Chairman	From 01/01/2023 to 31/12/2023
Mr. JACINTO REY LAREDO	Executive Deputy Chairman	From 01/01/2023 to 31/12/2023
Mr. JAVIER REY LAREDO	Executive Deputy Chairman	From 01/01/2023 to 31/12/2023
Mr. JOSÉ LUIS GONZÁLEZ RODRIGUEZ	CEO	From 01/01/2023 to 31/12/2023
Ms. ALTINA FÁTIMA SEBASTIÁN GONZÁLEZ	Other External Director	From 01/01/2023 to 31/12/2023
Ms. AMPARO ALONSO BETANZOS	Independent Director	
Mr. RAMÓN BARRAL ANDRADE	Coordinating Director	From 01/01/2023 to 31/12/2023
Mr. NASSER HOMAID SALEM ALI ALDAREI	Other External Director	From 01/01/2023 to 31/12/2023
Mr. ENRIQUE MARTÍN REY	Proprietary Director	From 01/01/2023 to 31/12/2023
Mr. JOSÉ MANUEL OTERO NOVAS	Independent Director	From 01/01/2023 to 31/12/2023
Mr. ROBERTO ÁLVAREZ ÁLVAREZ	Other External Director	From 01/01/2023 to 31/12/2023
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ	Independent Director	From 01/01/2023 to 31/12/2023

C.1 Complete the following tables regarding the individual remuneration of each director (including the salary received for performing executive duties) accrued during the year.

a) Remuneration from the reporting company:

i) Remuneration in cash (thousand euros)

Name	Fixed remuneration	Per diem allowances	Remuneration for membership on Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance grant	Other grounds	Total in year 2023	Total in year 2022
Mr JACINTO REY GONZÁLEZ		12		600	500				1,112	1,213
Mr JACINTO REY LAREDO		12		436	350				798	763
Mr JAVIER REY LAREDO		12		336	350				698	663
Mr. JOSÉ LUIS GONZÁLEZ RODRÍGUEZ		12		236	400				648	610
Ms. ALTINA FATIMA SEBASTIAN GONZALEZ	35	12	8						55	54
Ms. AMPARO ALONSO BETANZOS	30	12							42	35
Mr. RAMON BARRAL ANDRADE	50	12	14						76	73
Mr. NASSER HOMAID SALEM ALI ALDAREI										
Mr. ENRIQUE MARTIN REY	30	12	6						48	44
Mr. JOSÉ MANUEL OTERO NOVAS	50	12	14						76	68
Mr. ROBERTO ALVAREZ ALVAREZ	100	12	6						118	99
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ	23	8							31	

Notes

## ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

ii) Cuadro de movimientos de los sistemas de retribución basados en acciones y beneficio bruto de las acciones o instrumentos financieros consolidados.

Name	Name of Plan	Financial instruments at start of year 2021		Financial instruments vested during year 2021		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of year 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No of equivalent/vested shares	Price of consolidated shares	Gross profit from vested shares or financial instruments (thousand €)	No. of equivalent shares	No. of instruments	No. of equivalent shares
Mr JACINTO REY GONZÁLEZ	Plan							0.00				
Mr JACINTO REY LAREDO	Plan							0.00				
Mr JAVIER REY LAREDO	Plan							0.00				
Mr. JOSE LUIS GONZÁLEZ RODRIGUEZ	Plan							0.00				
Ms. ALTINA FATIMA SEBASTIAN GONZALEZ	Plan							0.00				
Ms. AMPARO ALONSO BETANZOS	Plan							0.00				
Mr. RAMON BARRAL ANDRADE	Plan							0.00				
Mr. NASSER HOMAID SALEM ALI ALDAREI	Plan							0.00				
Mr. ENRIQUE MARTIN REY	Plan							0.00				
Mr. JOSÉ MANUEL OTERO NOVAS	Plan							0.00				
Mr. ROBERTO ÁLVAREZ ÁLVAREZ	Plan							0.00				
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ	Plan							0.00				

Notes

iii) Long-term savings systems

Name	Remuneration from vesting of rights to savings systems
Mr JACINTO REY GONZÁLEZ	
Mr JACINTO REY LAREDO	
Mr JAVIER REY LAREDO	
Mr. JOSÉ LUIS GONZÁLEZ RODRÍGUEZ	
Ms. ALTINA FÁTIMA SEBASTIAN GONZALEZ	
Ms. AMPARO ALONSO BETANZOS	
Mr. RAMÓN BARRAL ANDRADE	
Mr. NASSER HOMAID SALEM ALI ALDAREI	
Mr. ENRIQUE MARTÍN REY	
Mr. JOSÉ MANUEL OTERO NOVAS	
Mr. ROBERTO ÁLVAREZ ÁLVAREZ	
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ	

Name	Contribution over the year from the company (thousand EUR)				Amount of accumulated funds (thousand EUR)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights		Savings systems with vested economic rights		Savings systems with non-vested economic rights	
	Year 2023	Year 2022	Year 2023	Year 2022	Year 2023	Year 2022	Year 2023	Year 2022
Mr JACINTO REY GONZÁLEZ								
Mr JACINTO REY LAREDO								
Mr JAVIER REY LAREDO								
Mr. JOSE LUIS GONZALEZ RODRIGUEZ								
Ms. ALTINA FATIMA SEBASTIAN GONZALEZ								
Ms. AMPARO ALONSO BETANZOS								
Mr. RAMON BARRAL ANDRADE								
Mr. NASSER HOMAID SALEM ALI ALDAREI								
Mr. ENRIQUE MARTIN REY								
Mr. JOSÉ MANUEL OTERO NOVAS								
Mr. ROBERTO ÁLVAREZ ÁLVAREZ								
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ								

Notes

iv) Details of other ítems

Name	Item	Amount remunerated
Mr JACINTO REY GONZÁLEZ	Item	
Mr JACINTO REY LAREDO	Item	
Mr JAVIER REY LAREDO	Attendance allowance to Board of Directors of an investee	17
Mr. JOSE LUIS GONZÁLEZ RODRIGUEZ	Item	
Ms. ALTINA FÁTIMA SEBASTIAN GONZÁLEZ	Item	
Ms. AMPARO ALONSO BETANZOS	Item	
Mr. RAMÓN BARRAL ANDRADE	Item	
Mr. NASSER HOMAID SALEM ALI ALDAREI	Item	
Mr. ENRIQUE MARTIN REY	Item	
Mr. JOSÉ MANUEL OTERO NOVAS	Item	
Mr. ROBERTO ÁLVAREZ ÁLVAREZ	Item	
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ	Item	

Notes

b) Remuneration of the company directors for seats on the boards of other group companies:

i) Remuneration in cash (thousand EUR)

Name	Fixed remuneration	Per diem allowances	Remuneration for membership on Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Severance grant	Other grounds	Total in year 2023	Total in year 2022
Mr. JACINTO REY GONZÁLEZ		46							46	55
Mr. JACINTO REY LAREDO										
Mr. JAVIER REY LAREDO		18							18	18
Mr. JOSÉ LUIS GONZÁLEZ RODRÍGUEZ										
Ms. ALTINA FATIMA SEBASTIAN GONZALEZ										
Ms. AMPARO ALONSO BETANZOS										
Mr. RAMON BARRAL ANDRADE										
Mr. NASSER HOMAID SALEM ALI ALDAREI										

## ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

Mr. ENRIQUE MARTIN REY											
Mr. JOSÉ MANUEL OTERO NOVAS											
Mr. ROBERTO ÁLVAREZ ÁLVAREZ			55							55	55
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ											

Notes

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments.

Name	Name of Plan	Financial instruments at start of year 2021		Financial instruments vested during year 2021		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial instruments at end of year 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No of equivalent/vested shares	Price of consolidated shares	Gross profit from vested shares or financial instruments (thousand €)	No. of equivalent shares	No. of instruments	No. of equivalent shares
Mr JACINTO REY GONZÁLEZ	Plan							0.00				
Mr JACINTO REY LAREDO	Plan							0.00				
Mr JAVIER REY LAREDO	Plan							0.00				
Mr. JOSE LUIS GONZÁLEZ RODRIGUEZ	Plan							0.00				
Ms. ALTINA FATIMA SEBASTIAN GONZALEZ	Plan							0.00				
Ms. AMPARO ALONSO BETANZOS	Plan							0.00				
Mr. RAMON BARRAL ANDRADE	Plan							0.00				
Mr. NASSER HOMAID SALEM ALI ALDAREI	Plan							0.00				
Mr. ENRIQUE MARTIN REY	Plan							0.00				
Mr. JOSÉ MANUEL OTERO NOVAS	Plan							0.00				
Mr. ROBERTO ÁLVAREZ ÁLVAREZ	Plan							0.00				
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ	Plan							0.00				

Notes

iii) Long-term savings systems

Name	Remuneration from vesting of rights to savings systems
Mr JACINTO REY GONZÁLEZ	
Mr JACINTO REY LAREDO	
Mr JAVIER REY LAREDO	
Mr. JOSÉ LUIS GONZÁLEZ RODRÍGUEZ	
Ms. ALTINA FÁTIMA SEBASTIAN GONZALEZ	
Ms. AMPARO ALONSO BETANZOS	
Mr. RAMÓN BARRAL ANDRADE	
Mr. NASSER HOMAID SALEM ALI ALDAREI	
Mr. ENRIQUE MARTÍN REY	
Mr. JOSÉ MANUEL OTERO NOVAS	
Mr. ROBERTO ÁLVAREZ ÁLVAREZ	
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ	

Name	Contribution over the year from the company (thousand EUR)				Amount of accumulated funds (thousand EUR)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights		Savings systems with vested economic rights		Savings systems with non-vested economic rights	
	Year 2023	Year 2022	Year 2023	Year 2022	Year 2023	Year 2022	Year 2023	Year 2022
Mr JACINTO REY GONZÁLEZ								
Mr JACINTO REY LAREDO								
Mr JAVIER REY LAREDO								
Mr. JOSE LUIS GONZALEZ RODRIGUEZ								
Ms. ALTINA FATIMA SEBASTIAN GONZALEZ								
Ms. AMPARO ALONSO BETANZOS								
Mr. RAMON BARRAL ANDRADE								
Mr. NASSER HOMAID SALEM ALI ALDAREI								
Mr. ENRIQUE MARTIN REY								
Mr. JOSÉ MANUEL OTERO NOVAS								



## ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

Mr. ROBERTO ÁLVAREZ ÁLVAREZ								
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ								

Notes
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### iv) Details of other items

Name	Item	Amount remunerated
Mr JACINTO REY GONZÁLEZ	Item	
Mr JACINTO REY LAREDO	Item	
Mr JAVIER REY LAREDO	Item	
Mr. JOSE LUIS GONZÁLEZ RODRIGUEZ	Item	
Ms. ALTINA FÁTIMA SEBASTIAN GONZÁLEZ	Item	
Ms. AMPARO ALONSO BETANZOS	Item	
Mr. RAMÓN BARRAL ANDRADE	Item	
Mr. NASSER HOMAID SALEM ALI ALDAREI	Item	
Mr. ENRIQUE MARTIN REY	Item	
Mr. JOSÉ MANUEL OTERO NOVAS	Item	
Mr. ROBERTO ÁLVAREZ ÁLVAREZ	Item	
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ	Item	

### c) Summary of remuneration (thousand €):

This should include a summary of the amounts corresponding to all the remuneration items included in this report that have accrued to each director (thousand €).

Name	Remuneration accrued at the Company					Remuneration accrued at group companies					TOTAL YEAR 2023 COMPANY + GROUP
	Total Cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings systems	Remuneration for other items	Total year 2023 company	Total Cash remuneration	Gross profit from vested shares or financial instruments	Remuneration from savings systems	Remuneration for other items	Total year 2023 group	
Mr JACINTO REY GONZÁLEZ	1,112				1,112	46				46	1,158
Mr JACINTO REY LAREDO	798				798						798
Mr JAVIER REY LAREDO	698				698	18				18	716



## ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

Mr. JOSÉ LUIS GONZÁLEZ RODRÍGUEZ	648				648					648
Ms. ALTINA FATIMA SEBASTIAN GONZALEZ	55				55					55
Ms. AMPARO ALONSO BETANZOS	42				42					42
Mr. RAMON BARRAL ANDRADE	76				76					76
Mr. NASSER HOMAID SALEM ALI ALDAREI										
Mr. ENRIQUE MARTIN REY	48				48					48
Mr. JOSÉ MANUEL OTERO NOVAS	76				76					76
Mr. ROBERTO ÁLVAREZ ÁLVAREZ	118				118	55			55	173
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ	31				31					31
<b>TOTAL</b>	<b>3,702</b>				<b>3,702</b>	<b>119</b>			<b>119</b>	<b>3,821</b>

Notes

C.2 Indicate the evolution in the last 5 years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company that have been in that position during the year, of the consolidated profit/(loss) of the company and of the average remuneration on an equivalent full-time basis of employees of the company and its subsidiaries who are not directors of the listed company.

	Accrued amounts and annual variation %								
	Year 2023	Variation % 2023/2022	Year 2022	Variation % 2022/2021	Year 2021	Variation % 2021/2020	Year 2020	Variation % 2020/2019	Year 2019
<b>Executive directors</b>									
Mr. JACINTO REY LAREDO	798	4.59	763	6.56	716	7.67	665	-23.12	865
Mr. JOSE LUIS GONZÁLEZ RODRÍGUEZ	648	6.23	610	8.93	560	118.75	256	-	0
Mr. JACINTO REY GONZÁLEZ	1,158	-8.68	1,268	-7.38	1,369	-12.47	1,564	-67.29	4,782
Mr. JAVIER REY LAREDO	716	5.14	681	7.75	632	13.67	556	4.12	534
<b>External directors</b>									
Ms. ALTINA DE FATIMA SEBASTIAN GONZÁLEZ	55	1.85	54	-6.90	58	7.41	54	-29.87	77
Ms. AMPARO ALONSO BETANZOS	42	20.00	35	-12.50	40	-	0	-	0
Mr ENRIQUE MARTÍN REY	48	9.09	44	-20.00	55	3.77	53	-30.26	76
Mr. JOSÉ MANUEL OTERO NOVAS	76	11.76	68	-9.33	75	-6.25	80	-22.33	103
Mr. NASSER HOMAID SALEM ALI ALDAREI	0	-	0	-	0	-	0	-	0
Mr. RAMÓN BARRAL ANDRADE	76	4.11	73	1.39	72	-6.49	77	-22.22	99
Mr. ROBERTO ÁLVAREZ ÁLVAREZ	173	11.61	155	-7.19	167	13.61	147	-28.64	206
Ms. MARÍA JOSÉ ALONSO FERNÁNDEZ	31	-	0	-	0	-	0	-	0
<b>Consolidated Profit/(loss) for the year</b>									
	21,412	39,13	15,390	11.01	13,863	-37.15	22,059	-86.48	163,181
<b>Average remuneration of employees</b>									
	35	9.38	32	14.29	28	0.00	28	7.69	26

Notes



## ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

### D. OTHER INFORMATION OF INTEREST

Whether there are any relevant issues relating to directors' remuneration that you have not been able to address in the previous sections of this report, but which are necessary to provide more comprehensive and fully reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

None.

This annual remuneration report has been approved by the board of directors of the company at its meeting on:

29/02/2024

State whether any directors voted against or abstained from voting on this report.

Yes  
 No

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

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

Águilas (Murcia) Spain, 28 February 2024

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

*Juan Amor Fernández*