

Grupo Empresarial San José, S.A. and Subsidiaries

Report on Limited Review

Half-Yearly Condensed Consolidated
Financial Statements and Interim
Directors' Report for the six-month
period ended 30 June 2021

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

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

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements (“the interim financial statements”) of Grupo Empresarial San José, S.A. (“the Parent”) and Subsidiaries (“the Group”), which comprise the condensed consolidated balance sheet as at 30 June 2021, the condensed consolidated income statement, condensed consolidated statement of recognized income and expenses, condensed consolidated statement of changes in equity, condensed consolidated cash flow statement and explanatory notes thereto for the six-month period then ended. The Parent’s directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

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

Conclusion

Based on our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2021 are not prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial statements, pursuant to Article 12 of Royal Decree 1362/2007.

Emphasis of Matters

In addition, we draw attention to Note 2.1 to the accompanying interim financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2020. Our conclusion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2021 contains the explanations which the Parent's directors consider appropriate about the significant events that took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required under Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2021. Our work was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Grupo Empresarial San José, S.A. and Subsidiaries.

Other Matters

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

DELOITTE, S.L.



Pedro Luis Hernando

28 July 2021

Grupo Empresarial San José, S.A. and Subsidiaries

Consolidated Condensed Half-Yearly Financial
Statements and Consolidated Half-Yearly
Director's Report for the period ending 30 June
2021.

*Translation into English of Interim Consolidated Condensed Half-Yearly
Financial Statements and Consolidated Half-Yearly Director for the period
ending on 30 June 2021 originally issued in Spanish. In the event of
discrepancy, the Spanish language version prevails.*

Translation into English of the Condensed Consolidated half-year Financial Statements for the period ending 30 June 2021 originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails. In-house translation, under its sole responsibility and not deemed official

GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiaries
Condensed consolidated balance sheet at 30 June 2021 and 31 December 2020
(Thousand of Euros)

ASSETS	Note	30-6-2021	31-12-2020	EQUITY AND LIABILITIES	Note	30-6-2021	31-12-2020
NON-CURRENT ASSETS:				EQUITY:			
Intangible assets	6	16,891	16,051	Share capital		1,951	1,951
Goodwill on consolidation	6.1	9,984	9,984	Reserves		45,069	5,783
Property, plant and equipment	7	72,965	71,402	Reserves in consolidated companies		146,006	169,042
Investment property	8	13,222	11,884	Translation differences		(50,558)	(56,451)
Investments in associates and joint ventures	9.1	19,948	19,595	Equity-Valuation adjustments		243	248
Equity investments in associates		19,948	19,595	Profit for the year attributable to the parent company		6,773	22,753
Long-term financial investments	9.1	33,460	32,392	Equity attributable to Parent shareholders		149,484	143,326
Equity instruments		2,433	2,169	Minority interests		30,248	26,187
Loans to third parties		30,448	29,660	TOTAL EQUITY	11	179,732	169,513
Other financial assets		579	563				
Deferred tax assets		29,926	26,917				
TOTAL NON-CURRENT ASSETS		196,396	188,225	NON-CURRENT LIABILITIES:			
				Long-term provisions	12	45,809	44,924
				Long-term debt	13	108,379	108,067
				Bank loans and overdrafts		11,394	12,325
				Other financial liabilities		96,985	95,742
				Deferred tax liabilities		18,328	25,196
				Long-term advances		779	768
				TOTAL NON-CURRENT LIABILITIES		173,295	178,955
				CURRENT LIABILITIES:			
				Short-term provisions	12	33,697	36,392
				Current bank borrowings	13	19,033	58,172
				Bonds and other securities		-	33,081
				Bank loans and overdrafts		16,903	18,490
				Other financial liabilities		2,130	6,601
				Payable to related companies	17	389	372
				Trade and other payables		537,532	538,485
				Trade payables		388,138	388,653
				Sundry creditors		967	3,652
				Staff, remuneration payable		7,079	7,032
				Tax payables		28,187	16,626
				Advances from customers	9.3	113,161	122,522
				Short-term accruals		6,417	6,613
				TOTAL CURRENT LIABILITIES		597,068	640,034
TOTAL CURRENT ASSETS		753,699	800,277	TOTAL EQUITY AND LIABILITIES		950,095	988,502
TOTAL ASSETS		950,095	988,502				

Accompanying Notes 1 to 18 form an integral part of the condensed consolidated balance sheet as 30 June 2021.

Translation into English of the Condensed Consolidated half-year Financial Statements for the period ending 30 June 2021 originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails. In-house translation, under its sole responsibility and not deemed official

GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiaries

Condensed consolidated Income Statement half year 2021 and year 2020

(Thousands of euros)

	Note	30-6-2021	30-6-2020
<u>CONTINUING OPERATIONS</u>			
Revenue	5	454,456	438,706
Change in inventories of finished goods and work	10	(1,970)	(1,717)
Work performed by the Group for its property, plant and equipment	6.2 and 6.3	1,253	-
Procurements		(316,560)	(300,092)
Cost of raw materials and other consumables used		(82,871)	(87,451)
Works performed by other companies		(233,715)	(211,120)
Impairment of goods held for resale, raw materials and other supplies		26	(1,521)
Other operating income		4,120	8,870
Non-core and other current income		4,109	8,845
Operating grants taking to income		11	25
Staff costs		(62,235)	(66,385)
Other operating expenses		(59,086)	(61,585)
Impairment losses and changes in provisions for trade		(6,452)	(7,128)
Other operating expenses		(52,634)	(54,457)
Depreciation and amortisation charge	6,7 and 8	(4,021)	(4,729)
Excessive provisions		263	851
Impairment and gains or losses on disposal of non-current assets	7 y 8	(145)	(15)
PROFIT FROM OPERATIONS		16,075	13,904
Finance income	16.2	1,893	3,592
Finance costs		(3,679)	(5,307)
Change in fair value of financial instruments		102	(75)
Exchange differences		(105)	1,526
Adjustment for inflation in hyperinflationary economies	2.3	608	(1,478)
Impairment and gains or losses on disposal of financial instruments		(2,474)	(516)
FINANCIAL PROFIT		(3,655)	(2,258)
Profit/(Loss) of companies accounted for using the equity method	9.1	(867)	(259)
PROFIT/ (LOSS) BEFORE TAXES		11,553	11,387
Income Tax		(3,992)	(3,937)
PROFIT/ (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		7,561	7,450
PROFIT / (LOSS) ATTRIBUTABLE TO EXTERNAL PARTNERS		788	(101)
PROFIT / (LOSS) FOR THE YEAR		6,773	7,551

Accompanying notes 1 to 18 form an integral part of the Condensed Consolidated Income Statement at 30 June 2021.

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GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES
FOR HALF YEAR 2021 AND YEAR 2020
(Thousand of Euros)

	Note	30/06/2021	30/06/2020
CONSOLIDATED PROFITS / (LOSSES) OF THE YEAR		7,561	7,450
Income and expenses recognised directly in equity		9,257	(6,438)
-For cash flow hedges		(2)	3
-Translation differences		9,258	(6,451)
-Other		-	27
-Tax effect		1	(17)
Transfer to income statement		1	31
-For cash flow hedges	13.5	63	68
-Translation differences		-	-
-Other		(49)	(25)
-Tax effect		(13)	(12)
TOTAL RECOGNISED INCOMES / (EXPENSES)		16,819	1,043
a) Attributable to Parent		12,661	1,561
b) Attributable to minority interests		4,158	(518)

Accompanying notes 1 to 18 form an integral part of the condensed consolidated statement of recognized income and expenses at 30 June 2021.

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GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR HALF YEAR 2021 AND YEAR 2020

(Thousand of Euros)

	Note	Share Capital	Issurance premium	Legal Reserve	Other reserve of the parent	Consolidated Reserves		Translation differences	Equity Adjustments	Profit of the year	Total Equity attributable to parent	Minority interests	Total Equity
						In consolidated companies	In associated companies						
Balance at December 31, 2019		1,951	155,578	263	(196,999)	58,642	1,070	(47,564)	232	162,774	135,947	27,123	163,070
Distribution of profit for year 2019:													
-To reserves		-	-	127	53,317	113,485	(4,155)	-	-	(162,774)	-	-	-
Total recognized income/expenses year 1H-2020		-	-	-	-	-	-	(6,018)	28	7,551	1,561	(518)	1,043
Balance at June 30, 2020		1,951	155,578	390	(143,682)	172,127	(3,085)	(53,582)	260	7,551	137,508	26,605	164,113
Dividend payment		-	-	-	(6,503)	-	-	-	-	-	(6,503)	(216)	(6,719)
Variation of the consolidation perimeter		-	-	-	-	-	-	-	-	-	-	-	-
Other equity movements		-	(155,578)	-	155,578	2,338	(2,338)	-	-	-	-	(120)	(120)
Total recognized income/expenses 2H-2020		-	-	-	-	-	-	(2,869)	(12)	15,202	12,321	(82)	12,239
Balance at December 31, 2020		1,951	-	390	5,393	174,465	(5,423)	(56,451)	248	22,753	143,326	26,187	169,513
Distribution of profit for year 2020:													
-To reserves		-	-	-	45,789	(18,881)	(4,155)	-	-	(22,753)	-	-	-
-Dividend payment	4	-	-	-	(6,503)	-	-	-	-	-	(6,503)	(97)	(6,600)
Total recognized income/expenses at 1H-2021		-	-	-	-	-	-	5,893	(5)	6,773	12,661	4,158	16,819
Balance at June 30, 2021		1,951	-	390	44,679	155,584	(9,578)	(50,558)	243	6,773	149,484	30,248	179,732

Accompanying notes 1 to 18 form an integral part of the consolidated financial statements and the consolidated statement of changes in equity at 30 June 2021.

Translation into English of the Condensed Consolidated half-year Financial Statements for the period ending 30 June 2021 originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails. In-house translation, under its sole responsibility and not deemed official

GRUPO EMPRESARIAL SAN JOSÉ, S.A. and Subsidiaries
CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR HALF YEARS 2021 Y 2020

(Thousand of Euros)

	Note	At 30 of June of 2021	At 30 of June of 2020
Cash flows from operating activities:			
(+) Profit (Loss) before tax		11,553	11,387
(+) Depreciation and amortisation charge		4,021	4,729
(+/-) Changes in operating allowances		6,112	7,721
(-) Financial income		(1,893)	(3,592)
(+) Financial costs		3,679	5,307
(+/-) Exchange differences		(503)	(48)
(+/-) Result of changes in value of financial instruments		(102)	75
(+/-) Result of companies accounted for using the equity method		867	259
(+/-) Impairment and gains or losses on disposals of financial investments		2,474	516
(+/-) Other gains or losses		801	(621)
Total Cash Flows from operating activities		27,009	25,733
Other adjustments			
(-) Income tax paid in the year		9,445	(3,516)
(+/-) (Increase) / Decrease in working capital			
Current Assets			
a) (Increase) / Decrease in inventories		4,640	1,131
b) (Increase) / Decrease in debtors and other receivables		(24,835)	(13,817)
c) (Increase) / decrease in other non financial current assets		-	-
Current Liabilities			
a) (Increase) / Decrease in trade payables		(220)	(9,670)
b) (Increase) / decrease in other non financial current liabilities		-	-
(+/-) Other collections / (payments) due to operating activities		(2,542)	(3,496)
1. TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES		13,497	(3,635)
Investments:			
(-) Intangible assets	6	(1,253)	(3)
(+) Property, plant and equipment	7 and 8	(2,128)	(1,290)
(-) Shares and other financial assets	9.1	(2,072)	(293)
Total Investments		(5,453)	(1,586)
Dividends received		31	-
Disposals:			
(+) Intangible assets		-	-
(+) Property, plant and equipment		46	-
(+) Shares and other financial assets		28	58
Total Disposals		74	58
Other collections / (payments) due to financing activities		25,402	50,563
2. TOTAL NET CASH FLOWS FROM FINANCING ACTIVITIES		20,054	49,035
Dividends paid	11.4	(6,600)	-
Increase / (decrease) in borrowings	13.1	(35,146)	(25,321)
Non Current		(435)	10,017
Current		(34,711)	(35,338)
Net interests:		(168)	(1,432)
Received		1,440	1,976
Paid		(1,608)	(3,408)
Other collections / (payments) due to financial activities		(1,251)	-
3. TOTAL NET CASH FLOWS FROM FINANCIAL ACTIVITIES		(43,165)	(26,753)
4. TRANSLATION EFFECT		984	(4,384)
TOTAL CASH FLOWS FOR THE YEAR		(8,630)	14,263
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		285,343	233,045
Changes in the year		(8,630)	14,263
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		276,713	247,308

Accompanying notes 1 to 18 form an integral part of the condensed consolidated cash flow statement at 30 June 2021.

Grupo Empresarial San José, S.A. and Subsidiaries

Notes to the Consolidated Condensed Half-Yearly
Financial Statements for the period ending 30 June
2021.

1. Activities of the Group

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

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

The Parent is registered in the Mercantile Register of Pontevedra on sheet 88 of the Companies book 586, entry no. 1 on page no. 8119. Holder of VAT Id # A-36.046.993.

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

As of 20 July 2009, "Grupo Empresarial San Jose, S.A." was listed on the Spanish Stock Exchange Market, its shares being traded on the Spanish Stock Exchange Interconnection System (Spanish Continuous Market).

Activities

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

1. Development of all forms of real estate construction.
2. Performance of all manner of public or private construction work, mainly buildings, road networks and hydraulic works.
3. Purchase and sale, administration, operation and any other similar activities in relation to all manner of rural or urban property.
4. Lease of all manner of assets.
5. Design, construction and management of electricity and renewable energy facilities.
6. Storage, distribution, purchase and sale and import of manufactured products.
7. Management and recruitment of personnel for all types of company, association and organisation.
8. Study, design, development and purchase and sale of all manner of electronic, computer, telecommunications and audio-visual components, products and systems.
9. Full maintenance of hospital facilities, maintenance of operating theatres and electro medical equipment, and manufacture and sale of integrated systems for operating theatres, ICUs and patient rooms.

10. Study, design and installation of air conditioning, heating, industrial cooling and plumbing facilities; purchase and sale or manufacture of all kinds of related mechanisms; to sell and act as representative for third-party products.
11. Healthcare: construction of hospital facilities and public and private healthcare maintenance services; electro medicine and gas facilities and maintenance.
12. Facilities and services: integral installation work, electrical, mechanical and hydraulic installation work, turnkey projects and special installation work, as well as the maintenance of all manner of other facilities not related to the healthcare industry such as industrial facilities, other properties, etc.
13. Infrastructure and transport: performance of infrastructure and transport studies, projects and installation work, including those relating to airports, ports, railways and other types of transport infrastructure.
14. Energy and environment: performance of studies and projects focused on the production and sale of energy and industrial maintenance, waste water treatment, installation of water treatment plants and other environmental activities.

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

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

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

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

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

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

2.1 Regulatory framework and accounting principles

The Consolidated Financial Statements of "Grupo Empresarial San José, S.A." and Subsidiaries (Grupo SANJOSE or "the Group") for the year ending 31 December 2020 were elaborated by the Directors of the Parent at the meeting of the Board of Directors that took place on 24 February 2021 and passed by resolution of the General Meeting held on 30 March 2021, pursuant to the provisions under the International Financial Information Regulations adopted by the European Union, in compliance with Regulations (CE) No 1606/2002 of the European Parliament and the Board (hereinafter "NIIF-UE", detailed on Notes 2-4 of the accompanying consolidated notes to the financial statements), taking into consideration the accounting regulations and standards and assessment criteria of the NIIF-UE, so that they provide a true and exact image of the equity and financial situation of Grupo SANJOSE at 31 December 2020 and its transactions, and the changes net equity and in the consolidated cash flow statement during the year ending on said date.

These Summary Half-Yearly Financial Statements comply with IAS 34 on Interim Financial Information and have been drafted by the Directors of the Parent on 28 July 2021, pursuant to provisions under Article 12 of Royal Decree 1362/2007.

In accordance with IAS 34, the interim financial information is prepared with the sole purposes of updating the content of the latest annual financial statements prepared by the Group, with special emphasis on new activities, events and circumstances that occurred during the first half of 2021 and not duplicating the information released previously in the consolidated financial statements for the year 2020. Therefore, for a proper understanding of the information included in these Summary Half-Year Financial Statements, they should be read in conjunction with the financial statements of the Company for the year 2020.

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

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

The accounting policies and method applied in the elaboration of these Summary Half-Year Financial Statements are the same as those applied to the consolidated financial statements for year 2020.

Enforcement of new accounting standards:

During the first half of year 2021 the following standards and interpretations, compulsory as from year 2021 onwards and adopted by the European Union, became in force and have been applied by the Group in the elaboration of the accompanying interim consolidated summary financial statements:

New standards, amendments and interpretations compulsory for year starting as of 01 January 2021:

Adopted for use within the EU		Compulsory application as from:
Amendments and/or understanding		
Amendment of IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Reform of reference interest rates - Stage II (released in August 2020)	Modifications related to the ongoing reform of the benchmarks (Stage II).	01 January 2021.
Amendment of IFRS 4. Clarifications to IFRS 9 (released in June 2020)	Clarifications to IFRS 9 up to 2023.	01 January 2021.
Amendment of IFRS 3. Reference to framework (released in May 2020)	IFRS 3 is updated to align the definitions of assets and liabilities in a business combination with those contained in the conceptual framework.	1 January 2022.
Amendment of IAS 16. Income Earned Before Intended Use (Posted May 2020)	The amendment prohibits reducing the cost of property, plant and equipment any income obtained from the sale of items produced while the entity is preparing its asset for its intended use.	1 January 2022.
Amendment of IAS 37. Onerous Contracts - Cost of Fulfilling a Contract (Posted May 2020)	The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract and an allocation of other costs that are directly related to the fulfilment of the contract.	1 January 2022.
Improvement of IFRS 2018 - 2020 (released in May 2020)	Amendment of IFRS 1, IFRS 9, IFRS 16 and IAS 41.	1 January 2022.

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

Non-applicable issued standards and interpretations

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

Non-adopted for use within the EU		Compulsory application as from:
New standards		
IFRS 17. Insurance Contracts (released in May 2017 and amended as of June 2020)	It replaces IFRS 4 and reflects the principles of registration, valuation, presentation and disclosure of insurance contracts so that the entity provides relevant and reliable information for allowing users to determine the effect that contracts have on financial statements.	01 January 2023.
Amendments and/or understanding		
Amendment of IFRS 16. Leasing - rent improvements (released in March 2021)	Modification to extend the term of application of the practical solution of IFRS 16 foreseen for rental improvements related to COVID-19.	1 April 2021.
Amendment of IAS 1. Classification of liabilities as current or non-current (published in January 2020)	Clarifications regarding the presentation of liabilities as current or non-current.	1 January 2023.
Amendment to IAS 1. Disclosure of Accounting Policies (published in February 2021)	Amendments to enable entities to appropriately identify material accounting policy disclosures that should be disclosed in the financial statements.	1 January 2023.
Amendment of IAS 8. Definition of business (published in October 2021)	Modifications and clarifications on what should be understood as a change in accounting estimate.	1 January 2023.
Amendment of IAS 12. Deferred taxes derived from assets and liabilities resulting from a single transaction (published in May 2021)	Clarifications on how entities must record the deferred tax that is generated in operations such as leases and decommissioning obligations.	1 January 2023.

2.2 Responsibility for the information and use of estimates

Consolidated results and the determination of consolidated equity are sensitive to accounting principles and policies, valuation and estimation criteria followed by the Parent Company's Directors for the preparation of the Consolidated Condensed Financial Statements. Main accounting principles and policies and assessment criteria are detailed on Note 4 to the consolidated financial statements for year 2020.

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

1. The corporate tax expense that, in accordance with IAS 34, is recognised in interim periods based on the best estimate of the weighted average tax rate that the Group expects for the annual period.
2. The useful life of the property, plant and equipment and intangible assets.
3. Measurement of goodwill arising on consolidation.

4. The budgetary estimates which are considered for the recognition of results on contracts to which the percentage of completion method is applied (construction and industrial areas).
5. Assessment of potential impairment losses by independent professionals at 30 June 2021. These valuations are carried out pursuant to the method of discount of cash flows for equity for rent and the dynamic residual method for real estate stocks, methods that comply with the criteria established by The Royal Institution of Chartered Surveyors (RICS).
6. The probability of occurrence and the amount of uncertain or contingent liabilities.
7. The fair value of certain listed assets.
8. The fair value of certain financial instruments.
9. The probability of recovery of financial loans.
10. Management of financial risk.
11. Judgements and assumptions considered in contracts under the IFRS 16 Leasing standard.
12. Estimation of the effects of the COVID-19 health crisis (see Note 2.8).

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

During the first half of 2021 no significant changes are expected in accounting assessments and forecasts used by the Group at the end of the consolidated financial statements for year 2020.

2.3 Currency

These Summary Half-Year Financial Statements are presented in Euros, since this is the functional currency of the main economic environment where the Group operates. Foreign operations are recognised in accordance with the policies established under Note 4.13 of the financial statements for year 2020.

The breakdown of the closing and average exchange rates of the period used to prepare the Summary Half-Year Financial Statements at 30 June 2021 is as follows:

Translation into English of the Notes to the Consolidated Condensed half-year Financial Statements for the period ending 30 June 2021 originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails. In-house translation, under its sole responsibility and not deemed official.

Country	Currency	Year-end exchange rate	Average exchange rate
The United States	US Dollar (USD)	1.188	1.206
Argentina	Argentine Peso (ARS)	113.572	109.778
Mexico	Mexican Peso	23.662	24.375
Cape Verde	Cape Verde Escudo	110.265	110.265
Panama	Panamanian Balboa	1.188	1.206
Uruguay	Uruguayan Peso	51.276	51.744
Paraguay	Guaraní	7670.990	7771.543
Peru	Peruvian Sol	4.571	4.493
Chile	Chilean Peso (CLP)	862.270	868.914
Brazil	Brazilian Real	5.874	6.466
India	Indian Rupee	88.579	88.667
Nepal	Nepalian Rupee	141.810	142.103
United Arab Emirates	UAE Dirham	4.372	4.430
Colombia	Colombian Peso	4439.150	4390.414
Morocco	Morocco Dirham	10.556	10.678
Bolivia	Boliviano	8.031	8.124

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

As of 30 June 2021, and 31 December 2020, the Group had negative translation differences recorded in equity amounting to EUR 50,558 thousand and EUR 56,451 thousand. The breakdown as of 30 June 2021 and 31 December 2020 by country is as follows:

Thousands of euros			
Country	Currency	30.06.2021	31.12.2020
Argentina	Argentine Peso (ARS)	(22,006)	(25,691)
Paraguay	Guaraní	(3,278)	(5,921)
Peru	Peruvian Sol	(7,487)	(6,611)
Chile	Chilean Peso (CLP)	(8,511)	(8,778)
United Arab Emirates	UAE Dirham	(5,831)	(5,984)
Others	-	(3,445)	(3,466)

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

Hyper-inflationary economy

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

Criteria followed in the application of IAS 29 is described under Note 2.3 of the notes to the financial statements of Grupo SANJOSE for the year ending 31 December 2020.

Inflation considered for this calculation in year 2022 has been 25.3%. This index is extracted from the information published by the National Institute of Statistics and Censuses (INDEC), a public body, through the publication of the Consumer Price Index that measures the variation in the prices of goods and services representative of consumer spending of homes.

Breakdown for the last years is as follows:

	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020	1S-2021
Price Index	100	124.8	184.3	283.5	385.9	483.6
Changes	n/a	24.8%	47.7%	53.8%	36.1%	25.3%

Re-expression profits/(loss) recorded in the financial statements of companies with Argentine peso functional currency are included in the consolidated income statement under "Adjustment for inflation in hyper-inflationary economies". The effect on profit/(loss) of the adjustments due to inflation of Group companies with Argentine peso functional currency, corresponding to year 2021 amounts to a gain of EUR 608 thousand (loss of EUR 1,478 thousand in the first half of the financial year 2020).

The effect on equity of the revaluation of non-monetary items, that at 30 June 2021 and 31 December 2020 amounts to EUR 4,188 thousand and EUR 3,377 thousand, as well as the translation differences generated when the restated financial statements of subsidiaries in Argentina are converted into Euros, are recorded under "Translation differences in consolidated companies" under consolidated net assets of the Group.

2.4 Provisions and contingent liabilities

Information on provisions, contingent liabilities and guarantees given to third parties during 2020 is provided in notes 15 and 21 of the consolidated notes to the Financial Statements of the Group for year 2020. In addition to that discussed in Note 12, during the first half of 2021 no significant changes regarding the information contained in the consolidated financial statements of the Group for year 2020 have taken place.

2.5 Relative importance

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

2.6. Consolidated Condensed cash flow statement

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

1. Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
2. Operating activities: the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.

3. Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
4. Financing activities: activities that result in changes in the size and composition of the equity and borrowings of the Group companies that are not operating activities.

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

2.7 Comparison of information

Information recorded on the Summary Half-Year Financial Statements for the period ending 30 June 2021 and 31 December 2020 is provided for comparison purposes only with that provided for the six-month term ended 30 June 2021.

2.8 COVID-19

On 9 May 2021, the state of alarm declared by the Government of Spain through the publication of Royal Decree 926/2020 of 25 October, in relation to the COVID-19 health crisis, was ended. However, the current situation regarding the health crisis (epidemiological levels, progress in the vaccination process, gradual relaxation of restrictions, etc.) invites us to continue to be cautious since, despite recent favourable developments, the economic outlook for the rest of the year continues to be highly conditioned by the uncertainty on the time horizon necessary for a full overcoming of the health crisis.

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

Due to the Group's diversification in activity and geography, the impact in the first half has been limited, both in operational terms (no relevant disruptions) and financial terms. The Group's financial and equity strength invites us to be moderately optimistic and to trust that the effects it may have in the short and medium term are equally limited.

Note 2.7 of the Group's consolidated notes for the year ending 31 December 2020 includes the effects of COVID-19 referring to the main estimates that affect the financial statements, as well as the lines of action carried out. At 30 June 2021, there have not been any significant changes regarding 31 December 2020.

For all of the above, taking into account the limited impact, the measures to ensure the assets undertaken, the cash position as well as the existing liquidity gaps, the Group has prepared its consolidated six-monthly financial statements summarized under the going concern principle.

2.9 Events after the reporting period

On 12 July 2021, the Group voluntarily proceeded to carry out the full early cancellation of the mortgage loan associated with the development "111 housing units in Larrein (Vitoria)", with the capital pending amortisation at that date being EUR 1,363 thousand (as of 31 December 2020, the amount of capital pending amortisation amounted to EUR 1,807 thousand) (see Note 13.3).

On 20 July 2021, the Community of Madrid, the City Council of the capital, Adif and the investee company "Distrito Castellana Norte, S.A." have signed the Framework Agreement that regulates the coordination and execution of the main infrastructures of Madrid Nuevo Norte. The signing of this document implies the definitive closure of the planning phase and allows the project to enter the urban management stage, with construction expected to start at the end of 2021 (see Note 9.1).

No significant changes have taken place after 30 June 2021 which could impact the Consolidated Condensed Half-Yearly Financial Statements and the accompanying Notes to the same.

3. Changes in the compositions of the Group

Note 2.4 and Exhibits I, II and III to the consolidated financial statements for year ending on 31 December 2020 provide relevant information on Group companies consolidated at that date and on the companies accounted for using the equity method.

During the first half of 2021, no significant changes have taken place within the consolidation scope.

4. Distribution of the Parents' loss

The proposed distribution of the parents' profit for year 2020, prepared by the Directors of the Parent Company, at its meeting held on 24 February 2021, has been approved by the General Meeting of Shareholders held on 30 March 2021, being the details as follows:

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

At 30 June 2021, said dividend has been fully disbursed.

5. Segment information

Note 6 to the consolidated financial statements of the Group for year ending on 31 December 2020, details the criteria used by the Company to define its operational segments. There have been no changes in the segmentation criteria.

Next, information by activity segments for the first half of 2021 and 2020 is provided:

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30 June 2021:

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

30 June 2020:

	Thousands of Euros					
	Construction	Real estate and property development	Energy	Concessions and Services	Adjustments and other	TOTAL
External sales	398,906	3,793	3,832	22,947	9,228	438,706
Inter-segment sales	3,545	-	-	560	(4,105)	-
Net Revenues:	402,451	3,793	3,832	23,507	5,123	438,706
EBITDA	19,954	(232)	1,097	2,331	3,199	26,349
Amortisation	(3,666)	(10)	(538)	(205)	(310)	(4,729)
Provisions	(7,797)	79	23	-	(6)	(7,701)
Impairment and Profit/(Loss) after disposal	(15)	-	(28)	29	(1)	(15)
PROFIT/(LOSS) FROM OPERATIONS	8,476	(163)	554	2,155	2,882	13,904
Financial income	1,530	2,102	-	2,299	(2,339)	3,592
Financial costs and similar expenses	(3,191)	(929)	(167)	(1,383)	363	(5,307)
Translation differences and other	908	537	-	83	(2,071)	(543)
Profit/(loss) from associates	325	(570)	-	-	(14)	(259)
Profit/(Loss) before tax	8,048	977	387	3,154	(1,179)	11,387

Sales between segments are made at market prices, amounting to EUR 5,435 thousand and EUR 4,105 thousand during 2021 and 2020, respectively.

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

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30 June 2021:

	Thousands of Euros					
	Construction	Real estate and property development	Energy	Concessions and Services.	Adjustments and other	TOTAL
Balance sheet:						
Non-current assets:						
Intangible assets	2,388	1,601	15,637	-	7,249	26,875
Property, plant and equipment	15,645	-	8,907	792	47,621	72,965
Real estate investments	-	12,554	-	-	668	13,222
Deferred tax assets	10,606	1,491	1,441	2,678	13,710	29,926
Other	10,764	16,902	8	25,072	662	53,408
Current assets:						
Inventories	11,339	66,942	-	10	6,022	84,313
Receivables	315,411	825	1,519	17,427	14,156	349,338
Other current assets	981	36	19	1,180	48	2,264
Short-term financial investments	10,280	456	1	30,322	12	41,071
Cash and cash equivalents	212,366	25,321	4,803	22,508	11,715	276,713
Total Assets						
In Spain	331,861	61,786	32,057	16,587	38,502	480,793
In foreign countries	257,919	64,342	278	83,402	63,361	469,302
Total Assets	589,780	126,128	32,335	99,989	101,863	950,095
Non-current liabilities:						
Long-term payables	8,454	92,424	3,657	127	3,717	108,379
Deferred tax liabilities	9,552	4,813	1,418	1,698	847	18,328
Other non-current liabilities	31,565	637	1,452	11,347	1,587	46,588
Current liabilities:						
Short-term debts	13,440	2,829	1,940	109	1,104	19,422
Trade payables	500,570	3,583	1,775	22,414	9,190	537,532
Other current liabilities	26,781	2,381	837	5,592	4,526	40,117
Total Liabilities						
In Spain	373,757	90,627	11,079	7,855	28,801	512,119
In foreign countries	216,605	16,040	-	33,432	(7,830)	258,247
Total Liabilities	590,362	106,667	11,079	41,287	20,971	770,366
Additions to fixed assets:						
In Spain	1,832	-	177	55	9	2,073
In foreign countries	380	-	-	85	1,244	1,709
	2,212	-	177	140	1,253	3,782

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31 December 2020:

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

There are no significant non-operating assets.

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

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	Thousands of Euros					
	Net Revenue		Total assets		Additions to property, plant and equipment and real state investments	
	Jun.-21	Jun.-20	Jun.-21	Dec.-20	Jun.-21	Jun.-20
Spain	326,023	267,986	480,789	468,094	2,073	2,134
Portugal	63,646	57,652	79,947	68,148	181	1,255
Cape Verde	2,122	11,114	18,411	20,568	-	206
Argentina	3,042	3,279	34,445	31,584	145	74
Paraguay	3,816	1,901	50,439	46,476	84	425
Bolivia	-	-	9	9	-	-
The United States	-	-	2,509	2,560	3	-
Peru	10,615	4,567	49,097	49,659	8	-
Brazil	-	-	3,928	4,788	-	-
Panama	-	-	28	33	-	-
France	-	-	231	226	-	-
Germany	-	-	28	27	-	-
Chile	36,913	30,308	141,251	175,222	1,240	359
India	414	406	6,475	8,857	-	-
Abu Dhabi	6,839	60,275	76,222	103,720	48	-
Nepal	-	-	86	786	-	-
Timor	-	-	1	1	-	-
Mozambique	-	-	79	65	-	-
Mexico	1,026	1,218	5,555	7,095	-	-
Malta	-	-	565	584	-	-
TOTAL	454,456	438,706	950,095	988,502	3,782	4,453

Note 2.3 details the main foreign currencies of the countries where the Group operates. From total assets as of 30 June 2021 and 31 December 2020, EUR 388,535 thousand and EUR 451,423 thousand, respectively, correspond to assets in a currency other than the Euro. Likewise, from total revenue for the first half of year 2021 and year 2020, the activity developed in said countries amounts to EUR 64,787 thousand and EUR 113,068 thousand, respectively.

6. Intangible assets

Breakdown of intangible assets within the consolidated balance sheet at 30 June 2021 and 31 December 2020 as follows:

	Thousands of Euros	
	30.06.2021	31.12.2020
Goodwill on consolidation (Note 6.1)	9,984	9,984
Concession agreements (Note 6.2)	13,311	13,562
Other intangible assets (Note 6.3)	3,580	2,489
Total	26,875	26,035

6.1 Consolidation goodwill

The breakdown of the item "Consolidation goodwill" of the summary half-year balance sheets for 30 June 2021 and 31 December 2020, by company, is as follows:

	Thousands of Euros	
	30.06.2021	31.12.2020
Cartuja Inmobiliaria, S.A.U.	600	600
San José Perú Inmobiliaria, S.A.	1,601	1,601
Constructora San José, S.A.	7,662	7,662
Other	121	121
Total	9,984	9,984

During the first half of year 2021 no significant changes have been recorded under this item in the accompanying condensed consolidated balance sheet. Likewise, no significant change has loss has been recorded due to impairment of assets.

According to the estimates and projections available to the Directors of the Group, updated (see Note 2.8), the estimated revenue attributable to the Group of these companies adequately supports the carrying amount of goodwill allocated to the relevant registered CGUs.

6.2 Concession agreements

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

Breakdown of this item for the first half of year 2021 is as follows:

	Thousands of Euros			
	Cost	Accumulated depreciation	Impairment	Net
Balance at 31 December 2020	22,138	(8,086)	(490)	13,562
Additions	99	(265)	(85)	(251)
Disposals	-	-	-	-
Transfers	-	-	-	-
Balance at 30 June 2021	22,237	(8,351)	(575)	13,311

The additions in the first half of 2021 relate mainly to costs incurred by the Group in connection with for start-up works of the "Serra da Lagoa", wind project, in Lugo. This amount is recorded under the item "Work carried out by the company for its assets" in the accompanying consolidated condensed profit statement for the first half of the year 2021.

At 30 June 2021 there are no significant investment commitments in intangible assets.

6.3 Other intangible assets

Breakdown of this item for the first half of year 2021 is as follows:

	Thousands of Euros		
	Cost	Accumulated depreciation	Net
Balance at 31 December 2020	7,586	(5,097)	2,489
Additions	1,154	(66)	1,088
Disposals	-	-	-
Transfers	-	-	-
Translation differences	41	(38)	3
Balance at 30 June 2021	8,781	(5,201)	3,580

The main additions made during the first half of year 2021 refer to the expenses incurred in the promotion and development of solar farms in Chile. This amount is recorded under the item "Work carried out by the company for its assets" in the accompanying consolidated condensed income statement for the first half of the year 2021.

7. Property, plant and equipment

Breakdown of this item for the first half of year 2021 is as follows:

	Thousands of Euros			
	Cost	Accumulated depreciation	Impairment	Net
Balance at 31 December 2020	137,863	(66,405)	(56)	71,402
Additions	2,529	(3,672)	-	(1,143)
Disposals	(2,952)	2,893	-	(59)
Transfers	-	-	-	-
Translation differences	2,978	(213)	-	2,765
Balance at 30 June 2021	140,418	(67,397)	(56)	72,965

During the first half of 2021, the Group purchased a plot of land in Porriño (Pontevedra) for EUR 1,420 thousand, with the purpose of building a logistics warehouse for own use. At 30 June 2021, the Grupo has said assets recorded as "Fixed assets in progress and advances".

Further, during the first semester of the 2021, there have been maturities and / or cancellations amounting to EUR 2,232 thousand, as well as new contracts related to the lease contracts contemplated under IFRS 16, showing additions in the period, for amount of EUR 401 thousand. In addition, depreciation for the period amounted to EUR 2,158 thousand.

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

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

At 30 June 2021 the Group does not hold any purchase commitments of property, plant and equipment.

Fair value of items of property, plant and equipment

Each year the Group commissions studies from independent valuers to determine the fair values of its investment property. At 30 June 2021 and 31 December 2020, said studies were conducted by "Instituto de Valoraciones, S.A.". Such valuations were performed on the basis of the sale value and lease value of the property on the market (which consists of capitalising the net income from each property and discounting future flows), as defined by the Royal Institution of Chartered Surveyors (RICS) and in accordance with the International Valuation Standards (IVS) published by the International Valuation Standards Committee (IVSC), which group together international and European asset valuation institutions. The fair value was calculated using the discount rates acceptable to a prospective investor and in line with those applied by the market for properties of similar characteristics in similar locations.

According to the above-mentioned study, both, during the first half of 2021 and during year 2020, no significant changes have been recorded in the assessment of real estate investments.

At 30 June 2021 and 31 December 2020, the fair value of the Group 's inventories based on the aforementioned study amounted to EUR 24,6 million and EUR 21.6 million, respectively.

8. Investment property:

Breakdown and details of this item for the first half of year 2021 are as follows:

	Thousands of Euros			
	Cost	Accumulated depreciation	Impairment	Net
Balance at 31 December 2020	32,697	(20,528)	(285)	11,884
Additions	-	(18)	-	(18)
Disposals	-	-	-	-
Translation differences	4,362	(3,006)	-	1,356
Transfer and other	-	-	-	-
Balance at 30 June 2021	37,059	(23,552)	(285)	13,222

8.1 Mortgaged investment property

At 30 June 2021, there are certain real estate assets amounting to EUR 1,911 thousand (EUR 1,923 thousand as at 31 December 2020), which act as mortgage hedge for banking borrowings (see Note 13.3).

8.2. Fair value of financial instruments

Each year the Group commissions studies from independent valuers to determine the fair values of its investment property at the balance sheet date. At 30 June 2021 and 31 December 2020, said studies were conducted by "Instituto de Valoraciones, S.A.". Such valuations were performed on the basis of the sale value and lease value of the property on the market (which consists of capitalising the net income from each property and discounting future flows), as defined by the Royal Institution of Chartered Surveyors (RICS) and in accordance with the International Valuation Standards (IVS) published by the International Valuation Standards Committee (IVSC), which group together international and European asset valuation institutions. The fair value was calculated using the discount rates acceptable to a prospective investor and in line with those applied by the market for properties of similar characteristics in similar locations.

According to the above-mentioned study, both, during the first half of 2021 and during year 2020, no significant changes have been recorded in the assessment of real estate investments.

At 30 June 2021 and 31 December 2020, the fair value of the Group 's inventories based on the aforementioned study amounted to EUR 87,4 million and EUR 83.7 million, respectively. Said amount, at 30 June 2021 and 31

December 2020, includes EUR 44.3 million and EUR 44.5 million, respectively, corresponding to real estate investments of investees according to the Groups' ownership interest.

8.3 Insurance policy

The Group takes out insurance policies to cover the possible risks to which substantially all its inventories are subject. Directors consider that contracted coverage insurance at 30 June 2021 is sufficient.

9. Financial Assets

9.1. Non-current financial assets

The detail of the non-current financial assets of the Company at 30 June 2021 is as follows:

	Thousands of Euros			
	Other financial assets	Investments available for sale	Investments until maturity	Total
Equity instruments	19,948	2,433	-	22,381
Credit and loans	-	-	30,448	30,448
Other financial assets	-	-	579	579
Total	19,948	2,433	31,027	53,408

Investments accounted for using the equity method

The Group's most significant investments in associates at 30 June 2021 and 31 December 2020 were as follows:

	Thousands of Euros	
	30.06.2021	31.12.2020
Distrito Castellana Norte, S.A. (DCN)	330	285
Panamerican Mall, S.A. (PM)	173	198
Pinar de Villanueva, S.L.	16,417	14,527
Cresca, S.A.	311	351
CSJ GVK Projects y Technical SS. P.L.	2,717	4,234
Net total	19,948	19,595

The breakdown under this item in the consolidated condensed financial statements for the first half of 2021 is as follows:

	Thousands of Euros
Balance at 31 December 2020	19,595
Profit/loss	(867)
Additions/retirements	2,021
Translation differences	(801)
Balance at 30 June 2021	19,948

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

On 25 March 2020, the Governing Council of the Community of Madrid has definitively approved what will be the most important urban action in the coming years, both in Spain and in Europe. After the approval of the Community, the Madrid City Council has endorsed on 29 May the clarifications proposed by the Community so that "Distrito Castellana Norte, S.A." has received the approval of the Administrations so as to move on to the next stage of the project. Likewise, on 20 July 2021, the Community of Madrid, the City Council of the capital, Adif and the investee company "Distrito Castellana Norte, S.A." have signed the Framework Agreement that regulates the coordination and execution of the main infrastructures of Madrid Nuevo Norte. The signing of this document implies the definitive closure of the planning phase and allows the project to enter the urban management stage, with construction expected to start at the end of 2021 (see Note 2.9).

As of 30 June 2021, the Group holds a 10% stake in the capital of the company, as well as significant influence, to the extent that it maintains representation in its management body. During the first half of year 2021, the investee has carried out a capital increase for EUR 20,207 thousand. The Group has subscribed and paid up according to its participation percentage the capital increase. During year 2020, the investee carried out a capital increase for EUR 7,742 thousand, fully subscribing and paying up the Group its stake.

Appendix II to the consolidated financial statements of the Group for the year ending 31 December 2020 includes a list of the main ownership interests in associates, detailing name, country and participation percentage. The Group does not consider very relevant the impact on assets, profit or net equity of its participation in these companies. However, next is listed financial information of the main associates of the Group:

At 30 June 2021

	Millions of Euros		
	DCN	PM	GSJ GVK
Non-current assets	6.7	330.0	0.0
Current assets	167.8	5.1	26.3
Total Assets	174.5	335.1	26.3
Non-current liabilities	0.5	70.6	0.0
Current liabilities	6.6	15.2	18.9
Total Liabilities	7.1	85.8	18.9
Income from ordinary activities	0.0	8.4	0.0
Profit/(Loss) from continued operations	(1.3)	0.8	(1.4)
Profit/(Loss) for the year	(1.3)	0.8	(1.4)

At 31 December 2020

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

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

At 30 June 2021

	Millions of Euros		
	DCN	PM	GSJ GVK
Total net equity	167.4	249.3	7.4
% ownership of Grupo SANJOSE	10.00%	20.00%	50.00%
Net carrying amount of the stake (NCV)	16.7	49.9	3.7
Amendments of the NCV and other	(0.3)	(49.6)	(1.0)
Cost of the Groups' stake	16.4	0.3	2.7

At 31 December 2020

	Millions of Euros		
	DCN	PM	GSJ GVK
Total net equity	148.5	252.2	8.5
% ownership of Grupo SANJOSE	10.00%	20.00%	50.00%
Net carrying amount of the stake (NCV)	14.9	50.4	4.3
Amendments of the NCV and other	(0.4)	(50.0)	-
Cost of the Groups' stake	14.5	0.4	4.3

Investments available for sale

The financial assets presented above basically represent investments in equity securities of unlisted entities. Carrying net cost at 30 June 2021 and 31 December 2020 amounts to EUR 2,433 thousand and EUR 2,169 thousand, respectively. Accumulated impairment as of 30 June 2021 and 31 December 2020 amounts to EUR 5,622 and EUR 5,838 thousand, respectively.

These ownership interests are stated at the underlying carrying amount. In the event of listed companies, the lower quoted value at the end of the financial year or the average quotation of the last quarter is taken as reference of the recoverable value.

Net cost at which interest ownership of the Group is recorded, by associate, at 30 June 2021 and 31 December 2020 is as follows:

Company	Thousands of Euros	
	30.06.2021	31.12.2020
Bodegas Altanza, S.A.	736	736
Oryzon Gernomics, S.A. (*)	1,097	891
Others	600	542
	2,433	2,169

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

Non-current investments held until maturity

This item mainly includes credits and collection rights with third parties. Carrying net cost at 30 June 2021 and 31 December 2020 amounts to EUR 31,027 thousand and EUR 30,223 thousand, respectively. Accumulated impairment as of 30 June 2021 and 31 December 2020 amounts to EUR 4,659 and EUR 16,415 thousand, respectively.

At 30 June 2021, this item mainly includes an amount of EUR 17,179 thousand, corresponding to the part to be collected in the long term derived from the transactional agreement signed on 27 November 2020 by the Group, through its subsidiary in Chile "Sociedad Concesionaria San José-Tecnocontrol, SA" with the Chilean Ministry of Public Works, in the arbitration process that the parties maintained in relation to the cost overruns and fines originated in the construction of the Maipú and La Florida hospitals, in Santiago de Chile. By virtue of the aforementioned agreement, which has been approved by the arbitration commission that processed the process, the Chilean Ministry of Public Works will pay the amount of 944.1 thousand UF (EUR 31.5 million) at 31 December 2020. This amount will be paid in four annual instalments of the same amount (the first three on 15 December 2020, 2021 and 2022, respectively, and the fourth instalment on 15 July 2023). This deferral will accrue interest at the rate set by the local authorities for forward operations. This agreement involves the liquidation of the construction phase of the public works concession contract whose purpose is the construction, maintenance and operation of the aforementioned hospitals. As of the current date, the Group has collected the first instalment under the agreement.

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

- Collection right for a total amount of EUR 9,617 thousand and EUR 9,496 thousand, as of 30 June 2021 and 31 December 2020, respectively, against the Chilean Ministry of Public Works, as a result of the termination of the contract and execution of the guarantees at the first request, which it was maintained with the company of the Group "Sociedad Concesionaria San Jose Rutas del Loa, SA", in Chile.

Based on the analysis of the recoverability of said debt carried out by the Group, under the framework of IFRS 9, taking into consideration of counterparty's risk, the associated impairment recorded at 30 June 2021 and 31 December 2020 amounts to EUR 1,756 thousand and EUR 1,733 thousand. Further, as of 30 June 2021 and 31 December 2020, the Group has recorded a provision for possible liabilities that may arise from this contract, amounting to EUR 8,515 thousand and EUR 8,407 thousand, respectively.

- As of 31 December 2020, the Group had a collection right for a total amount of EUR 11,730 thousand registered with the Civil Aviation Authority of Nepal (CAAN), in relation to the construction contract for the improvement of infrastructure at Kathmandu airport, as well as associated works at Simikhot and Rara airports in Nepal. On 3 December 2020, the arbitration award on the dispute maintained by the execution of the contract was notified, partially estimating both the claims of Constructora San José, SA, and those of Aviation Authority of Nepal

(CAAN), resulting in a payment pending in favour of Aviation Authority of Nepal (CAAN), amounting to EUR 2.2 million. As a consequence, as of 31 December 2020, the Group fully impaired the collection right that it held against it, recording a higher provision to cover associated costs - amounting the provision recorded as of 31 December 2020 to EUR 2,684 thousand.

During the first half of year 2021, the positions have been liquidated, in compliance with the award, cancelling the collection right and the associated impairment and, applying the provision recorded made as of 31 December 2020 for its purpose.

- Long-term collection right related to the "Improvement of the Checca-Mazocruz section highway", in Peru, amounting to EUR 3,978 thousand and EUR 4,110 thousand at 30 June 2021 and 31 December 2020, as a consequence of the unilateral termination of the contract by the client, notified in the month February 2020. The Group considers that the reasons alleged by the client for the termination of the contract are unfounded, and intends to request the initiation of the arbitration procedure provided for in the contract itself.

Based on the analysis of the recoverability of said debt carried out by the Group, under the framework of IFRS 9, taking into consideration of counterparty's risk, the associated impairment recorded at 30 June 2021 and 31 December 2020 amounts to EUR 1,431 thousand and EUR 1,478 thousand, respectively. Further, as of 30 June 2021 and 31 December 2020, the Group has recorded a provision for possible liabilities that may arise from this contract, amounting to EUR 2,912 thousand and EUR 3,008 thousand, respectively.

9.2. Current financial assets

The detail of the non-current financial assets of the Company at 30 June 2021 is as follows:

	Thousands of Euros		
	Investments until maturity	Derivatives hedges	Total
Credit and loans	8,484	-	8,484
Other financial assets	31,075	-	31,075
Total	39,559	-	39,559

Current investments held until maturity

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

At 30 June 2021, it mainly includes the following:

- the amounts derived from short-term deposits, amounting to EUR 23,667 thousand.
- the amounts derived from short-term deposits, amounting to EUR 7,402 thousand.
- The part to be collected in the short-term amounting to EUR 8,252 thousand, referring to the transactional agreement reached with the Chilean Ministry of Public Works by the company of the Group "Sociedad Concesionaria San José-Tecnocontrol, SA", in relation to the arbitration process that the parties maintained due to the extra costs and fines originated in the construction of the Maipú and La Florida hospitals, in Santiago de Chile (see Note 9.1). During the first half of year 2021, finance income arising from the update of said items amounting to EUR 270 thousand was recorded (see Note 16.2).

During the first half of year 2021, the Group has received an amount of 32,630 million Chilean pesos (approximately EUR 38.5 million), the last instalment related to the credit with the Chilean Ministry of Public Works for the certifications issued by the company of the Group "Sociedad Concesionaria San José-Tecnocontrol, SA" of Chile expiring on 31 March 2021, constituting the remuneration of the construction phase of the Maipú and La Florida hospitals, in Santiago de Chile, which included the concession contract, in application of the financial asset model of the IFRIC 12, as it is a concession in which the Group does not assume demand risk. During the first half of year

2021 and year 2020, finance income arising from the update of said items amounting to EUR 606 thousand and EUR 1,207 thousand, respectively, were recorded (see Note 16.2).

9.3 Trade receivables and customer advances

The detail of "Trade receivables for sales and services" at 30 June 2021 and 31 December 2020 is as follows:

	Thousands of Euros	
	30.06.2021	31.12.2020
Progress billings receivable and trade receivables for sales and provision of services	196,063	192,435
Executed works pending billing (OEPC)	58,397	58,057
Retentions for guarantees	70,678	67,671
Customers, discounted instruments	24,445	21,163
Impairment	(33,278)	(33,505)
Total	316,305	305,821
Advances	(113,161)	(122,522)
Total net accounts receivable	203,144	183,299

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

The item "Executed works pending billing - OEPC" includes executed works pending certification for construction contracts of the Group amounting to EUR 58,397 thousand at 30 June 2021. This amount includes the differences between the production units executed, valued at sale price, and the certification made to date under the current contract. The amount of the OEPC is made up of the contribution of a large number of works, being very fragmented, and without, in general, there being any work that contributes a significant amount.

"Trade payables" under current liabilities on the consolidated condensed balance sheet at 30 June 2021 and 31 December 2020, includes EUR 113,161 thousand and EUR 122,522 thousand, respectively, corresponding to "Advances from customers" for work certified in advance and advances received for a total amount of EUR 88,475 thousand and EUR 24,686 thousand, respectively, at 30 June 2021 (EUR 93,394 thousand and EUR 29,128 thousand, respectively, at 31 December 2020). Work certified in advance is recognised as a lower income of the Group for the period, according to the application of the method of recognition of income by progress of work (see Note 4.11 of the accompanying notes to the consolidated financial statements for the year ended 31 December 2020).

10. Inventories

The detail of this item at 30 June 2021 and 31 December 2020 is as follows:

	Thousands of euros	
	30.06.2021	31.12.2020
Acquired property	5,004	5,004
Land and plots of land	63,474	62,156
Goods	1,377	2,759
Raw materials and other supplies	3,207	3,278
Inventories under construction	13,484	15,686
Other current inventory	3,915	2,995
Completed construction works	5,623	6,284
Other finished products	53	53
Advances to suppliers	8,289	11,047
Impairment losses on inventories	(20,113)	(19,979)
	84,313	89,283

"Other current inventory" mainly includes inventories in progress related to agricultural activities amounting to EUR 3,915 thousand at 30 June 2021 and EUR 2,995 thousand at 31 December 2020.

Borrowing costs for financing the development of property inventories incurred in the year are capitalised by the Company only when they are associated with those inventories whose production cycle is longer than a year. During the first half of 2021 and 2020, no financial expense has been recorded.

At 30 June 2021 and 31 December 2020, the Group has inventories used as collaterals for mortgage loans or developer loans granted by financial entities for an amount drawn of EUR 3,086 thousand and EUR 3,709 thousand (see Notes 13.3 and 2.9).

During the first half of 2021 and according to the valuation of real estate assets carried out by the independent expert (see Note 10.3), EUR 123 thousand have been recorded as impairment.

10.1 Land purchase commitments

At 30 June 2021 and 31 December 2020, the Group has not signed any promise or option contracts to purchase land and plots.

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

10.2 Commitments to sell property developments in progress and completed buildings

At 30 June 2021 and 31 December 2020, the Group had entered into private agreements and reservation documents for the sale of property developments in progress and completed buildings at that date, for a total amount of EUR 7,896 thousand and EUR 8,474 thousand. At said date, the Group had received advances from the related customers totalling EUR 2,990 thousand and 2,376 thousand, respectively.

10.3 Impairment losses on inventories

Detail of inventories at 30 June 2021 and 2019 is as follows:

	Thousands of Euros	
	30.06.2021	31.12.2020
Goods	302	423
Acquired property	1,635	1,558
Land and plots of land	17,944	17,727
Completed construction works	232	271
TOTAL	20,113	19,979

Each year the Group commissions studies from independent valuers to determine the fair values of its investment property at the end of the year. At 30 June 2021 and 31 December 2020, said studies were conducted by "Instituto de Valoraciones, S.A.". Such valuations were performed on the basis of the sale value of the property on the market, as defined by the Royal Institution of Chartered Surveyors (RICS) and in accordance with the International Valuation Standards (IVS) published by the International Valuation Standards Committee (IVSC), which group together international and European asset valuation institutions.

The comparison method (for finished products) and the dynamic residual method (basically for plots of land and developments under construction) were used to calculate the fair value. Under the Residual Method, the residual value of property is obtained by discounting the cash flows calculated on the basis of projected expenses and income at the established rate by taking into account the period until these flows are realised. The total cash receipts deemed to have been received prior to the valuation date are added to this amount in order to obtain the total value. The discount rate used is that which represents the average annual return on the project, without taking borrowings into account, that an average developer would obtain from a development similar to that analysed.

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

At 30 June 2021 and 31 December 2020, the fair value of the Company's inventories based on the aforementioned study amounted to EUR 144.7 million and EUR 145.9 million, respectively, recording an impairment at 30 June 2021 and 31 December 2020 amounting to EUR 123 thousand and EUR 4,233 thousand, respectively.

10.4 Insurance policy

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

10.5 Issuance rights

"Inventories" includes the greenhouse gas emission rights of the "Poligeneració Parc de l'Alba ST-4, SA" Group company, with the total cost at 30 June 2021 of EUR 454 thousand, being fully allocated to emissions made during the year.

Additionally, as of 30 June 2021, the Group has recorded a short-term provision amounting to EUR 130 thousand, corresponding to the emissions made during year 2020 for which, at that date, it did not have purchased emission rights.

During the first half of year 2021, the Group has proceeded to the redemption before the Public Administration of the emission rights corresponding to the CO2 emissions of year 2020, for a total amount of EUR 461 thousand.

11. Net equity

11.1 Share capital

At 30 June 2021 and 31 December 2020, share capital of the Parent was represented by 65,026,083 shares of EUR 0.03 par value each.

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

The closing and average quote for the last quarter of 2020 has been EUR 4.49 and EUR 4.40, respectively. The closing quote at 30 June 2021 and the average quote for the second quarter of year 2021 has been EUR 5.23 and EUR 5.82, respectively.

At 30 June 2021, the shareholder with a stake exceeding 10% in the share capital of the Parent Company was Mr. Jacinto Rey González, with a direct and effective participation of 24,952% and 48.292%, respectively

11.2 Issuance 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.

11.3 Legal reserve

Under the Consolidated Spanish Companies Act, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

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

11.4 Distribution of dividends

The Directors of the Parent Company have proposed to the General Meeting of Shareholders the distribution of a gross dividend of Euros 0.10/share against profit for 2020, amounting to a total of Euros 6,503 thousand. At 30 June 2021, the dividend has been paid in full (see Note 4).

At 30 June 2021 there are no restrictions on the distribution of dividends.

11.5 Valuation adjustments

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

11.6 Shares of the Parent

At 30 June 2021 the Parent did not hold any treasury shares neither had executed transactions with treasury shares during the first half of 2021.

11.7 Property status of the Parent

At 30 June 2021, the Company records a negative net equity amounting to EUR 47,789 thousand.

11.8 Earnings per share

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

	At 30 June 2021	At 30 June 2020	Changes
Net profit/(loss) for the year attributable to the Parent (thousands of Euros)	6,773	7,551	(778)
Weighted average number of shares (shares)	65,026,083	65,026,083	-
Basic profit/(loss) per share (Euros/Share)	0.10	0.12	(0.01)

12. Current and non-current provisions

Changes in the first half of year 2021 in the balance sheet were as follows:

	Thousand of Euros	
	Long term provisions	Short term provisions
Balance at 31 December 2020	44,924	36,392
Additions / Reversals	3,166	(2,883)
Applications	(2,793)	251
Translation differences and others	512	(63)
Balance at 30 June 2021	45,809	33,697

12.1. Non-current provisions

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

Note 15 to the consolidated financial statements for year 2020 describes the main litigation and court proceedings and other risks provisions at said date.

During the first half of year 2021, no significant changes with regards to current claims have been recorded.

12.2. Current provisions

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

13. Financial Liabilities

Breakdown of this item within the consolidated balance sheet at 30 June 2021 and 31 December 2020 as follows:

30 June 2021:

	Thousands of Euros		
	Debts and accounts payable	Derivatives (Note 13.5)	Total
Non-current financial liabilities:			
Bank borrowings (Note 13.2)	11,394	-	11,394
Derivatives (Note 13.5)	-	-	-
Other financial liabilities (13.4)	96,985	-	96,985
Total non-current	108,379	-	108,379
Current financial liabilities:			
Bank borrowings (Note 13.2)	16,903	-	16,903
Derivatives (Note 13.5)	-	34	34
Other financial liabilities (13.4)	2,096	-	2,096
Total current	18,999	34	19,033

31 December 2020:

	Thousands of Euros		
	Debts and accounts payable	Derivatives (Note 13.5)	Total
Non-current financial liabilities:			
Obligations and other securities (Note 13.1)	-	-	-
Bank borrowings (Note 13.2)	12.325	-	12.325
Derivatives (Note 13.5)	-	-	-
Other financial liabilities (13.4)	95.742	-	95.742
Total non-current	108.067	-	108.067
Current financial liabilities:			
Obligations and other securities (Note 13.1)	33.081	-	33.081
Bank borrowings (Note 13.2)	18.403	-	18.403
Derivatives (Note 13.5)	-	87	87
Other financial liabilities (13.4)	6.601	-	6.601
Total current	58.085	87	58.172

13.1 Obligations and other securities

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

hospitals of Maipú and La Florida in Chile. It is repaid on an annual basis by equal instalments of 1,014 thousand UF, with maturity on 30 June 2021, with an average interest rate amounting to 3.1%. Said transaction had been guaranteed, with an average annual rate of 4.0%.

There are no other additional guarantees from said financing transaction.

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

13.2 Bank borrowings

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

	Thousand of Euros	
	30.06.2021	31.12.2020
Non-current:		
Finance leasing	59	31
Bank loans and credit facilities	10,795	11,626
Total mortgage loans secured by inventories (Notes 8 and 13.3)	540	668
Total non-current	11,394	12,325
Current:		
Finance leasing	30	88
Payables from discounted notes and bills	9,591	11,981
Bank loans and credit facilities	5,848	4,613
Total mortgage loans secured by inventories (Notes 10 and 13.3)	1,434	1,808
Total current	16,903	18,490
TOTAL	28,297	30,815

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

At 30 June 2021, "non-current bank borrowings and loans" under non-current liabilities includes mainly:

- EUR 1,110 thousand and EUR 3,091 thousand, respectively (EUR 1,080 thousand and EUR 3,661 thousand, respectively) corresponding to Project finance, granted for the construction, commissioning and operation of the Plant and the facilities of the Group company Poligeneraci Parc de LAlba ST-4, S.A.'s Policy Project (see Note 6.2). Said plant acts as collateral for credit facilities.
- On June 18, 2020, the Group company "Constructora San José, SA", has signed a guarantee loan from the ICO for an amount of 10,000 thousand euros with a maturity of three years and with a grace period of one additional year at a variable interest rate referenced to the Euribor plus a market differential. At 30 June 2021, an amount of EUR 2,467 thousand and EUR 7,533 thousand, respectively, is included.

At 30 June 2021, the Group has contracted multi-group discount policies, including the main national Group companies, for a total amount of EUR 14,500 thousand (Euros 14,000 thousand at 31 December 2020), with maturity in 2021 and 2022, and at a variable interest rate referenced to the Euribor plus a market differential. At 30 June 2021 the amount made available amounts to EUR 9,591 thousand (Euros 11,981 thousand at 31 December 2020).

At 30 June 2021, Group management estimates that at year-end there will be no breach of the ratios required by the financing contracts.

Breakdown by maturity at 30 June 2021 is as follows:

	Thousands of euros				
	Year 2021	Year 2022	Year 2023	Year 2024 and followings	TOTAL
Finance lease	30	27	4	28	89
Payables from discounted notes and bills	607	8,984	-	-	9,591
Bank loans and credit facilities	4,094	6,247	3,692	2,610	16,643
Mortgage loans secured by inventories (Notes 8, 10 y 13.3)	110	223	228	1,413	1,974
TOTAL	4,841	15,481	3,924	4,051	28,297

13.3 Mortgage loans

At 30 June 2021 and 31 December 2020, the Group's mortgage loans refer entirely to the financing of real estate inventories: i) Garage spaces and commercial premises in Legazpi (Madrid), and; ii) 111 housing units in Larrein (Vitoria), recorded under the Group's consolidated current assets for a total net cost of EUR 4,997 thousand and EUR 5,631 thousand, respectively (see Note 8 and 10).

All the bank borrowings associated with "Inventories" (regardless of the maturity thereof) are recorded in the consolidated balance sheet under "Current Liabilities". Mortgage loans secured by inventories at 30 June 2021 have a long-term maturity and concern entirely on subsidiaries.

These mortgage loans bear annual floating interest at a market rate, which during the first term of 2021 ranged from 1.95% to 2.89%.

The outstanding principal of these loans at 30 June 2021 matures approximately as follows:

Thousands of Euros				
Year 2021	Year 2022	Year 2023	Year 2024 and followings	Total
110	223	228	1,413	1,974

On 12 July 2021, the Group voluntarily proceeded to carry out the full early cancellation of the mortgage loan associated with the development "111 housing units in Larrein (Vitoria)", with the capital pending amortisation at that date being EUR 1,363 thousand (as of 31 December 2020, the amount of capital pending amortisation amounted to EUR 1,807 thousand) (see Note 2.9).

13.4 Other financial liabilities

"Other long-term financial liabilities" at 30 June 2021 mainly include the amount of financial debt granted by the company "Merlin Properties Socimi, S.A." as part of the purchase price paid in the partial sale transaction of the Group's stake in its investee "Distrito Castellana, Norte, S.A.", for a total amount of EUR 89,007 thousand (EUR 890 thousand are included in this amount, corresponding to accrued financial expenses, pending payment as of 30 June 2021. This is a loan amounting to EUR 86,397 thousand, signed on 31 October 2019, with a single maturity at 20 years and a fixed annual interest rate of 2%, payable at maturity, having provided as a guarantee the 10 % stake owned by the Group in the company "Distrito Castellana Norte, SA".

"Other non-current financial liabilities" and "Other current financial liabilities:" include, mainly, the debt arising from the application of IFRS 16, amounting to EUR 5,857 and EUR 1,786, respectively, at 30 June 2021.

Breakdown by maturity at 30 June 2021 is as follows:

Translation into English of the Notes to the Consolidated Condensed half-year Financial Statements for the period ending 30 June 2021 originally issued in Spanish. In the event of discrepancy, the Spanish language version prevails. In-house translation, under its sole responsibility and not deemed official.

	Miles de euros				
	Year 2021	Year 2022	Year 2023	Year 2024 y ss	TOTAL
IFRS 16 "Leases"	1,786	1,054	351	4,451	7,643
Merlin Properties Socimi, S.A.	-	-	-	89,007	89,007
Other financial liabilities	310	283	283	1,555	2,431
TOTAL	2,096	1,337	634	95,013	99,081

13.5 Derivative financial instruments

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

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

At 30 June 2021, derivative financial instruments of Grupo SANJOSE are mainly Interest Rate Swaps and cross-currency swaps. During the first half of year 2021, no significant changes with regards to contracted derivatives by the Group.

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

Interest rate derivatives contracted by the Group and effective at 30 June 2021 and 31 December 2020, together with their fair value at said date, are the following:

At 30 June 2021

	Thousands of Euros				
	Financial Instrum.	Maturity	Initial par value	Remaining par value at 30.06.2021	Balance at 30.06.2021 (Note 13)
Efficient Hedges:					
Trendy King, S.A.U.	FXF-GBP	16/08/2021	277	277	(14)
Trendy King, S.A.U.	FXF-GBP	15/03/2022	180	180	-
Poligeneració Parc de l'Alba ST-4, S.A.	IR Swap	15/12/2021	15,541	711	(20)
			15,998	1,168	(34)

At 31 December 2020

	Thousands of Euros				
	Financial Instrum.	Maturity	Initial par value	Remaining par value at 31.12.2020	Balance at 31.12.2020 (Note 13)
Efficient Hedges:					
Trendy King, S.A.U.	CCS-GBP	15/02/2021	108	108	4
Trendy King, S.A.U.	CCS-GBP	15/03/2021	112	112	-
Trendy King, S.A.U.	CCS-GBP	16/02/2021	508	508	(18)
Trendy King, S.A.U.	CCS-GBP	15/04/2021	67	67	-
Trendy King, S.A.U.	CCS-GBP	15/06/2021	417	417	(10)
Trendy King, S.A.U.	CCS-GBP	15/06/2021	411	411	(4)
Trendy King, S.A.U.	CCS-GBP	15/02/2021	56	56	-
Trendy King, S.A.U.	CCS-GBP	16/08/2021	277	277	1
Poligeneració Parc de l'Alba ST-4, S.A.	IR Swap	15/12/2021	15,541	1,255	(55)
			17,497	3,211	(82)

Assets and liabilities as hedge financial instruments include the changes in the measurement of fair value of hedge financial instruments. At 30 June 2021, instruments hold by the Group company "Poligeneració Parc De L'Alba, S.A. (ST4)" and the commercial subgroup are Interest Rate Swaps and cross-currency swaps linked to assets and liabilities of the consolidated balance sheet, as well as to potential transactions in compliance with requirements established by IFRS 9 so as to be classified as hedge accounting.

The Group records as equity the change in fair value of hedge accounting financial instruments. At 30 June 2021 and 31 December 2020, the change in fair value of Derivative Financial Instruments allocated as Hedge Elements for their effective portion accumulated in Equity amounts to EUR 37 thousand and EUR 67 thousand, respectively

During the first half of 2021 and during year 2020, EUR 63 thousand and EUR 68 thousand have been recycled from equity to interest costs as greater financial interest, respectively, as interests being hedged pursuant to allocated Hedging Relationships were recorded.

Classification of financial instruments

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

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

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

Level 3 inputs non-hedge are unobservable inputs for the asset or liability.

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

Derivatives of the Group are classified as Level 2. On a residual basis, as of 30 June 2021, the Group classified as Level 1 the investment made in shares of an investee (see Note 9.1).

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

Sensitivity analysis of interest rate and exchange rate

Changes in the fair value of interest rate derivatives arranged by the Group depend on:

- a) Changes in the long-term Euro interest rate and Swaps curve and CLP interest rate curve.
- b) Changes in currency swaps depend on the average exchange rate of Unidades de Fomento (UF) and Chilena Pesos (CLP).

At 30 June 2021, changes in the value of financial instruments of the Group due to changes in interest rates are not significant.

14. Guarantee commitments to third parties

As of 30 June 2021, and 31 December 2020, the Group has received from financial institutions and insurance companies, guarantees presented to third parties amounting to EUR 357 million and EUR 352 million, respectively (mainly provisional and definitive guarantees for bidding and contracting of works submitted to public and private organisations), of which EUR 0.04 million correspond to the Parent Company on both dates, and the outstanding to subsidiaries.

Of the total of guarantees provided to third parties by the Group, EUR 215 million (approximately 60%) relate to the international activity of the Group, mainly in Abu Dhabi, Chile and Portugal, amounting to EUR 99, 48 million and EUR 47 million, respectively.

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

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

15. Taxation

Directors of Grupo SANJOSE, for the preparation of this condensed consolidated financial statements at 30 June 2021, have taken into consideration the standards applicable during year 2020 up to now, without recording significant modifications with regards to the tax situation of the Group.

In the first half of 2021, as a result of the collection of the last instalment of the construction phase of the Maipú and La Florida hospitals (see Note 9.2), the tax capital gain associated with the construction phase is deemed to have been realized, and the deferred tax that the Group had recorded at December 31, 2020, amounting to approximately 10,037 thousand euros, is classified as short-term.

Years open for review by the tax authorities

Note 20.1 to the financial statements for year 2020 details the years open for review, as well as the main activities of the inspection.

16. Other disclosure

16.1. Average workforce

The average workforce by professional category is as follows:

Category	30/06/2021		31/12/2020	
	Men	Female	Men	Female
University graduates	386	120	411	115
University three-year degree graduates	544	140	578	140
Clerical staff	160	110	150	111
Officers and technical personnel	1,983	83	2,196	110
	3,073	453	3,335	476

The workforce at 30 June 2021 amounted to 3,454, of which 3,010 were men and 444 women.

The average number of people employed in the course of the year 2020 and 2021 with a disability greater than or equal to 33% is 13 employees, mainly diploma graduates. The Company, taking into account the specific risk involved in its activity, has recognised the exception of hiring disabled workers, fulfilling it by contracting services with different special employment centres. These contracts are on an annual basis, incurring into an average expense higher than the minimum required by law.

16.2. Financial income

This caption of the condensed consolidated income statement corresponding to the first semester of year 2021 includes, in addition to the interest accrued by the liquidity positions held by the Group, the financial income associated with the receivables from the Ministry of Works Publics of Chile for the construction of the Maipú and La Florida hospitals in Chile (see Note 9.2), amounting to EUR 606 thousand (EUR 1,207 thousand in the first semester of year 2020), the financial income receivable from the Ministry of Public Works of Chile for the transactional agreement (see Note 9.2) amounting to EUR 270 thousand, as well as the financial income derived from the deferral in the collection of public customers, amounting to EUR 518 thousand (EUR 271 thousand in the first semester of year 2020).

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

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

	Thousand of Euros					
	Loans to third parties	Payables	Trade receivables	Financial costs	Financial income	Services received
Panamerican Mall, S.A.	446	-	-	-	-	-
Cresca, S.A.	-	-	-	-	-	-
Pinos Altos XR, S.L.	-	241	-	-	-	-
CSJ-GVK Projects and Thecnical SS.	-	-	1,753	-	-	-
JV Partners and other	1,409	118	723	29	-	174
Total	1,855	359	2,476	29	-	174

18. Remuneration

18.1 Remuneration of Directors

The detail of the remuneration of all kinds earned in 2021 and 2020 by the Directors of Grupo Empresarial San José, S.A., for any reason and by any group company, jointly controlled entity or associate obliged to pay such remuneration are as follows:

Type of Directors	Thousands of euros	
	30.06.2021	30.06.2020
Executive board members	1,581	1,660
Independent board members	96	193
Other external board members	107	27
Total	1,784	1,880

At 30 June 2021 and 31 December 2020, no advances, loans or other types of guarantees had been granted to the former or current directors and there were no additional pension or life insurance obligations to them. In addition, the Group does not have any other kind of transactions with related parties.

The directors of the Company are covered by the "Corporate Liability Insurance Policies of Directors and Officers" contracted by the parent company of Grupo SANJOSE, in order to cover possible damages that may be claimed, and that they arise as a result of an error of management committed by its managers or directors, as well as those of its subsidiaries, in the exercise of their positions (see Note 24.1 on Notes to the accompanying consolidated financial statements of the Group for the year ended 31 December 2020).

18.2 Remuneration and other benefits of senior executives

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

Number of people	Thousands of euros
At June 2020:	
12 directors	804
At June 2021:	
12 directors	764

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

GRUPO EMPRESARIAL SAN JOSE, S.A. and Subsidiaries

Consolidated Directors' Report for the first half of year 2021

1. Company

1.1. Organisational Structure

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

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

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



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

1.2. Performance

The business model of the Group is to create a diversified group regarding both, geographic distribution and lines of activity as a way of being less exposed to the risk inherent to a single activity. The Group has a clear international vocation, becoming increasingly important activities developed overseas, with a higher significance in the turnover of the Group. In the first half of year 2021, 28% total revenue of the Group comes from overseas (39% in the first half of 2020).

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

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

2. Evolution of the market

2.1. Market performance

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

The latest information points to increasing dynamism in the world economy. At the beginning of the year, global activity lost momentum as a result of the rebound in COVID-19 infections in many regions and the subsequent strengthening of measures to contain the pandemic. However, from the final stretch of the first quarter, a gradual strengthening of activity has been appreciated, which, more recently, has increased in intensity, according to the information available.

However, the observed evolution presents a notable heterogeneity by geographical area. The improvement has basically occurred among advanced economies, in a background of advances in vaccination processes, which has made it possible to significantly contain the numbers of infections and, above all, the severity of the health consequences of the pandemic, and, therefore, relax the restrictions. The result is being a significant rebound in economic activity in the second quarter in this group of countries. Given current vaccination rates, this set of countries is expected to achieve group immunity before the end of the year.

In Spain, the current information available also suggests a notable upturn in activity in the second quarter. After the contraction of the product in the first quarter (mainly explained by the rigor of the measures to contain the pandemic that were in force at the beginning of the year), the improvement of the qualitative indicators, the increase in effective affiliation and the results of the third edition of the Bank of Spain Survey on Economic Activity (EBAE) point to a significant increase in the dynamism of the economy. Household spending is being driven by the improvement in confidence, against the background of the significant reduction in the intensity of the measures necessary to contain the pandemic (especially, as a result of the decline in the state of alarm, the last May 9) and the progress in the vaccination campaign. On the other hand, the improvement in foreign markets, as a consequence of the recovery of demand from the advanced economies as a whole and from China, is translating into an expansionary behaviour of the exports of goods.

Looking ahead to the summer, the intensity and precise timing of the upturn in activity remain crucially dependent on the evolution of the pandemic, progress in the vaccination campaign and the subsequent relaxation of containment measures. In particular, the recovery of tourism - a crucial activity in the case of the Spanish economy - depends on the lifting of the restrictions that still exist on the movement of people between Spain and some of the main countries of origin of tourist flows, currently in question in the short term, due to the spread of more contagious variants of the virus.

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

In this way, the Bank of Spain evaluates three possible scenarios for the national economy, the first ("favourable scenario"), contemplates a prolongation of the reduction of the incidence of the pandemic, which allows to advance the lifting of restrictions to the economic activity that still exist. This would mean a rapid recovery, in which GDP for 2021 and 2022 would grow by 6.8% and 7.0%, respectively. The second scenario ("central scenario"), is situated at an intermediate point between the three scenarios, considering that the uncertainties associated with the evolution of the pandemic have been substantially limited, estimating a GDP growth in 2021 and 2022 of a 6.2% and 5.8%, respectively. The third scenario ("adverse scenario") includes the possibility of new spikes in infections, possibly linked to the appearance of mutations of the virus with greater infective capacity and perhaps resistance to vaccines, which would force the re-establishment of limitations in both the movement of people and the development of some intensive activities in interpersonal contact, which would imply a more moderate recovery, in which the GDP for the years 2021 and 2022 would grow by 4.6% and 6.2%, respectively.

Macroeconomic projections for the Spanish economy (2021-2023)

		June projections bank of Spain								
		Favourable scenario			Central scenario			Adverse scenario		
	2020	2021	2022	2023	2021	2022	2023	2021	2022	2023
GDP	-10.8	6.8	7.0	2.2	6.2	5.8	1.8	4.6	5.2	1.7
Unemployment	15.5	15.2	13.7	12.8	15.6	14.7	13.7	16.2	15.7	14.6

Source: Bank of Spain and National Institute of Statistics

In line with the Bank of Spain, the IMF has considerably lowered expectations for year 2021. Thus, it predicts a drop in GDP in Spain of 6.4%, 2.0 points below the average in the Euro zone, mainly motivated by the sharp drop in demand for goods and services, especially in the tourism and the export market. In turn, it forecasts a rebound in GDP of 4.7% for the year 2022, higher than that of the euro zone as a whole.



Source: International Monetary Fund
(*) Estimated data:

Globally, economic estimates by the IMF and Central Banks have also been modified as the pandemic advanced. In its latest report dated April 2021, the IMF estimates for 2021 and 2022 a growth of the world economy of 6.0% and 4.4%, respectively.

With respect to other markets where the Group is present, growth for 2021 is expected to be relevant; with increases of 4.6% in Latin America and 3.7% in the Middle East and Central Asia.

Macroeconomic projections for the world economy (2021-2022)

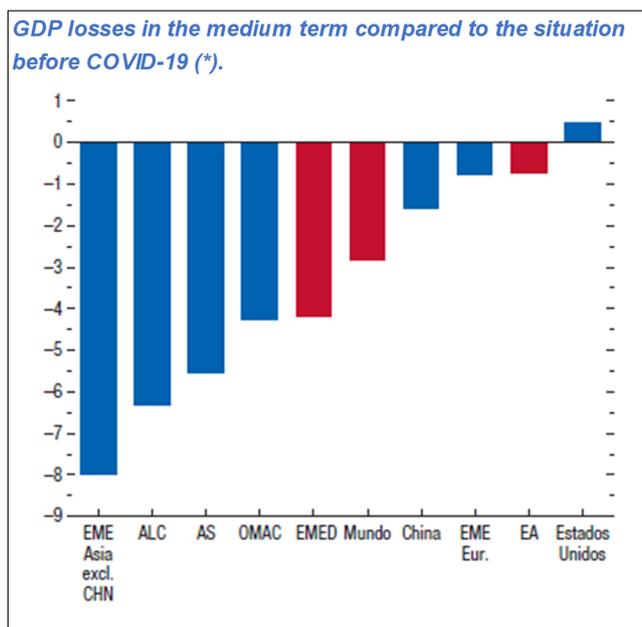
		June projections International Monetary Fund			
		Estimation of January 2021		Estimation of April 2021	
	2020	2021	2022	2021	2022
Spain	-10.8	5.9	4.7	6.4	4.7
Latin America and Caribbean	-7.0	4.1	2.9	4.6	3.1
Middle East and Central Asia	-2.9	1.5	2.5	3.7	3.8
World	-3.3	5.5	4.2	6.0	4.4

Source: International Monetary Fund

Exceptional policy measures have relaxed financial conditions and supported the economy, helping to contain risks to financial stability. However, actions taken during the pandemic could have unintended consequences, such as strained valuations and increased financial vulnerabilities. The recovery is

expected to be asynchronous and divergent between advanced economies and emerging market economies.

According to the IMF report, recoveries have been underway at multiple speeds across regions and across income groups, linked to marked differences in the pace of vaccination campaigns, the magnitude of supportive economic policies, and structural factors such as dependence on tourism. Among advanced economies, the United States is expected to exceed pre-pandemic GDP this year, while many others will not do so until 2022. Similarly, among emerging market and developing economies, China returned to its pre-COVID-19 GDP level as early as the end of 2020, while many others would not do so until well into 2023.



Source: International Monetary Fund

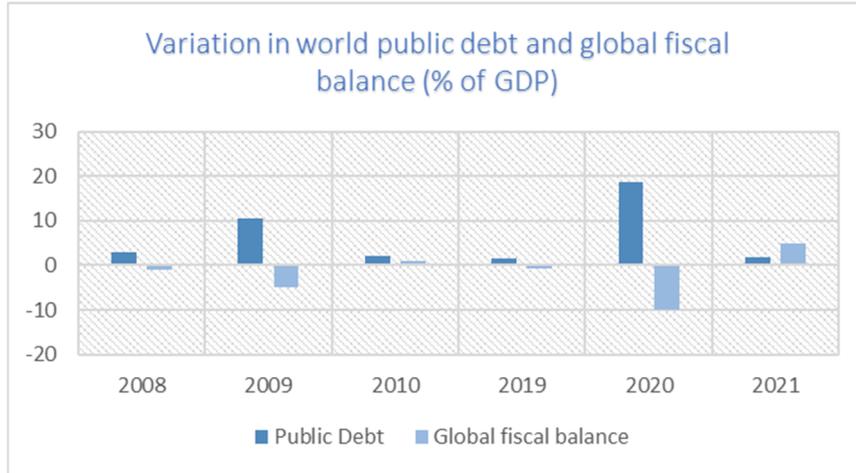
(*) Revisions of the GDP levels projected for 2024 between the WEO report forecasts of January 2020 and April 2021, percentage)

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

The European Union, through the agreement on the recovery fund reached on 20 July, has granted member countries a total of EUR 750,000 million, of which EUR 360,000 million will be used for low interest rate loans and EUR 390,000 million to subsidies. Of this package, Spain will be allocated EUR 140,000 million of which 72,700 million were outright grants. In addition, on 17 December 2020, the long-term budgets of the EU that include EUR 1.8 billion destined to rebuild Europe after COVID-19 were approved. On 13 July 2021, the EU approved the recovery plan drawn up by the Spanish Government with the reforms and investments with which it wants to attract aid from the recovery fund, which involves the disbursement of the first 9,000 million that will arrive in July in the form of an advance. Spain will receive EUR 19,000 million from the EU recovery fund in 2021 and will have to unlock new sections every six months as it meets a series of objectives and milestones agreed with the European Commission.

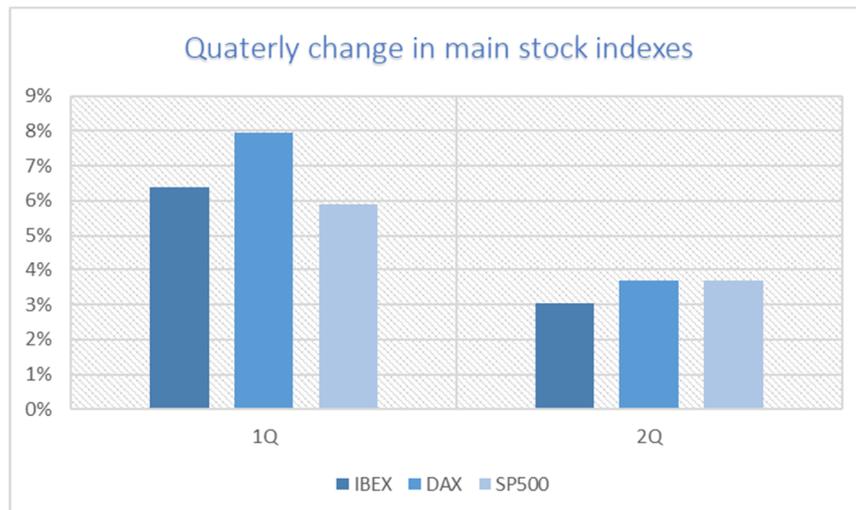
The sharp contraction in production and the consequent fall in income, together with considerable discretionary support, have led to an increase in debt and public deficits. In the baseline scenario, the International Monetary Fund expects world public debt to reach an all-time high that at least equals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

also contribute to a third of the increase in deficits in average. The following graph compares the evolution of public debt and the fiscal balance in the periods of the financial crisis and the current crisis.



Source: International Monetary Fund

Financial markets, considered as a thermometer of the economic situation, reflect disparate data depending on the geographical area. Since the third quarter of 2020, the stock markets have recovered vigorously, spurred by expectations of a rapid economic recovery and the maintenance of supportive policies. Thus, the Standar & Poor's 500 index, considered the most representative indicator of the value of US companies, has gone from 3,701 points at the beginning of the year to 4,298 points at the end of June (16.13% appreciation), the Standard German DAX 30 has varied from 13,727 points to 15,531 points (13.14% appreciation) and the IBEX 35 has gone from 8,099 points at the beginning of the year to 8,821 points (8.91% appreciation).



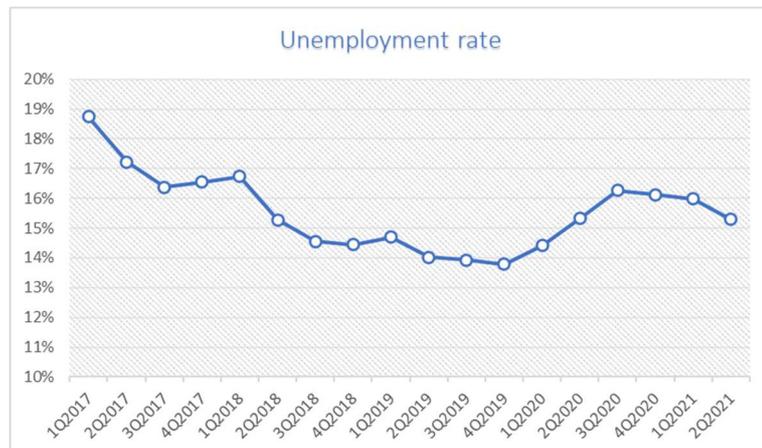
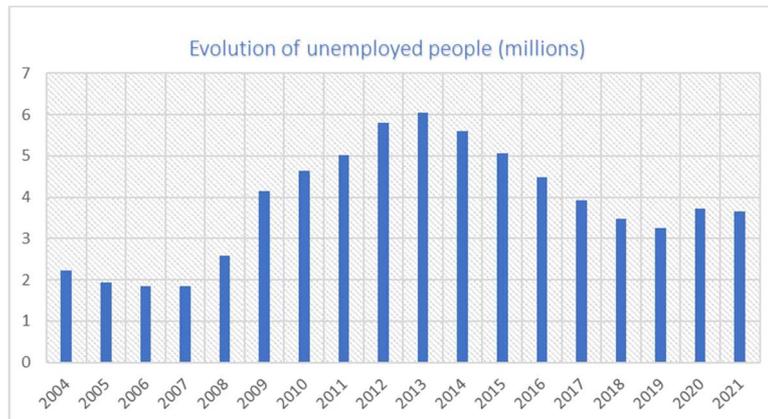
Source: Investing.com

In contrast, the indicator that measures the perception of risk of the foreign investor, which translates into the risk premium (the differential of the Spanish 10-year bond with the German title "bund" at the same term) has recovered more quickly than the stock market. This ratio, which had closed year 2019 at one of its lowest levels in recent years with 65 points, has experienced a period of high volatility in 2020, coinciding with the evolution of the pandemic in Spain, standing in April at 160,5 points. After this peak, it has decreased by 61.74% at the end of June, reaching one of the lowest levels in recent years with 61.4 points.



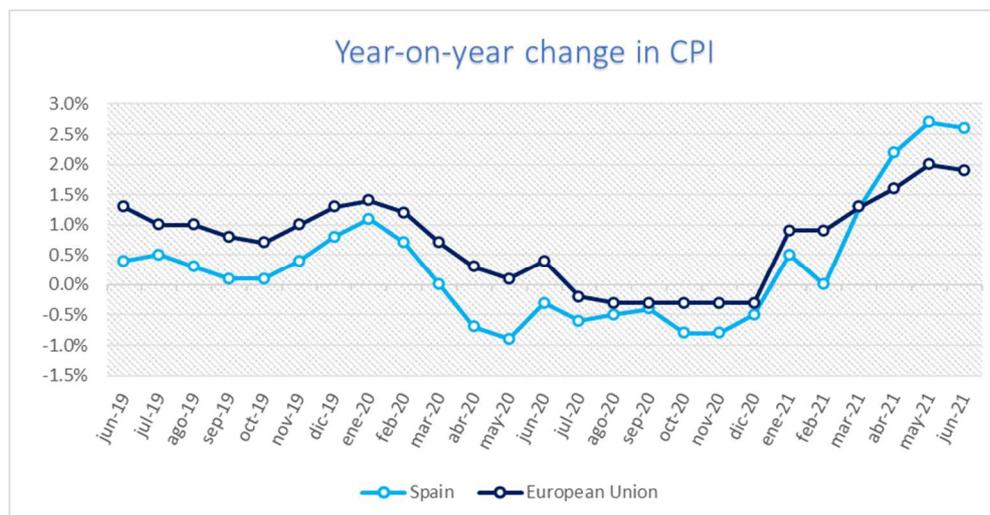
Source: Investing.com

On the other hand, the number of unemployed people is still well below the levels reached in the financial crisis, when it reached 6 million unemployed in 2013. This is due in part to the temporary employment regulation (ERTE) files that have allowed companies to adjust the workforce to their low production without having to assume the entire wage cost and allowing workers to keep part of their working conditions. Such aid is expected to continue until at least 30 September 2021 to offset losses in the most affected sectors such as tourism. At the end of June, there were 3,614 thousand people unemployed according to INE.



Source: National Institute of Statistics

Record liquidity injections coupled with the sharp decline in economic activity led the consumer price index (CPI) to a sharp drop in 2020. During year 2021, inflation has shown a significant upturn, mainly motivated by the increase derived from the rise in prices linked to energy. Christine Lagarde, President of the ECB, has indicated that they expect the economy to accelerate in the second half of the year with an increase in growth expectations of core inflation. Likewise, for the beginning of 2022, the ECB projects a moderation according to the dissipation of "temporary factors" that pressure upward price growth.



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

The last few months have seen an increase in commodity prices on international markets, affecting inflation levels. For example, oil is trading at levels higher than at the beginning of the health crisis, timber has tripled in price, industrial metals are experiencing significant increases. The strong demand for raw materials is pushing up their price and causing bottlenecks in production and distribution channels. In Spain, inflation stood at 2.7% last May, the highest level in more than four years, and has become one of the main concerns of the public. In the Eurozone, prices have risen by 2% in the last year, and in the United States the rise has reached 5%, the highest rate in the last 13 years. This rise can be explained by the rapid recovery of the economy after the slowdown caused by the COVID-19 health crisis and the difficulties in adjusting supply to the speed of growth. Commodities are feeling the effects of this strong increase in demand, especially from China, and are experiencing a real boom in their prices. Investors have joined the rush, seeing these products as a major source of profitability. For the time being, markets, governments and international organisations are betting that this rise in prices will be transitory and will moderate as supply responds to the increase in demand caused by the end of the crisis.

CONSTRUCTION is the segment that contributes the most to the Group's turnover with a percentage of 88.8% and Spain has consolidated itself as the most important geographical area with 73% of the total. In addition to domestic market, Grupo SANJOSE is present in the Middle East, South America and Asia. At the end of the first semester of 2021, the foreign business volume stood at 28% of the Group's total turnover (39% in the first semester of year 2020).

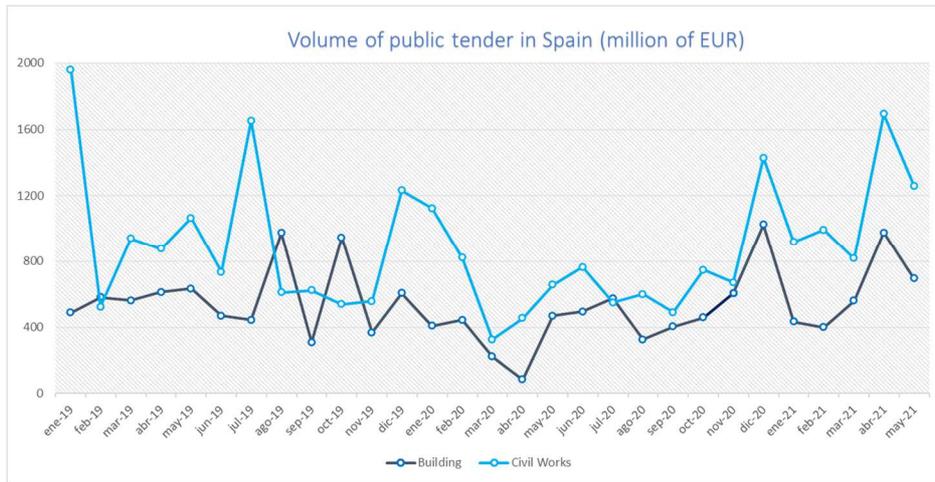
The measures to suspend public contracting and restrictions on mobility to face the health crisis have had a negative impact on the activity of the construction sector during year 2020, since public calls to tender for civil works have been reduced by 26% (reaching EUR 8,364 million) and public procurement by 40% (only EUR 6,348 million), placing us, in both cases, at 2014 levels, according to data from Seopan, Association of Construction Companies and Infrastructure Concessionaires. Likewise, from the first state of alarm (March) to December, traffic on state and regional highways and motorways, managed by their associated companies, fell 37% and 35%, respectively. In addition, in March, April and May, 80,200 jobs were destroyed on average per month in total in the construction sector, practically all of them having been recovered at the end of year 2020.

Regarding the sector's prospects for 2021, Seopan points out that they are uncertain, since potential growth, located between 1 and 2.7%, is conditioned by budget execution - mainly ADIF, which represents 24.4% of the national civil works-, the decisions of the Public Administrations to promote public-private collaboration contracts and the capacity that these Administrations have to manage European aid in time - which, for 2021, is estimated at EUR 34,490 million. In this sense, and given the short deadlines and the delays that have occurred in the EU for the approval of the regulatory standards of the European Funds,

the Association considers that an extension of the deadlines for the execution of these grants should take place.

The public tender of the Public Administrations in the first five months of 2021 has been 74.5% higher than that of the same period of 2020. If the monthly average of the first five months of 2021 is projected to the rest of the year, the tender estimate for 2021 amounts to EUR 20,979 million, 48.3% higher than in 2020, which would imply an estimate of EUR 6,836 million more in bidding than in 2020, placing us at real levels of public bidding in 2010.

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



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

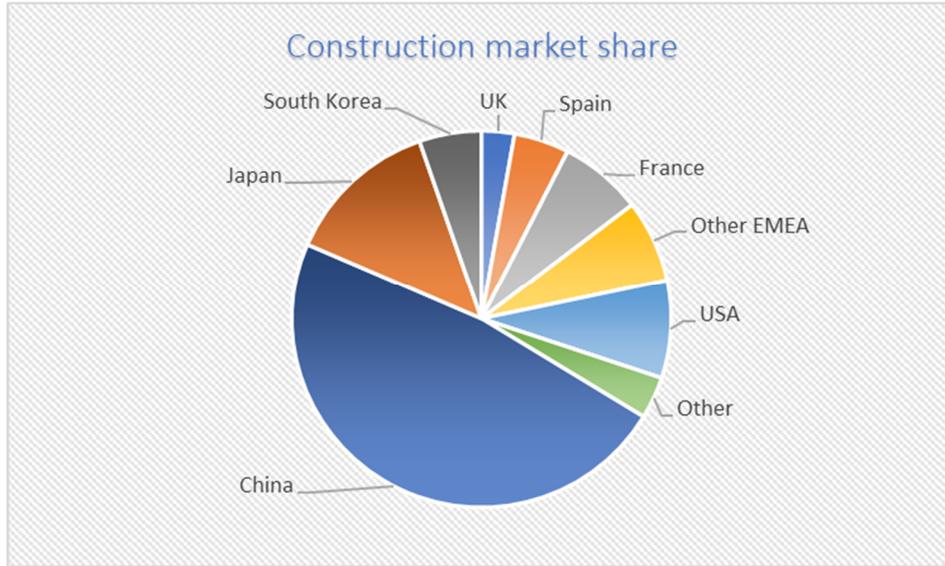
The following graph exemplifies how the volume tendered by all Administrations in Spain has not recovered since the 2008 crisis despite the rebound started in mid-2017.



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

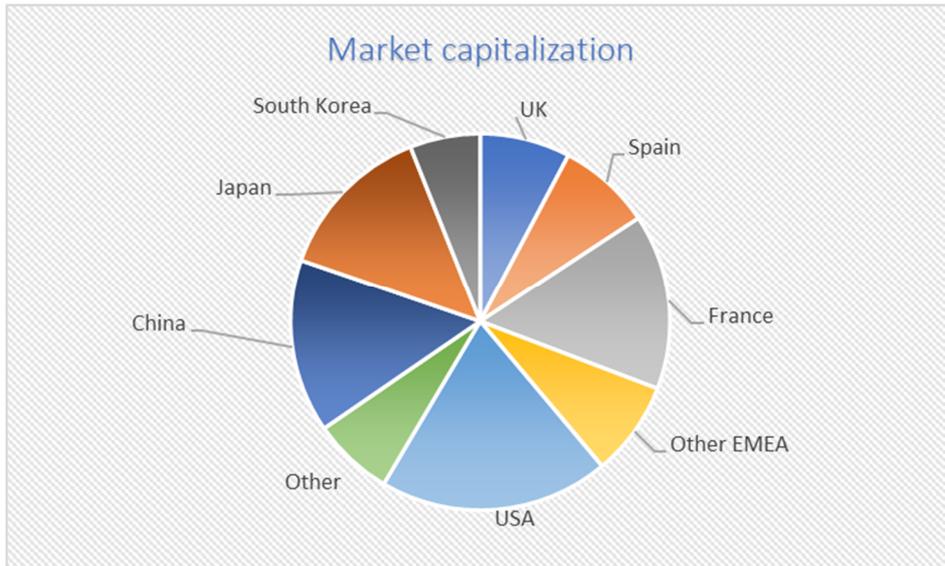
According to Deloitte's "Global Powers of Construction" report, in 2020, the 100 largest construction companies in the world brought in 1,511 billion dollars (1,282 billion euros), which represents an increase of 3.7% compared to same period of the previous year.

Worldwide, Spanish construction companies have established themselves as a power in the sector. Seven Spanish companies, including Grupo Empresarial San José, SA, appear in the list of the 100 construction companies that obtained the most market share during 2020, reaching 71,098 million dollars (60,300 million euros) of turnover in aggregate. This figure represents 4.7% of total global sales in the industry and consolidates Spain among the countries with the largest market share, ranking sixth, behind China, Japan, and the United States, France and South Korea.



Source: Global Powers of Construction by Deloitte

Together, national companies achieved a market capitalisation of more than 44,000 million dollars (37,300 million euros), an amount that represents 8.0% of the total, thus occupying the fifth position in the world ranking. Due to the uncertainty caused by the COVID-19 pandemic, there has been a 7.4% decrease in the value of the market capitalisation among the top 100 companies in the ranking.



Source: Global Powers of Construction by Deloitte

The pandemic has affected the sector's growth prospects for the coming years, since the increased debt caused by increased public spending, which has been necessary to mitigate the economic effects of the pandemic, may jeopardize the sustainability of the public finances in some countries and, consequently, the possibilities of investment in infrastructure. However, the current crisis should only have a limited effect on the long-term "megatrends" that continue to be present and that will drive the growth of the sector in the coming decades, mainly population growth in emerging countries, aging of developed countries, the trend towards urbanisation, decarbonization of the economy and digitisation and technological transformation.

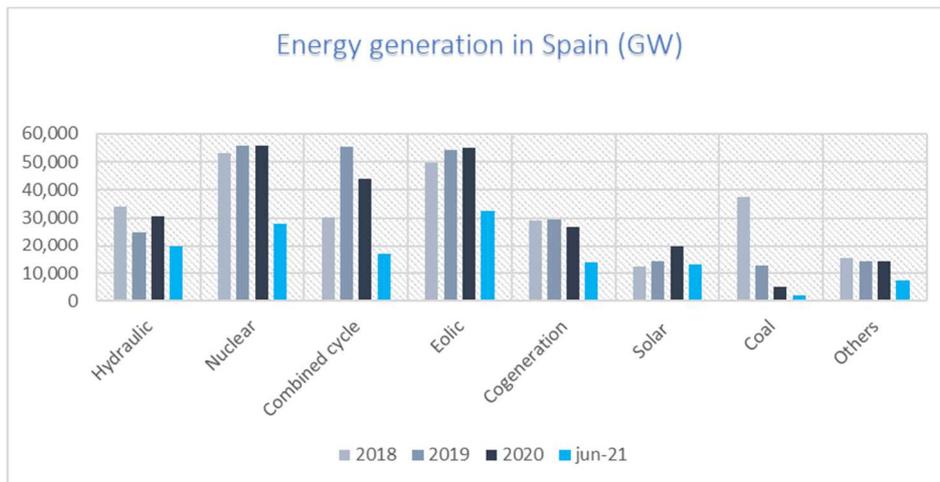
The responsiveness that companies demonstrate to improve their current limited profitability will be essential to ensure their future. The improvement in risk control in the bidding phase, the changes in the contracting models aimed at balancing the distribution of construction risks between the client and the contractor, and the application of the new available technologies will be key to underpin the profitability of companies in the sector and their success in the medium term.

Within the CONCESSIONS and SERVICIOS segment, the Group has a solid presence in Spain with long-term contracts and whose main activity is the maintenance of buildings, sports facilities, gardens and hospitals, among others. Similarly, the SANJOSE group has had hospital concessions in Chile for several years. The Concessions and Services segment has contributed 30.1 million to the Group's turnover in the first half of 2021, which represents 6.6% of total billed. In these difficult times, the Group is especially committed to the service provided to hospitals and its workers, paying special attention to staff carrying out their activities in conditions of maximum safety and hygiene.

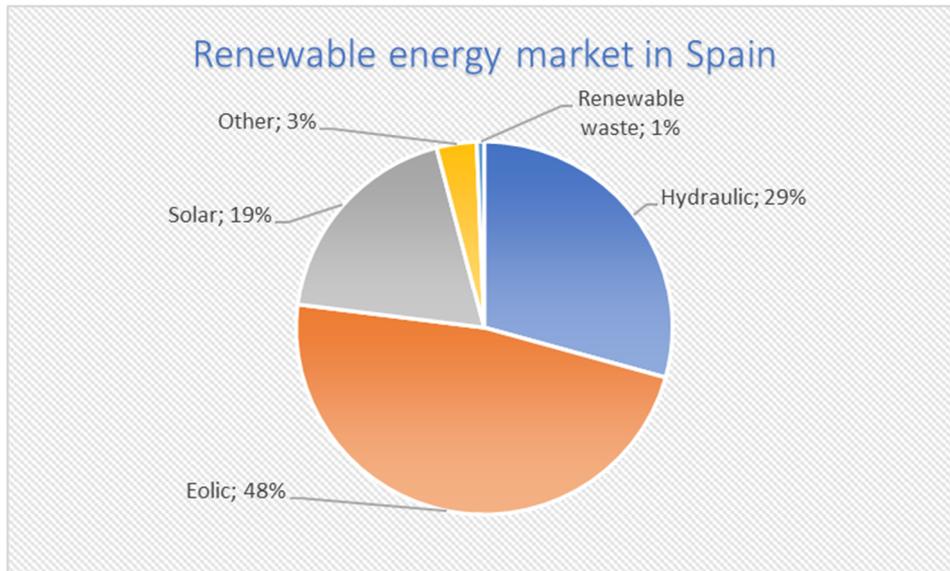
The SANJOSE Group has the goal of consolidating and expanding the contracts in this segment, which are a stable source of income, as well as maintaining its commitment to respect the environment in carrying out the activities developed.

The energy sector has been constantly evolving towards clean energy for years. The ECB has presented its new framework for the period 2021-2024, with the novelty that the institution will take climate change into account in its monetary policy decisions. According to the ECB, a large part of the asset purchases to overcome the current economic situation will be focused on projects that are environmentally sustainable. The World Bank, which since 2010 has not invested in projects that generate a carbon footprint, focusing its investment on energy-efficient projects, is in the same position.

The following graphs show the market share for energy in Spain over the last four years and the market share within renewable energies up to the first half of year 2021.



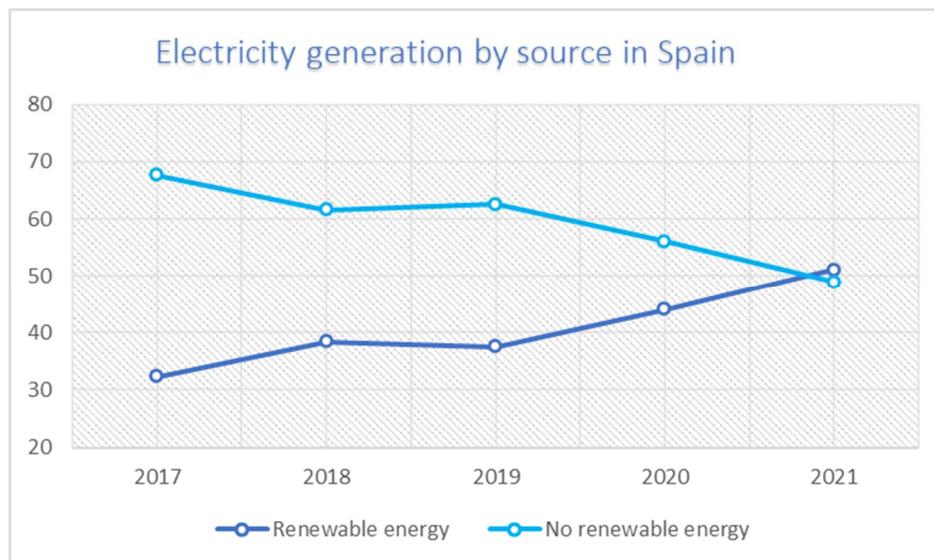
Source: Red Eléctrica de España.



Source: Red Eléctrica de España.

The SANJOSE Group's ENERGY segment has projects for the generation of solar and wind energy and an energy polygeneration plant, among others, which provide a backlog worth EUR 378 million at the end of the first half of 2021. All of them respectful with the environment and in line with current legislation on climate change.

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



Source: Red Eléctrica de España.

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

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

2.2. Main figures of the GROUP

Main consolidated figures of Grupo SANJOSE for the first semester of year 2021 are as follows:

Consolidated Management Balance Sheet

Thousands of euros

	Jun. 21		Dec. 20		Var.
	Amount	%	Amount	%	
Intangible assets	16,891	1.8%	16,051	1.6%	5.2%
Property, plant and equipment	72,965	7.7%	71,402	7.2%	2.2%
Real state investments	13,222	1.4%	11,884	1.2%	11.3%
Investments accounted for using the equity method	19,948	2.1%	19,595	2.0%	1.8%
Long term financial investments	33,460	3.5%	32,392	3.2%	3.3%
Deferred taxes assets	29,926	3.1%	26,917	2.7%	11.2%
Goodwill on consolidation	9,984	1.1%	9,984	1.0%	0.0%
TOTAL NON-CURRENT ASSETS	196,396	20.7%	188,225	19.0%	4.3%
Inventories	84,313	8.9%	89,283	9.0%	-5.6%
Trade and other receivables	349,338	36.8%	346,663	35.1%	0.8%
Other short term financial investments	41,071	4.3%	75,862	7.7%	-45.9%
Short-term accruals	2,264	0.2%	3,126	0.3%	-27.6%
Cash and cash equivalents	276,713	29.1%	285,343	28.9%	-3.0%
TOTAL CURRENT ASSETS	753,699	79.3%	800,277	81.0%	-5.8%
TOTAL ASSETS	950,095	100.0%	988,502	100.0%	-3.9%

Thousands of euros

	Jun. 21		Dec. 20		Var.
	Amount	%	Amount	%	
Equity attributable to shareholders of the parent	149,484	15.7%	143,326	14.5%	4.3%
Minority interest	30,248	3.2%	26,187	2.5%	15.5%
TOTAL EQUITY	179,732	18.9%	169,513	17.1%	6.0%
Long term provisions	45,809	4.8%	44,924	4.5%	2.0%
Long term financial liabilities	108,379	11.3%	108,067	10.9%	0.3%
Deferred taxes liabilities	18,328	1.9%	25,196	2.5%	-27.3%
Long-term accruals	779	0.1%	768	0.1%	1.4%
TOTAL NON CURRENT LIABILITIES	173,295	18.2%	178,955	18.1%	-3.2%
Short term provisions	33,697	3.5%	36,392	3.7%	-7.4%
Short term financial liabilities	19,422	2.0%	58,544	5.9%	-66.8%
Trade accounts and other current payables	543,949	57.3%	545,098	55.2%	-0.2%
TOTAL CURRENT LIABILITIES	597,068	62.8%	640,034	64.8%	-6.7%
TOTAL EQUITY & LIABILITIES	950,095	100.0%	988,502	100.0%	-3.9%

Consolidated Management Income Statement

Thousands of euros

	Grupo SANJOSE				
	Jun. 21		Jun. 20		Variac.
	Amount	%	Amount	%	
Revenue	454,456	100.0%	438,706	100.0%	3.6%
Other operating income	5,362	1.2%	8,845	2.0%	-39.4%
Change in inventories	-1,821	-0.4%	-1,794	-0.4%	1.5%
Procurements	-316,586	-69.7%	-298,571	-68.1%	6.0%
Staff costs	-62,231	-13.7%	-66,380	-15.1%	-6.3%
Other operating expenses	-52,634	-11.6%	-54,457	-12.4%	-3.3%
EBITDA	26,546	5.8%	26,349	6.0%	0.7%
Amortisation charge	-4,021	-0.9%	-4,729	-1.1%	-15.0%
Impairment on inventories	-123	0.0%	-1,444	-0.3%	-91.5%
Changes in trade provisions and other impairment	-6,327	-1.4%	-6,272	-1.4%	0.9%
EBIT	16,075	3.5%	13,904	3.2%	15.6%
Ordinary financial results	-1,786	-0.4%	-1,715	-0.4%	4.1%
Changes in fair value for financial instruments	102	0.0%	-75	0.0%	-
Foreign exchange results and others	503	0.1%	48	0.0%	947.9%
Impairment and profit/(loss) from disposal of financial instruments	-2,474	-0.5%	-516	-0.1%	379.5%
NET FINANCIAL RESULT	-3,655	-0.8%	-2,258	-0.5%	61.9%
Results on equity method	-867	-0.2%	-259	-0.1%	234.7%
PROFIT BEFORE TAX	11,553	2.5%	11,387	2.6%	1.5%
Income tax	-3,992	-0.9%	-3,937	-0.9%	1.4%
PROFIT AFTER TAX CONTINUED OPERATIONS	7,561	1.7%	7,450	1.7%	1.5%
CONSOLIDATED PROFIT	7,561	1.7%	7,450	1.7%	1.5%

Alternative Performance Measures (APM):

In its consolidated summary financial statements for the first half of year 2021, the Group prepared its results in accordance with generally accepted accounting regulations. However, directors believe that certain alternative performance measures (MARs) reflect the true and fair view of its financial information and provide useful additional financial information used in the management of the business and that shall be considered to adequately assess performance of the group.

Among others, the Group identifies the following APMs:

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

Revenue:

The net operating income (EBIT) of Grupo SANJOSE for the first half of year 2021 stands at EUR 454.5 million.

The main activity of Grupo SANJOSE is Construction, representing in the first half of year 2021 the 88.8% of the total turnover of the Group, and accounting for 69% of the Group's total portfolio for the period. Turnover for this line of business in the first half of 2021 amounted to EUR 403.6 million, relatively stable compared to the same period of the previous year.

During the first half of year 2021, all the Group's operating lines experienced an increase in activity. Turnover of Grupo SANJOSE by type of activity is as follows:

Thousands of euros

Revenues by activity	Grupo SANJOSE				
	Jun. 21		Jun. 20		Var.(%)
Construction	403.595	88,8%	402.451	91,7%	0,3%
Real estate and property development	8.294	1,8%	3.793	0,9%	118,7%
Energy	4.950	1,1%	3.832	0,9%	29,2%
Concessions and services	30.064	6,6%	23.507	5,4%	27,9%
Adjustment and other	7.553	1,7%	5.123	1,2%	47,4%
TOTAL	454.456		438.706		3,6%

With regard to the detail of diversification at geographical level of the turnover, the domestic market shows great strength, experiencing a growth of 21.7% in the first half of year 2021, representing 72% total revenue of the Group in the period.

For its part, the turnover in international markets for the first half of year 2021 contributes EUR 128,4 million, and represents 28% of the total.

Thousands of euros

Revenues by geography	Grupo SANJOSE				
	Jun. 21		Jun. 20		Var.(%)
National	326.023	72%	267.986	61%	21.7%
International	128.433	28%	170.720	39%	-24.8%
TOTAL	454.456		438.706		3.6%

Profit:

EBITDA of Grupo SANJOSE for the first half of year 2021 amounts to EUR 26.5 million, with a 5.8% margin on net revenue.

The accumulated EBITDA contributed by the construction activity for the first half of year 2021 amounted to EUR 17.5 million, representing 66.0% of the Group's total EBITDA (75.7% of the total in the first half of year 2020).

It is worth mentioning the favourable evolution experienced in the first half of year 2021 in the EBITDA of the outstanding lines of activity: Real Estate and Concessions and Services, with a significant increase compared to the same period of the previous year.

EBITDA breakdown by activity is as follows:

Thousands of euros

EBITDA by activity	Grupo SANJOSE				
	Jun. 21		Jun. 20		Var.(%)
Construction	17,483	66.0%	19,954	75.7%	-12.4%
Real estate and property development	1,507	5.7%	-232	-0.9%	--
Energy	1,024	3.9%	1,097	4.2%	-6.7%
Concessions and services	2,584	9.7%	2,331	8.7%	10.9%
Adjustment and other	3,948	14.9%	3,199	12.1%	23.4%
TOTAL	26,546		26,349		0.7%

EBIT of Grupo SANJOSE for the first half of year 2021 amounts to EUR 16.1 million, with a 3.5% margin on net revenue (3.2% in the first half of 2020).

Despite the adverse circumstances caused by the COVID-19 health crisis, the Group maintains its positive level of activity (3.6% increase compared to the first half of year 2020), increasing the profit before tax by 1.5% to EUR 11.6 million.

Net cash position of Grupo SANJOSE at the end of the first half of year 2021 is in a positive cash for the amount of EUR 188.9 million.

Profit after tax of Grupo SANJOSE for the first quarter of year 2021 stands at EUR 7.6 million.

Net Equity

As of 30 June 2021, the Group's Net Equity amounted to EUR 179.7 million, experiencing an increase of 6.0% compared to the previous year.

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

Management cash flows statement

Thousands of Euros

CASH FLOW	Grupo SANJOSE	
	Jun. 21	Jun. 20
Cash flow from operating activities	27,009	25,733
Working capital	-20,415	-22,356
Others adjustments	6,903	-7,012
Operating cash flow	13,497	-3,635
Divestments / (investments)	-5,379	-1,528
Others adjustments	25,433	50,563
Investment cash flow	20,054	49,035
Free cash flow	33,551	45,400
Capital flow & Minorities	-6,600	-
Increase / (decrease) in borrowings	-35,146	-25,321
Net interest	-168	-1,432
Others adjustments	(1,251)	-
Financing cash flow	-43,165	-26,753
Diferences due to changes in exchange rates	984	-4,384
Total cash flow	-8,630	14,263

In the first half of the financial year 2021, the free cash flow generated by the Group amounts to EUR 33.6 million, most of which was used to reduce financial indebtedness by EUR 35.1 million and to pay dividends of EUR 6.6 million.

Backlog

Grupo SANJOSE's backlog, indicating the business contracted in the future by the Group, amounts to EUR 1,816 million as of 30 June 2021. Breakdown is as follows:

Millions of euros

BACKLOG by segment	Grupo SANJOSE				
	Jun. 21		Dic. 20		Var.(%)
Construction	1,250	69%	1,234	68%	1.3%
Civil works	186	10%	182	10%	2.2%
Non residential building	602	33%	649	36%	-7.2%
Residential building	398	22%	347	19%	14.7%
Industrial	64	3.5%	56	3%	14.3%
Energy	378	20%	383	21%	-1.3%
Concessions and services	188	10%	204	11%	-7.8%
Maintenance	20	1%	29	2%	-31.0%
Concessions	168	9%	175	10%	-4.0%
TOTAL BACKLOG	1,816	100%	1,821	100%	-0.3%

Millions of euros

BACKLOG by geography	Grupo SANJOSE				
	Jun. 21		Dic. 20		Var.(%)
National	1,316	72%	1,238	68%	6.3%
International	500	28%	583	32%	-14.2%
TOTAL BACKLOG	1,816		1,821		-0.3%

Millions of euros

BACKLOG by client	Grupo SANJOSE				
	Jun. 21		Dic. 20		Var.(%)
Public client	456	25%	508	28%	-10.2%
Private client	1,360	75%	1,313	72%	3.6%
TOTAL BACKLOG	1,816		1,821		-0.3%

The Construction area backlog, the main activity of Grupo SANJOSE, stands at EUR 1,250 million at the end of the first half of 2021 and represents 69% of the Group's total backlog.

The trend shown in previous years continues, showing a shift in contracting to private clients (75% of the total backlog in the first half of year 2021, compared to 72% at the end of year 2020).

2.3. Performance by sector

Construction

The accumulated income obtained during the first half of year 2021 in this line of activity amounts to EUR 403.6 million, representing 88.8% of the total income obtained by the Group in the period.

EBITDA stood at EUR 17.5 million, representing 65.9% of the total EBITDA obtained by the Group in the period. The EBITDA margin over revenues corresponding to the first half of year 2021 stands at 4.3%.

The profit before tax for the first half of year 2021 stands at EUR 16.4 million.

At the closure of the first half of year 2021, the Group's total portfolio amounted to EUR 1,250 million (1.3% superior to the backlog at the end of year 2020).

Thousands of euros

CONSTRUCTION	Grupo SANJOSE		
	Jun. 21	Jun. 20	Var.(%)
Revenue	403,595	402,451	0.3%
Earnings before interest, taxes, D&A (EBITDA)	17,483	19,954	-12.4%
EBITDA margin	4.3%	5.0%	
Earnings before interest and taxes (EBIT)	8,286	8,476	-2.2%
EBIT margin	2.1%	2.1%	
Earnings before tax	16,420	8,048	104.0%

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

Thousands of euros

DETAIL OF CONSTRUCTION REVENUES	National		Internac.		Total	
Civil works	26,763	9.1%	4,781	4.4%	31,544	7.8%
Non residential building	149,231	50.5%	64,944	59.9%	214,175	53.1%
Residential building	104,345	35.3%	36,753	33.8%	141,098	35.0%
Industrial	15,001	5.1%	1,777	1.6%	16,778	4.2%
TOTAL	295,340	73%	108,255	27%	403,595	

Domestic construction revenue for the first half of year 2021 stands at EUR 295.3 million, with a 20.7% increase compared to the data recorded for the same period of the previous year, and it accounts for 73% of the total of this line of activity.

Real estate and urban development.

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

Stages VI and VII of the aforementioned development are currently in execution, showing satisfactory degrees of progress of the works and their sale, despite the generalised stoppage of activity in Peru derived from the COVID-19 health crisis that has modified the rates of delivery of homes initially planned.

Turnover for the first half of year 2021 corresponding to the SANJOSE Group Real Estate activity stands at EUR 8.3 million (EUR 3.8 million in the same period of the previous year), and resulting in an EBITDA of EUR 1.5 million, representing a margin of 18.2% over the revenue figure.

Thousands of euros

REAL ESTATE AND PROPERTY DEVELOPMENT	Grupo SANJOSE		
	Jun. 21	Jun. 20	Var.(%)
Revenue	8,294	3,793	118.7%
Earnings before interest, taxes, D&A (EBITDA)	1,507	-232	--
EBITDA margin	18.2%	-6.1%	
Earnings before interest and taxes (EBIT)	1,420	-163	--
EBIT margin	17.1%	-4.3%	
Earnings before tax	1,782	977	82.5%

Energy

Turnover of this line of activity for the first half of year 2021 stands at EUR 5.0 million, experiencing a 29.2% growth with respect to the figure obtained in the same period of the previous year.

EBITDA of this line of activity for the first half of year 2021 stands at EUR 1.0 million (20.7% margin over revenue).

Thousands of euros

ENERGY	Grupo SANJOSE		
	Jun. 21	Jun. 20	Var.(%)
Revenue	4,950	3,832	29.2%
Earnings before interest, taxes, D&A (EBITDA)	1,024	1,097	-6.7%
EBITDA margin	20.7%	28.6%	
Earnings before interest and taxes (EBIT)	432	554	-22.0%
EBIT margin	8.7%	14.5%	
Earnings before tax	305	387	-21.2%

Grupo SANJOSE has a total contract backlog for this line of activity amounting to EUR 378 million for the first half of year 2021, which shall be translated as more activity of the group during a period of 23 years.

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

Concessions and Services

Turnover of this line of activity for the first half of year 2021 stands at EUR 30.1 million, experiencing a 27.9% growth with respect to the figure obtained in the previous year.

EBITDA of this line of activity for the first half of year 2021 stands at EUR 2.6 million, experiencing a 10.9% growth with respect to the figure obtained in the previous year.

The EBITDA margin over revenues corresponding to the first half of year 2021 stands at 8.6%.

Thousands of euros

CONCESSIONS AND SERVICES	Grupo SANJOSE		
	Jun. 21	Jun. 20	Var.(%)
Revenue	30,064	23,507	27.9%
Earnings before interest, taxes, D&A (EBITDA)	2,584	2,331	10.9%
EBITDA margin	8.6%	9.9%	
Earnings before interest and taxes (EBIT)	2,233	2,155	3.6%
EBIT margin	7.4%	9.2%	
Earnings before tax	3,487	3,154	10.6%

At the closing of the first half of year 2021, contract backlog of this line of activity amounted to EUR 188 million.

2.4. Average payment term to suppliers

During the first half of 2021 no significant variations have taken place in the average payment term to suppliers. During year 2020, the Group has paid suppliers within an average term of 49 days upon the provision of services. This figure is within the average legal period established by law 15/2010 which is 30 days, extended to 60 days in those cases with agreements between the parties.

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

3. Liquidity and capital resources

Liquidity

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

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

During the first half of year 2021, net position has changes as follows:

Thousands of euros

NET CASH POSITION	Jun. 21		Dec. 20		Var.
	Amount	%	Amount	%	
Other short term financial investments	39,559	12.5%	75,084	20.8%	-47.3%
Cash and cash equivalents	276,713	87.5%	285,343	79.2%	-3.0%
Total cash	316,272	100%	360,427	100%	-12.3%
Long term financial liabilities	108,379	85.1%	108,067	65.0%	0.3%
Short term financial liabilities	19,033	14.9%	58,172	35.0%	-67.3%
Total debt	127,412	100%	166,239	100%	-23.4%
TOTAL NCP	188,860		194,188		-2.7%

(*) Regardless of their effective date of amortization, financial liabilities are classified as "current" for accounting purposes if they are used to finance assets classified as "current" in the Balance Sheet.

The net treasury position at the end of the first half of 2021 is placed in a positive position with EUR 188.9 million.

The financial debt at the end of the first half of 2021 includes the financing of projects without recourse to Grupo SANJOSE for an amount of EUR 6.2 million (EUR 40.2 million at the end of 2020).

Capital resources

At 30 June 2021, no significant amendments regarding equity and debt recorded at 31 December 2020 have taken place.

Further, The Company does not expect any material change in its structure, including equity and debt, or the relative cost of capital resources during year 2021.

Future contractual obligations

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

4. Main risks and uncertainties

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

Operational risks

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

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

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

Financial risks

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

- **Interest rate risk:** This is the main risk which the Group is exposed to as a result of the bank borrowings described in the notes to the consolidated financial statements. Further, the Financial Management of Grupo SANJOSE in order to minimise exposure to this risk has arranged cash flow hedges to protect the Company against foreseeable interest rate increases in the future.
- **Foreign currency risk:** The Group's policy is to borrow in the same currency as that of the cash flows of each business. Consequently, there is currently no significant foreign currency risk. However, noteworthy in this connection are the exchange rate fluctuations arising in translating the financial statements of foreign companies whose functional currency is not the Euro. In view of the Group's geographical expansion over the last few years, exposure to foreign currency risk may arise in the

future. Should this risk arise, the best solution will be analysed in order to minimise it by arranging hedges, provided such instruments conform to the Group's corporate criteria.

- **Credit risk:** risk which arises from customer defaults, is managed by means of the preventive assessment of the solvency rating of the Group's potential customers at the beginning of the relationship and throughout the duration of the contract, evaluating the credit rating of the outstanding amounts receivable and reviewing and segregating the estimated recoverable receivables from doubtful receivables.
- **Liquidity risk:** dealt with on Note 3 of this report herein.

5. Events after the reporting period

Further, there are no other significant events occurred after 30 June 2021 which may have impacted on the accompanying financial statements

6. Future outlook

The economic crisis caused by COVID-19 in 2020 suggests that the economy will rebound in the coming years, driven by the monetary policies of central banks and the results of vaccines.

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

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

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

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

In view of the Company's backlog amounting to EUR 1,816 million, its organic stability is assured, foreseeing to maintain the average size of the projects, trying to take advantage of public bidding opportunities, both in national territory and in foreign countries, especially in those in which it has presence and expertise.

7. R&D&I Activities

Grupo SANJOSE, aware of the importance 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.

Among the initiatives developed by the Group in 2020, highlights the R&D&I project for an automated and fixed detection and dissipation system for fog precipitation on hydrometric data to be used in highways and railways. In the spring-summer of 2021, a 200-metre-long and 13-metre-wide full-scale prototype is being carried out in the vicinity of the A-8 highway at the top of O Fiouco, as well as tests to demonstrate the

system feasibility. Said prototype is part of the execution of Phase II of the contract with the Ministry of Transport, Mobility and Urban Agenda called "Pre-commercial public purchase for the design, implementation and experimentation with prototypes of innovative technology for anti-fog protection systems on the A-8 highway, between Mondoñedo and A Xesta, Province of Lugo".

On the other hand, the Group is currently in talks with the Centre for Industrial Technological Development (CDTI), in order to see the possibility of developing several projects for the application of drones and robotics to the construction industry.

R&D&i issues are widely developed in the non-financial information and diversity Report of Grupo Empresarial San José, S.A. and subsidiaries for the year ending 31 December 2020.

8. Treasury share transactions

Grupo SANJOSE did not have treasury shares at 30 June 2021 and 31 December 2020 nor had it carried out transactions involving treasury shares during said periods.

9. Other Information of Interest

Stock exchange information

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

	2021 (up to 12.07)	2020
Capitalisation* (Thousands of Euros)	334.1	291.6
No shares (x 1,000)	65,026	65,026
Price end of the period (euros)	5.14	4.49
Last price for the period (euros)	5.14	4.49
Maximum price for the period (euros)	6.66	6.86
Minimum price for the period (euros)	4.20	2.76
Volume (Thousands of shares)	21,750	20,172
Cash (Thousands of Euros)	111,642	99,764

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

Source: Bolsas y Mercado Españoles (BMEX)

Dividend policy

The Administrators of the Parent Company proposed the AGM the distribution of a dividend with charge to the profit for the year 2020 for a gross amount of 0.10 euros / share, which amounts to a total of EUR 6,503 thousand. At 30 June 2021, said dividend has been fully disbursed.

Proposed distribution of profit

The Directors of the Parent Company proposed the AGM the recognition of EUR 45,789 thousand as 2020 profit to endow the voluntary reserves and remunerate shareholders through the payment of dividends for amounts of EUR 39,286 thousand and EUR 6,503 thousand, respectively.

10. Non-Financial Information

According to the new Law 11/2018 on non-financial information and diversity information amending the Code of Commerce, the consolidated restated text of the Companies Act passed by Royal Decree-law 1/2010, of 2 July, and Act 22/2015, of 20 July, on Accounts Auditing, in terms of non-financial information and diversity information (deriving from Royal Decree-law 18/2017). Information of this nature is developed in the consolidated non-financial information statement of Grupo Empresarial San José, S.A. and subsidiaries for the year ended 31 December 2020, accompanying the financial statements of the Parent.

DIRECTORS' SIGNATURES

The Consolidated Condensed Financial Statements for the six-month term ending on 30 June 2021 of "Grupo Empresarial San José, S.A. and Subsidiaries", comprising the consolidated condensed balance sheet at 30 June 2021, the income statement, the statement of changes in equity and the consolidated condensed cash flow statement, as well as Notes to the same, for the six-month term ending on 30 June 2021, and the accompanying Consolidated Directors' Report, issued on 64 sheets of regular paper on one side only, including the two signed pages, have been prepared by the Board of Directors of "Grupo Empresarial San José, S.A." on 28 July 2021.

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

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

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

Mr. Jacinto Rey González

Mr. Jacinto Rey Laredo

Ms. Amparo Alonso Betanzos

Mr. Enrique Martín Rey

Ms. Altina de Fátima Sebastián González

Mr. Ramón Barral Andrade

Mr. José Manuel Otero Novas

Mr. Roberto Alvarez Álvarez

Mr. Javier Rey Laredo

Mr. Nasser Homaid Salem Ali Alderei

Mr. José Luis González Rodríguez

At the request of the Chairman, in view of the existing health situation and in accordance with Royal Decree Law 34/2020 of 17 November, today's board meeting was held telematically, via videoconference.

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

In accordance with the minutes of the meeting, and in accordance with article 109 a) of the Trade Registry Regulations, I state that all the directors have unanimously approved the preparation of these consolidated condensed financial statements and explanatory notes, as well as the attached consolidated management report, corresponding to the first semester of 2021.

Fernando Calbacho Losada
The Secretary to the Board