Ortiz Construcciones y Proyectos, S.A. and subsidiaries

Audit report,
Consolidated Annual Accounts and
Consolidated Directors' Report
at 31 December 2021

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

Consolidated audit report, on the consolidated annual accounts

To the shareholders of Ortiz Construcciones y Proyectos, S.A.:

Opinion

We have audited the annual accounts of Ortiz Construcciones y Proyectos, S.A., (the Parent Company) and subsidiaries (the Group), which consist of the consolidated balance sheet at 31 December 2021, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the consolidated annual accounts for the year then ended.

In our opinion, the accompanying consolidated annual accounts express, in all material respects, a true and fair view of the Group's consolidated equity and consolidated financial situation at 31 December 2021, as well as the consolidated results and consolidated cash flows for the year then ended, in accordance with the framework of applicable financial reporting legislation (identified in Note 3.1 to the consolidated annual accounts) and, in particular, the accounting principles and policies established therein.

Basis of the opinion

We have performed our audit in accordance with audit standards currently in force in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those of independence, that are relevant to our audit of the consolidated annual accounts in Spain in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than audit and no situations or circumstances have arisen that compromised our necessary independence in accordance with that legislation.

We consider that the audit evidence we have gathered provides a sufficient and suitable basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those which, in our professional opinion, have been considered to be the most significant risks of material misstatement during our audit of the consolidated annual accounts for the current period. These risks were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion of these risks.

PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 915 685 400, www.pwc.es

R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
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Most relevant aspects of the audit	Manner of treatment during the audit
Recognition of revenue from construction contracts Revenue recognition criteria followed by the Group are based on the percentage method based on the extent of completion in accordance with regulations applicable to Construction Contracts in Spain. When applying the percentage method to to determine the degree of completion, the Group uses significant estimates through the application of important judgements concerning the total costs that are necessary to execute the contract, as well as regarding the amount of any claims or changes in the scope of the project which is recorded, if appropriate, as an increase in the revenue from the contract. The information relating to construction contracts is disclosed in Notes 3.2.3, 3.6, 4.19 and 26 in the accompanying notes to the consolidated annual accounts. The importance of the estimates used when recognizing these revenues and their quantitative importance mean that the recognition of revenue from construction contracts is considered to be a key audit matter.	The scope of our audit took into consideration our understanding of the controls over the process of estimating the margin on construction contracts. Our procedures include, among other things, the performance of tests on the design, implementation and the operating effectiveness of certain relevant controls that mitigate the risks associated with the process of recognizing revenue in these types of contracts. To perform substantive tests, we have selected a sample through the application of quantitative criteria based on the amount of income or margins recognized during the year. An additional selection was applied to all of the remaining projects. We obtained the contracts relating to the selected projects so that we could read them and understand the most relevant clauses and their implications, as well as the budgets and execution oversight reports for those projects, and we performed the following procedures focusing on the key matters: • We performed an analysis on the evolution of margins with respect to changes in both the sale price and the total budgeted costs. • We evaluated the consistency of the estimates made by the Group last year by comparing them against the actual data deriving from contracts in progress this year. • We recalculated the degree of completion of the projects and compared it against the results obtained from the Group's calculations. • We obtained evidence of technical approvals regarding changes to the contract and/or claims made in negotiations with customers, as well as the status of financial negotiations.

Most relevant aspects of the audit	Manner of treatment during the audit
	• We obtained explanations regarding the reconciliation between the financial information and the follow-up reports for the projects provided by project management. Finally, we took into consideration the sufficiency of the information disclosed in the accompanying consolidated annual accounts in this respect. As a result of the procedures performed, we consider that the recognized revenue from construction contracts for the year applied by Management is reasonably supported.

Other information: Consolidated directors' report

The other information includes only the consolidated directors' report 2021, the preparation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated director's report. Our responsibility with respect to the consolidated directors' report consists of the following in accordance with audit regulations:

a) Only verify that the consolidated non-financial statement of information has been presented in the manner established by applicable regulations and if this is not the case, report this fact.

b) Assess and report on the concordance of the rest of the information set out in the consolidated directors' report with the consolidated annual accounts based on the knowledge of the Group obtained during the performance of the audit of those accounts, as well as assessing and reporting as to whether the content and presentation of this part of the directors' report is in line with applicable standards. If, based on our work, we conclude that there are material misstatements, we are required to report that fact.

On the basis of the work performed, as described in the previous paragraph, we have verified that the information mentioned in paragraph a) above has been presented in the manner established by applicable regulations and the rest of the information contained in the consolidated directors' report is consistent with that of the consolidated annual accounts for 2021 and its content and presentation are in accordance with applicable standards.

Directors' responsibility with respect to the consolidated annual accounts

The Directors of the parent company are responsible for preparing the accompanying consolidated annual accounts such that they express a true and fair view of the Group's equity, financial situation and the results obtained in accordance with the financial reporting legislation applicable to the Group in Spain and the internal control that is considered necessary to allow consolidated annual accounts to be prepared free of material misstatement due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance that the consolidated annual accounts taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that contains our opinion.

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

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

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

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

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

- We reach a conclusion as to the appropriateness of the Parent Group's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor´s report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to amend our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue being a going concern.

- We assess the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and facts in a manner that expresses a true and fair view.

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

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

From among the significant risks that have been reported to the directors of the Parent Group, we determined those matters that were most important within the context of the audit of the consolidated annual accounts of the current period and they are therefore considered to be the most significant risks.

We describe these risks in our audit report unless the law or regulations precludes the public disclosure of the matter.

PricewaterhouseCoopers Auditores, S.L. (S0242)

/s/ Gonzalo Sanjurjo Pose (18610)

28 March 2022

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A.
and subsidiaries

Consolidated Financial Statements at 31 December 2021
and Consolidated Directors' Report for 2021
(in thousands euro)

INDEX OF THE CONSOLIDATED ANNUAL ACCOUNTS OF ORTIZ CONSTRUCCIONES Y PROYECTOS, SA AND SUBSIDIARIES

GRUP ORTIZ

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2021

(Thousands of euros)

ASSETS	Notes	2021	2020
NON-CURRENT ASSETS		**287,866**	**256,823**
Intangible assets	**7**	**36,443**	**38,020**
Property, plant and equipment	**8**	**14,385**	**12,696**
Investment Property	**9**	**28,032**	**28,832**
Investments in Group companies and associates		**155,060**	**128,668**
Equity-consolidated shareholdings	10, 11	114,051	88,610
Loans to companies consolidated using the equity method	11, 13, 33	41,009	40,058
Non-current financial investments		**5,187**	**8,029**
Equity instruments	11, 12	714	700
Loans to third parties	11, 13	3,441	6,294
Other financial assets	11, 13	1,032	1,035
Non-current trade receivables	**11, 13**	**26,353**	**26,445**
Deferred tax assets	**25**	**22,406**	**14,133**
CURRENT ASSETS		**477,174**	**446,255**
Inventories	**15**	**22,059**	**16,207**
Trade and other receivables		**380,027**	**339,637**
Trade receivables for sales and services rendered	11, 13	352,733	315,289
Trade receivables, equity-consolidated companies	11, 13, 33	7,300	1,497
Other receivables	11, 13	934	694
Personnel	11, 13	652	1,674
Current tax assets	27	121	2,904
Other receivables from public administrations	27	18,287	17,579
Current investments in group companies and associates		**12,207**	**12,662**
Loans to companies consolidated using the equity method	11, 13, 33	12,207	12,662
Current financial investments		**24,305**	**26,272**
Equity instruments	11, 12	1,793	1,434
Loans to third parties	11, 13	5,731	10,225
Derivatives	11, 14	229	364
Other financial assets	11, 13	16,552	14,249
Prepayments and accrued income	**11, 13**	**7,589**	**21,860**
Cash and cash equivalents	**11, 16**	**30,987**	**29,617**
TOTAL ASSETS		**765,040**	**703,078**

Notes 1 and 37 and Appendices I, II and III form part of these consolidated financial statements.

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ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2021

(Thousands of euros)

EQUITY AND LIABILITIES	Notes	2021	2020
EQUITY		**203,224**	**209,754**
Capital and reserves		**232,808**	**235,232**
Share capital	17	57,492	57,492
Share premium	17	9,327	9,327
Parent company reserves	18	156,055	170,950
Reserves in consolidated companies	18	5,002	10,552
Reserves in companies consolidated using the equity method	18	(26,789)	(16,333)
Shares and holdings in own equity	17	-	(2,111)
Profit/(loss) for the year attributable to the parent company		31,721	5,355
Measurement adjustments	**20**	**(30,808)**	**(27,480)**
Hedging transactions		(5,596)	(6,906)
Difference on exchange - Consolidated companies		(25,402)	(20,199)
Difference on exchange - equity consolidated companies		190	(375)
Subsidies, donations and bequests received	**22**	**993**	**1,108**
Non-controlling interests	**21**	**231**	**894**
NON-CURRENT LIABILITIES		**141,266**	**179,634**
Non-current provisions	**24**	**7,904**	**7,937**
Non-current borrowings		**116,161**	**144,174**
Debentures and other marketable securities	11, 23	33,633	32,339
Bank borrowings	11, 23	76,858	103,954
Finance lease payables	11, 23	1,009	893
Derivatives	14, 20	612	1,463
Other financial liabilities	23	4,049	5,525
Non-current payables to group companies and associates	**11, 23, 33**	**5,312**	**5,907**
Deferred tax liabilities	**25**	**3,478**	**5,008**
Accruals and deferred income	**11, 23**	**8,411**	**16,608**
CURRENT LIABILITIES		**420,550**	**313,690**
Current provisions	**24**	**506**	**679**
Current borrowings		**58,360**	**38,836**
Debentures and other marketable securities	11, 23	404	393
Bank borrowings	11, 23	49,544	29,946
Finance lease payables	11, 23	1,016	880
Derivatives	14, 23	1,559	1,181
Other financial liabilities	23	5,837	6,436
Current payables to Group companies and associates	**11, 23, 33**	**101**	**34**
Trade and other payables		**361,522**	**274,125**
Trade payables	11, 23	294,575	235,598
Trade payables to Group companies and associates	11, 23, 33	191	177
Other payables	11, 23	1,108	264
Personnel	11, 23	3,437	3,566
Current tax liabilities	27	3,549	3,205
Other payables to public entities	27	16,872	15,109
Prepayments from customers	11, 23	41,790	16,206
Accruals and deferred income	**11, 23**	**61**	**16**
TOTAL EQUITY AND LIABILITIES		**765,040**	**703,078**

Notes 1 and 37 and Appendices I, II and III form part of these consolidated financial statements.

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ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

(Thousands of euros)

CONSOLIDATED INCOME STATEMENT	Notes	2021	2020
Revenues	**26**	**478,094**	**450,252**
Sales		465,837	446,388
Services rendered		9,900	2,461
Financial income, concession arrangements		2,357	1,403
Changes in inventories of finished goods and work in progress		**(714)**	**(611)**
Own work capitalised		**8,851**	**201**
Supplies	**26**	**(342,347)**	**(330,579)**
Consumption of goods purchased for resale		-	(10)
Raw materials consumed and other consumables		(182,473)	(211,575)
Subcontracted work		(159,874)	(118,994)
Other operating income		**422**	**293**
Sundry and other income		400	242
Capital grants released to income during the year		22	51
Personnel expenses	**26**	**(82,894)**	**(75,577)**
Wages, salaries and similar remuneration		(65,466)	(59,535)
Employee benefit expenses		(17,428)	(16,042)
Other operating expenses		**(34,617)**	**(13,925)**
External services		(31,953)	(21,517)
Taxes		(2,018)	(2,253)
Losses, impairment and changes in trade provisions		(646)	9,845
Asset amortization/depreciation	**7, 8, 9**	**(4,738)**	**(4,569)**
Attribution of subsidies for non-financial assets		**80**	**6**
Impairment and profit/(loss) on disposals of assets	**7, 8, 9**	**147**	**(944)**
Results due to the loss of control over consolidated companies	**6**	**20,818**	**-**
Other results		**(1,056)**	**(385)**
OPERATING PROFIT/(LOSS)		**42,046**	**24,162**
Financial income	**28**	**5,626**	**5,026**
Financial expenses	**28**	**(15,783)**	**(16,252)**
Change in the fair value of financial instruments	**12, 28**	**3,129**	**(932)**
Differences on exchange	**28**	**593**	**(996)**
Impairment and gain/(loss) on disposal of financial instruments	**28**	**10**	**101**
Other financial income/losses		**22**	**-**
FINANCIAL INCOME	**28**	**(6,403)**	**(13,053)**
Share in profits/(losses) at companies consolidated using the equity method	**10**	**3,010**	**419**
Impairment and results on the loss of significant influence over PPE	**10**	**-**	**(2,040)**
EBIT		**38,653**	**9,488**
Corporate income tax	**27**	**(7,267)**	**(4,099)**
Profit/(loss) for year from continuing operations		**31,386**	**5,389**
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR		**31,386**	**5,389**
Profit attributed to parent company		31,721	5,355
Profit/(loss) attributable to non-controlling interests		(335)	34

Notes 1 and 37 and Appendices I, II and III form part of these consolidated financial statements.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

(Thousands of euros)

A) STATEMENT OF CONSOLIDATED INCOME AND EXPENSE

STATEMENT OF CONSOLIDATED INCOME AND EXPENSE	Notes	2021	2020
Consolidated profit/(loss) for the year		**31,386**	**5,389**
Income and expense attributed directly in equity			
Cash flow hedges		(5,410)	(8,997)
Subsidiaries	**14**	*(1,563)*	*(1,536)*
Equity consolidated companies		*(3,847)*	*(7,461)*
Subsidies, donations and bequests received	**22**	-	-
Differences on exchange		(6,176)	(22,939)
Tax effect		3,403	8,582
Total income and expenses taken directly to consolidated equity		**(8,183)**	**(23,354)**
Transfers to the consolidated income statement			
Cash flow hedges		7,190	11,759
Subsidiaries	**14**	*1,902*	*3,972*
Equity consolidated companies		*5,288*	*7,787*
Subsidies, donations and bequests received	**22**	(154)	(250)
Tax effect		(2,119)	(2,885)
Total transfers to the consolidated income statement		**4,917**	**8,624**
TOTAL CONSOLIDATED RECOGNISED INCOME AND EXPENSE		**28,120**	**(9,341)**
Total income and expenses attributable to the parent company		28,278	(9,054)
Total income and expenses attributable to non-controlling interests		(158)	(287)

Notes 1 and 37 and Appendices I, II and III form part of these consolidated financial statements.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

(Thousands of euros)

B) STATEMENT OF TOTAL CHANGES IN CONSOLIDATED EQUITY

	Authorised capital (Note 17)	Share premium (Note 17)	Prior-year reserves and profit/(loss) (Note 17)	Shares and participations from the parent company (Note 17)	Parent company profit/(loss) for the year (Note 19)	Measurement adjustments (Note 20)	Subsidies (Note 22)	Non-controlling interests (Note 21)	TOTAL
A) Ending balance 2019	**57,492**	**9,327**	**159,969**	**-**	**23,125**	**(24,774)**	**1,296**	**1,181**	**227,616**
B) Beginning balance 2020	**57,492**	**9,327**	**159,969**	**-**	**23,125**	**(24,774)**	**1,296**	**1,181**	**227,616**
I. Total recognised income and expense	**-**	**-**	**-**	**-**	**5,355**	**(14,221)**	**(188)**	**(287)**	**(9,341)**
II. Transactions with shareholders or owners	**-**	**-**	**-**	**(2,111)**	**(5,063)**	**-**	**-**	**-**	**(7,174)**
Dividend distribution	-	-	-	-	*(5,063)*	-	-	-	*(5,063)*
Other transaction with shareholders or owners	-	-	-	*(2,111)*	-	-	-	-	*(2,111)*
III. Other changes in equity	**-**	**-**	**5,200**	**-**	**(18,062)**	**11,515**	**-**	**-**	**(1,347)**
C) Ending balance 2020	**57,492**	**9,327**	**165,169**	**(2,111)**	**5,355**	**(27,480)**	**1,108**	**894**	**209,754**
Impact PGC RD 1/2021 (Note 3.6)	**-**	**-**	**(30,136)**	**-**	**-**	**-**	**-**	**-**	**(30,136)**
D) Beginning balance 2021	**57,492**	**9,327**	**135,033**	**(2,111)**	**5,355**	**(27,480)**	**1,108**	**894**	**179,618**
I. Total recognised income and expense	**-**	**-**	**-**	**-**	**31,721**	**(3,328)**	**(115)**	**(158)**	**28,120**
II. Transactions with shareholders or owners	**-**	**-**	**(2,111)**	**2,111**	**(5,063)**	**-**	**-**	**-**	**(5,063)**
Dividend distribution	-	-	*(2,111)*	*2,111*	*(5,063)*	-	-	-	*(5,063)*
III. Other changes in equity	**-**	**-**	**1,346**	**-**	**(292)**	**-**	**-**	**(505)**	**549**
E) Ending balance 2021	**57,492**	**9,327**	**134,268**	**-**	**31,721**	**(30,808)**	**993**	**231**	**203,224**

(*) Includes reserves in the parent company, consolidated companies and reserves in equity-consolidated companies Movements in this heading in 2021 mainly relate to the distribution of 2020 results and the adaptation to the Spanish General Chart of Accounts under RD 1/2021.

Notes 1 and 37 and Appendices I, II and III form part of these consolidated financial statements.

GRUP ORTIZ

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. Y SOCIEDADES DEPENDIENTES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021

(Thousands of euros)

CASH FLOW STATEMENT	Notes	2021	2020
A) Cash flows from operating activities			
1. Profit/ (loss) for the year before taxes		**38,653**	**9,488**
2. Adjustments		**(21,096)**	**10,135**
Asset amortization/depreciation	7, 8, 9	4,738	4,569
Change in provisions		646	(9,845)
Application of grants		(80)	(6)
Own work capitalised		(8,851)	(201)
Profit/(loss) on write-off and disposal of assets	7, 8, 9	(147)	944
Profit/loss on write-offs and disposals of financial instruments	28	(9)	(101)
Results due to the loss of control over consolidated companies		(20,818)	-
Financial income	28	(5,626)	(5,026)
Financial expenses	28	15,783	16,252
Change in the fair value of financial instruments	28	(3,129)	932
Differences on exchange	28	(593)	996
Share in profit of companies consolidated using equity method		(3,010)	(419)
Impairment and profit/(loss) of shareholdings consolidated using the equity method		-	2,040
3. Changes in working capital		**19,588**	**(16,175)**
Inventories		3,996	187
Trade and other receivables		(80,776)	94,662
Other current assets		-	1,533
Trade and other payables		94,175	(112,596)
Other current liabilities		2,191	11
Other non-current assets and liabilities		2	28
4. Other cash flows from operating activities		**(14,267)**	**(17,623)**
Interest paid		(14,567)	(15,315)
Dividends received		853	1,330
Interest received		2,060	910
Corporate income tax income/(expense)		(2,613)	(4,548)
5. Cash flows from operating activities		**22,878**	**(14,175)**
B) Cash flows from investing activities			
6. Payments for investments		**(28,421)**	**(17,546)**
Group companies and associates		(18,753)	(13,542)
Intangible assets	7	(1,363)	(436)
Property, plant and equipment	8	(3,605)	(322)
Other financial assets		(4,700)	(3,246)
7. Charges for divestments		**23,134**	**50,426**
Inventories	15	831	654
Group companies and associates		18,487	42,122
Investment properties	9	-	170
Loans to third parties		794	300
Other financial assets		3,022	7,180
8. Cash flows from investing activities		**(5,287)**	**32,880**
C) Cash flows from financing activities			
9. Payments made and received for financial equity instruments		**-**	**(2,111)**
Acquisition of own equity instruments		-	(2,111)
10. Payments made and received for financial liability instruments		**(11,713)**	**(13,503)**
a) Issue		**22,361**	**65,366**
Debentures and other marketable securities	23	411	2,141
Bank borrowings	23	21,950	63,225
b) Return and repayment of		**(33,519)**	**(78,869)**
Debentures and other marketable securities	23	(1,673)	(2,886)
Bank borrowings	23	(29,570)	(44,834)
Other payables		(2,276)	(31,149)
11. Dividend payments		**(5,063)**	**(5,063)**
Dividends		(5,063)	(5,063)
12. Cash flows from financing activities		**(16,221)**	**(20,677)**
D) Cash flows from discontinued operations		**1,370**	**(1,972)**
Cash and cash equivalents at the beginning of the year	16	29,617	31,589
Cash and cash equivalents at the end of the year	16	30,987	29,617

Notes 1 and 37 and Appendices I, II and III form part of these consolidated financial statements.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of euros)

1. GROUP COMPANIES

1.1. Parent Company

Ortiz y Compañía, S.L. is a Limited Liability Company incorporated in Spain on 31 January 1961. Subsequently, on 12 February 1971, it became a Corporation.

On 20 November 1995, the company changed its corporate name to the current one, Ortiz Construcciones y Proyectos, S.A. Shareholders at a general meeting held on 24 June 2010 moved its registered address from Calle Santa María Magdalena 14 to Avenida Ensanche de Vallecas, 44.

Its corporate purpose is described in its Article of Association Company's and consists of:

- The procurement, management and execution of all kinds of works and construction, both public and private.
- Execution of any kind of construction, installation and works aimed at buildings, roads, railways, road networks, tracks, ports, hydraulic works and any other special installation or project.
- Real estate and urban development activities, purchase and sale of real estate property and property development.
- Acquisition, possession and enjoyment of all types of securities on its own account and incorporation of and shareholdings in other companies with a similar corporate purpose.
- Performance of legal, economic, accounting and financial studies for all types of companies.
- Promotion and development of commercial, industrial and service companies.
- Administration, management, organization and control of any type of equity and business.
- Promotion of newly created, industrial, agricultural, commercial and service companies and acquisition interests in existing companies, or which are created either the management body, either through the subscription of shares equity stakes or at the time of incorporation or leader share capital increase, or the acquisition of those companies by any means. Such transactions may be carried out by the company directly or indirectly.
- The performance of any construction, installation and work, whether public or private, intended for tunnels..
- Operation, design, engineering, construction, management, operation, administration, integral maintenance and conservation, rehabilitation and adaptation of all types of concessions and infrastructures and/or real estate assets through public-private collaboration formulas.
- Construction and operation of hospitals and health centers granted under concessions by any public or private entity.
- Acquisition and sale of any type of medical team, subcontracting of medical services and contracting and subcontracting of non-medical services.
- Rendering of integral health care and social and health assistance services using qualified personnel.
- Cleaning work in general, sterilization, disinfection, insect and rodent control at hospitals and any health center.
- Subcontracting of the services necessary to comply with its corporate purposes.
- The handling, packaging and distribution of food or other products, the preparation, seasoning and distribution of food for self-consumption or supply to third parties.
- Integral as best as removal service, including all labour and activities that are required, identification of materials with asbestos in facilities, risk assessment, with removal of asbestos materials from any type of facility or property.
- Management of hazardous waste
- The exploration, exploitation, benefit, commercialization, sale and mining transformation of all kinds of minerals and other materials used as raw material for the manufacture of concrete elements, cement and asphalt materials, among others, for the execution of engineering and/or construction works. .

- Production, marketing and sale of all types of concrete and concrete for the execution of civil, structural, industrial, hydraulic, mechanical works, among others.

- Transportation of all kinds of aggregates and construction materials and materials related to the corporate purpose of the company.

Grupo Ortiz is diversified in five lines of business: construction, energy, services, concessions and real estate, among which the following operating segments:

- **Construction and Services**: Construction of civil works infrastructure, buildings, railway, water, environment, renovations, engineering and Indagsa industrialised construction system. Maintenance of infrastructure, roads, railways, comprehensive maintenance of buildings, urban and environmental services.
- **Energy**: Construction of photovoltaic, wind, thermal-solar and hydraulic power generation plants, high and middle voltage lines, electric substations, as well as maintenance of electro-mechanic installations and energy services.
- **Concessions**: Concession operator with broad experience in investment financing, design, execution, operation and maintenance.
- **Real estate-Holding company:** Asset holding area Promotion and exploitation of home for rental and tertiary level products (offices and business premises).

The Group companies whose activities involve environmental matters have taken the measures that are necessary in order to comply with current legislation. Since those requirements are not considered to be material in comparison to the Company's equity, its financial situation and its results, they are not specifically disclosed in these notes to the consolidated financial statements.

The financial statements for the parent company Ortiz Construcciones y Proyectos, S.A. used for the consolidation are those that were closed and audited at 31 December 2021. The consolidated financial statements for 2020 were drawn up by the Board of Directors on 18 March 2021 and were approved by the Shareholders' General Meeting on 27 May 2021. These financial statements were filed with the Mercantile Registry of Madrid.

The consolidated financial statements have been prepared by the directors of the parent company within the same period established for the preparation of the individual financial statements for that company.

For the purposes of preparing the consolidated financial statements, a group is understood to exist when the parent company has one or more subsidiaries, understood as those entities which the parent company controls directly or indirectly. The principles applied to the preparation of the Group's consolidated financial statements and the consolidation scope are described in Note 1.2.

Appendix I to these notes contains the identification details of the fully-consolidated subsidiaries.

Appendix II hereto set outs the identification details of the associates and jointly-controlled companies consolidated using the equity method.

Both the parent company and certain subsidiaries participate in joint ventures and consortia, and the respective companies record the figures relating to these JV and consortia on a proportional basis in accordance with the asset, liability, income and expense balances. Appendix III includes details of the JVs and consortia in which Group companies participate.

During 2020 the group's parent company carried out a merger of several group subsidiaries. On 24th September 2020 shareholders at a Universal Extraordinary Meeting of de Ortiz Construcciones y Proyectos, S.A. (acquiring company) approved a merger of the companies Prorax, S.A.U. y Agueda Educatis, S.L.U. (target companies). To date the acquiring company held all of the shares and/or participation units of the target companies. Accordingly, on that same date the shareholders at extraordinary meetings of the target companies also approved the merger.

The acquiring company's share capital was not increased due to it being the single shareholder of the target companies, in accordance with Article 49.1 of Law 3/2009 (3 April) on Structural Modifications to Companies

The target companies' transactions are considered to be carried out by the acquiring company as from 1 January 2020 by virtue of the merger project signed on 10th November 2020 by the directors of the acquiring and target companies and in accordance with the matters indicated in Note 4.24.2.

The merger applied the special tax system for mergers, spin-offs, asset contributions, share swaps and changes in the domicile of a European company established by Title VII, Chapter VII of Law 27/2014 (27 November) on corporate income tax.

The public merger document was filed with the Madrid Mercantile Registry on 27 November 2020 in Volume 39560, Sheet 131, Entry 209, Page M-167515.

The assets acquired have been measured at their carrying amount in the group's consolidated annual accounts, in accordance with recognition and measurement rule 21 of the Spanish Chart of Accounts 21.2. The difference detected has been recognised in a reserve account.

The target companies' figures, which have been included as subsidiaries in the group's consolidated annual accounts up until 2019 continue to be recognised in 2020 although within the figures for the parent company.

The main changes in the scope of consolidation during 2021 were as follows:

- Constitution of the company Autopistas del Caribe, SAS
- Constitution of the company Ortiz USA, LLC.
- Constitution of the company La Gavia Factory, SL. Acquisition after the incorporation of an additional 25% of shares.
- Decrease of 4% in the multi-group companies Grupo Ortiz Properties SOCIMI, SA, Aldigavia Oficinas, SLU, Aldigavia, SAU, Ortega y Gasset Park, SLU, El Arce de Villalba, SAU and Ortiz Sport Factory, SLU
- Loss of control of Promotora Hospital de Bosa, SAS Acquisition of 20% and subsequent sale of 45%.
- Loss of control of Energía de Colombia, SAS Acquisition of 12% and subsequent sale of 20%. o Liquidation of the company Ortiz Brasil Contruçoes, Limitada and its subsidiary SPC 20 Infra e Saneamento Marabá.

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

- Sale of the shares in the associates Africana Energía, S.L. and Ormats Mantenimiento Integral, S.L. (Note 10).
- Incorporation of the company Promotora Hospital Bosa, S.A.S.
- Incorporation of the company Energia de Colombia STR, S.A.S. E.S.P.
- Decrease of 2% in the interest in the jointly-controlled companies Grupo Ortiz Properties SOCIMI, S.A., Aldigavia Oficinas, S.L.U., Aldigavia, S.A.U., Ortega y Gasset Park, S.L.U, El Arce de Villalba, S.A.U. and Ortiz Sport Factory, S.L.U.
- Decrease of 4.33% in the interest in the associate Alten Renewable Energy Developments América, B.V.
- Decrease of 2.49% in the interest in the associate Alten Kenya Solarfarms, B.V.
- Incorporation of the associate Alten Management Africa, S.L.
- Incorporation of the associate Alten Renewable Energy Developments America 3, B.V.
- Incorporation of the associate Alten Renewable Mexico 7 (Puebla).

1.2. Subsidiaries

The full consolidation method has been applied to subsidiaries. Subsidiaries are those entities in which the parent company controls a majority of voting rights or, if not the case, directly or indirectly holds sufficient power to control financial and operating policies in order to profit from its activities. Potential voting rights that may be exercised at the year-end are taken into account when determining control.

Appendix I contains a list of subsidiaries.

These companies are consolidated when the situations established in Article 2 NOFCAC are met, as follows:

1. When the parent company is in one of the following situations with respect to the other company (subsidiary):
    a. The parent company holds a majority of the voting rights.
    b. The parent company is empowered to appoint or remove the majority of the administrative body's members.
    c. The parent company may cast, by virtue of the agreements concluded with other shareholders, the majority of the voting rights.
    d. The parent company has appointed with its votes the majority of the administrative body's members, who hold their positions at the time the consolidated accounts are drawn up and for the two immediately preceding years. This circumstance is presumed when the majority of the members of the subsidiary's administrative body are members of the administrative body or senior managers of the parent company or any other company controlled by the latter.
2. When a parent company possesses one half or less of the voting rights, even when it has a small or no stake in another company, or when management authority has not been explicitly expressed (special purpose vehicles) but it participates in the company's risks and profits, or has the capacity to participate in the company's operating and financial decisions.

All the subsidiaries close their financial year on 31 December.

2. ASSOCIATES AND JOINTLY-CONTROLLED COMPANIES

2.1 Associates

Associates are those companies in which one of the companies included in consolidation has significant influence. Significant influence is understood to exist when the Group has a shareholding in the company and intervenes in its financial and operating decisions without exercising control.

There are no significant restrictions on the capacity of associates to transfer funds to the parent company in the form of dividends, debt repayments or advance payments, besides restrictions that may arise from financing contracts entered into by associates or from their own financial situation, and there are no contingent liabilities related to associates that might eventually be assumed by the Group. There are no significant companies not applying the equity method when more than a 20% interest is held.

In compliance with Article 155 of the Spanish Companies Act 2010, the Company has notified all of these companies that it holds more than a 10% interest either directly or indirectly.

All the associates close their financial year on 31 December.

2.2 Jointly-controlled companies

Jointly-controlled companies are those that are managed by the Group together with other outside companies.

Transactions carried out with associates included in Appendix II

All the jointly-controlled companies close their financial year on 31 December.

3. BASIS OF PRESENTATION

3.1 True and fair view

The consolidated financial statements have been prepared on the basis of the accounting records of Ortiz Construcciones y Proyectos, S.A. and subsidiaries and include all adjustments and reclassifications required for consistency with the Group's accounting policies.

These consolidated financial statements are presented in accordance with applicable commercial legislation as established by the Commercial Code, as amended by Law 16/2007 (4 July) which reforms and adapts accounting legislation for international harmonisation based on European Union legislation, Royal Decree 1514/2007 (20 November), which approves the General Accounting Plan and the corresponding modifications by means of the new Royal Decree 1/2021 (12 january) and Royal Decree 1159/2010 (17 September) which approves the rules for preparing consolidated financial statements and Royal Decree 602/2016, in all areas not amended by subsequent legislation, in order to present a true and fair view of the Group's financial situation and results, as well as a reliable presentation of cash flows reflected in the consolidated cash flow statement.

Further análisis on the impact of Royal Decree 1/2021 on the Spanish General Accounting Plan and its corresponding modifications to the financial statements has been made (Note 3.6).

3.2 Key aspects of the measurement and estimation of uncertainty

The preparation of financial statements requires the Group to use certain estimates and judgments relating to the future that are evaluated on a continuous basis and are supported by past experience and other factors, including expectations of future successes that are deemed to be reasonable given the circumstances.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

3.2.1. Fair value of derivatives or other financial instruments

The fair value of financial instruments that are not listed on an active market (for example, derivatives not listed on an official market) is calculated using measurement techniques. The Group uses judgments to select a variety of methods and to develop assumptions that are primarily based on the market conditions existing at each balance sheet date. The Company has used a discounted cash flow analysis for several exchange rate contracts that are not traded on active markets.

3.2.2. Estimated impairment of goodwill

The Group verifies annually whether there is an impairment loss in respect of goodwill, in accordance with the accounting policy in Note 4.7. The amounts recoverable from cash generating units (CGUs) have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 7).

3.2.3. Revenue Recognition

The Group follows, within the general degree of completion revenue recognition category established by the industry adaptation of the Spanish General Chart of Accounts for construction companies, the method called "schedule of values" which consists of the measurement of work units executed at the prices established in the contract.

3.2.4. Useful lives of property, plant and equipment and intangible assets.

Group management estimates the useful lives and relevant depreciation and amortization charges for its property, plant and equipment and intangible assets, respectively. The useful lives of assets are estimated in accordance with the period over which the asset concerned will generate financial benefits. At each closing the Group reviews the useful lives of assets and, if the estimates differ from those made previously, the effect of the change is recorded on a prospective basis as from the year in which the change is made.

3.2.5. Income tax

The Group is subject to income taxes in numerous jurisdictions. A significant level of judgment is required to determine the worldwide provision for income tax. There are many transactions and calculations with respect to which the ultimate calculation of the tax is uncertain in the ordinary course of business. The Group recognises liabilities for potential tax claims based on an estimation of whether or not additional taxes will be necessary. When the final tax result differs from the amounts which were initially recognised, such differences will have an effect on income tax and the provisions for deferred taxes in the year in which they are deemed to arise.

The calculation of income tax requires interpretation of the tax legislation applicable to the Company. There are also several factors mainly, but not exclusively, linked to changes in tax laws and changes in the interpretation of tax laws already in force, which require the application of estimates by Company management.

When the final tax result differs from the amounts which were initially recognised, such differences will have an effect on income tax and the provisions for deferred taxes in the year in which the determination is made. There are no significant items that are subject to estimates and which could have a relevant impact on the Company's financial position.

Group management evaluates the recovery of deferred tax assets based on estimates of future taxable income by analysing whether or not this income will be sufficient during the periods in which the deferred tax assets are deductible. Deferred tax assets are recorded when their future recovery is probable. The recognition and recovery of deferred tax assets is evaluated at the time they are generated and subsequently at each balance sheet date, in accordance with the development of the profits projected in the Group's business plan. Management considers that deferred tax assets recorded by the Group are likely to be recovered. However, the estimates may change in the future as a result of changes in tax legislation or due to the impact of future transactions on tax balances.

Although these estimates were prepared by management based on the best information available at the end of each year, and through the application of their best estimates and knowledge of the market, it is possible that future events may require the group to change these estimates in the coming years.

3.2.6. Fair value of investment properties and inventory

The best evidence of the fair value of investment properties and inventory in an active market are the prices for similar assets. In the absence of such information given the current market situation, the Group determines fair value through a range of fair values. When implementing this judgment, the Group uses a series of sources, including:

- Current prices in an active market for properties of a different nature, condition or location, adjusted to reflect the differences with the assets owned by the Group.
- Recent property prices in other less active markets, adjusted to reflect changes in financial situations since the transaction date.
- Cash flow discounts based on estimates deriving from current and projected lease agreement conditions and, if possible, on estimates to market prices for similar properties in the same location, using the discount rate that reflects the time factor uncertainty.

There are no significant uncertainties or risks that could give rise to major changes in the current future value of assets and liabilities.

3.2.7. Provisions

Provisions are recognised when it is probable that a present obligation, resulting from past events, will require the application of resources and when the amount of the obligation may be reliably estimated. Significant estimates are necessary to comply with the requirements of accounting rules. Group management makes estimates, evaluating all relevant information and events, of the probability of a contingency and the amount of the liability to be settled in the future.

No significant change was made this year to accounting estimates that give rise to any modification of the amounts or nature of the figures presented for the year.

3.3 Grouping of items

For the purposes of facilitating the understanding of the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity and the cash flow statement, these financial statements are presented in a group format and all necessary analysis is set out in the notes to the financial statements.

3.4 Going concern

The consolidated financial statements have been prepared on a going concern basis, which foresees that the Group will realise its assets and fulfil its commitments during the normal course of its business.

3.5 Changes in accounting policies

In accordance with the conceptual framework of accounting established by the Spanish General Chart of Accounts, the Group maintains a generally accepted accounting policy uniform over time provided that the underlying circumstances that originally led to the application of that policy do not change and taking into account that any change in the policy applies the basic true and fair view principle.

3.6 Changes in accounting policies as a result of Royal Decree 1/2021

On 30 January 2021, Royal Decree 1/2021, of 12 January, was published in the Official Gazette of the Spanish State, which amended the National Chart of Accounts approved by Royal Decree 1514/2007, of 16 November, the National Chart of Accounts for Small and Medium-sized Companies approved by Royal Decree 1515/2007, of 16 November, the Standards for the Preparation of Consolidated Financial Statements approved by Royal Decree 1159/2010, of 17 September, and the rules for adapting the National Chart of Accounts for non-profit entities approved by Royal Decree 1491/2011, of 24 October. Likewise, as a consequence of Royal Decree 1/2021, on 13 February 2021, the resolution of the Spanish Accounting and Audit Institute (ICAC), which lays down rules for the recording, valuation and preparation of annual accounts for the recognition of income from the delivery of goods and services (the 'Revenue Resolution') was published in the Official Gazette of the Spanish State.

Pursuant to subsection (1) of the First Transitional Provision of Royal Decree 1/2021, the Company has opted for the application of the new criteria considering 1 January 2021 as the transition date, and the figures corresponding to financial year 2020 included for comparative purposes in the annual accounts for financial year 2021 have not been adapted in accordance with the new criteria, without prejudice to the reclassification of the previous year's items of financial instruments to the new presentation in application of Transitional Provision 6(6)(e).

The contents of the Royal Decree and that Resolution were applied in the corresponding financial statements for the year beginning on or after 1 January 2021.

The changes mainly affect the following items:

a) Financial instruments.
b) Inventory
c) Revenue from sales and services.

The main differences between the accounting and classification criteria used in 2020 and those applied in 2021 that affected the Company are as follows:

a) Financial instruments

Financial instruments have been classified based on our management or business model for managing financial assets and the contractual terms of the cash flows from them.

The classification of the financial assets is divided into the following main categories:

- **Fair value through profit or loss:** All financial assets have been included in this category except those that should be classified in another category. It covers the previous portfolios of 'Financial assets held for trading' and 'Other financial assets at fair value through profit or loss'.

- **Amortized cost:** The former portfolios of 'Loans and receivables' and 'Held-to-maturity investments' are included in this category to the extent that they are held for the purpose of receiving the cash flows arising from the performance of the contract, and the contractual terms of the financial asset give rise, at specific dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding.

This category also includes trade receivables and non-trade receivables.

- **Cost:** This category includes the following financial assets: investments in group companies, jointly controlled entities and associates:

The classification of financial liabilities falls into the following main categories:

- **Amortized cost:** This category includes all financial liabilities except those that must be measured at fair value through profit or loss. It therefore includes the above portfolios of 'Loans and payables' which include participating loans that have the characteristics of an ordinary or common loan, including those whose interest was set below market, and 'Debts and payables' for both trade and non-trade transactions.

- **Fair value with changes in profit and loss:** This category groups together the previous portfolios of "Financial liabilities held for trading" and "Other financial liabilities at fair value with changes in the profit and loss account", and includes those designated irrevocably at the initial moment to eliminate asymmetries, as well as the hybrid financial liabilities that we have optionally chosen to meet the conditions established in RD 1/2021 not to segregate the derivative.

- **Cost:** this category includes the following financial liabilities:
    - Liabilities for joint accounts and

- Participating loans whose interests are contingent.

Classification and valuation

On the date Royal Decree 1/2021 came into force (1 January 2021), the Company opted to apply Transitional Provision 2 and include comparative information without restating the items for 2020 to show the balances for that year adjusted to the new presentation criteria. The Company has thus applied the new financial instrument categories in accordance with Royal Decree 1/2021 for the year ended 31 December 2021, and has applied the new categories, for presentation purposes only, for the comparative year ended 31 December 2020. Therefore, the main effects of this reclassification at 1 January 2021 are as follows:

Thousands of euros

ategories of Royal Decree 1514/2007	Investments in Group companies and associates	Assets for sale	Investments held to maturity	Loans and receivables
Categories of Royal Decree 1/2021	**Financial Assets at cost**	**Financial Assets at fair value with changes in P&I:**		**Financial assets at anald cost**
Reclassifications				
Financial Assets – 01 January 2021				
Beginning balance 31 december 2020 – RD 1514/2007	**88,610**	**2,134**	**1,035**	**452,351**
Investments in Group companies and associates	88,610	-	-	-
Equity instruments	-	2,134	-	-
Loans, derivatives and other financial assets	-	-	(1,035)	431,499
Accruals	-	-	-	21,860
Adjustments for change of criteria	-	-	-	(30,136)
Begining balance 01 january 2021 – RD 1/2021	**88,610**	**2,134**	**-**	**423,223**

Thousands of euros

Categories of Royal Decree 1514/2007	Non-current and current payables
Categories of Royal Decree 1/2021	**Financial liabilities at amortized cost**
Reclassifications	
Financial liabilities - 01 January 2021	
Beginning balance 31 december 2020 – RD 1514/2007	**458,742**
Bank borrowings	135,673
Debentures and other marketable securities	32,732
Derivatives and other financial liabilities	290,337
Beginning balance 01 january 2021 – RD 1/2021	**458,742**

Derivatives and hedging activities

In application of Transitional Provision 3 of Royal Decree 1/2021, the Company chose to continue applying the criteria established in subsection (6) - Accounting hedges of NRV 9 - Financial instruments of Royal Decree 1514/2007, of 16 November. The Company has described its accounting coverage policy in Note 3.11 to these financial statements.

Foreign exchange forward contracts and interest rate swap contracts in force as of December 31, 2020 qualified as cash flow hedges in accordance with qualifying. 6 – Accounting coverage of the NRV 9th - Financial instruments. The Group's risk management strategies and coverage documentation are in line with the requirements of RD 1/2021 and these relationships are therefore treated as continuing coverage.

b) Inventory

The goods, services and other assets included in inventories are valued at their cost, either the acquisition price or the production cost as indicated in note 4.10, with the exception of listed raw materials that the entity markets as intermediary These are valued at fair value less costs to sell. The variation in value is recognized in the consolidated profit and loss account.

At the end of the 2021 financial year, the group has no listed raw materials that are marketed by companies as intermediaries.

c) Revenues from sales and services

The application as of 1 January 2021 of the ICAC's Resolution on standards for recording, valuation and preparation of annual accounts for the recognition of revenue for the delivery of goods and services, and the latest amendment to the General Chart of Accounts and its supplementary provisions through Royal Decree 1/2021, led to changes in the NRV 14 ‘Revenue from sales and services’, as well as in the information to be included in the notes to the financial statements on these transactions.

The new standard is based on the principle that revenue is recognised when control of a good or service is transferred to the customer for the amount that reflects the consideration to which the entity expects to be entitled. Thus the concept of control, as a fundamental principle, replaces the current concept of risks and rewards.

To apply the above fundamental principle, the following successive steps must be followed:

- identify the contracts with clients;
- identify the obligations to be fulfilled;
- determine the transaction price or consideration for the contract transaction;
- allocate the transaction price between the obligations to be fulfilled, and
- recognise the revenue when (or as) the entity satisfies each obligation committed.

The key changes in current practice are as follows:

- Rules are established for the identification of the contract and the different goods and services included in it, as well as guidelines for the combination and modification of contracts.

- Requirements are established to determine when the income is accrued, in particular, to determine whether the income should be recognized at a single moment or over time, based on the percentage of performance of the activity.

- It is elaborated on the basis of the definition of the price of the transaction and certain specific aspects are analyzed, such as deliveries to customers of cash, goods free of charge or flagging costs; the variable consideration for discounts, contingent amounts…; the financial component of the contract; and assets transferred by customers.

- Issues and particular cases are analyzed, such as: incremental costs of obtaining or fulfilling a contract, the right to return the product sold with reimbursement of the price charged, guarantees given to customers, indicators on acting on their own vs. others, options of the customer about additional goods and services, transfer of licences, etc.

- In addition, aspects such as the following have been considered:

o Balance sheet: The assets for the right of return have been included, which are classified as inventories while the liabilities for reimbursement are maintained, which cause the application of the criteria on variable consideration for returns of sales are shown in provisions.

o Profit and loss account: The allocation of the incremental costs of acquiring a contract is presented under the heading "Other operating expenses".

As of January 1, 2021, the Company applies Royal Decree 1/2021 through which some aspects of the General Accounting Plan regulated in Royal Decree 1514/2007 are modified. In turn, the company, as of this same date, begins to apply the regulations contemplated in the Resolution of February 10, 2021, of the Institute of Accounting and Audit of Accounts, which modifies the registration and valuation rule 14th " Income from sales and rendering of services". The accumulated effect due to the initial application of the PGC amendment (RD 1/2021), is recognized on the date of initial application as an adjustment to the opening balance of the reserve account. Therefore, the comparative information has not been modified and continues to be provided in accordance with the previous standards.

The impact on the initial reserves for the 2021 financial year, amounting to 30,136 Thousands of euros, corresponds to the income from contracts previously recorded as their recovery is probable, which, applying the new criteria (highly probable), their recognition is limited.

	Thousands of euros
Categorías del RD 1/2021	**Impact on reserves**
Initial balance – RD 1514/2007	**165,169**
Reserves	(30,136)
Initial balance– RD 1/2021	**135,033**

3.7 Comparative information

For comparative purposes, the Consolidated Balance Sheet, the Consolidated Profit and Loss Account, the Statement of Cash Flows, the Consolidated Statement of Changes in Net Equity and the notes of the report corresponding to the fiscal year ending on December2021 are presented comparatively with information relating to the year ended December 31, 2020, taking into account the changes arising from the information in Note 3.6

4. ACCOUNTING PRINCIPLES

4.1 Subsidiaries

4.1.1. Adquisicion de control

The acquisition by the parent company (or other group company) of control in a subsidiary constitutes a business combination that is recognised using the acquisition method. This method requires the acquiring company to record, at the acquisition date, identifiable assets acquired, and liabilities assumed in a business combination and any goodwill or negative difference. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition cost is calculated as the sum of the fair values at the acquisition date of the delivered assets, liabilities incurred or assumed and the equity instruments issued by the buyer and the fair value of any contingent compensation that depends on future events or compliance with certain conditions, which must be recognised as an asset, liability or equity in accordance with their nature.

The expenses relating to the issue of equity instruments or financial liabilities delivered do not form part of the business combination cost recognised in accordance with the rules applicable to the financial instruments (Note 11). The fees paid to legal or other professional advisors involved with the business combination are recorded as an expense as they are incurred. The combination costs also exclude the expenses generated internally and any that are incurred by the target company.

The amount at the acquisition date of the cost of the business combination that exceeds the proportional part of the value of the identifiable assets acquired less the liabilities assumed representing the shareholding in the target company's capital is recognised as goodwill. In the exceptional case that this amount is higher than the cost of the business combination, the excess will be recorded as revenue in the consolidated income statement.

4.1.2. Consolidation method

The assets, liabilities, revenues, expenses, cash flows and other items in the Group companies' financial statements are included in the Group's consolidated accounts using the full consolidation method. This method requires the following:

a) Uniformity in terms of timing. The consolidated financial statements are prepared at the dame date and for the same period as the financial statements for the consolidated company. Companies that have a different closing date are included using interim accounts prepared at the same date and for the same period as the consolidated accounts.

b) Uniformity in terms of measurement Assets and liabilities, revenues and expenses, and other items in the Group companies' financial statements have been measured through the application of uniform methods. Those assets or liabilities, or those revenue or expense items that have been measured using criteria that are not uniform with respect to those applied to the consolidation have been re-measured and all necessary adjustments have been made solely for the purposes of consolidation

c) Aggregation. The different headings in the individual financial statements previously made uniform are aggregated in accordance with their nature.

d) Divestment – equity. The book values representing subsidiaries' equity instrument held directly or indirectly held by the parent company are offset by the proportional part of the equity headings recorded by the subsidiary concerned that is attributable to the shares, generally based on the values resulting from the application of the aforementioned acquisition method. In consolidations in years after the year in which control is obtained, the excess or shortfall in equity generated by the subsidiary since the acquisition date that is attributable to the parent company is presented in the consolidated balance sheet under reserves or adjustments due to changes in value, based on their nature. The portion attributable to non-controlling shareholders is recorded under "Non-controlling interests"

e) Minority shareholdings. The measurement of external shareholders is based on their effective stake in the subsidiary's equity, once the above adjustments have been made. Goodwill on consolidation is not attributed to non-controlling interests. The excess between the losses attributable to non-controlling interests of a subsidiary and the equity that proportionally relates to them is attributed to them, even if this gives rise to a receivable under that heading.

f) Elimination of intra-group items Loans payable and receivable, revenues and expenses and cash flows between Group companies are completely eliminated. All of the results deriving from internal transactions are also eliminated and deferred until the amounts are realised with respect to third parties outside the Group.

4.1.3. Loss of control

When control over a subsidiary is lost the following rules are applied:

a) The recognised profit or loss in the individual financial statements is adjusted for consolidation purposes.

b) If the subsidiary is reclassified as a jointly-controlled entity or associate the equity method is initially applied, taking into account the fair value of the shareholding retained at that date for the purposes of initial measurement.

c) The stake in the equity of the subsidiary that is retained after the loss of control, and which does not fall within the scope of consolidation, will be measured in accordance with the criteria applicable to the financial assets (Note 4.9), taking into consideration the fair value at the date the stake is excluded from consolidation as the initial value.

d) An adjustment is made to the consolidated income statement to record non-controlling shareholders' stake in the revenues and expenses generated by the subsidiary during the year up until the loss of control, and revenues and expenses recorded directly under equity are transferred to the profit and loss account.

4.2 Associates and jointly-controlled companies

4.2.1. Equity method

Associates are included in the consolidated financial statements by applying the equity method.

When the equity method is first applied, the Company's stake is measured at the amount of equity that the percentage investment represents, after any adjustment of net assets to fair value at the date the significant influence was acquired.

The difference between the carrying amount of the shareholding in the individual accounts and the amount mentioned in the preceding paragraph constitutes goodwill that is recorded under the heading “equity consolidated shareholdings”. In the exceptional case in which the difference between the amount at which the investment is recognised in the individual accounts and the proportional part of the fair value of the Company's net assets is negative, in which case that difference is recorded in the income statement after having evaluated again the assignment of fair value to the associate's assets and liabilities.

Unless a negative difference arises on the acquisition of significant influence, in general investments are initially recognised at cost.

The profit/(loss) generated by equity-consolidated companies is recognised as from the date on which the significant influence is acquired.

The carrying amount of the shareholding is modified (increased or decreased) in the appropriate proportion for the Group’s companies as a result of the changes in the investee company’s equity since initial recognition, after having eliminated the portion of unrealised profit/(loss) generated in transactions between that company and Group companies.

The higher value attributed to the shareholding as a result of the application of the acquisition method is reduced in subsequent years by charging consolidated results or the equity concerned and to the extent that the relevant equity items are depreciated, eliminated or sold. Consolidated results are also charged when there are impairment losses affecting the investee company's equity items, up to the limit of the capital gain assigned to those items at the date of first consolidation using the equity method.

Changes in the value of the shareholding as a result of the investee company’s profit/(loss) form part of consolidated profit/(loss), recognised in the heading “Share in profit/(loss) of equity consolidated companies”. However, if the associate incurs losses, the reduction of the account representing the investment will have the limit of the carrying amount of the shareholding calculated using the equity method. If the interest had been reduced to zero, additional losses and the relevant liability would have been recognised of legal, contractual, constructive or tacit obligations were incurred, or if the Group had made payments on behalf of the investee company.

Change in the value of the shareholding relating to other changes in equity are shown in the relevant equity headings based on their nature.

Value and timing uniformity is applied to investments in associates in the same way as for subsidiaries.

4.2.2. Change in the shareholding

The cost of each individual transaction is used to determine the cost of an investment in a jointly-controlled company.

The additional investment and new goodwill or negative difference on consolidation arising in a new acquisition of shares in an equity-consolidated company is calculated in the same manner as the first investment. However, if goodwill arises and a negative difference on consolidation arises with respect to the same investee company, the latter is reduced to the limit of the embedded goodwill.

When an investment is reduced giving rise to a decline in the interest held but significant influence is not lost, the new investment is measured at the amounts relating to the retained interest.

4.3 Intangible assets

4.3.1. Concession agreement

Concession agreemnets, regulared assets

The public infrastructure concession company industry plan (in force since 1 January 2011), regulates the treatment of service concession agreements, which are defined as an agreement under which the granting entity requires a concessionaire company to construct, including improvements and the operation, or only the operation, of infrastructure intended to render public services of a financial nature during the period of time established under the agreement, in exchange for the right to receive compensation. All concession agreements must meet the following requirements:

- The grantor controls or regulates which public services must be provided by the concession operator using the infrastructure, to whom they must be provided, and at what price; and
- The granting entity controls any significant residual interest in the infrastructure at the end of the term of the agreement.

In such concession agreements the concession company acts as a service provider, specifically infrastructure construction or improvement services and, in addition, operating and maintenance services during the term of the agreement. The compensation received by the concession holder with respect to the construction or improvement of the infrastructure is recognised at the fair value of the service concerned, as an intangible asset in those cases in which the right to charge a price to users for the public service and when it is not unconditional and users must actually make use of the service. Compensation for the construction or improvement is recognised as an intangible asset under "Concession agreement, regulated asset" in "Intangible assets" as a result of the application of the intangible model, where the demand risk is assumed by the concession holder. The Company calculates the depreciation of a concession asset systematically over the term of the concession using the straight-line method.

Concession agreement, financial capitalisation

When the consideration for the construction or improvement services insists of an intangible asset, the financial expenses financing the infrastructure that arise as from the moment at which the infrastructure is available for use are capitalised, provided that there is reasonable evidence that they will be recovered through future revenue. Capitalised financial expenses are recognised in the heading “Concession agreement, financial capitalisation”, and they are taken to the income statement in proportion to the revenue projected in the Company’s Financial Plan, with the understanding that the future revenue forecast by the plan will allow those expenses to be recovered. Revenue as a percentage of the total occupation amount is determined for each year. That percentage is applied to total financial expenses projected over the concession term to determine the amount of annual financial expense to be attributed to each financial year. In the event that actual revenue for that year exceeds projections the percentage will be calculated based on actual revenue and the total amount of projected occupation revenue.

4.3.2. Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the amount at the acquisition date of the cost of the business combination that exceeds the proportional part of the fair value of the identifiable assets acquired less the liabilities assumed representing the shareholding in the target company's capital.

At the date of initial recognition, goodwill is measured in accordance with the policy described in Note 4.1.1. Goodwill is measured at cost less any accumulated impairment after initial recognition.

At the acquisition date, goodwill is assigned to each cash generating unit (CGU) or groups of cash generating units that are expected to benefit from the synergies within the business combination from which the goodwill arose.

Separately recognized goodwill is amortized on a straight-line basis over its estimated useful life, valued at its acquisition price less accumulated amortization and, if applicable, the accumulated amount of recognized valuation corrections for impairment. The useful life is determined separately for each of the CGUs to which it has been assigned and is estimated to be 10 years (unless proven otherwise).

Cash generating units (or groups of cash generating units) to which Goodwill has been assigned will be subjected, at least on an annual basis, to impairment loss verification and, should any be revealed, the relevant impairment adjustment will be recorded in the income statement.

Impairment losses recognised in goodwill are not reversed in subsequent years.

4.3.3. Research and development expenses

Research expenses are recognised as an expense when incurred, whereas development expenses incurred for a project are recognised as an intangible asset if the development is viable from a technical and commercial point of view, sufficient technical and financial resources are available to complete the project, the costs incurred may be reliably determined and the generation of profits is probable.

Other development costs are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs that have a finite useful life are amortized on a straight-line basis over the estimated useful life of each project, up to a maximum of 5 years.

If an asset's carrying amount is greater than its estimated recoverable amount, its carrying amount is written down immediately to its recoverable amount (Note 4.7).

If the circumstances which permitted the capitalisation of the development expenses change, the unamortized portion is expensed in the year the circumstances change.

4.3.4. Licenses and trademarks

At 31 December 2021 and 2020 the Group's intangible assets include manufacturing licences and trademarks that are measured at acquisition cost, without any amortization having been applied. An intangible asset is considered to have an indefinite useful life when an analysis of all relevant factors reveals that there is no foreseeable limit to the period over which the asset is expected to generate the entry of net cash flows for the company

4.3.5. Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over the assets' estimated useful lives (4 years).

Costs associated with maintaining computer software programs are recognised as an expense when incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Software development costs recognized as assets are amortized over their estimated useful lives (which do not exceed 4 years).

4.4 Property, Plant and Equipment

Property, plant and equipment is stated at acquisition price or production cost less accumulated depreciation and accumulated impairment losses recognised.

Own work capitalised is measured as calculated by adding the direct or indirect costs attributable to the assets to the price of the consumable materials used.

Costs incurred to extend, modernise or improve property, plant and equipment are only recorded as an increase in the value of the asset when the capacity, productivity or useful life of the asset is extended, and it is possible to ascertain or estimate the carrying amount of the assets that have been replaced in inventories.

The cost of major repairs is capitalised and depreciated over the estimated useful life of the asset, while recurring maintenance costs are charged to the consolidated income statement in the year in which they are incurred.

Depreciation of property, plant and equipment, with the exception of land, which is not depreciated, is calculated systematically using the straight-line method over the assets' estimated useful lives based on the actual decline in value brought about by operation, use and enjoyment.

The depreciation rates applied to property, plant and equipment in 2021 and 2020 are as follows:

(Thousands of euros)

Estimated useful life:	
Buildings	50
Plant	4-10
Machinery and tooling	7-8
Furnishings	10
Data processing equipment	5
Vehicles	6

The residual values and useful lives of assets are reviewed and adjusted, if necessary, at each balance sheet date.

If an asset's carrying amount is greater than its estimated recoverable amount, its carrying amount is written down immediately to its recoverable amount (Note 4.7).

Profits and losses deriving from the sale of property, plant and equipment is calculated by comparing revenues obtained from the sale against the asset's book value and recorded in the consolidated income statement.

4.5 Investment Properties

Investment properties consist almost entirely, of owned land and office buildings that are maintained to obtain long-term income and are not occupied by the Group.

The items included under this heading are stated at acquisition cost less accumulated depreciation and any impairment losses.

Depreciation is applied to real estate investments on a straight-line basis in accordance with the estimated useful lives of the assets concerned, which is 50 years

4.6 Interest Costs

Financial expenses directly attributed to the acquisition or construction of property, plant and equipment that requires more than one year to be prepared for use is stated at cost until it is in a state of operation

4.7 Losses due to the impairment of non-financial assets

Assets that have an indefinite useful life, such as Goodwill for example, are not subject to amortization and are tested annually for impairment. Assets subject to amortization/depreciation are subjected to in impairment tests provided that some event or a change in circumstances indicates that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, understood as the asset's fair value less the higher of costs to sell and value-in-use. For the purposes of assessing impairment losses, assets are grouped together at the lowest level for which there are separately identifiable cash flows (Cash Generating Units). Non-financial assets, other than goodwill, that present an impairment loss are reviewed at each balance sheet date to determine whether or not the loss has reversed.

4.8 Swaps

When property, plant and equipment, intangible assets or investment properties are acquired through swaps of a commercial nature, they are measured at the fair value of the asset delivered plus any monetary compensation paid in exchange, unless there is clearer evidence regarding the asset received and any applicable limits. For these purposes, the Group considers that a swap is of a commercial nature when the configuration of the cash flows relating to the asset received differs from the configuration of the cash flows relating to the asset delivered, or the present value of the cash flow after taxes relating to the activities affected by this swap are modified. Furthermore, any of the above differences must be significant with respect to the fair value of the exchanged assets.

If the swap is not of a commercial nature, or the fair value of the assets involved in the transaction cannot be determined, the asset received is measured at the carrying value of the delivered asset plus any monetary compensation provided, up to the limit of the fair value of the received asset, if less, and only if it is available

4.9 Financial Assets

4.9.1. Financial assets at fair value with changes in the profit and loss account

This category includes equity instruments that are not held for trading, or that must be valued at cost, and on which the irrevocable election has been made in the time of initial recognition to present subsequent changes in fair value directly in equity.

Additionally, those financial assets irrevocably designated at the time of initial recognition as measured at fair value with changes in the consolidated profit and loss account are included, and that otherwise would have been included in another category, to eliminate or reduce significantly a valuation inconsistency or accounting mismatch that would otherwise arise from measuring the assets or liabilities on different bases.

Initial valuation
The financial assets included in this category will be initially valued at their fair value, which, unless there is evidence to the contrary, will be the transaction price, which will be equal to the fair value of the consideration given. The transaction costs that are directly attributable to them will be recognized in the consolidated profit and loss account for the year.

Subsequent valuation
After initial recognition, the company will value the financial assets included in this category at fair value with changes in the consolidated profit and loss account.

4.9.2. Financial asstes at amortized cost

This category includes financial assets, including those admitted to trading on an organised market, in which the Company holds the investment with the objective of receiving cash flows from the performance of the contract, and the contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding.

Contractual cash flows that are solely collections of principal and interest on the principal amount outstanding are inherent in an arrangement that is in the nature of a regular or ordinary loan, regardless of whether the transaction is arranged at a zero or below-market interest rate.

This category includes trade receivables and non-trade receivables:

a) Trade receivables are the financial assets arising from the sale of goods and provision of services in relation to the Company's operating activities and that have deferred payment.

b) Non-trade receivables are financial assets that are not equity instruments or derivatives, are not of commercial origin and whose collections are of a determined or determinable amount arising from loans or credits granted by the company.

Initial recognition:
The financial assets classified in this category are initially recognised at fair value, which, in the absence of evidence to the contrary, will be the transaction price and is equal to the fair value of the consideration paid plus any directly attributable transaction costs.

However, trade receivables maturing within one year that do not have an explicit contractual interest rate, and advances and loans to employees, dividends receivable and capital calls expected to be collected in the short term, are measured at nominal value to the extent that the effect of not discounting cash flows is deemed not to be material.

Subsequent appraisal:
The financial liabilities included in this category will be measured at their amortized cost. The interest accrued will be recognised in the income statement using the effective interest method.

However, receivables maturing within one year which, in accordance with that stated in the previous section, are initially measured at their nominal value, continue to be measured at this amount, unless there was a decline in their value.

When the contractual cash flows of a financial asset change due to the issuer's financial difficulties, the company assesses whether an impairment loss should be recognised.

Impairment losses:
The necessary valuation adjustments are made at least at the balance sheet date and whenever there is objective evidence that a financial asset, or a group of financial assets with similar risk characteristics measured collectively, is impaired as a result of one or more events that occurred after its initial recognition and that lead to a reduction or delay in the estimated future cash flows, which may be caused by the insolvency of the debtor.

In general, the impairment loss on these financial assets is the difference between their carrying amount and the present value of future cash flows, including, where applicable, those from the enforcement of collateral and personal guarantees, estimated to be generated, discounted at the effective interest rate calculated at the time of initial recognition. For the financial assets subject to a variable interest rate, the effective interest rate at the closing date of the financial statements is used in accordance with the contractual conditions.

The value adjustments for impairment, and their reversal when the amount of this loss diminishes as a result of a subsequent event, are recognised as income or expense, respectively, in the income statement. The reversal of impairment will be limited to the carrying amount of the asset recognised at the reversal date had the impairment of the amount not been recognized.

4.9.3. Financial assets at cost

In any case, these measurement categories include:

a) Equity investments in group companies, jointly controlled entities and associates.

b) Other investments in equity instruments whose fair value cannot be determined by reference to a quoted price in an active market for an identical instrument, or cannot be reliably estimated, and the derivatives underlying these investments.

c) hybrid financial assets whose fair value cannot be reliably estimated, unless they qualify for recognition at amortized cost.

d) Contributions made as a result of a joint venture and similar agreements.

e) participating loans whose interest is contingent either because a fixed or variable interest rate is agreed to be payable on the achievement of a milestone in the borrower's business (e.g. the achievement of profits) or because it is calculated solely by reference to the performance of the borrower's business.

f) any other financial asset that is initially classified in the fair value through profit or loss portfolio when it is not possible to obtain a reliable estimate of its fair value.

Initial recognition:
Investments included in this category are initially measured at cost, which is the fair value of the consideration given plus directly attributable transaction costs, and the latter is not included in the cost of investments in group companies.

However, in cases where an investment exists prior to its classification as a group company, jointly controlled entity or associate, the cost of this investment is considered to be the carrying amount that it should have had immediately before the company was classified as such.

The amount of any pre-emption and similar rights that, if applicable, have been acquired will form part of the initial measurement.

Subsequent appraisal:
After they have been initially recognised, the equity instruments included in this category are valued at their cost less, where appropriate, the accumulated amount of the valuation adjustments for impairment.

When a value must be assigned to these assets due to de-recognition from the balance sheet or for another reason, the average weighted cost by homogeneous group is applied, deemed to be the securities which have equal rights.

In the case of the sale of preferential subscription rights and similar, or the segregation thereof to exercise them, the amount of the cost of the rights will reduce the carrying amount of the respective assets.

The contributions made as a result of a joint accounts agreement and similar agreements will be measured at cost, increased or reduced by the profit or loss respectively, corresponding to the Company as non-managing participant, and less, as applicable, the cumulative amount of the impairment losses.

The same criterion is applied for participating loans whose interest is contingent either because a fixed or variable interest rate is agreed to be payable on the achievement of a milestone in the borrower's business (e.g. the achievement of profits) or because it is calculated solely by reference to the performance of the borrower's business. If, in addition to contingent interest, irrevocable fixed interest is agreed, the latter is recognised as financial income on an accrual basis. Transaction costs are allocated to the income statement on a straight-line basis over the life of the participating loan.

Impairment losses:
The necessary valuation adjustments are made at least at the reporting date, provided there is objective evidence that the carrying amount of an investment will not recoverable. The impairment losses are calculated as the difference between the carrying amount of the investments and their recoverable amount. Recoverable amount is the higher of fair value less costs to sell and the present value of the future cash flows from the investment calculated, in the case of equity instruments, either by estimating the cash flows expected to be received as a result of the dividends distributed by the investee and of the disposal or derecognition of the investment or by estimating the share of the cash flows expected to be generated by the investee arising both in the course of its ordinary activities and as a result of the disposal or derecognition of the investment.

Unless there is better evidence of the recoverable amount of investments in equity instruments, the estimate of the impairment loss on this type of asset is calculated on the basis of the equity of the investee and the unrealised gains existing at the valuation date, net of the tax effect. In determining this value, and provided that the investee has in turn invested in another investee, the equity included in the consolidated annual accounts prepared using the criteria Commercial Code and its implementing regulations is taken into account.

Recognition of valuation adjustments for impairment and, where appropriate, their reversal, is recognised as income or expense, respectively, in the income statement. The reversal of impairment will be limited to the carrying amount of the investment recognised at the reversal date had the impairment of the amount not been recognised.

However, if an investment in the company was made prior to its classification as a group company, jointly controlled entity or associate and, prior to that classification, valuation adjustments were made and recognised directly in equity in respect of that investment, those adjustments are retained after classification until the investment is disposed of or derecognised, at which time they are recognised in the income statement, or until the following circumstances occur:

a) In the case of previous valuation adjustments for increases in value, impairment allowances will be recorded against the equity item reflecting the previously made valuation adjustments up to the amount of the adjustments, and any excess is recorded on the income statement. The impairment loss recognised directly in equity is not reversed.

b) In the case of previous impairment adjustments, when the recoverable amount subsequently exceeds the carrying amount of the investments, the latter is increased, up to the limit of the impairment, against the item that recorded the previous impairment adjustments, and after that the new amount arising is treated as the cost of the investment. However, when there is objective evidence of impairment in the value of the investment, the accumulated losses are recognised directly in equity on the income statement.

Assets designated as hedged items are subject to hedge accounting measurement requirements (Note 4.10).

4.10 Financial derivative and hedge accounting

Financial derivatives are measured, both initially and subsequently, at fair value. The method for recognising the resulting gain or loss depends on whether the derivative has been designated to be a hedge instrument or not, and, if appropriate, the type of hedge. The Group designates certain derivatives as either:

4.10.1 Fair value hedge

Changes in the fair value of derivatives that are designated and classified as hedges of fair value are recorded in the income statement together with any change in the fair value affecting the hedged asset or liability that is attributable to the hedged risk.

When a hedged item is an unrecognised firm commitment (or a component thereof), the cumulative change in the fair value of the hedged item subsequent to its designation is recognised as an asset or a liability with a corresponding gain or loss recognised in the consolidated income statement.

Modifications to the carrying amount of the hedged items measured at amortized cost give rise to the correction of the instrument's effective interest rate either from the time of the modification or, subsequently, when hedge accounting ceases.

4.10.2 Cash Flow hedge

The loss or gain on a hedge instrument is recognized directly in equity to the extent that it constitutes an effective hedge. Accordingly, the consolidated equity component that arises as a result of the hedge is adjusted so that it is equal, in absolute terms, to the lower of the two following values:

1) The cumulative gain or loss on the hedge instrument from inception of the hedge.
2) The cumulative change in fair value of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.

Any remaining gain or loss on the hedging instrument (or any gain or loss required to balance the change in the cash flow hedge reserve calculated in accordance with the preceding paragraph represents the ineffectiveness of the hedge, which is recognized in the consolidated profit or loss account for the year.

If a hedged transaction expected to be highly likely subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged planned transaction involving a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the entity will remove that amount from the cash flow hedge adjustment and include it directly in the initial cost or other carrying amount of the asset or the liability. This same policy is applied to hedges of exchange rate risk on the acquisition of an investment in a group company, jointly-controlled entity or associate.

In all other cases the adjustment recognized in equity is transferred to the income statement to the extent that the hedged expected future cash flows affect profit or loss for the year.

However, if the adjustment recognized in equity is a loss and the expectation is that all or part of the loss will not be recovered in one or more future years, the amount that is not expected to be recovered is immediately reclassified to profit or loss for the year.

4.10.3 Hedges of net investments in foreign operations

In hedging operations covering net investments in combined businesses that do not have an independent legal personality and branch offices abroad, changes in the value of derivatives attributable to the hedged risk will be recognised temporarily under equity and taken to the income statement in the years in which the net investment in the business abroad is sold.

Hedge instruments are measured and recognised in accordance with their nature to the extent that they are not, or do not cease to be efficient hedges.

In the case of derivatives that do not qualify for hedge accounting, gains or losses in their fair value are immediately recognised in the consolidated income statement.

4.11 Inventory

Inventories are carried at the lower of cost and net realisable value. When the net realisable value of inventories is less than cost, the appropriate value adjustments are made and recognised as an expense in the income statement. If the circumstances that caused the value adjustment cease to exist, the adjustment is reversed, and income is recognised in the income statement.

Cost is determined through the average cost method. The cost of finished products and work in progress includes design costs, raw materials, direct labour, other direct costs and manufacturing overheads (based on normal operating capacity). The net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses and, in the case of raw materials and work in progress, the estimated production costs.

Inventories that require a period exceeding one year to be ready to be sold, financial expense is included in the cost in the same terms established for assets (Note 4.6).

The initial expenses, projects and facilities are measured at acquisition or production cost. They are taken to the cost of the works based on the degree of completion.

4.12 Equity

Share capital consists of ordinary shares.

The costs of issuing new shares or options are recognised directly in equity as a reduction in reserves.

In the event that the any group company acquires treasury shares in the Company, the compensation paid including any incremental cost that is directly attributable, is deducted from equity until the shares are eliminated, issued again or otherwise disposed of. When these shares are subsequently sold or reissued, any amount received is taken to equity net of directly attributable incremental costs.

4.13 Financial liabilities

4.13.1 Financial liabilities at amortized cost

In general, this category includes trade payables and non-trade payables:

a) Trade payables are financial liabilities arising from the purchase of goods and services in the ordinary course of the company's business with deferred payment; and

b) Non-trade payables are financial liabilities that are not derivative instruments, did not arise from trade transactions, and arose from loans or credits received by the company.

Participating loans that have the characteristics of an ordinary or common loan are also included in this category without prejudice to the agreed interest rate (zero or below market).

<u>Initial recognition:</u>

Financial liabilities included in this category are initially measured at fair value, which is the transaction price, which is the fair value of the consideration received adjusted for directly attributable transaction costs.

However, trade payables maturing within one year where there is no contractual interest rate, and capital calls receivable from third parties on holdings that are expected to be paid in the short term, are measured at their nominal value when the effect of not discounting cash flows is not material.

<u>Subsequent appraisal:</u>
The financial liabilities included in this category are subsequently measured at their amortized cost. The interest accrued is recognised in the income statement using the effective interest method.

Nevertheless, debits maturing within one year that are initially measured at their nominal value continue to be measured at this amount.

4.13.2 Financial liabilities at fair value with changes in the profit and loss account

This category includes financial liabilities that meet any of the following conditions:

1. Liabilities held for trading.

2. Those irrevocably designated from the moment of initial recognition to be accounted for at fair value with changes in the profit and loss account, given that:

- An inconsistency or "accounting mismatch" with other instruments at fair value is eliminated or significantly reduced. with changes in profit and loss; or
- A group of financial liabilities or financial assets and liabilities is managed and its performance is assessed on the basis of its fair value in accordance with a documented investment or risk management strategy and group information is also provided on the basis of fair value to key management personnel

3. Non-segregable hybrid financial liabilities included optionally and irrevocably

Initial and subsequent valuation

The financial liabilities included in this category are initially valued at their fair value, this being the transaction price, which is equivalent to the fair value of the consideration received. The transaction costs that are directly attributable to them are recognized in the consolidated profit and loss account for the year.

After initial recognition, financial liabilities included in this category are valued at fair value with changes in the consolidated profit and loss account.

In the case of convertible bonds, the fair value of the liability component is determined by applying the interest rate for similar non-convertible bonds. This amount is recorded as a liability on the basis of the amortized cost until its liquidation at the time of its conversion or maturity. The rest of the income obtained is assigned to the conversion option that is recognized in consolidated equity.

4.14 Grants received

Repayable grants are recognised under liabilities until the conditions are fulfilled for the grants to be treated as non-repayable. Non-repayable grants are recognised directly in equity and are taken to income on a systematic and rational basis in line with grant costs. Non-repayable subsidies received from shareholders are recorded directly in capital and reserves.

A grant is deemed to be non-repayable when it is awarded under a specific agreement, all stipulated grant conditions have been fulfilled and there are no reasonable doubts that it will be collected.

Monetary subsidies are stated at the fair value of the amount granted and non-monetary subsidies are stated at the fair value of the asset received. Both values refer to the moment of recognition.

Non-repayable subsidies relating to the acquisition of property, plant and equipment, intangible assets and investment properties are recorded as income in the year in proportion to the depreciation/amortization of the assets concerned or, if appropriate, when the assets are sold, restated due to impairment losses or written off from the balance sheet. Non-repayable subsidies relating to specific expenses are recognised in the consolidated income statement in the same year in which the relevant expenses accrue together with those granted to offset operating deficits during the year granted, except when they are used to offset operating deficits in future years in which case they are attributed to those years.

4.15 Current and deferred taxes

Income tax expense (income) is that amount of income tax that accrues during the period. It includes both current and deferred tax expense (income).

Both current and deferred tax expenses (income) are recognised in the income statement. However, the tax effect of items recorded directly in equity is recognised in equity.

Current tax assets and liabilities are carried at the amounts that are expected to be payable to or recoverable from the tax authorities, in accordance with prevailing legislation or regulations that have been approved and are pending publication at the year end.

Deferred taxes are calculated in accordance with the liability method on the temporary differences between the tax bases of assets and liabilities and their carrying values.

However, if the deferred taxes arise from the initial recognition of a liability or an asset on a transaction other than a business combination that at the time of the transaction has no effect on the tax or accounting gain or loss, they are not recognised. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised insofar as future tax profits will probably arise against which to offset the temporary differences.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and combined businesses except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

4.16 . Provisions and contingent liabilities

Provisions for environmental restoration, restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses

Provisions associated with sales with the right to return are recorded when there is an estimated reimbursement liability based on the amount of expected returns and the valuation of the reimbursement liability is updated at the end of each year due to changes in expectations regarding the amount of returns and recognizes the corresponding adjustments as a higher or lower amount of the consolidated turnover.

Provisions are carried at the present value of the payments that are expected to be necessary to settle the obligation at the end of the year, using a rate before taxes that reflects the current market's assessment of the temporary value of money and the specific risks relating to the obligation. Adjustments made to update the provision are recognised as a financial expense as they accrue.

Provisions maturing in one year or less are not discounted when the financial effect is immaterial.

Where a part of the outflow necessary to settle the obligation is expected to be reimbursed by a third party, the reimbursement is recognised as a separate asset, provided collection is virtually assured.

Contingent liabilities are considered to be potential liabilities deriving from past events, the existence of which are subject to the occurrence of one or more future events that lie outside the control of the Group. These contingent liabilities are not recorded in the accounts but are described in the notes presenting the financial statements (Note 29).

4.17 .Business Combinations

Merger, spinoff and non-monetary contributions of a business among group companies are recorded in accordance with the provisions for transactions between related parties (Note 4.24).

Merger or spin-off transactions other than those indicated above and business combinations arising from the acquisition of all of the equity of a company or a portion of that equity that constitutes one or more businesses, are recorded in accordance with the acquisition method (Note 4.1).

4.18 .Joint Venture

The Group participates in several joint arrangements that are managed through jointly-controlled entities or joint operations and assets, including joint ventures (UTEs)

Those that involve the incorporation of an independent legal person or jointly-controlled entities are recognised in accordance with the policy established in Note 4.2.

Within joint operations and assets, which involve the use of assets and other resources owned by participants, the Group recognises its proportion of jointly controlled assets and jointly incurred liabilities in accordance with the stake held as well as assets associated with joint operations and incurred liabilities resulting from the combined business.

Furthermore, the income statement recognises the proportional stake in the income generated and expenses incurred by the joint arrangement. The expenses incurred in relation to the interest held in the joint arrangement are also reflected.

Unrealised gains/ losses on reciprocal transactions and the reciprocal amounts of assets, liabilities, revenues, expenses and cash flows are eliminated in proportion to the interest held

4.19 .Revenue recognition

Revenue includes the fair value of the considerations received or to be received for the sale of goods and services in the ordinary course of the Company's business activities. Revenue is presented net of value added tax, returns, rebates and discounts, and after having excluded sales within the Company. The Company recognises revenue when the amount thereof can be reliably measured, when it is probable that the future economic benefits will flow to the Company and when the specific conditions for each of the activities are met, as detailed below. In relation to inventories, the Company recognises sales and profit or loss when ownership is transferred to the buyer. The amount of revenue cannot be reliably determined until all contingencies related to the sale have been resolved.

In cases where there is an amount of variable consideration in the price set in contracts with customers, the best estimate of the variable consideration is included in the price to be recognized to the extent that it is highly probable that a significant reversal will not occur. of the amount of income recognized when the uncertainty associated with the variable consideration is subsequently resolved. The Group bases its estimates considering historical information, taking into account the type of customer, the type of transaction and the specific terms of each agreement.

The policy followed for revenue recognition in each of the Group’s areas is as follows:

Construction and engineering activities

When the results of a construction contract may be reliably estimated, revenues and associated costs of the contract are recognised as such in the income statement, stating percentage of completion at the balance sheet date. In projects for which losses are estimated, when an updated budget is prepared the relevant provisions are recorded to cover those projected losses in full.

To determine the percentage of completion of a contract, Ferrovial generally chooses to inspect the work executed. This method may be used since all contracts generally include:

- A definition of each project unit that must be executed to complete the whole project;
- The measurement of each of these project units; and
- The price at which each unit is certified.

Construction execution costs are recognised in the accounts on an accrual basis, recognising expenses actually incurred on the execution of the completed work units (including expenses accrued but for which no supplier invoice has yet been received, in which case the liability is recorded based on the invoice receivable).

The application of this revenue recognition method is combined with the preparation of a budget made for each construction contract by project unit. This budget is used as a key management tool in order to maintain detailed monitoring, project unit by project unit, of fluctuations between actual and budgeted figures.

In exceptional cases, where it is not possible to estimate the margin for the entire contract, the total costs incurred are recognised and sales that are reasonably assured with respect to the completed work are recognised as contract revenue, subject to the limit of the total contract costs.

During the execution of construction work, unforeseen events not envisaged in the primary contract may occur that increase the volume of work to be executed. Changes to the initial contract require the customer’s technical approval and subsequent financial approval. This approval permits, from that moment, the issue and collection of certificates for this additional work. The Company follows the policy of not recognising the revenue from this additional work until customer approval is reasonably assured. The costs incurred to perform this work is recognised at time they are incurred, regardless of the degree of approval from customers for the work performed.

In the event that the original cost of the work executed is higher than the figure certified at the balance sheet date, the difference between both amounts is recognised under “Trade and other receivables” in the consolidated balance sheet. If the original cost of a project is lower that the certified amount, the difference is recorded under “Suppliers” in the consolidated balance sheet.

Provision is made for the estimated cost of withdrawing from works when they are completed based on the estimated costs yet to be incurred in this respect. Costs that arise between the end of the construction work until the relevant amount is definitively settled are charged against that provision.

When at the year-end there are construction contracts that are expected to give rise to a loss, that estimated loss is recognised when it is not likely that it can be offset against additional revenue.

When there are claims against the customer due to construction cost overruns, the Group only recognises the relevant revenue when negotiations are at an advanced stage and the likelihood that the customer will accept the claim is high and the amount concerned can be reliably measured.

Late-payment interest arises from delays in the collection of certificates from public administrations and are recognised when it is likely it will be received and, in addition, when the amount may be reliably measured.

The costs related to the presentation of bids for construction contracts are expensed in the profit and loss account at the time incurred when it is not likely, or not known, at that date that the contract will be obtained. The costs for presenting bids are included in the cost of the contract when it is likely or known that the contract will be obtained, or when it is known that these costs will be reimbursed or included in the revenues originating from the contract.

Concession and services activities

Contracts with multiple elements

Public service concessions consist of contracts between a private operator and the Administration, under which the latter grants the private operator the right to supply public services such as, for example, the supply of water and energy, or the operation of roadways, airports or prisons. Control over the asset remains in public hands but the private operator is responsible for the construction of the asset and the operation and maintenance of the infrastructure. According to the terms of the contract, concessions are treated as intangible assets (when the predominating element is that the concession company has the right to receive fees directly from the user or the level of future cash flows is not guaranteed by the grantor) or a financial asset (in cases in which the granting party guarantees a level of future cash flows).

The Group offer certain agreements under which it builds infrastructure in exchange for a concession covering the operation of that infrastructure over a certain period. When these multi-element agreements are reached, the amount recognised as revenue is defined as the fair value of each of the stages of the contract. The revenue relating to infrastructure construction and engineering is recognised based on the standards indicated in the preceding paragraphs. The operating revenue from an intangible asset is recognised on an accruals basis as operating income, while revenue in cases in which a financial asset has been recognised constitute the return of the principal amount with interest. The following rules have been established based on the characteristics of the Group’s primary activities:

Parkings

The car park business may be divided into:

- Off-street Parkings:

In this case, revenues arise from the use of parking spaces owned by the Group or held under an administrative concession. Off-street car park revenues are recorded when the hourly parking rate is paid and, in the case of season ticket holders, on an accrual basis.

- Parkings for visitors and residents

Mixed Parkings (with visitor and resident spaces) record revenues as follows: in the case of visitor spaces, in the manner described in the preceding paragraph; and, in the case of resident spaces, the amount received is recorded as deferred revenues and recognised in income on a straight-line basis over the concession period, to the extent that distributable costs cannot be reasonably segregated. During the accounting period in which the revenues are recognised, the necessary provisions are posted to cover costs to be incurred following handover. These provisions are calculated using best estimates of costs to be incurred and may only be decreased as a result of a payment made in relation to the costs provisioned or a reduction in the risk. Once the risk has disappeared or the payments have been made, the surplus provision is reversed. Capitalised costs are classified under intangible assets.

4.20 .Interest income

Interest income is recognised using the effective interest method. When a loan or a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, which is calculated based on the estimated future cash flow discounted at the original effective interest rate of the instrument and continues to unwind the discount as interest income. Income from loan interest that has suffered impairment losses are recognised using the original effective interest rate.

4.21 .Dividend income

Dividend income is recognized as income in the consolidated profit and loss account when the right to receive payment is established, provided that, since the acquisition date, the investee or any group company owned by the latter has generated profits. for an amount greater than the own funds that are distributed. Notwithstanding the foregoing, if the distributed dividends unequivocally come from results generated prior to the date of because amounts greater than the profits generated by the investee since the acquisition have been distributed, they are not recognized as income, and reduce the book value of the investee. Investment.

4.22 . Leases

4.22.1. Financial leases - lessee

The Group leases certain property, plant and equipment. When, in accordance with a lease covering property, plant and equipment, the Group has substantially all the rights and benefits of ownership, it is classified as a finance lease. Finance leases are capitalised at the start of the lease at the lower of the fair value of the leased property or the present value of the minimum rental payments to be made. To calculate present value the implicit interest rate for the agreement will be used, or the interest rate for the lessee in a similar transaction, if the first rate cannot be determined.

Each lease payment is made up of the liability and financial charges. The total financial charge is distributed over the term of the lease and is taken to the income statement in the year in which it accrues, applying the effective interest rate method. Contingent instalments are expenses for the year incurred. The relevant lease obligations, net of financial charges, are included under “Finance leases payable”. Assets acquired under finance leases are amortized over the lower of their useful life or the term of the lease..

4.22.2. Operating leases - lessee

Leases under which the lessor maintains a significant portion of the risks and benefits of ownership are classified as operating leases. Operating lease payments (net of any incentive received by the lessor) are charged against the consolidated income statement for the year in which they accrue on a straight-line basis over the lease period.

4.22.3. Lessor

When assets are leased under finance lease, the present value of the lease payments, discounted at the implicit contract interest rate, is recognised as a receivable (Note 4.9). The difference between the gross amount receivable and the present value of that amount him up and please no phone, which relates to unaccrued interest, is taken to the consolidated income statement for the year in which such interest accrues, in accordance with the effective interest rate method.

When assets are leased under an operating lease, the asset is included in the consolidated balance sheet in accordance with its nature. Lease revenues are recognised on a straight-line basis over the lease period.

4.23 . Transaction denominated in foreign currency

4.23.1 Functional and presentation currency

The Group’s consolidated financial statements are presented in euro, which is the Group’s functional and presentation currency.

4.23.2 Translation of the financial statements to euro

The conversion of the annual accounts of a Group company whose functional currency is other than the euro is carried out in accordance with the following rules:

The translation of the financial statements of a Group company whose functional currency is not the euro takes place in accordance with the following rules:

- Assets and liabilities are translated at the year-end exchange-rate, which is the average spot rate at that date;
- Equity items, including profit/(loss) for the year, are translated at the historic exchange rate;
- The difference between the net amount of assets and liabilities and equity items is recognised in the equity heading “Differences on exchange”, net of any tax effect and after deducting the portion of the difference that corresponds to non-controlling interests, and
- Cash flows are translated at the exchange rate on the transaction date or using an average weighted exchange rate for the month, provided that there have not been significant fluctuations.

The difference on exchange recognised in the consolidated income statement is stated in consolidated profit and loss for the period in which the investment is sold or otherwise disposed of by the consolidated company.

The historic exchange rate is:

- For equity items existing on the date the shares being consolidated were acquired: the exchange rate on the transaction date;

- For income and expenses, including those recognised directly in equity: the exchange rate on the transaction date. If exchange rates have not fluctuated significantly, the average weighted rate for the month is used, and

- Reserves generated after the transaction dates as a result of retained earnings: the effective exchange rate resulting from the translation of the income and expenses that gave rise to those reserves.

Goodwill on consolidation and adjustments to the fair values of assets and liabilities deriving from the application of the acquisition method are considered to be target company elements and are translated using the year-end exchange rate.

The translation to euro of the financial statements expressed in a different functional currency in a hyper-inflationary economy takes place by applying the following rules:

- Prior to translation to euro the balances in the financial statements are adjusted in accordance with the matters indicated in the following section;

- Assets, liabilities, equity items, expenses and income are translated to euro at the closing exchange-rate applicable to the most recent balance sheet date;

- Comparative figures are those that are presented as current amounts in each year, except those relating to the first year in which a restatement must be made, and therefore they are not adjusted by any subsequent changes affecting price levels or exchange rates.

None of the Group’s companies operated in the functional currency of a hyperinflationary economy at 31 December 2021 and 2020.

4.23.3. Transactions and balances in foreign currency

Transactions in foreign currency are translated to the functional currency using the exchange rates in force on the transaction date. Foreign currency gains and losses resulting from the settlement of transactions and conversion at the year-end exchange rates of monetary assets and liabilities denominated in foreign currency, are recognised in the income statement, unless they are deferred in equity as qualified cash flow hedges and qualified net investment hedges.

Translation differences on non-monetary items such as equity instruments held at fair value through profit or loss are presented as part of the fair value gain or loss. Translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included in equity.

4.24 . Related-partiy transactions

In general, transactions between Group companies are initially recognised at fair value. If applicable, where the agreed price differs from fair value the difference is recognised based on the financial reality of the transaction. The later measurement is made in line with the respective accounting standards.

Notwithstanding the above, in transactions involving a business, including shareholdings in equity that grant control over a company that constitutes a business, the Group applies the following criteria:

4.24.1. In-kind contribution

Non-monetary contributions made to a Group company give rise to both the granting and receiving companies valuing the investment at the carrying amount of the delivered equity items in the consolidated financial statements at the transaction date. For these purposes, the Group's, or the largest sub-group's consolidated financial statements that include the equity item, provided the parent company is Spanish, are used.

4.24.2. Merger and spin-off

In transactions between group companies involving the parent company (or the parent of a sub-group) and a direct or indirect subsidiary, the items constituting the acquired business are measured at their carrying value in the consolidated financial statements for the group or sub-group. Any difference that is revealed is recognised in a reserve account.

In the case of transactions between other Group companies, the equity items acquired are measured based on their carrying amounts in the Group's or the largest sub-group's consolidated financial statements including these items, provided that the parent company is Spanish.

The accounting effective date for mergers and spin-offs carried out between Group companies is the start of the year in which the transaction is approved, provided that it is after the date on which they enter into the Group. If one of the companies involved with the transaction joined the Group in the year in which the merger or spin-off takes place, the accounting effective date will be the acquisition date.

Comparative information for the preceding year is not re-expressed for the purposes of the merger or spin-off, even when the companies involved in the transaction would have formed part of the Group in that year.

4.24.3. Share capital reductions, distribution of dividends and winding up

In those cases in which the business that is affected by the share capital reduction adopts a resolution to pay a dividend or the settlement amount for the shareholder remaining in the Group is cancelled, the assigning company will account for the difference between the amount payable to the shareholder and the carrying amount of the business by creating a reserve item. The recipient records the business in accordance with the rules for mergers and spin-offs as described in Note 4.24.2.

4.25 . Segmented reporting

4.25.1. Segmenting policy

The policies applied when presenting the Group's segment information in the notes to the consolidated financial statements were as follows:

Segmentation has taken place on the basis of the business units, separating the operating activities of construction, services, energy, real estate and concessions (Note 34).

4.25.2. Basis and methodology of segment information

The income and expenses assigned to each of the segments are those directly attributable to the segment and therefore exclude financial income and expense and all other non-operating results. Segment assets and liabilities are those that are directly related to the operation of the segment or the shareholding in companies engaging in that activity.

They are identified by segmenting those identifiable components of the Group characterised by being subject to similar risks and offering similar yields.

4.26. *Environmental assets and liabilities*

The consolidated Group has no liabilities, expenses, assets provisions or contingencies relating to the environment that could be considered significant compared with its equity, financial situation and the results of its operations. For this reason, no specific breakdowns are provided in these notes to the consolidated financial statements regarding environmental information.

4.27. Employee benefits

Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises these benefits when it has demonstrably undertaken to terminate employees' employment in accordance with a formal detailed plan that cannot be withdrawn, or to provide severance indemnities as a result of an offer made to encourage voluntary redundancy. Benefits which are not going to be paid within 12 months of the balance sheet date are discounted to present value.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities are exposed to several financial risks: market risk (including exchange rate risk, price risk and interest rate risk), credit risk, liquidity risk and other associated risks. The Group's risk management program focuses on uncertainty in financial markets and seeks to minimise the potential adverse impact on its financial profitability. The Group uses derivative financial instruments to hedge certain risk exposures

The management of the Group's financial risks is handled by the Finance Management Department, which has established the necessary mechanisms to control exposure to variations in interest rates and exchange rates as well as credit and liquidity risks.

Risk management is controlled by the Financial director whoidentifies, evaluates and hedges against financial risks in accordance with the policies approved by the Board of Directors. The Board provides written policies for overall risk management, as well as for specific areas such as interest rate risk and liquidity risk, use of derivatives and non-derivatives and the investment of excess liquidity.

a) Market risk

Exchange rate risk

The Group operates internationally in more than 10 countries and is therefore exposed to foreign exchange risk arising from currency transactions. The most relevant currencies are the American dollar, the Japanese yen and the Colombian peso.

As a result of its activities and operations, the Company incurs exchange rate risks that are managed on a centralised basis.

The management has established a policy so as to manage their foreign currency exchange risk before the operating currency which established several "natural hedge" mechanisms, reinvesting liquidity surpluses in those countries in which it is implemented.

Likewise, in order to control the exchange risk arising from future commercial transactions, recognised assets and liabilities, the Company uses, according to the hedging policy established, forward contracts, negotiated through the Group's Financial direction (note 4.10). Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the Company's functional currency.

Exposure to changes in interest rates

The Company's interest rate risk arises from borrowings. Loans issued at variable rates expose the Company to interest rate risk on cash flows, which is partially offset by cash deposits bearing variable interest rates. Fixed interest rate borrowings expose the Company to fair value interest rate risksThe interest rate risk of the Group arises mainly from long-term debts with credit entities, which are mostly issued at variable rate, being the Euribor the main reference.

The Group's policy consists of using interest rate swaps to convert non-current bank borrowings to fixed rates, which can also be applied to debts related to concession projects developed through jointly-controlled entities and associates.

The exposure to variable interest rate risk at the end of 2021 and 2020 is as follows:

	Thousands of euros	
Referenced to Euribor	**2021**	**2020**
Variable rate borrowings not hedged by financial derivatives (A)	33,784	35,559
Fixed rate borrowings or hedged by financial derivatives	132,885	140,146
Group borrowings (B)	166,669	175,705
Borrowings exposed to interest rate risk (%) (A)/(B)	**20%**	**20%**

"Group Debt" includes "Debentures and other marketable liabilities", "Bank borrowings", "Finance leases", and CDTI loans and the balances in factoring arrangements being returned to financial institutions that form part of "Other financial liabilities" and which at 31 December 2021 totalled €0 (31 December 2020: €2,275 thousand) euros.

The Group analyzes its exposure to interest rate risk in a dynamic manner considering long-term financing, renewal of current positions and alternative financing. This risk is not significant bearing in mind the amounts of the non-current financing

Based on the various scenarios, the Group manages the cash flow interest rate risk through variable-to-fixed interest rate swaps (Note 4.10). The economic effect of these interest rate swaps is the conversion of variable interest borrowings to fixed interest borrowings. Generally the Group obtains long-term borrowings at variable interest rates and swaps them for borrowings at fixed interest rates which are lower than those which would be available if the Group obtained borrowings directly at fixed interest rates. Under interest rate swaps, the Group undertakes with other parties to exchange on a regular basis (generally quarterly) the difference between fixed and variable interest, calculated on the basis of the principal notional amounts contracted.

Note 11 presents an analysis of the maturity dates of the Group's bank borrowings.

b) Price risk

The Group is not significantly exposed to price risk for capital securities, since it has no significant investments, or to commodity price risk since, in general, any changes in prices are efficiently transferred to selling prices by all similar contractors that operate in the same industry. The Group reduces and mitigates price risk with policies established by the Management, guaranteeing the production or obtaining at a fixed price of several raw materials with framework agreements.

c) Credit risk

The Group's credit risk of the Group mainly relates to trade receivables. Once contracts are being executed the credit quality of amounts pending receipt are assessed regularly and the estimated recoverable amounts of those considered to be questionable are revised through write-downs applied to results for the year.

Transactions with financial institutions included as cash and cash equivalents and other financial assets relating to current deposits and credit institutions are contracted with financial institutions of recognised prestige.

A high proportion of the balances under the heading 'Trade and other accounts receivable' refers to transactions with national and international public entities and the Group therefore considers that credit risk is very limited. A significant portion of the balances relating to private sector customers involve companies with high credit ratings with which there is no history of delinquency. The overall position of Trade receivables is monitored, and an individual analysis is performed for the most significant exposures.

d) Liquidity risk

The syndicated loan signed in 2018 (Note 23) allowed further reductions to current borrowings, thereby minimising the Group's exposure to liquidity risk.

However, in order to manage liquidity risk and to cover the different needs for funds, the Group prepares an annual cash budget and a monthly cash forecast, the latter including a daily breakdown and update. The prudent management of liquidity risk by the Company entails maintaining sufficient cash, having financing available through a sufficient amount of committed credit facilities and having sufficient capacity to settle market positions.

Taking into consideration all of the foregoing, as of the date of issue of the consolidated financial statements, the Group covers all need for funds so as to fully satisfy with every obligation to suppliers, employees and administration in accordance with the cash flow projection for 2022.

e) Other risks

Based on available information, the Group's Directors and Management have assessed the main impacts resulting from the risks that may arise due to the current global situation (Covid-19, increase in energy costs and the armed conflict in Ukraine).

With a progressively more globalised and connected world economy, the current situation of worldwide uncertainty and instability caused by the matters indicated above has given rise to a change in the Group's risk map.

This situation has revealed to need to analyze the following risks:

- Interruption of the supply chain:

The interruption of habitual operations globally due to COVID-19, which have now been exacerbated by the armed conflict in Ukraine, have given rise to a need for resilience and exhaustive planning of supply chains.

The main external risks that threaten the supply chain are:

- Loss or delay of goods during marine, air or land transport, particularly of materials considered to be critical, such as solar panels for the EPC contracts in the Energy business area.

- Political instability in the geographic areas of origin/manufacture of the materials and their destinations, as well as natural disasters in those areas. Wars or armed conflicts that interrupt or complicate the supply chain.

- Customs: The logistics risks caused by customs must be assessed. Foresee and measure times that are required by control systems applied by customs based on the countries in which projects are being developed.

- Reputation risk for the buyer if our suppliers do not comply with human rights protection or environmental matters, or if they do not comply with the laws in their countries.

- Economic volatility:

The possible permanent impacts of the pandemic, the very important increase in energy prices (fuels, electricity and gas) and the volatility of economic cycles generate uncertainty in commodities prices.

The Group attempts to anticipate purchases in order to minimise this risk by obtaining fixed prices before increases in commodity prices and, wherever possible, to pass on changes to customers. In addition, the use of derivative hedge contracts in the future to limit price volatility cannot be ruled out.

- Cybersecurity:

This risk has increased with the growing and progressively more sophisticated cyberattacks, driven by digitalisation and the current geopolitical conflicts. The Group analyzes vulnerabilities, reinforces protocols and systems and promotes cybersecurity awareness campaigns among its employees.

Lastly, it should be noted that the Group's Directors and Management carry out constant supervision of the evolution of the situations described above, in order to successfully deal with any eventual impacts, both financial and non-financial, that may arise.

5.2. Estimate of fair value

This section explains the judgments and estimates made to determine the fair values of financial instruments that are recognized and measured at fair value in the financial statements. To provide an indication of the reliability of the variables used to determine the fair value, the Group has classified its financial instruments at the three levels provided for in accounting standards. An explanation of each level is included below the table.

(Thousands of euros)

At 31 December 2021	Thousands of euros			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value with changes in profit and loss	**2,507**	**-**	-	**2,507**
Equity securities traded in Spain	2,507	-	-	2,507
Long-term investments				
- Hedging derivatives - Interest	-	-	-	-
- Hedging derivatives - Exchange rate	-	229	-	229
Total Assets	**2,507**	**229**	**-**	**2,736**

Liabilities	Thousands of euros			
	Level 1	Level 2	Level 3	Total
Long-term debt				
- Hedging derivatives - Interest		**511**	-	-
- Hedging derivatives - Exchange rate	-	1,660	-	-
Total Liabilities	**-**	**2,171**	**-**	**-**

At 31 December 2020	Thousands of euros			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value with changes in profit and loss	**2,134**	**-**	-	**2,134**
Equity securities traded in Spain	2,134			2,134
Long-term investments	**-**	**-**	-	-
- Hedging derivatives - Interest				
- Hedging derivatives - Exchange rate	-	-	-	**-**
Total Assets	-	364	-	**364**
Assets	**2,134**	**364**	**-**	**2,498**

Liabilities	Thousands of euros			
	Level 1	Level 2	Level 3	Total
Long-term debt				
- Hedging derivatives - Interest	-	1,013	-	**1,013**
- Hedging derivatives - Exchange rate	-	1,631	-	**1,631**
Total Liabilities	**-**	**2,644**	**-**	**2,644**

- Level 1: The fair value of the financial instruments traded in active markets is based on the market prices at the reporting date. A market is considered to be active if quoted prices are readily and regularly available from a stock exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for the financial assets held by the Company is the current bid price. These instruments are included in level 1.

- Level 2: The fair value of financial instruments that are not listed on an active market (e.g. OTC derivatives) is determined using valuation techniques. These valuation techniques maximise the use of available observable data inputs and rely as little as possible on entity-specific estimates. If all the significant inputs required to calculate an instrument's fair value are observable, the instrument is included in level 2.

- Level 3: If one or more of the significant variables are not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The group's policy is to recognize transfers between levels of the fair value hierarchy at the end of the reporting period. There have been no transfers of levels in the years 2021 and 2020.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of the interest rate swaps is calculated as the present value of the estimated future cash flows based on estimated interest rate curves.
- The current value of foreign currency futures is determined using the future exchange rates on the balance sheet date, discounted to their present value.
- For foreign exchange options – option pricing models (eg Black-Scholes model).
- Other techniques, such as discounted cash flow analysis, are used to determine the fair value of the remaining financial instruments.

All resulting fair value estimates are included in level 2, except for unlisted equity securities, contingent consideration receivable, and certain derivative contracts, where fair values have been determined based on current values and interest rates. Used discounts were adjusted for own or counterparty credit risk.

6. LOSS OF CONTROL OVER SUBSIDIARIES

2021

Hospital de Bosa, S.A.S.

On 17 September 2021, the company Ortiz Construcciones y Proyectos, S.A. signed a purchase agreement with the companies Compañía Española de Financiación del Desarrollo COFIDES, S.A. and Fondo de Inversiones en el Exterior (FIDEX), under which it sold 45% of the shares in the company Hospital de Bosa, S.A.S. The price of the transaction was €2,364 thousand, which was paid when the agreement was signed.

As a result of that transaction, the Group lost control over that company and at 31 December 2021 it held a 55% interest and it is now consolidated using the equity method since joint control is maintained among the shareholders. This transaction gave rise to the loss of control over a subsidiary in the Group's income statement totalling €1,577 thousand.

Furthermore, as is established by the Rules on the Preparation of Consolidated Annual Accounts, the Group has recognised the retained interest at fair value calculated based on the estimated fair value of the shares. In this case the measurement of the retained shares is in line with the appraised price before the transaction.

Energía de Colombia STR, S.A. E.S.P.

On 29 September 2021, the company Ortiz Construcciones y Proyectos, S.A. signed a purchase agreement with the companies Compañía Española de Financiación del Desarrollo COFIDES, S.A. and Fondo de Inversiones en el Exterior (FIDEX), under which it sold 20% of the shares in the company Energy de Colombia STR S.A.S.E.S.P. The price of the transaction was €8,958 thousand, which was paid when the agreement was signed.

As a result of the transaction, the Group lost control over that company and at 31 December 2021 it held an 80% interest and it is now consolidated using the equity method. This transaction gave rise to the loss of control over a subsidiary in the Group's income statement totalling €7,337 thousand.

Furthermore, as is established by the Rules on the Preparation of Consolidated Annual Accounts, the Group has recognised the retained interest at fair value calculated based on the estimated fair value of the shares, which gave rise to an additional book result on the loss of control over subsidiaries in the Group's income statement totalling €11,560 thousand.

These transactions gave rise to a total profit of €20,474 thousand, which has been recorded under the heading "Profit/(loss) on the loss of control over consolidated shareholdings" in the consolidated balance sheet at 31 December 2021.

Other corporate transactions

In 2021, Ortiz Group liquidated the companies Brasil Contruçoes, Limitada and SPC 20 Infra e Saneamento Marabá, which resulted in €344 thousand being recorded under that same heading.

2020

In 2020 there was no loss of control of any subsidiary.

7. INTANGIBLE ASSETS

The breakdown and movements in the items included under “intangible assets” are as follows:

Thousands of euros

2021	Administrative concessions	Patents, licenses and trademarks	Goodwill	Software	Other intangible assets	Prepayments, concession arrangements	Concession arrangements, regulated asset	Concession arrangements, financial capitalisation	Total
31 December 2020									
Cost	4,888	43	23,300	350	3,314	4,635	25,267	591	62,388
Impairment	(298)	-	(2,956)	-	-		(1,000)	-	(4,254)
Accumulated amortization	(1,767)	-	(10,806)	(293)	(39)	-	(7,209)	-	(20,114)
Carrying amount at 31.12.2020	**2,823**	**43**	**9,538**	**57**	**3,275**	**4,635**	**17,058**	**591**	**38,020**
Cost									
Additions	-	-	-	1,363		-	-	-	**1,363**
Disposals	-	-	-	-	-	-	-	-	**-**
Transfers	-	-	-	1,004	(1,004)	-	-	-	**-**
Differences on Exchange	-	-	-	(22)	-	-	-	-	**(22)**
31 December 2021	**-**	**-**	**-**	**2,345**	**(1,004)**	**-**	**-**	**-**	**1,341**
Accumulated Amortization:									
Additions	(224)	-	(1,909)	(130)	(7)	-	(644)	-	**(2,914)**
Disposals	-	-	-	-	-	-	-	-	**-**
Differences on exchange	-	-	-	(4)	-	-	-	-	**(4)**
31 December 2021	**(224)**	**-**	**(1,909)**	**(134)**	**(7)**	**-**	**(644)**	**-**	**(2,918)**
Impairment:									
Additions	-	-	-	-	-	-	-	-	**-**
Disposals	-	-	-	-	-	-	-	-	**-**
31 December 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cost	4,888	43	23,300	2,695	2,310	4,635	25,267	591	63,729
Impairment	(298)	-	(2,956)	-	-	-	(1,000)	-	(4,254)
Accumulated Amortization	(1,991)	-	(12,715)	(427)	(46)	-	(7,853)	-	(23,032)
Carrying amount at 31.12.2021	**2,599**	**43**	**7,629**	**2,268**	**2,264**	**4,635**	**16,414**	**591**	**36,443**

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Thousands of euros

	Administrative concessions	Patents, licenses and trademarks	Goodwill	Software	Other intangible assets	Prepayments, concession arrangements	Concession arrangements, regulated asset	Concession arrangements, financial capitalisation	Total
31 December 2019									
Cost	4,888	43	23,300	363	2,902	4,635	25,267	567	61,965
Impairment	(298)	-	(2,956)	-	-	-	-	-	(3,254)
Accumulated amortization	(1,543)	-	(8,899)	(269)	(31)	-	(6,528)	-	(17,270)
Carrying amount at 31.12.2019	**3,047**	**43**	**11,445**	**94**	**2,871**	**4,635**	**18,739**	**567**	**41,441**
Cost									
Additions	-	-	-	-	412	-	-	24	**436**
Disposals	-	-	-	-	-	-	-	-	**-**
Differences on exchange	-	-	-	(13)	-	-	-	-	**(13)**
31 December 2020	**-**	**-**	**-**	**(13)**	**412**	**-**	**-**	**24**	**423**
Accumulated Amortization:									
Additions	(224)	-	(1,907)	(22)	(8)	-	(681)	-	**(2,842)**
Disposals	-	-	-	-		-	-	-	**-**
Differences on exchange	-	-	-	(2)	-	-	-	-	**(2)**
31 December 2020	**(224)**	**-**	**(1,907)**	**(24)**	**(8)**	**-**	**(681)**	**-**	**(2,844)**
Impairment:									
Additions	-	-		-	-		(1,000)	-	**(1,000)**
Disposals	-	-	-	-	-	-	-	-	**-**
31 December 2020	**-**	**-**	**-**	**-**	**-**	**-**	**(1,000)**	**-**	**(1,000)**
Cost	4,888	43	23,300	350	3,314	4,635	25,267	591	62,388
Impairment	(298)	-	(2,956)	-	-		(1,000)	-	(4,254)
Accumulated Amortization	(1,767)	-	(10,806)	(293)	(39)	-	(7,209)	-	(20,114)
Carrying amount at 31.12.2020	**2,823**	**43**	**9,538**	**57**	**3,275**	**4,635**	**17,058**	**591**	**38,020**

At 31 December 2021 the additions recorded in the amount of €1,326 thousand relate to the capitalisation of the costs for the development of the implementation of the new ERP Microsoft Dynamics Navision and the Oracle FCCs tool, which were launched during the year.

Goodwill on consolidation

The goodwill was assigned to the Group's cash generating units (CGUs). A summary of the assignment of goodwill at the CGU level is set out below

	Thousands of euros	
CGU	**2021**	**2020**
Asteisa Tratamiento de Aguas, S.A.U.	10	13
Contratas y Servicios Ferroviarios, S.A.U.	5,183	6,479
Energy Area	2,420	3,025
Impulsa Grup Ortiz, S.L.	5	7
Grupo Ortiz Construcciones Mexico, S.A.	11	14
Águeda Educatis, S.L.	-	-
Total	**7,629**	**9,538**

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash-flow projections based on five-year financial budgets approved by management. Budgets and projections have been prepared based on a sales growth assumption ranging between -5% and 15% (2020: between -5% and 15%), which are margins that are coherent with the reality observed over the past few years and a 7% discount rate (2020: 7%), and a residual value growth rate of 0% (2020: 0%).

Sensitivity analyzes are also performed on that goodwill, particularly with respect to the gross operating margin and the discount rate, so as to ensure that potential changes in the estimated rates have no impact on the possible recovery of goodwill recognised. Specifically, a pessimistic scenario has been prepared using a 100 basis point reduction in gross operating margin, from which no impairment is revealed.

Goodwill recognised in the financial statements for the years commencing on or after 1 January 2016 will be amortized and its useful life will be presumed to be 10-years unless there is evidence to the contrary, due to the amendment of Article 39.4 of the Commercial Code as a result of the approval of Law 22/2015 (20 July).

The amortization expense for goodwill on consolidation in 2021 amounted to €1,909 thousand (2020: €1,907 thousand), as recorded in the consolidated income statement under the heading “Asset depreciation/amortization

Administrative Concessions, Concession Arrangements, Patents, licenses and trademarks

The most significant items that are included under these headings are as follows at 31 December 2021 and 2020:

							Thousands of euros
2021	**Maturity date**	**Operating period**	**Amortization for the year**	**Cost**	**Accumulated amortization**	**Impairment losses**	**Carrying amount**
Aparcamiento Reyes Católicos	25/07/2048	40 años	(181)	8,420	(2,013)	(1,000)	5,407
Aparcamiento Iliada	22/08/2046	40 años	(105)	3,957	(1,348)	-	2,609
Aparcamiento Juan R. Jiménez	02/02/2046	40 años	(161)	6,026	(1,998)	-	4,028
Aparcamiento Pamplona	29/01/2047	40 años	(106)	3,999	(1,349)	-	2,650
Aparcamiento Andorra II	16/07/2047	40 años	(91)	3,454	(1,141)	-	2,313
Fotovoltaico Universidad Málaga	10/11/2036	25 años	(114)	3,197	(1,200)	(298)	1,699
Pabellón “Andrés Torrejón” Móstoles	11/02/2045	30 años	-	4,635	-	-	4,635
			(758)	**33,688**	**(9,049)**	**(1,298)**	**23,341**

Thousands of euros

2020	Maturity date	Operating period	Amortization for the year	Cost	Accumulated amortization	Impairment losses	Carrying amount
Aparcamiento Reyes Católicos	25/07/2048	40 años	(220)	8,420	(1,832)	(1,000)	5,588
Aparcamiento Iliada	22/08/2046	40 años	(105)	3,957	(1,243)	-	2,714
Aparcamiento Juan R. Jiménez	02/02/2046	40 años	(163)	6,026	(1,837)	-	4,189
Aparcamiento Pamplona	29/01/2047	40 años	(106)	3,999	(1,243)	-	2,756
Aparcamiento Andorra II	16/07/2047	40 años	(91)	3,454	(1,050)	-	2,404
Fotovoltaico Universidad Málaga	10/11/2036	25 años	(111)	3,197	(1,086)	(298)	1,813
Pabellón “Andrés Torrejón” Móstoles	11/02/2045	30 años	-	4,635	-	-	4,635
			(796)	**33,688**	**(8,291)**	**(1,298)**	**24,099**

Impairment losses affecting individual intangible assets

In 2021 the Group did not recognise or reverse any impairment of intangible assets

During 2020 the Group recognized the impairment of the Reyes Católicos parking facility in the amount of €1,000.

Intangible assets located abroad

At 31 December 2021 and 2020 the Group recorded the following investments in intangible assets located abroad:

Thousands of euros

2021	Carrying amount	Accumulated amortization	Impairment loss
Software	98	(46)	-
	98	**(46)**	**-**

Thousands of euros

2020	Carrying amount	Accumulated amortization	Impairment loss
Software	78	(21)	-
	78	**(21)**	**-**

Capitalised financial expenses

The Group capitalises the financial expenses incurred during the year relating to the financing to develop assets under construction, provided that the expenses concern assets that take more than one year to be in a state of use. In 2021 and 2020 no interest was capitalised.

Intangible assets not used in operations

At 31 December 2021 and 2020 there were no intangible assets that were not used in operations.

Fully amortized intangible assets

The cost of fully-amortized intangible assets still in use at 31 December 2021 amounts to €243 thousand (€243 thousand in 2020).

Intangible assets pledged to guarantees

Intangible assets with a value of €4,816 thousand secured bank borrowings in the amount of €3.973 thousand at 31 December 2021.

Intangible assets with a value of €4,997 thousand secure bank borrowings in the amount of €4,224 thousand at 31 December 2020

Intangible assets subject to reversal

Intangible assets subject to reversal at 31 December 2021 and 2020 are those indicated in the section “Administrative concessions, Concession arrangements, Patents, licences and trademarks”.

Insurance

The Group has taken out insurance policies to cover risks relating to intangible assets. The coverage provided by these policies is considered to be sufficient

8. PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment and movements in 2021 and 2020 are as follows:

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Thousands of euros

2021	Land	Buildings	Machinery	Plant	Other installations	Furnishings	Tooling and auxiliary resources	Computer equipment	Vehicles	Other Property, plant and equipment	Work in progress and prepayments	Total
Cost	1,509	5,378	37,103	10	108	690	36	336	2,480	494	396	48,540
Accumulated Depreciation	-	(875)	(31,528)	(3)	(87)	(574)	(35)	(234)	(2,278)	(230)	-	(35,844)
Carrying amount at 31.12.2020	**1,509**	**4,503**	**5,575**	**7**	**21**	**116**	**1**	**102**	**202**	**264**	**396**	**12,696**
Cost:												
Additions	-	7	1,724	-	7,600	-	2	-	231	84	436	10,084
Disposals	(112)	-	-	-	-	(64)	-	(35)	(453)	-	-	(664)
Transfers	162	(162)	-	-	-	-	-	-	-	-	-	-
Variations in the perimeter	-	-	-	-	(6,283)	-	-	-	-	-	-	(6,283)
Differences on exchange	-	-	77	-	-	-	-	-	3	-	-	80
31 December 2021	**50**	**(155)**	**1,801**	**-**	**1,317**	**(64)**	**2**	**(35)**	**(219)**	**84**	**436**	**3,217**
Accumulated Depreciation:												
Additions	-	(139)	(1,331)	-	(75)	(44)	(1)	(38)	(143)	(53)	-	(1,824)
Disposals	-	-	-	-	-	20	-	-	448	-	-	468
Differences on exchange	-	-	(154)	-	-	(2)	-	(2)	(14)	-	-	(172)
31 December 2021	**-**	**(139)**	**(1,485)**	**-**	**(75)**	**(26)**	**(1)**	**(40)**	**291**	**(53)**	**-**	**(1,528)**
Cost	1,559	5,223	38,904	10	1,425	626	38	301	2,261	578	832	51,757
Accumulated Depreciation	-	(1,014)	(33,013)	(3)	(162)	(600)	(36)	(274)	(1,987)	(283)	-	(37,372)
Carrying amount at 31.12.2021	**1,559**	**4,209**	**5,891**	**7**	**1,263**	**26**	**2**	**27**	**274**	**295**	**832**	**14,385**

(Thousands of euros)

Thousands of euros

2020	Land	Buildings	Machinery	Plant	Other installations	Furnishings	Tooling and auxiliary resources	Computer equipment	Vehicles	Other Property, plant and equipment	Work in progress and prepayments	Total
31 December 2019												
Cost	1,474	5,378	37,253	20	106	698	37	400	2,701	502	377	48,946
Accumulated Depreciation	-	(735)	(30,478)	(11)	(78)	(558)	(36)	(258)	(2,289)	(223)	-	(34,666)
Carrying amount at 31.12.2019	**1,474**	**4,643**	**6,775**	**9**	**28**	**140**	**1**	**142**	**412**	**279**	**377**	**14,280**
Cost:												
Additions	35	-	197	-	2	12	-	6	-	50	19	321
Disposals	-	-	(192)	(10)		(14)	(1)	(64)	(215)	(56)	-	(552)
Differences on exchange	-	-	(155)	-	-	(6)	-	(6)	(6)	(2)	-	(175)
31 December 2020	**35**	**-**	**(150)**	**(10)**	**2**	**(8)**	**(1)**	**(64)**	**(221)**	**(8)**	**19**	**(406)**
Accumulated Depreciation:												
Additions	-	(140)	(1,326)	-	(9)	(18)	-	(42)	(171)	(21)	-	(1,727)
Disposals	-	-	110	8	-	-	1	64	188	12	-	383
Differences on exchange	-	-	166	-	-	2	-	2	(6)	2	-	166
31 December 2020	**-**	**(140)**	**(1,050)**	**8**	**(9)**	**(16)**	**1**	**24**	**11**	**(7)**	**-**	**(1,178)**
Cost	1,509	5,378	37,103	10	108	690	36	336	2,480	494	396	48,540
Accumulated Depreciation	-	(875)	(31,528)	(3)	(87)	(574)	(35)	(234)	(2,278)	(230)	-	(35,844)
Carrying amount at 31.12.2020	**1,509**	**4,503**	**5,575**	**7**	**21**	**116**	**1**	**102**	**202**	**264**	**396**	**12,696**

Additions in 2021 relate to the capitalization of the costs incurred on the gym facilities installed by La Gavia Factory, S.L. for €1,241 thousand, the capitalization of the Barranquilla EPC for €6,283 thousand by the subsidiary Energía de Colombia and the purchase of specialized machinery, primarily by the companies Ingeniería y Diseños Técnicos, S.A.U. for €796 thousand and Contratas y Servicios Ferroviarios, S.A.U. for €623 thousand.

The variations in the perimeter correspond to the loss of control of the dependent company, Energía de Colombia (Note 6).

Impairment of individual items of property, plant and equipment

During 2021 and 2020, no impairment adjustments to individual property, plant and equipment were recognised or reversed.

Property, plant and equipment located abroad

At 31 December 2021 and 2020 the Group recorded the following investments in property, plant and equipment located abroad:

	Thousands of euros		
2021	**Carrying amount**	**Accumulated depreciation**	**Impairment loss**
Machinery	2,241	(1,372)	-
Furnishings	63	(48)	-
Computer processing equipment	156	(133)	-
Vehicles	143	(82)	-
Other property, plant and equipment	301	(141)	-
	2,904	**(1,776)**	**-**

	Thousands of euros		
2020	**Carrying amount**	**Accumulated depreciation**	**Impairment loss**
Machinery	1,954	(1,067)	-
Furnishings	162	(62)	-
Computer processing equipment	226	(126)	-
Vehicles	275	(172)	-
Other property, plant and equipment	220	(113)	-
	2,837	**(1,540)**	**-**

Capitalised financial expense

The Group capitalises the financial expenses incurred during the year relating to the financing to develop assets under construction, provided that the expenses concern assets that take more than one year to be in a state of use. In 2021 and 2020 no interest was capitalised.

Property, plant and equipment not used in operations

At 31 December 2021 and 2020 there is no property, plant and equipment not used in operations.

Fully depreciated property, plant and equipment

The heading buildings does not record any fully-depreciated assets. The cost of other fully-depreciated property, plant and equipment still in use amounts to €26,438 thousand (€23,547 thousand at 31 December 2020).

Property, plant and equipment pledged to guarantees

At 31 December 2021 and 2020 there is no property, plant and equipment pledged to guarantees.

Property, plant or equipment subject to reversal

At 31 December 2021 and 2020 there were no property, plant and equipment items subject to reversal.

Insurance

The Group has taken out insurance policies to cover risks relating to property, plant and equipment. The coverage provided by these policies is considered to be sufficient

Finance leases - lessee

"Machinery" and "Vehicles" include assets under finance lease arrangements under which the Group is the lessee, the amounts of which are as follows:

	Thousands of euros	
	2021	2020
Cost - capitalised finance leases	4,408	4,365
Accumulated depreciation	(1,782)	(1,376)
Carrying amount	**2,626**	**2,989**

The Group maintains vehicles and machinery under irrevocable finance leases. These leases end in between 1 and 4 years and the assets are owned by the Group.

Assets under operating leases

The consolidated income statement includes €12,598 thousand for operating lease expenses relating to the rental of machinery and buildings (2020: €9,464 thousand).

9. INVESTMENT PROPERTIES

Investment properties consist of owned land, office buildings, business premises and garages that are maintained to obtain long-term income and are not occupied by the Group.

Set out below is an analysis:

	Thousands of euros		
	Land	Construction	Total
Balance at 31.12.2020			
Cost	28,824	16	28,840
Accumulated depreciation	-	(8)	(8)
Impairment	-	-	-
Carrying amount at 31.12.2020	**28,824**	**8**	**28,832**
Cost:			
Additions	19	-	19
Disposals	(812)	-	(812)
31 December 2021	**28,031**	**16**	**28,040**
Accumulated depreciation:			
Additions	-	(7)	(7)
Disposals	-	-	-
31 December 2021	**-**	**(15)**	**(15)**
Cost	28,031	16	28,047
Accumulated depreciation	-	(15)	(15)
Impairment	-	-	-
Carrying amount at 31.12.2021	**28,031**	**1**	**28,032**

	Thousands of euros		
	Land	Construction	Total
Balance at 31.12.2019			
Cost	28,751	16	28,767
Accumulated depreciation	-	(8)	(8)
Impairment	-	-	-
Carrying amount at 31.12.2019	**28,751**	**8**	**28,759**
Cost:			
Additions	98	-	98
Business Combinations (note 6)	(25)	-	(25)
31 December 2020	**28,824**	**16**	**28,840**
Accumulated depreciation:			
Additions	-	-	-
Business Combinations (note 6)	-	-	-
31 December 2020	**-**	**(8)**	**(8)**
Cost	28,824	16	28,840
Accumulated depreciation	-	(8)	(8)
Impairment	-	-	-
Carrying amount at 31.12.2020	**28,824**	**8**	**28,832**

Disposals for the 2021 financial year correspond to the sale of various plots for industrial use and residential use in El Casar (Guadalajara).

Impairment losses on investment properties

In 2021 and 2020 the Group did not recognise or reverse any impairment adjustments with respect to investment properties.

Investment properties located abroad

At 31 December 2021 and 2020 the Group did not have foreign investment properties.

Investment properties not used in operations

At 31 December 2021 and 2020 the Group did not record any investment properties not used in operations.

Fully depreciated investment properties.

There are no fully depreciated investment properties at 31 December 2021 and 2020.

Investment properties pledged to guarantees

At 31 December 2021 y 2020 there are no real estate investments securing bank borrowings.

In addition, there are €8,641 thousand in investment properties securing the contingent liabilities described in Note 29 at 31 December 2020 (2020: €8,641 thousand)

Investment properties subject to reversal

At 31 December 2021 and 2020 the Group did not record any investment properties subject to reversal.

Insurance

The Group has taken out a number of insurance policies to cover risks relating to investment properties. The coverage provided by these policies is considered to be sufficient.

Income and expense relating to investment properties

The consolidated income statement recognises the following income and expense deriving from investment properties:

	Thousands of euros	
	2021	2020
Lease revenues	18	18
Direct operating expenses	-	(3)
Total	**18**	**15**

10. SHAREHOLDING IN EQUITY-CONSOLIDATED COMPANIES

Equity consolidated shareholdings mainly relate to the Group's interest in the special-purpose vehicles created to develop the infrastructure and energy concession projects.

Details of shareholdings in companies consolidated using the equity method are as follows:

	Thousands of euros	
	2021	2020
Accesos de Ibiza, S.A.	7,206	6,590
Aldigavia oficinas, S.L.U.	9,056	9,792
Aldigavia, S.A.U.	6,278	6,881
Alten El Casar, S.L.	240	-
Alten Energías Renovables, S.L.	1,023	1,020
Alten Gestión de Proyectos, S.L.	141	28
Alten Kenya Solarfarms, B.V	2,489	2,347
Alten Kenya Solarfarms 2, B.V	-	-
Alten RE Developments Iberia, S.A.	2,388	1,984
Alten Energías Renovables Mexico 7 (Puebla),S.A.de C.V.	-	-
Alten Management Africa, S.L.	82	64
Alten Renewable Energy Developments	5,639	5,639
Alten Renewable Energy Developments Africa, B.V.	42	-
Alten Renewable Energy Developments America, B.V.	1,536	1,391
Alten Renewable Energy Developments America 3, B.V.	-	-
Alten Renewable Energy Investments	-	-
Alten Solar Power Hardap, Ltd	-	-
Autopistas del Caribe, S.A.S.	6,735	-
Autopistas del Nordeste, S.A.S.	-	-
Bulevar del Arte y la Cultura, S.A.	503	405
Concesión Transversal del Sisga, S.A.S.	1,712	293
Construcciones INCA-Ortiz, S.A.	-	-
Cubico Alten Aguascalientes Uno	-	-
Cubico Alten Aguascalientes Dos	42	29
Dumar Ingenieros, S.L.	449	449
El Arce de Villalba, S.L.U.	7,542	8,302
Energía de Colombia, STR S.A.S. E.S.P.	18,315	-
Fortem Integral, S.L.	69	-
Grupo Ortiz Properties SOCIMI, S.A.	13,449	14,527
Inmuebles Gade, S.L.	15,186	15,279
MedSolar SPV10, S.R.L.	27	23
Móstoles Factory 2019, S.L.	-	-
Ola Ortiz Construction SPA	-	-
Operadora Hospitalaria Tepic, S.A.P.I. DE C.V.	886	622
Ortega y Gasset Park, S.A.U.	3,902	4,312
Ortiz Sport Factory, S.L.U.	-	29
Promotora Hospitalaria de Bosa, S.A.S.	-	-
Promotora Hospitalaria Tepic, S.A.P.I. DE C.V.	6,539	6,332
SPC 20 Infra e Saneamento Marabá	-	-
Superficie Cartera de Inversiones, S.A.U.	29	65
Urbanizadora Gade S.A	-	-
Vending La Gavia S.L.	16	22
Viario A-31,S.A.	2,530	2,185
Total	**114,051**	**88,610**

The movements in this item during the year are as follows:

	Thousands of euros	
	2021	**2020**
Balance at 1 January	**88,610**	**88,655**
Share of results	3,562	428
Additions due to loss of control	19,277	-
Additions due to capital increases	6,887	806
Additions due to transfers	-	13,875
Disposals due to the sale of shares	(4,214)	(2,225)
Disposals due to capital reductions	(10)	(24)
Disposals due to impairment	-	(13,875)
Disposals due to distributed dividends	(781)	(1,746)
Other movements in equity	720	2,716
Closing balance 31 december	**114,051**	**88,610**

Additions in 2021 originate mainly from the loss of control of the companies Energía de Colombia STR, S.A. E.S.P. and Hospital de Bosa, S.A.S. (Note 6), which are now consolidated using the equity method. In 2021 contributions totalling €6,887 thousand were made to the company Autopistas del Caribe S.A.S.

During 2020 the Company sold the interests it held in the companies Africana Energía, S.L. and Ormats mantenimiento Integral, S.L. These transactions gave rise to €11,862 thousand recorded under the heading "Impairment and profit/(loss) on the loss of significant influence in equity consolidated shareholdings" in the consolidated income statement of the year 2020

This same heading recorded in 2020, an impact of the impairment of the Group's investment in Algeria totalling €13,875 thousand. That investment was based on an agreement between the Parent Company and the Algerian government which serve the purpose of transferring technology and implementing a construction system training plan for Indagsa homes, which was officially authorized in Algeria through an "Avis Technique". This gave rise to the construction of a prefabricated structural concrete panel factory and a construction plan covering more than 5,000 homes. Given the repeated failure of the Algerian Housing Ministry to comply with the relevant agreements, in 2018 the Group took the dispute to international arbitration at the CIADI. The proceedings were carried out with the advisory services of Herbert Smith and KPMG. The claimed amount totalled €48 million of which there was a solid basis for estimating the recognition of at least 50% and a purchase offer was received within the proceedings for approximately that amount. In 2020, against all forecasts, the CIADI issued a denial of the entire claim, which is unprecedented in this type of arbitration, demonstrated by the fact that Ortiz Construcciones y Proyectos, S.A. was not ordered to pay costs

Assets, liabilities, revenues and profit/(loss) for the year, as appearing in the individual financial statements for the equity-consolidated companies are as follows at 31 December 2021 and 2020, in thousands of euros:

	Thousands of euros			
2021	**Assets**	**Liabilities**	**Operating income**	**Profit/(loss)**
Accesos de Ibiza, S.A.	54,160	39,747	7,519	2,103
Aldigavia oficinas, S.L.U.	72,412	56,295	3,133	429
Aldigavia, S.A.U.	34,102	29,757	2,011	408
Alten El Casar, S.L.	11,452	11,460	2,430	1,003
Alten Energías Renovables, S.L.	5,583	103	-	17
Alten Gestión de Proyectos, S.L.	4,529	4,095	4,014	348
Alten Kenya Solarfarms, B.V.	20,007	1	-	(2)
Alten Kenya Solarfarms 2, B.V.	-	10	-	(1)
Alten RE Developments Iberia, S.A.	10,193	2,711	282	1,241
Alten Management Africa ,S.L.	2,216	2,582	-	(142)
Alten Energías Renovables Mexico 7 (Puebla),S.A.de C.V.	1,092	600	1,432	106
Alten Renewable Energy Developments	45,021	6,807	577	(271)
Alten Renewable Energy Developments Africa, B.V.	41,587	28,660	-	(460)
Alten Renewable Energy Developments America	29,367	495	-	1,414
Alten Renewable Energy Developments America 3	12	17	-	(3)
Alten Renewable Energy Investments	3,470	1,722	-	(239)
Alten Solar Power (Hardap) (pty) Ltd	58,566	64,301	5,844	(1,973)
Autopistas del Caribe S.A.S	34,413	12,178	1,820	153
Autopistas del Nordeste, S.A.S.	551,631	566,589	111,242	(14,870)
Bulevar del Arte y la Cultura, S.A.	10,610	9,152	2,365	87
Concesión del Sisga, S.A.S.	296,070	289,312	53,248	5,962
Construcciones INCA-Ortiz, S.A.	747	1,864	-	(3)
Cubico Alten Aguascalientes Dos	144,883	149,391	13,374	(6,999)
Cubico Alten Aguascalientes Uno	126,923	124,754	10,768	(6,074)
Dumar Ingenieros, S.L.	562	826	-	(1)
El Arce de Villalba, S.L.U.	23,568	11,241	801	284
Energía de Colombia STR, S.A.S E.S.P	81,765	75,073	-	(732)
Fortem Integral, S.L.	298	163	574	177
Grupo Ortiz Properties SOCIMI, S.A.	111,238	31,374	1,375	919
Inmuebles Gade, S.L.	33,417	14,245	-	(121)
MedSolar SPV10, S.R.L.	1,720	1,666	435	7
Móstoles Factory 2019, S.L.	98	254	950	(110)
Ola Ortiz Construction SPA	637	1,013	-	-
Operadora Hospitalaria TEPIC, S.A.P.I. de C.V.	3,541	1,676	7,339	1,782
Ortega y Gasset Park, S.A.U.	6,974	5,864	906	10
Ortiz Cocomex, S.A.P.I. de C.V.	-	-	-	-
Ortiz Sport Factory, S.L.U.	4,345	4,393	224	(110)
Promotora Hospitalaria de Bosa, S.A.S	16,718	18,013	7,472	(3,124)
Promotora Hospitalaria Tepic, S.A.P.I. DE C.V.	76,218	62,453	16,199	(103)
SPC 20 Infra e Saneamento Marabá	-	-	-	-
Superficie Cartera de Inversiones, S.A.U.	7,454	4,645	6,443	897
Urbanizadora Gade S.A	7,548	25,744	-	-
Vending La Gavia S.L.	87	55	31	(12)
Viario A-31,S.A.	76,868	67,138	16,214	785
Total	**2,012,102**	**1,728,439**	**279,022**	**(17,218)**

Thousands of euros

2020	Assets	Liabilities	Operating income	Profit/(loss)
Accesos de Ibiza, S.A.	56,264	43,085	5,413	(372)
Aldigavia oficinas, S.L.U.	80,025	64,384	3,252	(4,630)
Aldigavia, S.A.U.	34,257	30,045	2,054	377
Alten El Casar, S.L.	11,333	12,344	-	(626)
Alten Energías Renovables, S.L.	5,691	226	-	10
Alten gestión de Proyectos, S.L.	2,946	2,861	2,095	45
Alten Kenya Solarfarms, B.V.	16,282	-	553	560
Alten Kenya Solarfarms 2, B.V.	-	7	-	20
Alten RE Developments Iberia, S.A.	6,789	548	-	47
Alten Management Africa ,S.L.	1,232	845	2,318	130
Alten Energías Renovables Mexico 7 (Puebla),S.A.de C.V.	1,627	1,835	-	(116)
Alten Renewable Energy Developments	42,979	4,481	579	6,172
Alten Renewable Energy Developments Africa, B.V.	42,067	26,793	5,197	3,354
Alten Renewable Energy Developments America	27,268	774	-	1,393
Alten Renewable Energy Developments America 3	13	15	-	(1)
Alten Renewable Energy Investments	3,664	1,762	-	(87)
Alten Solar Power (Hardap) (pty) Ltd	62,297	68,399	11,122	(2,168)
Autopistas del Nordeste, S.A.S.	476,286	482,438	56,454	6,687
Bulevar del Arte y la Cultura, S.A.	11,234	10,071	2,132	126
Concesión del Sisga, S.A.S.	237,553	236,575	62,354	(1,043)
Construcciones INCA-Ortiz, S.A.	822	1,951	-	(2)
Cubico Alten Aguascalientes Dos	124,586	122,918	25,405	(6,201)
Cubico Alten Aguascalientes Uno	144,920	150,957	29,316	(8,259)
Dumar Ingenieros, S.L.	543	652	-	-
El Arce de Villalba, S.L.U.	23,570	11,273	760	219
Fortem Integral, S.L.	326	369	239	(175)
Grupo Ortiz Properties SOCIMI, S.A.	114,991	30,910	1,429	2,512
Inmuebles Gade, S.L.	33,378	14,089	-	(9)
MedSolar SPV10, S.R.L.	1,850	1,804	500	3
Móstoles Factory 2019, S.L.	142	188	777	(49)
Ola Ortiz Construction SPA	651	1,034	-	-
Operadora Hospitalaria TEPIC, S.A.P.I. de C.V.	4,769	3,460	5,480	1,309
Ortega y Gasset Park, S.A.U.	7,362	6,263	736	(657)
Ortiz Cocomex, S.A.P.I. de C.V.	-	-	-	-
Ortiz Sport Factory, S.L.U.	5,062	5,001	224	(193)
Promotora Hospitalaria Tepic, S.A.P.I. DE C.V.	82,842	69,788	80,366	2,091
SPC 20 Infra e Saneamento Marabá	-	86	-	-
Superficie Cartera de Inversiones, S.A.U.	11,475	5,018	15,994	3,033
Urbanizadora Gade S.A	7,828	7,803	-	(563)
Vending La Gavia S.L.	90	46	42	(5)
Viario A-31,S.A.	80,878	72,473	12,712	(2,721)
Total	**1,765,892**	**1,493,571**	**327,503**	**211**

None of the associates or jointly-controlled entities are listed on a stock market, except for Grupo Ortiz Properties SOCIMI, S.A. whose shares are listed on the BME Growth market (formerly called the alternative stock exchange (MAB)), within the SOCIMI segment.

The Group did not incur any contingencies relating to associates or jointly-controlled companies, except for the contingent liabilities described in Note 29.

Differences between the value of shareholdings and equity are covered by tacit capital gains.

The Group has not recognized losses from equity-consolidated companies during the year amounting to €344 thousand (2020: €811 thousand) that are expected to be recovered through future profits. In 2021 the Group recognized previously unrecognized accumulated losses totalling €518 thousand (2020: €1,296 thousand). It also ceased to have unrecognized losses totalling €5,815 thousand from the company Africana Energía, S.L., since the interest was sold during the year. Unrecognized accumulated losses from associates total €2,404 thousand at 31 December 2021 (2020: €2,579 thousand).

In 2015 the Group acquired investment commitments relating to its interest in the associates and jointly-controlled entities Autopistas del Nordeste, S.A.S and Concesión del Sisga, S.A.S. to develop the concession projects. After the investments made up to date, at 31 December 2021 the investment commitments total €3,000 thousand that are to be executed over the coming 2 years (2020: €8,000 thousand).

During 2020 the Group was awarded to concession projects in Colombia that will be executed by the subsidiaries Hospital de Bosa, S.A.S and Energía de Colombia S.A.S. The Group therefore acquired an investment commitment totalling €23,500 thousand to be implemented over the coming 2 years (2020: €40.000 thousands)

The Group acquired new investment commitments in 2021 relating to its interest in the company Ruta Caribe to develop the concession project. After the investments made to date, at 31 December 2021 the investment commitments total €40,000 thousand are are to be made over the coming 6 years.

At 31 December 2020 the Group does not maintain any investment commitments relating to its interest in the company Promotora Hospitalaria Tepic, S.A.P.I de C.V., the concession company for a Hospital in Mexico, which entered into service during the year.

11. ANALYSIS OF FIANANCIAL INSTRUMENTS

11.1. Analysis by category

The carrying amount for each of the categories established in the financial instrument recognition and measurement rules is as follows:

Non-current financial assets

Thousands of euros

	Equity-consolidated shareholdings		Equity Instruments		Loans		Other derivative credits		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Assets at cost (Note 10)		88,610	-	-	-	-	-	-	**114,051**	**88,610**
Assets at fair value with changes in profit and loss (Note 12)	-	-	714	700	-	-	-	-	**714**	**700**
Assets at fair value with changes in profit and loss Financial assets at amortized cost (Note 13)	-	-	-	-	-	-	71,835	73,832	**71,835**	**73,832**
TOTAL	**114,051**	**88,610**	**714**	**700**	**-**	**-**	**71,835**	**73,832**	**186,600**	**163,142**

Current financial assets

Thousands of euros

	Equity-consolidated shareholdings		Equity Instruments		Loans		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Assets at fair value through profit or loss: (Note 12)	1,793	1,434	-	-	-	-	**1,793**	**1,434**
Financial Assets at amortized cost (Note 13)	-	-	-	-	403,698	378,150	**403,698**	**378,150**
Derivatives (Note 14)	-	-	-	-	229	364	**229**	**364**
Cash and cash equivalents (Note 16)	-	-	-	-	30,987	29,617	**30,987**	**29,617**
TOTAL	1,793	1,434	-	-	434,914	408,131	436,707	409,565

Non-current financial liabilities

Thousands of euros

	Bank borrowings		Debentures and other marketable securities		Derivatives and other		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Financial liabilities at amortized cost (Note 23)	77,867	104,847	33,633	32,339	17,772	28,040	**129,272**	**165,226**
Derivatives (Note 14)	-	-	-	-	612	1,463	**612**	**1,463**
TOTAL	77,867	104,847	33,633	32,339	18,384	29,503	129,884	166,689

Non-current financial liabilities

Thousands of euros

	Bank borrowings		Debentures and other marketable securities		Derivatives and other		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Borrowings and payables (Note 23)	50,560	30,826	404	393	347,100	262,297	**398,064**	**293,516**
Derivative financial instruments (Note 14)	-	-	-	-	1,559	1,181	**1,559**	**1,181**
TOTAL	50,560	30,826	404	393	348,659	263,478	399,623	294,697

11.1. Classification by maturity

At 31 December 2021 the amounts of financial instruments with a maturity date that is certain or can be determined classified by year of maturity are as follows:

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(Thousands of euros)

Financial assets

Thousands of euros

	2021	2022	2023	2024	2025	Subsequent Years	Total
Financial assets at amortized costs							
Investments in Group companies and associates:							
- Loans to companies	12,207	4,684	-	-	-	36,325	**53,216**
Financial investments:							
- Loans to companies	5,731	1,720	1,721	-	-	-	**9,172**
- Other financial assets	16,552	-	-	-	-	1,032	**17,584**
Trade and other receivables:							
- Trade receivables for sales and services rendered	352,733	-	-	-	-	26,353	**379,086**
- Trade receivables from group companies and associates	7,300	-	-	-	-	-	**7,300**
- Sundry receivables	934	-	-	-	-	-	**934**
- Personnel	652	-	-	-	-	-	**652**
Prepayments and accrued income	**7,589**	-	-	-	-	-	**7,589**
Derivatives							
Hedging derivatives	229	-	-	-	-	-	**229**
TOTAL	**403,927**	**6,404**	**1,721**	**-**	**-**	**63,710**	**475,762**

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(Thousands of euros)

Financial liabilities

Thousands of euros

	2022	2023	2024	2025	2026	Años Posteriores	Total
Financial Assets at amortized costs							
Payables:							
- Debentures and other marketable securities	404	33,633	-	-	-	-	**34,037**
- Bank borrowings	49,544	37,208	14,171	14,502	7,492	3,485	**126,402**
- Finance leases	1,016	694	261	43	12	-	**2,025**
- Other financial liabilities	5,837	1,277	508	326	283	1,654	**9,886**
Accruals	**61**	**332**	**332**	**332**	**332**	**7,083**	**8,472**
Intercompany accounts	**101**	**-**	**-**	**-**	**-**	**5,312**	**5,413**
Payables to group companies and associates							**-**
Trade and other payables:	294,575	-	-	-	-	-	**294,575**
- Suppliers	191	-	-	-	-	-	**191**
- Trade payables, Group and associated companies	1,108	-	-	-	-	-	**1,108**
- Sundry Payables	3,437	-	-	-	-	-	**3,437**
- Personnel	41,790		-	-	-	-	**41,790**
Derivatives							
Hedging derivatives	**1,559**	**511**	**101**	**-**	**-**	**-**	**2,171**
TOTAL	**399,623**	**73,655**	**15,373**	**15,203**	**8,119**	**17,534**	**529,507**

12. ASSETS AT FAIR VALUE THORUGH PROFIT OR LOSS

This heading includes the following items and amounts:

	Thousands of euros		
2021	**Non Current**	**Current**	**Total**
Equities	714	1,793	**2,507**
Total	**714**	**1,793**	**2,507**

	Thousands of euros		
2020	**Non Current**	**Current**	**Total**
Equities	700	1,434	**2,134**
Total	**700**	**1,434**	**2,134**

	Thousands of euros	
	2021	**2020**
Listed securities:		
- Equities – Euro zone	1,793	1,434
Unlisted securities:		
- Equities – Euro zone	714	700
- Other debt securities	-	-
Total	**2,507**	**2,134**

The fair value of equities is based on current ask prices on an active market.

Changes during the year in the fair value of assets carried at fair value through profit or loss are reflected in “Changes in fair value of financial instruments” in the consolidated income statement and amount to €347 thousand (2020: €-932 thousand (Note 28).

In addition, during 2021 the Group obtained shares released through the distribution of dividends totalling €33 thousand.

The maximum exposure to credit risk at the reporting date is the fair value of the assets.

13. FINANCIAL ASSETS AT AMORTIZED COST

	Thousands of euros	
	2021	**2020**
Non-current loans and receivables:		
- Loans to associates (Note 33)	41,009	40,058
- Loans to third parties	3,441	6,294
- Other financial assets	1,032	1,035
- Non-current trade receivables: concession agreement, right of collection	26,353	26,445
Total	**71,835**	**73,832**
Current loans and receivables:		
- Completed work pending certification	218,789	210,438
- Works certification and invoices	112,425	63,141
- Trade bills receivable	11,285	22,277
- Warranty withholdings	10,234	19,433
- Trade receivables, associates (Note 33)	7,300	1,497
- Sundry receivables	934	694
- Personnel	652	1,674
- Current loans to associates	12,207	12,662
- Loans to third parties	5,731	10,225
- Other financial assets	16,552	14,249
- Accruals	7,589	21,860
Total	**403,698**	**378,150**
Total loans and receivables	**475,533**	**451,982**

Loans and receivables are measured at their nominal value, which does not significantly differ from their fair value, since the discounting of future cash flows is not significant.

At 31 December 2021 the amount of invoices discounted through factoring facilities amounted to €33,573 thousand (2020:€63,455 thousand).

Impairment of receivables and foreign currency

The movement in the provision for impairment losses on trade receivables is as follows:

	Thousands of euros
Impairment of loans at 31.12.2019	
Impairment adjustments	90
Impairment reversals	(9,735)
Write-offs and reductions (definitive write-off of defaults)	(631)
Impairment of loans at 31.12.2020	**9,816**
Impairment adjustments	2,430
Impairment reversals	(1,772)
Write-offs and reductions (definitive write-off of defaults)	-
Impairment of loans at 31.12.2021	**10,474**

The reversal of impairment in 2020 mainly related to the recovery of the impairment allocated in 2013 in the amount of €9,581 thousand for the trade receivable on the execution of the construction work carried out in the plaza in San Fernando de Henares. That amount had been claimed in with the customer, and a court issued a final ruling that was favourable to the Group in 2020.

The carrying value of loans and receivables is denominated in the following currencies

	Thousands of euros	
	2021	**2020**
Euro	267,001	221,998
Bolivianos- Bolivia	1,278	4,155
Colon - El Salvador	42	296
Dollar- Chile, Mexico, Panama	73,643	89,634
Lempira - Honduras	1,331	1,516
Leu - Romania	1,472	1,183
Nuevo Sol - Peru	25,491	13,260
Peso - Chile	-	4,300
Peso - Colombia	75,680	74,995
Peso - Mexico	165	14,075
Quetzal - Guatemala	236	1,394
Real - Brasil	-	871
Yen - Japan	26,849	21,891
Zloty - Poland	2,345	2,414
Non-current loans and receivables	**475,533**	**451,982**

Other financial assets

This heading records €16,552 thousand (2020: €14,249) relating to:

- €5021 thousand in bank deposits (2020: €532 thousand).
- €473 thousand in prepayments made to professionals (2020: 444)
- €7,341 thousand in guarantees and deposits (2020: 7,625).
- €3,155 thousand in excess contributions to UTEs (2020: 4,480).
- Dividend pending payment in the amount of €532 thousand (2020: €471 thousand).

Non-current trade receivables: concession arrangement, debt claim

The entire heading relates to the unconditional debt claim associated with the parking facility concession called Honorio Lozano, in the municipality of Collado Villalba.

14. DERIVATIVE FINANCIAL INSTRUMENTS

	Thousands of euros	
	2021	2020
Exchange rate swaps – cash flow hedges	229	364
Total Derivatives - Assets	**229**	**364**
Exchange rate swaps – cash flow hedges	-	-
Non current portion - Asset	**-**	**-**
Current portion - Asset	**229**	**364**

	Thousands of euros	
	2021	2020
Interest rate swaps – cash flow hedges	511	1.013
Exchange rate swaps – cash flow hedges	1,660	1,631
Total Derivatives - Liabilities	**2,171**	**2,644**
Interest rate swaps – cash flow hedges	511	1.013
Exchange rate swaps – cash flow hedges	101	450
Non-current portion - Liabilities	**612**	**1.463**
Interest rate swaps – cash flow hedges	-	-
Exchange rate swaps – cash flow hedges	1,559	1,181
Current portion - Liabilities	**1,559**	**1,181**

The Group maintains interest-rate hedge contracts with several financial institutions covering loans from credit institutions that ensure an interest rate of between 0.375% and 3.665% (2020: between 0.375% and 3.665%).

The notional principal on interest rate hedges at 31 December 2021 amounted to €39,914 thousand (€57,037 thousand at 31 December 2020).

The Group maintains exchange rate hedge contracts covering the euro rate for several currencies in which the Group operates.

The notional principal on Euro-dollar interest rate hedge contracts at 31 December 2021 totals €148,708 thousand (2020: €62,040 thousand), to €1,933 thousand (2020: €11,050 thousand) with respect to the Euro-yen exchange rate hedge.

The effective portion of cash flow hedges recognised in equity in 2021 due to cash flow hedges totals €-1,536 thousand (2020: €-1.536 thousand) and generates a tax effect totalling €391 thousand that is also taken to equity (2020: €384 thousand) recorded as deferred taxes. The settlement of these derivatives gave rise to a negative gross effect of €1,902 thousand during the year (2020: €3,972 thousand).

15. INVENTORIES

The breakdown of this heading by uniform groups of operations and degree of completion is as follows:

	Thousands of euros	
	2021	2020
Goods purchased for resale	97	97
Raw materials and other supplies	807	752
Work in progress	64	980
Finished goods: Apartments Ojén	2,506	3,380
Finished goods: Colegio Sol y Nieve	9,849	-
Prepayments to suppliers a proveedores	8,736	10,998
Total	**22,059**	**16,207**

The increase in “Finished products: Colegio Sol and Nieve” relates to the recognized €9,849 thousand value of the surface rights for the construction of the Sol y Nieve school located in Madrid. During 2021, after the Court of First Instance in Madrid issued its final judgement to award the surface rights to the Group, the costs claimed in those court proceedings for the work and services provided, which are pending payment, have been reclassified to the heading finished products. Those surface rights are subject to a mortgage with an outstanding capital amount of €538 thousand

The heading “Finished goods: Apartments Ojén” primarily records a housing development in Ojén (Malaga), which includes provisions for impairment total of €1,200 thousand at 31 December 2020 (2020: 1,612 thousand)

During 2021 the Group sold three homes in this development whose acquisition cost was €1.217 thousand.The amount of the sale was €621 thousand and gave rise to a profit of €115 thousand in the consolidated income statement. Furthermore, the group has sold three parking lots and gave rise to a profit of €20 thousand in the consolidated income statement.

During 2020 the Group sold two homes in this development whose acquisition cost was €923 thousand and which had been impaired by €313 thousand. The amount of the sale was €621 thousand and gave rise to a profit of €11 thousand in the consolidated income statement.

Inventories located abroad

At 31 December 2021 and 2020 the Group does not have any inventories located abroad.

Capitalised financial expense

In 2021 and 2020 no interest was capitalised.

Inventories pledged as security

Loans from credit institutions are secured by inventories valued at €10,609 thousand (2020: €3,265 thousand).

Insurance

The Group has taken out a number of insurance policies to cover risks relating to inventories. The coverage provided by these policies is considered to be sufficient.

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16. CASH AND CASH EQUIVALENTS

The detail of the balance of this heading as of December 31, 2021 and 2020 is as follows:

	Thousands of euros	
	2021	**2020**
Cash	30,987	29,617
Total	**30,987**	**29,617**

At 31 December 2021 and 2020 there was no restricted cash.

17. CAPITAL AND ISSUE PREMIUM

Share capital

The authorised share capital of Ortiz Construcciones y Proyectos, S.A. consists of 1,913,226 fully paid ordinary bearer shares (registered, represented by book entries) with a par value of €30.05 each.

	Thousands of euros	
	2021	**2020**
Authorised Capital	57,492	57,492
Total	**57,492**	**57,492**

As of December 31, 2021 and 2020, the companies that participate in the share capital in a percentage equal to or greater than 10% are the following:

2021

Company	Number of shares	% shareholding
Participaciones La Cartuja S.L.	935,176	48.88%

2020

Company	Number of shares	% shareholding
Participaciones La Cartuja S.L.	935,176	48.88%

Share premium

This reserve is freely available.

Treasury shares

Movements in treasury shares during the year were as follows:

	31 December 2021		31 December 2020	
	Number of Treasury Share	Thousands of euros	Number of Treasury Share	Thousands of euros
At the beginning of the year	38,682	2,111	-	-
Increases/purchases	-	-	38,682	2,111
Disposals/sales	(38,682)	(2,111)	-	-
At the end of the year	**-**	**-**	**38,682**	**2,111**

The parent company distributed treasury shares in 2021 to its shareholders as a dividend in addition to that approved by shareholders at a general meeting held on 27 May 2021. The parent company does not hold any treasury shares at 31 December 2020.

During 2020 the Parent Company carried out several treasury share transactions with an average acquisition cost of €54.57 per share. At 31 December 2020 the parent company holds 38,682 shares representing 2.02% of share capital.

Those shares are recognized as a reduction in the value of the Parent Company's capital and reserves at 31 December 2020 by €2,111 thousand. €0 thousand). As of December 31, 2021, the Parent Company has no treasury shares that are registered reducing the value of equity

18. RESERVES AND RESULTS OF PREVIOUS YEARS

Reserves

	Thousands of euros	
	2021	2020
Reserves in consolidated companies		
- Legal reserve	11,934	11,934
- Other reserves	144,121	159,016
- Reserves in fully consolidated companies	5,002	10,552
- Reserves in equity consolidated companies	(26,789)	(16,333)
Reserves in consolidated companies	**134,268**	**165,169**

Changes in "Other reserves" and "Reserves in fully consolidated companies" arising in 2021 are mainly due to the application of the PGC RD 1/2021 (Note 3.6).

Legal reserves

Appropriations to the legal reserve are made in compliance with Article 274 of the Spanish Companies Act, which stipulates that 10% of the profits for each year must be transferred to this reserve until it represents at least 20% of share capital.

Until the legal reserve exceeds the indicated amount, it may only be used to offset losses if no other reserves are available for this purpose, and it must be replenished using future profits.

The legal reserve is fully endowed as of December 31, 2021 and 2020.

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19. PROFITS FOR THE YEAR IN THE PARENT COMPANY

The proposal for distributing 2021 results and reserves to be presented to shareholders at a general meeting, and that for 2020 which was approved on 27 May 2021, are as follows

	Thousands of euros	
	2021	2020
Available for Distribution		
Profit/loss for the year	7,924	7,364
Total	**7,924**	**7,364**

	Thousands of euros	
	2021	2020
Application of profit/(loss)		
To dividends	5,063	5,063
To voluntary reserve	2,861	2,301
Total	**7,924**	**7,364**

20. MEASUREMENT DIFFERENCES

Differences on exchange

Movements in the heading "Differences on exchange" is as follows for the years ended 31 December 2021 and 2020:

	Thousands of euros	
	2021	2020
Beginning balance	**(20,574)**	**(3,691)**
- At consolidated companies	(5,718)	(15,804)
- At equity-consolidated companies	1,080	(1,079)
Ending balance	**(25,212)**	**(20,574)**

In 2021, the variation in translation differences corresponds mainly to the depreciation of the Colombian peso and the Peruvian sol against the euro, which has affected the valuation of the investments held by the Group in Colombia and Peru for the purposes of their integration in the Group accounts.

Hedging transaction

A breakdown of "Hedging transactions" is set out below:

	Thousands of euros	
	2021	2020
- Parent company	(1,419)	(1,602)
- Consolidated companies	(37)	(108)
- Equity-consolidated companies	(4,140)	(5,196)
Total hedging transactions	**(5,596)**	**(6,906)**

Movements in this heading during 2021 and 2020 are set out below:

	Thousands of euros	
	2021	2020
Beginning balance	**(6,906)**	**(21,083)**
Movement in hedging transactions:	**1,310**	**14,177**
- Parent company	183	1,745
- Fully and equity consolidated companies	1,127	12,432
Ending balance	**(5,596)**	**(6,906)**

21. NON-CONTROLLING INTERESTS

The breakdown of this item by company for the years 2021 and 2020 is detailed below:

	Thousands of euros		
2021	Reserves for non-controlling interests	Profit/(loss) non-controlling interests	Total non-controlling interests
Impulsa Grup Ortiz, S.L.	(49)	(4)	(53)
Arquitectura Industrializada Andaluza, S.L.	269	(2)	267
Constructora Hospitalaria Tepic, S.A.P.I. DE C.V.	256	(229)	27
Energía de Colombia STR S.A.S. E.S.P.	88	(88)	-
La Gavia Factory, S.L.	2	(12)	(10)
Total	**566**	**(335)**	**231**

	Thousands of euros		
2020	Profit/(loss) non-controlling interests	Profit/(loss) non-controlling interests	Total Socios Externos
Impulsa Grup Ortiz, S.L.	(38)	(1)	(39)
Arquitectura Industrializada Andaluza, S.L.	268	-	268
Constructora Hospitalaria Tepic, S.A.P.I. DE C.V.	377	22	399
Promotora Hospitalaria de Bosa, S.A.S.	11	19	30
Energía de Colombia STR S.A.S. E.S.P.	242	(6)	236
Total	**860**	**34**	**894**

22. SUBSIDIES

Movements in these subsidies are as follows:

	Thousands of euros	
	2021	2020
Beginning balance	**1,108**	**1,296**
Received during the year	-	-
Disposals during the year	-	-
Taken to profit/(loss)	(154)	(250)
Tax effect	39	62
Ending balance	**993**	**1,108**

The breakdown of grants by origin is as follows:

	Thousands of euros	
	2021	2020
-Parent company	-	-
-Consolidated companies	29	29
- Equity consolidated companies	964	1,079
Ending balance	**993**	**1,108**

23. FINANCIAL LIABILITIES

Financial liabilities at amortized cost

	Thousands of euros	
	2021	2020
Non-current:		
Debentures and other marketable securities	33,633	32,339
Bank borrowings	76,858	103,954
Finance leases	1,009	893
Other financial liabilities	4,049	5,525
Payables to related parties	5,312	5,907
Non-current accruals and deferred income	**8,411**	**16,608**
Total	**129,272**	**165,226**
Current:		
Debentures and other marketable securities	404	393
Bank borrowings	49,544	29,946
Finance leases	1,016	880
Other financial liabilities	5,837	6,436
Payables to related parties	101	34
Trade payables	294,575	235,598
Trade payables to related parties	191	177
Sundry payables	1,108	264
Personnel	3,437	3,566
Prepayments from customers	41,790	16,206
Current accruals and deferred income	**61**	**16**
Total	**398,064**	**293,516**
Total financial liabilities	**527,336**	**458,742**

The carrying amount of non-current borrowings approximates their fair value given that the effect of the discount is not significant.

23.1 Borrowings and payables in foreign currency

The carrying amount of Group's borrowings and payables is denominated in the following currencies:

	Thousands of euros	
	2021	**2020**
Euro	374,663	356,891
Bolivianos- Bolivia	2,031	3,892
Colón- El Salvador	131	116
Dollar- Chile, Mexico, Panama	39,685	30,363
Lempiras-Honduras	818	747
Peso – Chile	-	3,200
Peso – Colombia	67,995	19,904
Peso – Mexico	1,778	7,856
Quetzal-Guatemala	114	187
Yen-Japan	40,053	35,520
Other	68	66
Total	**527,336**	**458,742**

23.2 Available lines of credit

The Group has the following unused credit lines

	Thousands of euros	
	2021	**2020**
Variable rate:		
- maturing in less than one year	-	-
- maturing in more tan one year (*)	62,692	70,660
Fixed rate:		
- maturing in less than one year	15,587	16,762
Total	**78,279**	**87,422**

(*) Includes Tranche B of the syndicated financing described in Note 23.4

23.3 . Bonos

In 2018, Ortiz Construcciones y Proyectos, S.A. carried out a new bond issue on the MARF for €50,000 Thousands of euros.

The main characteristics of both issues are set out below:

2018 issue

On 9 July 2018, Ortiz Construcciones y Proyectos, S.A. carried out a bond issue on the MARF, with the following terms:

- Debt issued: The nominal amount of the issue was €50,000,000 and consisted of 500 bonds with a value of €100,000.00 each, grouped into a single class or series. The issue price was 100% of their face value.
- Original date of issue and redemption 9 July 2018
- Maturity date: 9 October 2023
- Financial rights of bondholders: Annual 5.25% interest payable annually based on the face value of the bonds at that time. The interest accrues daily and is payable yearly in arrears as from the issue and purchase date.

The issue has the following limitations:

- Additional debt
- Certain acquisitions and sales
- Distribution of dividends to shareholders
- Related-party transactions.
- Corporate agreements and structural changes
- Certain information and calculation of the ratio
- Change of control
- Guarantees in rem

The first 3 limitations only arise if the financial ratios are not met as required in the prospectus, and management considers they have been met at 31 December 2020.

The issue is not secured by any guarantees in-rem. The issue is secured by the companies Cia. Internacional de Construcción y Diseño, S.A.U., Indag, S.A.U., Asteisa Tratamientos de Agua, S.A.U., Contratas y Servicios Ferroviarios, S.A.U., Agrícola El Casar, S.L.U., , Concesionaria Collado Villalba, S.A.U., Ingeniería y Diseños Técnicos, S.A.U., Ortiz Energía Japan, K.K., and Ortiz Energía, S.A.U., which represent 85% of EBITDA. The guarantors must always represent at least 85% of EBITDA.

In any event, all of the additional contractual information relating to the issue may be consulted in the prospectus with ISIN ES0205031000.

In 2021 and 2020, the agency AXESOR assigned a BB + credit rating to the issuer, with a stable outlook.

Details of the bonds in 2021 and 2020 are as follows:

	Thousands of euros	
	2021	**2020**
Debentures and bonds (nominal value)	50,000	50,000
Amortized cost effect (due to fees)	(273)	(261)
Bonds in the possession of the Group	(16,200)	(17,400)
Accrued interest payable	510	393
Total	**34,037**	**32,732**

The fair value of the liability component of the convertible bond at 31 December 2021 and 2020 does not differ from its carrying amount.

During 2021, the Company sold 16 bonds valued at €1,600 thousand to third parties that were in the Company's possession at 31 December 2020. This transaction gave rise to a profit of €12 thousand under the heading "Impairment and profit/(loss) on the disposal of financial instruments" in the income statement. The Group purchased 4 bonds from third parties for €400 thousand

During 2020, the Company sold 21 bonds valued at €2,100 thousand to third parties that were in the Company's possession at 31 December 2019. This transaction gave rise to a profit of €3 thousand under the heading "Impairment and profit/(loss) on the disposal of financial instruments" in the income statement. The Group purchased 29 bonds from third parties for €2,900 thousand.

Details of the maturity of the issued bonds (which also includes those acquired by the Group) at 31 December 2020 is as follows:

	Thousands of euros		
	2022	2023	Total
Nominal Value	-	50,000	50,000
Interests	2,625	2,625	5,250
Total	**2,625**	**52,625**	**55,250**

23.4 Bank borrowings

Bank borrowings are as follows in 2021 and 2020:

Thousands of euros

2021					
Instrument	**Interest Rate Range**	**Drawn down at 31.12.2021**	**Maturing in 1 year**	**Maturing in 2-5 years**	**Maturity - other**
Syndicated loan	2,75%	34,405	14,421	19,984	-
ICO-COVID 2020 loans	1,65%-3,05%	62,855	12,142	50,713	-
Loan facilities	0,80%-3,50%	20,500	20,500	-	-
Mortgage loans	0,55% - 2%	7,985	1,824	3,146	3,015
Receivables for discounted bills		-	-	-	-
Accrued unpaid interest		657	657	-	-
Total		**126,402**	**49,544**	**73,843**	**3,015**

Thousands of euros

2020					
Instrument	**Interest Rate Range**	**Drawn down at 31.12.2020**	**Maturing in 1 year**	**Maturing in 2-5 years**	**Maturity - other**
Syndicated loan	2,75%	47,481	12,720	34,761	-
ICO-COVID 2020 loans	1,65% -3,05%	61,508	-	54,081	7,427
Loan facilities	0,80%-3,50%	14,746	14,746	-	-
Mortgage loans	0,55% - 2%	9,467	1,782	4,052	3,633
Receivables for discounted bills		-	-	-	-
Accrued unpaid interest		698	698	-	-
Total		**133,900**	**29,946**	**92,894**	**11,060**

Royal Decree-Law 8/220 (17 March) on extraordinary urgent measures to combat the economic and social impact of COVID-19, established a series of measures to preserve normal flows of funding and working capital and liquidity levels for the companies to maintain the businesses.

Among those measures, Article 29 of that Law establishes a line of guarantees that would be provided bythe Ministry of Economic Affairs and Digital Transformation to cover the funding granted by financial institutions to companies and self-employed persons.

During 2020, and within the framework of the measures described by the Royal Decree, the Company signed various financing agreements with 13 entities for a total of €61,725 thousand, which was fully drawn down at the end of 2020. The loans are guaranteed by ICO up to 70% of the amount and have contractual maturity dates falling between 2026 and 2028. They accrue a fixed rate of interest between 1.65% and 3.05% and in some cases they are indexed to the Euribor plus a variable spread of between 1.80% and 2.90%

The Group has continued to sign financing agreements in 2021 within the framework of the measures described by the Royal Decree for a total of €9,000 thousand. Of that amount, €4,000 had been drawn down at the year-end.

The Royal Decree-Law 34/2020 (17 November) also establishes an extension of the term and/or grace period for transactions secured by the Liquidity Guarantee Line.

In accordance with the provisions of the aforementioned Royal Decree, the Company has requested the extension of the term of each of the ICO secured loans up to the maximum allowed by law (3 years), which represents an additional year grace period.

On 17 July 2018, the Group signed a non-current syndicated loan agreement for an initial maximum amount of €134,250 thousand, structured into Tranche A for €67,125 thousand and a revolving credit Tranche B in the amount of €67,125 thousand (the latter was also intended to finance the Group's general cash requirements).

The funds obtained through this credit facility were partially used fully repay and cancel the syndicated loan obtained in 2015 by the Group, which 31 December 2017 totalled €44,590 thousand, as well as the cancellation of loans and credit facilities in the amount of €35,980 thousand.

The amounts drawn down from this loan accrue interest at Euribor plus a variable spread between 2% and 3.25%, based on the value of certain ratios. The initial rate applied up until 16 July 2019 for Tranche A and 27 May 2019 for Tranche B was 2.75%, falling to 2% in both cases after those dates.

Tranche A was drawn down by €34,962 thousand at 31 December 2021 (2020: 48.402 thousand) and falls due on 17 July 2023. Tranche B has not been drawn down at 31 December 2021 or December 2020 which falls due on 17 October 2022.

The loan is subject to compliance with ratios, as is habitual in these types of transactions. The Group obtained a compliance waiver for two of the required ratios at 31 December 2020 and met all of the rest.

At 31 December 2021all required ratios were met.

The nominal maturity dates by year for Tranche A are as follows:

Maturity date	Thousands of euros
17-January-22	6,377
30-January-22	1,014
30-June-22	1,014
17-July-22	6,378
17-January-23	13,425
30-January-23	1,014
30-June-23	1,014
17-July-23	4,726
Total	**34,962**

Available lines of credit and factoring facilities at 31 December 2021 amount to €104,976 thousand (2020: €178,065 thousand).

23.5 Finance leases

Total future minimum lease payments are reconciled with their present value as follows

The present value of finance lease liabilities is as follows:

	Thousands of euros	
	2021	**2020**
Total amount of the minimum future payments at the year-end:		
- Up to one year	1,016	880
- Between 1 and 5 years	1,009	893
- More than 5 years	-	-
Present value at the year end	**2,025**	**1,773**

Total future minimum lease payments are reconciled with their present value as follows

The present value of finance lease liabilities is as follows:

	Thousands of euros	
	2021	**2020**
- Up to one year	1,016	880
- Between 1 and 5 years	1,009	893
- More than 5 years	-	-
Total	**2,025**	**1,773**

23.6 Average payment period to supplierss

The disclosures required by Final Provision Two of Law 31/2014 (3 December), which have been prepared in accordance with the Resolution issued by the Accounting and Audit Institute on 29 January 2016, are as follows:

	2021	**2020**
Average deferral of payments to suppliers	104	134
Ratio of transactions paid	88	145
Ratio of payments pending	141	55

	Amount (Thousands of euros)	**Amount (Thousands of euros)**
Total payments made	157,503	230,375
Total payments pending	63,684	39,357

The “Average period for payments to suppliers” is understood to be the time that elapses between the invoice date and the date effective payment is made, as defined in the aforementioned resolution issued by the Accounting and Audit Institute.

The ratio of transactions paid is calculated as a quotient in which the numerator contains the sum of the payments made divided by the number of payment days (calendar days elapsing since the calculation started until effective payment for the transaction is made) and the denominator contains the total amount of payments made.

The “Average payment period for suppliers” is calculated as a quotient in which the numerator contains the sum of the ratio of transactions paid divided by the total amount of the payments made plus the ratio of transactions pending payment divided by the total amount of pending payments and the denominator contains the total amount of payments made and total outstanding payments.

The ratio of pending payments is a quotient in which the numerator contains the sum of amounts pending payment divided by the number of days payment has been pending (calendar days elapsing since the calculation started and the date on which the financial statements were closed) and the denominator contains the total number of pending payments.

In accordance with the provisions of Article 3 of the resolution issued by the Accounting and Audit Institute on 29 January 2016, the amount of the transactions occurring prior to the date on which Law 31/2014 (3 December) entered into force have not been taken into consideration.

According to Law 11/2013 (26 July), the maximum payment deadline applicable to the Company is 30 days, unless there is an agreement between the parties, in which case the maximum deadline is 60 days.

23.7 Non-current prepayments and accrued income

The heading relates to the income deriving from the assignment of the use of parking spaces associated with the parking facility concession agreements concluded by the Group. This income is taken to profit or loss over the remaining term of the concession.

23.8 Other financial liabilities

This heading mainly includes loans obtained from the CDTI and other government entities to finance R&D projects, as well as amounts collected from factored clients without recourse in the process of being returned to banking entities. During the 2021 financial year, the Group reduced the balance of these liabilities, given the optimization of the financial structure carried out after the new financing with ICO guarantee obtained (Note 23.4).

24. OTHER PROVISIONS

The movements in short-term provisions recognized in the consolidated balance sheet were as follows:

					Thousands of euros
Non-current	**Provision for works settlements**	**Provision for other liabilities**	**Provision for taxes**	**Other provisions**	**Total**
Balance at 01.01.2020	**-**	**-**	**8,850**	**-**	**8,850**
Allocations	-	-	-	-	**-**
Applications	-	-	(913)	-	**(913)**
Excesses	-	-	-	-	**-**
Other adjustments	-	-	-	-	**-**
Ending balance at 31.12.2020	**-**	**-**	**7,937**	**-**	**7,937**
Allocations	-	-	-	-	**-**
Applications	-	-	(33)	-	**(33)**
Excesses	-	-	-	-	**-**
Other adjustments	-	-	-	-	**-**
Ending balance at 31.12.2021	**-**	**-**	**7,904**	**-**	**7,904**

Thousands of euros

Current	Provision for works settlements	Provision for other liabilities	Provision for taxes	Other provisions	Total
Balance at 01.01.2020	**156**	**-**	**2**	**446**	**604**
Allocations	18	-	-		18
Applications	-	-	-	-	-
Excesses	-	-	-	-	-
Other adjustments	(2)	-	(2)	61	57
Ending balance at 31.12.2020	**172**	**-**	**-**	**507**	**679**
Allocations	-	-	-	-	-
Applications	(13)	-	-	-	(13)
Excesses	-	-	-	-	-
Other adjustments	-	-	-	(160)	(160)
Ending balance at 31.12.2021	**159**	**-**	**-**	**347**	**506**

The Provision for tax corresponds to the recording of contingent liabilities described in Note 29.

25. DEFERRED TAXES

El detalle de los impuestos diferidos es el siguiente:

Thousands of euros

	2021	2020
Tax effect of differences on exchange	10,317	7,905
Derivatives	525	661
Non-deductible depreciation/amortization	128	170
Deductions and credits pending application	1,722	1,253
Tax-loss carryforwards for the year	9,714	4,099
Capitalization reserve right pending application	-	45
Total deferred tax assets	**22,406**	**14,133**

Changes in deferred tax assets and liabilities during 2021 and 2020 were as follows

Thousands of euros

	2021	2020
Tax effect of differences on exchange	-	1,445
Derivatives	39	91
Unrestricted depreciation	2,959	3,077
Finance lease	474	389
Subsidies	6	6
Total deferred tax liabilities	**3,478**	**5,008**

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Changes in deferred tax assets and liabilities during 2021 and 2020 were as follows:

Deferred tax assets:	Tax credits	Derivatives	Differences on exchange	Other	Total
					Thousands of euros
Balance at 1 January 2021	**5,352**	**661**	**7,905**	**215**	**14,133**
Charged against/(credited to) profit or loss	4,362	(523)	-	(87)	5,513
Charged against/(credited to) equity	-	347	2,412	-	2,759
Balance at 31 December 2021	**11,436**	**525**	**10,317**	**128**	**22,406**

Deferred tax assets:	Tax credits	Derivatives	Differences on exchange	Other	Total
					Thousands of euros
Balance at 1 January 2020	**3,083**	**1,303**	**1,754**	**213**	**6,353**
Charged against/(credited to) profit or loss	2,269	(1,117)	-	2	1,154
Charged against/(credited to) equity	-	475	6,151	-	6,626
Balance at 31 December 2020	**5,352**	**661**	**7,905**	**215**	**14,133**

Deferred tax liabilities:	Unrestricted depreciation	Differences on exchange	Derivatives	Other	Total
					Thousands of euros
Balance at 1 January 2021	**3,077**	**1,445**	**91**	**395**	**5,008**
Charged against/(credited to) profit or loss	(118)	-	(52)	85	(85)
Charged against/(credited to) equity	-	(1,445)	-	-	(1,445)
Balance at 31 December 2021	**2,959**	**-**	**39**	**480**	**3,478**

Deferred tax liabilities:	Unrestricted depreciation	Differences on exchange	Derivatives	Other	Total
					Thousands of euros
Balance at 1 January 2020	**3,218**	**545**	**124**	**331**	**4,218**
Charged against/(credited to) profit or loss	(141)	-	(124)	64	(201)
Charged against/(credited to) equity	-	900	91	-	991
Balance at 31 December 2020	**3,077**	**1,445**	**91**	**395**	**5,008**

Deferred tax assets for deductions pending application and negative tax bases pending compensation are recognized to the extent that it is probable that future taxable profits will be obtained that allow their application. In this regard, the Group companies have negative tax bases, in addition to the capitalized ones, amounting to approximately 19 million euros in base (2020: 17 million euros) corresponding mainly to the activity carried out by the Group in Peru, Panama and Mexico:

Country	BINS	Year Generated
		Thousands of euros
Mexico	2,316	2014-2021
Peru	10,346	2016-2021
Panama	6,357	2015-2021
TOTAL	**19,019**	

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(Thousands of euros)

26. INCOME AND EXPENSE

Transactions denominated in foreign currency

Transactions carried out in foreign currency are as follows:

	Thousands of euros			
	Income		Expense	
	2021	2020	2021	2020
Peso - Colombia	70,182	32,420	(34,450)	(23,330)
Peso - Mexico	38	691	(980)	(732)
Nuevo Sol - Peru	2,200	5,144	(1,410)	(2,380)
Peso - Chile	-	317	-	(305)
Zloty - Poland	-	-	(9)	-
Leu - Romania	-	307	(199)	(4)
American dollar	46,021	111,735	(33,650)	(69,879)
Yen - Japan	44,323	52,613	(40,310)	(46,961)
Lempiras - Honduras	941	997	(952)	(382)
Colon - El Salvador	117	153	(120)	(56)
Quetzal-Guatemala	159	293	(256)	(330)
Peso- Bolivia	3,731	4,464	(3,566)	(4,248)
Total	**167,712**	**209,134**	**(115,902)**	**(148,607)**

Revenues

Revenues from the Group's ordinary activities may be analyzed geographically as follows

	Thousands of euros			
Markets	2021	%	2020	%
National	307,476	64%	195,184	43%
International	170,618	36%	255,068	57%
Total	**478,094**		**450,252**	

Revenue can also be analyzed by business category as follows:

	Thousands of euros			
Business	2021	%	2020	%
Construction and Services	232,715	49%	197,092	44%
Energy	228,790	48%	239,990	53%
Concessions	14,895	3%	11,340	3%
Real Estate	1,694	0%	1,830	0%
Total	**478,094**		**450,252**	

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(Thousands of euros)

Raw materials, goods consumed and other consumables

	Thousands of euros	
	2021	**2020**
a) Consumption of goods purchase for resale	**-**	**10**
Change in the inventory of goods purchased for resale	-	10
b) Raw materials consumed and other consumables	**182,473**	**211,575**
Purchases of storable goods and materials	108	2
Purchases of other supplies	182,703	211,089
Volume discounts for other supplies acquired	(12)	(23)
Change in inventories of raw materials/Land	(326)	507
c) Subcontracted work	**159,874**	**118,994**
Total	**342,347**	**330,579**

Personnel expenses

	Thousands of euros	
	2021	**2020**
Wages, salaries and similar remuneration	65,466	59,535
Employee benefit expenses	17,391	15,995
Non-current remuneration through defined contribution systems	37	47
Total	**82,894**	**75,577**

Salaries and wages includes employee termination benefits amounting to €781 thousand in 2021 (514 thousand in 2020).

Personnel expenses include all wages and mandatory or voluntary benefit expenses accrued at any given moment and obligations deriving from bonuses, vacation time or variable salary amounts, and the associated expenses are recognised.

The average number of employees by category during the year at fully consolidated companies is as follows:

Category	**2021**	**2020**
Senior management	4	5
Administrative and technical managers and construction foremen	587	598
Middle management	213	198
Administrative staff	200	196
Workers	991	1.085
Total	**1,995**	**2,082**

The distribution of the Group's employees by category and gender was as follows in the years ended 31 December 2021 and 2020:

			2021
	Male	**Female**	**Total**
Senior management	3	1	4
Administrative and technical managers and construction foremen	466	165	631
Middle management	206	23	228
Administrative staff	77	124	201
Workers	781	219	1,000
Total	**1,532**	**531**	**2,064**

	2020		
	Male	**Female**	**Total**
Senior management	4	1	5
Administrative and technical managers and construction foremen	451	150	601
Middle management	179	16	195
Administrative staff	75	108	183
Workers	919	152	1,071
Total	**1,628**	**427**	**2,055**

The average number of employees in the course of the year by the companies included in the consolidation, with a disability greater than or equal to 33% by category is 33 employees as of 31 December 2021 and 24 employees as of 31 December 2020.

Losses, impairment and changes in trade provisions

In 2020 this heading mainly records the reversal of the impairment of a trade receivable relating to the execution of a construction contract that was subject to a dispute with the customer and a court has issued a final favourable ruling for the Group (Note 13).

27. CORPORATE INCOME TAX AND TAX SITUATION

Ortiz Construcciones y Proyectos, S.A. is taxed under the tax consolidation system, and it is the Group's parent company since 2015.

Set out below is the reconciliation between net income and expense for the year and the income tax assessment base

						Thousands of euros
			Income statement			**Income and expenses taken directly to equity**
Income/expense for 2021			**38,653**			**(4,550)**
	Increases	**Decreases**	**Total**	**Increases**	**Decreases**	**Total**
Corporate income tax			-			
Permanent differences	**12,007**	**(51,089)**	**(39,082)**			
Temporary differences	**1,027**	**(639)**	**387**	**11,740**	**(7,190)**	**4,550**
- Arising during the year	427	(469)	(42)	11,586		11,586
- Arising in prior years	600	(170)	429	154	(7,190)	(7,036)
Exemption of income from		**(6,098)**	**(6,098)**			**-**
Consolidation adjustments			**(15,892)**			-
Gross taxable income			**(22,032)**			**-**
Tax-loss carryforwards			-			-
Net taxable income			**(22,032)**			**-**

(Thousands of euros)

Income tax expense is analyzed below:

	Thousands of euros	
	2021	2020
Current corporate income tax	3,556	5,228
Deferred tax liability	3,711	(1,129)
Total	**7,267**	**4,099**

The main nominal tax rates used in calculating the income tax of Group companies for the years 2021 and 2020 are as follows:

Country	2021	2020
Spain	25%	25%
Poland	19%	19%
Colombia	31%	32%
Mexico	30%	30%
Brazil	34%	34%
Peru	26%	29,5%
Chile	27%	27%
Honduras	25%	25%
Italy	24%	24%
France	26,50%	28%
Guatemala	25%	25%
El Salvador	30%	30%
Japan	30,62%	30,62%

Deductions to tax payable totalling €0housand were applied in 2021 (2020: €394 thousand) and withholdings and interim payments totalled €169 thousand (2020: €268 thousand). The amount payable by the tax authorities totals €74 thousand (2020: €7 thousand refundable). All the Company's tax returns for the last four years for the principal taxes to which it is subject are open to inspection by the tax authorities.

Due to the different interpretations to which tax legislation lends itself, the results of any future tax inspection by the tax authorities of the years open to inspection could give rise to tax liabilities that cannot be objectively quantified at present. However, the Company's directors believe that any liabilities that could arise in this respect would not have a significant effect on the Group's consolidated financial statements.

Deductions for double taxation, investments and donations made to beneficiaries of sponsorship, and non-deductible depreciation for 2013-2014, the amounts and terms of which are as follows

	Thousands of euros		
	2021	2020	Last year
Double taxation relief	250	250	No limit
Deduction for double taxation of capital gains	1	1	No limit
Deduction for international double taxation	586	305	No limit
Investment deductions	868	686	2,039
Deduction of donations	9	-	2,031
Non-deductible depreciation	8	-	sin limite
Total	**1,722**	**1,242**	

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Credits and debits with public administrations

	Thousands of euros	
	2021	**2020**
Assets for current tax	121	2,904
Other credits with the Public Administrations	18,287	17,579
Total	**18,408**	**20,483**

	Thousands of euros	
	2021	**2020**
Liabilities for current tax	3,549	3.205
Other debts with the Public Administrations	16,872	15,109
Total	**20,421**	**18,314**

The heading "Public Administrations" mainly includes pending amounts for VAT and income tax

28. NET FINANCIAL INCOME/EXPENSE

	Thousands of euros	
	2021	**2020**
Financial income	**5,626**	**5,026**
From equity instruments	**20**	**56**
Dividends	20	56
From marketable securities and other financial instruments	**5,606**	**4,970**
Group companies and associates (Note 31)	**3,547**	**4,090**
From third parties	**2,059**	**880**
Other financial income	1,712	432
Profit on participations and debt securities at L/P of other companies	71	-
Income from debt securities of other companies	276	448
Financial expenses	**15,783**	**16,252**
On payables to group companies and associates	**105**	**343**
Payables to third parties	**15,678**	**15,909**
Interest of debentures and bonds	1,796	1,841
Interest on bank borrowings	3,913	3,204
Interest on bank borrowings	3,303	3,271
Interest on loans from other companies	105	133
Interest on loans from other companies	-	33
Interest for the discounting of bills and similar transactions	-	291
Interest on factoring transactions without recourse	1,375	1,254
Interest on factoring transactions with recourse	33	301
Other financial expenses	5,153	5,581
Change in the fair value of financial instruments	**3,129**	**(932)**
Trading portfolio and other	347	(932)
Effect of loss of control of consolidated holdings	2,782	-
Differences on exchange	**593**	**(996)**
Impairment and gain/(loss) on disposal of financial instruments	**10**	**101**
Profit/(loss) on disposals and other items	**10**	**101**
Profits from equities and current debt securities-other companies	12	104
Losses on equities and current debt securities-other companies	(2)	(3)

29. GUARANTEE OBLIGATIONS WITH THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

Guarantees

The Group has provided guarantees to third parties, public entities and financial institutions in the amount of €428 million at 31 December 2021 (2020: €420 million). The nominal total of the guarantees provided through credit and surety institutions is €175 million (2020: €175 million) and those provided through financial institutions are for a nominal amount of €253 million (2020: €182 million). The guarantees provided to ensure the successful outcome of the execution of the works being performed for several customers at the year-end total €394 million (2020: €389 million). The Group believes that any liabilities that could derive from the guarantees that have been provided would not be significant in any case.

The Group secures bank borrowings obtained by jointly-controlled entities and associates in the amount of €3,233 thousand (2020: €3,251 thousand).

Other contingent liabilities

At the end of 2021 and 2020 the Group maintains provisions to cover possible risks deriving from litigation in progress as a result of several lawsuits filed within the businesses it carries out. Group management believes that no significant liabilities in addition to those covered by the provisions will arise with respect to the consolidated financial statements at 31 December 2021 and 2020.

As a result of the diverse inspection action taken with respect to the jointly -controlled company Urbanizadora Gade, S.A., to corporate income tax assessments were raised for the tax periods 2003 to 2004 and 2005 to 2007 in the amount of €6,894 thousand and €6,255 thousand, respectively, which are based on the percentage interest held. These assessments were contested and at 31 December 2015 appeals have been filed with the Supreme Court and the National Court.

In 2016 the Supreme Court denied the appeal filed with respect to the assessment for 2003 and 2004, and therefore the jointly-controlled entity Urbanizadora Gade, S.A. recognised the tax liability. As a result of the fact that the consideration was that Urbanizadora Gade, S.A. did not meet the requirements to be a holding company in 2003 and 2004, it was appropriate to recognise a debt claim for the total amount of €5,422 thousand in the company Ortiz Área Inmobiliaria, S.A.U. as a result of the application of the deduction for the double taxation of dividends at 100%, instead of the 50% established for holding companies (2004-2006), of which €2,460 was collected in 2017. The National Court recognised this right with respect to the 2006 tax return in the amount of €2,806 thousand in the judgment issued on 12 December 2016. The rest of the amount relating to 2004 and 2005 is subject to appeals at various courts.

During 2018 the Supreme Court denied the appeal filed with respect to the assessment relating to the tax periods 2005 to 2007 which the Group had pertinently decided to cover with a provision in 2016, which was maintained at 31 December 2020 (Note 24).

The company has filed economic-administrative claims against the resolutions adopted by the tax authorities to execute the National Court's judgement. The Regional Economic Administrative Court of Madrid has partially admitted the appeal with respect to late-payment interest. In any event, the company has filed an administrative appeal against the regional court's (TEAR) decision, since the resolution adopted by the tax authorities was executed after six months had elapsed since the final judgement was issued by the National Court and therefore the right to settle the tax liability could be deemed to be statute barred.

The payment of this final assessment is secured through a mortgage guarantee covering several plots of land classified in the heading Investment properties with a carrying amount of €8,641 thousand (2020: €8,641 thousand) which guarantees the amount of €6,255 thousand.

30. COMMITMENTS

Total minimum future payments for irrevocable operating leases are as follow

	Thousands of euros	
	2021	**2020**
< 1 year	110	104
1 - 5 years	1,805	1,613
> 5 years	1,142	1,156
Total	**3,057**	**2,873**

31. JOINT VENTURES (UTEs)

The Group holds interests in several joint ventures (UTEs) that are described in Appendix III.

Group companies carry out part of their businesses together with other companies through joint ventures, which are entities without a legal personality through which business collaboration arrangements are established among different companies for a specified period of time to carry out or execute a project, service or supply. The contracts managed through UTEs mean that the partners in the arrangement share joint and several liability for the activities carried out.

At 31 December 2021 group companies participate in 68 joint ventures (78 at 31 December 2020).

The main figures for the jointly operated contracts set out in the various headings in the accompanying consolidated balance sheet and consolidated income statement, in proportion to the interest held in them, at 31 December 2021 and 2020, without adjusting the relationships with group companies, are indicated below:

	Thousands of euros	
	2021	**2020**
Non-current assets	245	83
Current assets	41,017	19,113
Total Assets	**41,262**	**19,196**
Equity	2,599	(491)
Non-current liabilities	61	-
Current liabilities	38,602	19,687
Total Liabilities and Equity	**41,262**	**19,196**
Revenues	**62,047**	**35,159**
Reported profit	**4,101**	**325**

32. BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Directors' remuneration

In 2020, the amount accrued by the members of the Board of Directors totalled €1,531 thousand (€1,914 thousand in 2020) and is made up of the following items and amounts:

	Thousands of euros	
	2021	**2020**
Wages, per diems and other remuneration	1,531	1,914
Termination benefits	-	-
Share-based payments	-	-
Total	**1,531**	**1,914**

The members of the Company's Board of Directors did not receive any compensation in the form of profit sharing or bonuses. No shares or stock options were received by them during the year, no options were exercised and no options yet to be exercised remain outstanding

Senior Management compensation and loans

	Thousands of euros	
	2021	2020
Wages, per diems and other remuneration	1,466	1,868
Pension obligations	-	-
Loans	4,682	6,897
Total	**6,148**	**8,765**

It has not been necessary to record any provision covering loans to senior executives

Director conflict of interest situations

In order to avoid conflicts of interest with the company, during the year Directors that held positions on the Board of Directors complied with the obligations established in Article 228 of the Spanish Companies Act. Both they and persons associated with them have abstained from entering into the conflicts of interest defined by Article 229 of that law, except in the cases in which the appropriate authorisation has been obtained.

33. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Balances with related parties were as follows in 2021 and 2020:

(Thousands of euros)

Thousands of euros

2021	Current receivables	Current trade payables	Current credit facilities	Non-current credit facilities	Other current loans	Current loans	Current receivables
Accesos de Ibiza, S.A.	51	-	-	2,287	-	-	5,312
Aldigavia, S.A.U.	25	-	-	-	-	-	-
Aldigavia Oficinas, S.L.	203	117	-	-	-	-	-
Alten Renewable Energy Developments,B.V.	17	-	-	-	-	-	-
Alten Gestión de Proyectos, S.L.U.	30	-	-	-	-	-	-
Alten El Casar, S.L.	35	-	-	2,352	-	-	-
Autopistas del Nordeste, S.A.S.	4,585	-	-	16,259	-	-	-
Autopistas del Caribe, S.A.S.	-	-	-	1,181	-	-	-
Bulevar del Arte y La Cultura, S.A.	-	-	-	766	-	-	-
Concesión del Sisga, S.A.S.	823	-	-	14,462	-	-	-
Consorcio Inca-Ortiz	121	-	-	-	-	-	-
El Arce de Villalba, S.L.U.	9	-	-	-	-	-	-
Energía de Colombia, S.A.P.I. de C.V.	587	-	-	1,867	-	-	-
Fortem Integral, S.L.	5	-	-	47	-	-	-
Grupo Ortiz Properties Socimi, S.A.	171	72	-	-	532	-	-
Inmuebles Gade, S.L.	-	-	8,964	-	-	31	-
Medsolar SPV	295	-	478	-	-	3	-
Móstoles Factory 2019, S.L.	30	2	-	-	-	-	-
Operadora Hospitalaria Tepic, S.A.P.I. de C.V.	198	-	-	-	-	-	-
Ormats Mantenimiento Integral, S.L.	-	-	-	-	-	-	-
Ortega y Gasset Park, S.A.U.	13	-	-	-	-	-	-
Ortiz Sport Factory, S.L.	9	-	-	-	-	-	-
Promotora Hospitalaria Tepic,S.A.P.I. de C.V.	-	-	1,862	-	-	-	-
Promotora Hospitalaria de Bosa, S.A.P.I. de C.V.	57	-	-	1,788	-	-	-
Superficie Cartera Inversiones, S.A.	32	-	898	-	-	-	-
Vending La Gavia, S.L.	4	-	5	-	-	-	-
Otras empresas	-	-	-	-	-	67	-
TOTAL	**7,300**	**191**	**12,207**	**41,009**	**532**	**101**	**5,312**

(Thousands of euros)

							Thousands of euros
2020	**Current receivables**	**Current trade payables**	**Current credit facilities**	**Non-current credit facilities**	**Other current loans**	**Current loans**	**Current receivables**
Accesos de Ibiza, S.A.	47	-	-	2,484	-	-	5,551
Aldigavia, S.A.U.	30	-	-	-	-	-	-
Aldigavia Oficinas, S.L.	225	-	-	-	-	-	-
Alten Renewable Energy Developments,B.V.	17	-	-	-	-	-	-
Alten Gestión de Proyectos, S.L.U.	30	-	-	-	-	-	-
Alten El Casar, S.L.	22	-	-	2,474	-	-	-
Autopistas del Nordeste, S.A.S.	-	-	-	15,918	-	-	-
Bulevar del Arte y La Cultura, S.A.	-	-	-	897	-	-	-
Concesión del Sisga, S.A.S.	-	-	-	18,055	-	-	-
Consorcio Inca-Ortiz	121	-	-	-	-	-	-
El Arce de Villalba, S.L.U.	11	-	-	-	-	-	-
Fortem Integral, S.L.	2	-	-	230	-	-	-
Grupo Ortiz Properties Socimi, S.A.	45	3	-	-	471	-	-
Inmuebles Gade, S.L.	-	-	8,833	-	-	31	-
Medsolar SPV	413	-	461	-	-	3	-
Móstoles Factory 2019, S.L.	11	-	-	-	-	-	-
Operadora Hospitalaria Tepic, S.A.P.I. de C.V.	194	-	-	-	-	-	-
Ormats Mantenimiento Integral, S.L.	-	-	-	-	-	-	-
Ortega y Gasset Park, S.A.U.	43	-	-	-	-	-	-
Ortiz Sport Factory, S.L.	9	-	-	-	-	-	-
Promotora Hospitalaria Tepic, S.A.P.I. de C.V.	150	-	3,351	-	-	-	-
Superficie Cartera Inversiones, S.A.	123	174	-	-	-	-	356
Vending La Gavia, S.L.	4	-	17	-	-	-	-
TOTAL	**1,497**	**177**	**12,662**	**40,058**	**471**	**34**	**5,907**

Balances with related parties were as follows in 2021 and 2020:

					Thousands of euros
2021	**Sales**	**Purchases**	**Interest expense**	**Interest income**	**Other results**
Accesos de Ibiza, S.A.	245	-	72	137	-
Africana Energía, S.L.	-	-	-	-	-
Aldigavia, S.A.U.	109	-	-	-	-
Aldigavia Oficinas, S.L.	484	973	-	-	-
Alten El Casar, S.L.	11	-	-	192	-
Alten Renewable Energy Developments, B.V.	68	-	-	-	-
Autopistas del Nordeste, S.A.S.	-	-	-	1,063	-
Bulevar del Arte y La Cultura, S.A.	-	-	-	39	-
Concesión del Sisga, S.A.S.	-	-	-	1,689	-
El Arce de Villalba, S.L.U.	31	-	-	-	-
Energía de Colombia, S.A.P.I. de C.V.	332	-	-	32	-
Fortem Integral, S.L.	30	-	-	8	-
Grupo Ortiz Properties Socimi, S.A.	429	418	-	-	-
Inmuebles Gade, S.L.	-	-	-	-	-
Medsolar, S.L.	65	-	-	-	-
Móstoles Factory 2019, S.L.	7	6	-	-	-
Ola Ortiz Construction, S.P.A.	-	-	-	-	-
Ortega y Gasset Park, S.A.U.	76	900	-	-	-
Ortiz Sport Factory, S.L.	-	277	-	-	-
Operadora Hospitalaria Tepic, S.A.P.I. de C.V.	614	-	-	-	-
Promotora Hospitalaria Tepic, S.A.P.I. de C.V.	508	53	-	288	-
Promotora Hospitalaria de Bosa, S.A.P.I. de C.V.	493	-	-	59	-
Superficie Cartera de Inversiones, S.A.	15,981	-	33	40	-
Vending La Gavia, S.L.	34	-	-	-	-
Urbanizadora Gade, S.A.	-	-	-	-	-
Viario A-31, S.A.	-	-	-	-	-
TOTAL	**19,517**	**2,627**	**105**	**3,547**	**-**

Thousands of euros

2020	Sales	Purchases	Interest expense	Interest income	Other results
Accesos de Ibiza, S.A.	155	-	244	141	-
Africana Energía, S.L.	-	-	-	105	-
Aldigavia, S.A.U.	90	-	-	-	-
Aldigavia Oficinas, S.L.	393	1,362	-	-	-
Alten El Casar, S.L.	115	-	-	293	-
Alten Renewable Energy Developments, B.V.	68	-	-	-	-
Autopistas del Nordeste, S.A.S.	-	-	-	1,151	-
Bulevar del Arte y La Cultura, S.A.	-	-	-	45	-
Concesión del Sisga, S.A.S.	-	-	-	1,882	-
El Arce de Villalba, S.L.U.	41	-	-	-	-
Fortem Integral, S.L.	1	-	-	6	-
Grupo Ortiz Properties Socimi, S.A.	397	421	20	31	-
Inmuebles Gade, S.L.	-	-	-	-	-
Medsolar, S.L.	85	-	-	-	-
Móstoles Factory 2019, S.L.	18	-	-	-	-
Ola Ortiz Construction	-	-	-	-	-
Ortega y Gasset Park, S.A.U.	63	579	-	-	-
Ortiz Sport Factory, S.L.	-	-	-	-	-
Operadora Hospitalaria Tepic, S.A.P.I. de C.V.	274	-	-	-	-
Promotora Hospitalaria Tepic,S.A.P.I. de C.V.	653	-	-	436	-
Superficie Cartera de Inversiones, S.A.	268	-	79	-	-
Vending La Gavia, S.L.	14	-	-	-	-
Urbanizadora Gade, S.A.	-	-	-	-	-
Viario A-31, S.A.	-	-	-	-	-
TOTAL	**2,635**	**2,362**	**343**	**4,090**	**-**

Transactions with directors or executives

There are no significant transactions involving a transfer of resources or obligations between the parent company or group companies and directors or executives.

34. SEGMENT REPORTING

The Group's financial information by operating segment for the years ended 31 December 2021 and 2020 is indicated below:

Thousands of euros

2021	Construction and Services	Enerrgy	Real estate-Holding company	Concessions
Assets	407,811	109,508	101,956	145,765
Liabilities	339,331	193,560	14,380	14,545
Revenues	**232,715**	**228,790**	**1,694**	**14,895**
Profit/(loss) before tax	**8,045**	**7,658**	**1,136**	**21,814**

Thousands of euros

2020	Construction and Services	Enerrgy	Real estate-Holding company	Concessions
Assets	372,508	102,531	100,188	127,851
Liabilities	269,678	191,793	14,627	17,226
Revenues	**197,092**	**239,990**	**1,830**	**11,340**
Profit/(loss) before tax	**6,317**	**2,551**	**381**	**239**

35. ENVIRONMENT INFORMATION

The Group has adopted all appropriate measures with respect to the protection and improvement of the environment and the minimisation of any environmental impact and complies with current legislation in this respect. As a result, it has not been deemed necessary to record any provision for environmental risks and expenses and nor are there any contingencies associated with environmental protection and improvement.

The primary environmental aspect involving the companies' businesses that entails an environmental risk is the generation of hazardous wastes.

The various Group companies have implemented and Environmental Management System in accordance with the standard UNE-EN ISO 14001:2004 certified by AENOR: Ortiz Construcciones y Proyectos, S.A.U. with certificate number GA-2000/0039 and an issue date of 10 March 2000. Compañía Internacional de Construcción y Diseño, S.A.U. with certificate number GA-2007/0166 and an issue date of 16 April 2007. Ingeniería y Diseños Técnicos, S.A.U. with certificate number GA-2.006/0486 and an issue date of 30 November 2006. Asteisa Tratamiento de Aguas, S.A.U. with certificate number E-199534 and an issue date of 26 January 2000. Contratas y Servicios Ferroviarios, S.A.U. with certificate number GA-2003/0021 and an issue date of 28 January 2003. Indag, S.A.U., in a study and implementation process.

36. AUDIT FEES

The audit fees accrued during the year by PricewaterhouseCoopers Auditores, S.L. for audit services totalled €211 thousand (2020: €191 thousand). The audit fees accrued during the year by PricewaterhouseCoopers Auditores, S.L. for other verification and other services rendered to the Group amounted to €17 thousand (2020: €15 thousand). No other fees accrued as no other services were rendered by the PwC network (2020: €23 thousand), and no tax services and €0 fees accrued in 2021 (2020: €10 thousand). No services required by other legal obligations were rendered.

37. EVENTS AFTER THE REPORTING PERIOD

In the opinion of the directors of the Parent Company, no matter has been revealed that could have any significant effect on the Consolidated Annual Accounts after the year ended December 31, 2021.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

APPENDIX I

SUBSIDIARIES

31 December 2021			Shareholding			
Name	Domicile	Business	%	Thousands of euros	Name	Audit
Compañía Internacional de Construcción y Diseño, S.A.U.	Madrid	Construction	100	1,560	Ortiz CYP	PWC
Indag, S.A.U.	Madrid	Construction	100	1,679	Ortiz CYP	PWC
Ingeniería y Diseños Técnicos, S.A.U.	Madrid	Construction	100	120	Ortiz CYP	PWC
Agrícola El Casar, S.L.U.	Madrid	Real Estate	100	52,393	Ortiz CYP	PWC
Asteisa Tratamiento de Aguas, S.A.U.	Madrid	Construction	100	1,889	Ortiz CYP	PWC
Contratas y Servicios Ferroviarios, S.A.U.	Orense	Construction	100	25,545	Ortiz CYP	PWC
Arquitectura Industrializada Andaluza, S.L.	Sevilla	Construction	55	342	Indagsa	No Audited
Concesionaria Collado Villalba, S.A.U.	Madrid	Concesionaria	100	6,050	Ortiz CYP	PWC
Impulsa Grup Ortiz, S.L.	Barcelona	Construction	92,5	-	Ortiz CYP	No Audited
Grupo Ortiz Polska, S.A.	Poland	Construction	100	25	Ortiz CYP	POMORSKI Doradztwo Podatkowe Sp. z o.o.
Grupo Ortiz Construcciones Mexico, S.A.	Mexico	Construction	99,99	282	Ortiz CYP	No Audited
Personal Management, S.A. de C.V.	Mexico	Construction	100	3	Condisa	No Audited
Tecasol, S.A.	Uruguay	Construction	70	2	Ortiz CYP	No Audited
Galindo Subestaciones Mexico, S.A.P.I de C.V.	Madrid	Construction	99,99	1	Ortiz CYP	No Audited
Ortiz Energía Japan, K.K.	Japón	Energy	100	325	Ortiz CYP	SANSEI TrusT
GO Barajas 2017, S.A.	Madrid	Concesionaria	100	60	Ortiz CYP	No Audited
Constructora Hospitalaria TEPIC, S.A.P.I. de C.V.	Madrid	Construction	47,5	-	Ortiz CYP	No Audited
Constructora Obrascol, S.A.S.	Madrid	Construction	100	8	Ortiz CYP/Asteisa	No Audited
La Gavia Factory, S.L.	Madrid	Construction	75	5	Ortiz CYP	No Audited
Ortiz USA, LLC	Colombia	Construction	100	-	Ortiz CYP	No Audited
Total subsidiaries				**90,288**		

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

APPENDIX I

31 December 2020			Shareholding			
Name	Domicile	Business	%	Thousands of euros	Name	Audit
Compañía Internacional de Construcción y Diseño, S.A.U.	Madrid	Construction	100	1,560	Ortiz CYP	PWC
Indag, S.A.U.	Madrid	Construction	100	1,679	Ortiz CYP	PWC
Ingeniería y Diseños Técnicos, S.A.U.	Madrid	Construction	100	120	Ortiz CYP	PWC
Agrícola El Casar, S.L.U.	Madrid	Real Estate	100	52,393	Ortiz CYP	PWC
Asteisa Tratamiento de Aguas, S.A.U.	Madrid	Construction	100	1,889	Ortiz CYP	PWC
Contratas y Servicios Ferroviarios, S.A.U.	Orense	Construction	100	25,545	Ortiz CYP	PWC
Arquitectura Industrializada Andaluza, S.L.	Sevilla	Construction	55	342	Indagsa	No Audited
Concesionaria Collado Villalba, S.A.U.	Madrid	Concession	100	6,050	Ortiz CYP	PWC
Impulsa Grup Ortiz, S.L.	Barcelona	Construction	92,5	-	Ortiz CYP	No Audited
Grupo Ortiz Polska, S.A.	Poland	Construction	100	25	Ortiz CYP	POMORSKI Doradztwo Podatkowe Sp. z o.o.
Grupo Ortiz Construcciones Mexico, S.A.	Mexico	Construction	99,99	709	Ortiz CYP	No Audited
Personal Management, S.A. de C.V.	Mexico	Construction	100	3	Condisa	No Audited
Ortiz Brasil Construçoes, Limitada	Brasil	Construction	100	902	Ortiz CYP	No Audited
Tecasol, S.A.	Uruguay	Construction	70	2	Ortiz CYP	No Audited
Galindo Subestaciónes Mexico,S.A.P.I de C.V.	Madrid	Construction	99,99	1	Ortiz CYP	No Audited
Ortiz Energía Japan, K.K.	Japón	Energy	100	325	Ortiz CYP	SANSEI TrusT
GO Barajas 2017, S.A.	Madrid	Concession	100	60	Ortiz CYP	No Auditada
Constructora Hospitalaria TEPIC, S.A.P.I. de C.V.	Madrid	Construction	47,5	-	Ortiz CYP	No Audited
Constructora Obrascol, S.A.S.	Madrid	Construction	100	8	Ortiz CYP/Asteisa	No Audited
Promotora Hospital de Bosa, S.A.S.	Colombia	Concession	90	1,407	Ortiz CYP	PWC
Energía de Colombia STR, S.A.S. E.S.P.	Colombia	Construction	88	1,775	Ortiz CYP	PWC
Total subsidiaries				**94,794**		

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

APPENDIX II

JOINTLY-CONTROLLED COMPANIES

31 December 2021

Name	Domicile	Business	Shareholding %	Shareholding Thousands of euros	Shareholding Name	Audit
Inmuebles Gade, S.L.	Madrid	Real Estate	79.21	14,802	Ortiz CYP	No Audited
Urbanizadora Gade, S.A. En liquidación	Madrid	Real Estate	50	-	Ortiz CYP	No Audited
Accesos de Ibiza, S.A.	Baleares	Concession	50	6,400	Ortiz CYP	Gabinete de auditoría Ribas
Medsolar SPV10, S.R.L.	Italia	Energy	50	5	Agricasa	No Audited
Alten El Casar, S.L.	Madrid	Energy	66.26	250	Ortiz CYP y Alten RE Developments Iberia	No Audited
Energía de Colombia STR, S.A.S. E.S.P.	Colombia	Construction	80	5,216	Ortiz CYP	KPMG
Promotora Hospital de Bosa, S.A.S.	Colombia	Concession	55	962	Ortiz CYP	PWC
Total jointly-controlled companies				**27,635**		

31 December 2020

Name	Domicile	Business	Shareholding %	Shareholding Thousands of euros	Shareholding Name	Audit
Inmuebles Gade, S.L.	Madrid	Real Estate	79.21	14,802	Ortiz CYP	No Audited
Urbanizadora Gade, S.A. En liquidación	Madrid	Real Estate	50	-	Ortiz CYP	No Audited
Accesos de Ibiza, S.A.	Baleares	Concession	50	6,400	Ortiz CYP	Gabinete de auditoría Ribas
Medsolar SPV10, S.R.L.	Italia	Energy	50	5	Agricasa	No Audited
Alten El Casar, S.L.	Madrid	Energy	66.26	250	Ortiz CYP y Alten RE Developments Iberia	No Audited
Total jointly-controlled companies				**21,457**		

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

APPENDIX II

ASSOCIATES

31 December 2021			Shareholding			
Name	**Domicile**	**Business**	**%**	**Thousands of euros**	**Name**	**Audit**
Bulevar del Arte y la Cultura, S.A.	Valencia	Concession	33.34	467	Ortiz CYP	No Audited
Fortem Integral, S.L.	Madrid	Formation	51.32	51	Agricasa	No Audited
Viario A - 31, S.A.	Madrid	Concession	26	1,639	Ortiz CYP	Deloitte
Superficie Cartera de Inversiones, S.A.	Madrid	Real Estate	1	57	Ortiz CYP	PWC
Construcciones Inca-Ortiz, S.A.	Chile	Construction	50	1	Ortiz Sucursal Chile	No Audited
Ola Ortiz Construction, SPA	Argelia	Construction	49	543	Ortiz CYP	No Audited
OrtizCocomex, S.A.P.I. de C.V.	Mexico	Construction	50	1	Ortiz CYP	No Audited
Autopistas del Nordeste	Colombia	Construction	25	39	Ortiz CYP	PWC
Concesión del Sisga, S.A.S.	Colombia	Concession	25.01	11	Ortiz CYP	PWC
Promotora Hospitalaria TEPIC, S.A.P.I. de C.V.	Mexico	Concession	47.5	5,039	Ortiz CYP	Deloitte
Operadora Hospitalaria TEPIC, S.A.P.I. de C.V.	Mexico	Concession	47.5	-	Ortiz CYP	No Audited
El Arce de Villalba, S.L.U.	Madrid	Concession	43.19	7,385	GOP SOCIMI, S.A.	PWC
Ortega y Gasset Park, S.L.	Madrid	Real Estate	43.19	4,011	GOP SOCIMI, S.A.	PWC
Ortiz Sport Factory, S.L.U	Madrid	Real Estate	43.19	177	GOP SOCIMI, S.A.	PWC
Aldigavia, S.A.U.	Madrid	Real Estate	43.19	8,473	GOP SOCIMI, S.A.	PWC
Aldigavia Oficinas, S.L.U	Madrid	Real Estate	43.19	6,994	GOP SOCIMI, S.A.	PWC
Grupo Ortiz Properties, S.A.U.	Madrid	Real Estate	43.19	36,453	Ortiz CYP	PWC
Vending La Gavia, S.L.	Madrid	Real Estate	50	25	Agricasa	No Audited
Móstoles Factory 2019, S.L.	Madrid	Concession	50	1	Agricasa	No Audited
Alten Renewable Energy Investments, B.V.	Netherlands	Concession	22.74	867	Ortiz CYP	No Audited
Alten Energías Renovables, S.L.	Madrid	Energy	22.616	754	Alten Investments	PWC
Dumar Ingenieros, S.L.	Madrid	Energy	22.616	459	Alten Energ. Renov.	No Audited
Alten Renewable Energy Developments, B.V.	Netherlands	Energy	32.52	7,276	Ortiz CYP	No Audited
Alten RE Developments Iberia, S.A.	Madrid	Energy	32.52	1,888	Alten Developments	PWC
Alten Gestión de Proyectos, S.L.	Madrid	Energy	32.52	978	Alten Iberia	No Audited
Alten Renewable Energy Developments America, B.V.	Netherlands	Energy	6.50400	578	Alten Developments	Activa Accountants & Belastingadviseurs
Cubico Alten Aguascalientes 1, S.A.P.I. de C.V.	Mexico	Energy	1.9512	62	Alten Dev. América	PwC
Cubico Alten Aguascalientes 2, S.A.P.I. de C.V.	Mexico	Concession	1.9512	51	Alten Dev. América	PwC
Alten Renewable Energy Developments Africa, B.V.	Netherlands	Concession	16.5852	155	Alten Developments	Activa Accountants & Belastingadviseurs
Alten Solar Power (Hardap) (pty) Ltd	Namibia	Energy	8.4584	144	Alten Dev. Africa	PWC
Alten Kenya Solarfarms, B.V.	Kenya	Energy	14.0974	2,678	Alten Dev. Africa	No Audited
Alten Kenya Solarfarms 2, B.V.	Kenya	Energy	16.5852	-	Alten Dev. Africa	No Audited
Alten Management Africa, S.L.	España	Energy	16.5852	-	Alten Dev. Africa	No Audited
Alten Renewable Energy Developments America 3, B.V.	Netherlands	Energy	32.52	-	Alten Dev. América	No Audited
Alten Renewable Mexico 7 (Puebla)	Mexico	Energy	32.52	1	Alten Dev. América 3	No Audited
Autopistas del Caribe, S.A.S	Colombia	Energy	30	6,887	Ortiz CYP	No Audited
Total Associates				**94,545**		

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

APPENDIX II

31 December 2020			Shareholding			
Name	Domicile	Business	%	Thousands of euros	Name	Audit
Bulevar del Arte y la Cultura, S.A.	Valencia	Concession	33,34	467	Ortiz CyP	Not Audited
Fortem Integral, S.L.	Madrid	Formation	51,32	51	Agricasa	Not Audited
Viario A - 31, S.A.	Madrid	Concession	26	1,639	Ortiz CyP	Deloitte
Superficie Cartera de Inversiones, S.A.	Madrid	Real Estate	1	47	Ortiz CyP	PWC
Construcciones Inca-Ortiz, S.A.	Chile	Construction	50	1	Ortiz Sucursal Chile	Not Audited
SCPA Marabá	Brazil	Construction	25	400	Ortiz Brasil	Not Audited
Ola Ortiz Construction	Argelia	Construction	49	543	Ortiz CyP	Not Audited
OrtizCocomex, S.A.P.I. de C.V.	Mexico	Construction	50	1	Ortiz CyP	Not Audited
Autopistas del Nordeste	Colombia	Concession	25	39	Ortiz CyP	Deloitte
Concesión del Sisga, S.A.S.	Colombia	Concession	25,01	11	Ortiz CyP	EY
Promotora Hospitalaria TEPIC, S.A.P.I. de C.V.	Mexico	Concession	47,5	5,039	Ortiz CyP	Deloitte
Operadora Hospitalaria TEPIC, S.A.P.I. de C.V.	Mexico	Concession	47,5	-	Ortiz CyP	Not Audited
El Arce de Villalba, S.L.U.	Madrid	Real Estate	47,78	8,170	GOP SOCIMI, S.A.	PWC
Ortega y Gasset Park, S.L.	Madrid	Real Estate	47,78	4,437	GOP SOCIMI, S.A.	PWC
Ortiz Sport Factory, S.L.U	Madrid	Real Estate	47,78	196	GOP SOCIMI, S.A.	PWC
Aldigavia, S.A.U.	Madrid	Real Estate	47,78	9,373	GOP SOCIMI, S,A.	PWC
Aldigavia Oficinas, S.L.U	Madrid	Real Estate	47,78	7,737	GOP SOCIMI, S.A.	PWC
Grupo Ortiz Properties, S.A.U.	Madrid	Real Estate	47,78	42,346	Ortiz CYP	PWC
Vending La Gavia, S.L.	Madrid	Concession	50	25	Agricasa	Not Audited
Mostóles Factory 2019, S.L.	Madrid	Concession	50	1	Ortiz CyP	Not Audited
Alten Renewable Energy Investments, B.V.	Holland	Energy	22,74	867	Ortiz CyP	Not Audited
Alten Energías Renovables, S.L.	Madrid	Energy	22,616	754	Alten Investments	PWC
Dumar Ingenieros, S.L.	Madrid	Energy	22,616	459	Alten Energ. Renov.	Not Audited
Alten Renewable Energy Developments, B.V.	Holland	Energy	32,52	7,276	Ortiz CyP	Not Audited
Alten RE Developments Iberia, S.A.	Madrid	Energy	32,52	1,888	Alten Developments	PWC
Alten Gestión de Proyectos, S.L.	Madrid	Energy	32,52	978	Alten Iberia	Not Audited
Alten Renewable Energy Developments America, B.V.	Holland	Energy	6,50400	578	Alten Developments	Activa Accountants & Belastingadviseurs
Cubico Alten Aguascalientes 1, S.A.P.I. de C.V.	Mexico	Concession	1,9512	62	Alten Dev. America	PwC
Cubico Alten Aguascalientes 2, S.A.P.I. de C.V.	Mexico	Concession	1,9512	51	Alten Dev. America	PwC
Alten Renewable Energy Developments Africa, B.V.	Holland	Energy	16,5852	155	Alten Developments	Activa Accountants & Belastingadviseurs
Alten Solar Power (Hardap) (pty) Ltd	Namibia	Energy	8,4584	144	Alten Dev. Africa	PWC
Alten Kenya Solarfarms, B.V.	Kenya	Energy	14,0974	2,385	Alten Dev. Africa	Not Audited
Alten Kenya Solarfarms 2, B.V.	Kenya	Energy	16,5852	-	Alten Dev. Africa	Not Audited
Alten Management Africa, S.L.	Spain	Energy	16,5852	-	Alten Dev. Africa	Not Audited
Alten Renewable Energy Developments America 3, B.V.	Holland	Energy	32,52	-	Alten Dev. America	Not Audited
Alten Renewable Mexico 7 (Puebla)	Mexico	Energy	32,52	1	Alten Dev. America 3	Not Audited
Total associates				**96,121**		

GRUP ORTIZ

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

APPENDIX III

JOINT VENTURES

			Thousands of euros	
			2021	
ASTEISA, TRATAMIENTO DE AGUAS, S.A.U.	% Interest	Business	Revenues	Profit/(loss)
UTE ABASTECIMIENTO SEVILLA.	80%	Environmental	2,131	-
UTE BRETOÑA.	50%	Environmental	-	-
UTE CANTON CASA DE CAMPO.	50%	Environmental	1,301	(223)
UTE EDAR ARANJUEZ.	50%	Environmental	(9)	(11)
UTE EDAR EL PLANTIO	30%	Environmental	55	(8)
UTE EDAR MIRAFLORES.	50%	Environmental	-	3
UTE EDAR RIBADEO.	50%	Concession	136	(124)
UTE EDAR VEGA.	75%	Environmental	-	-
UTE EDAR VILLANUEVA.	50%	Environmental	327	-
UTE ETAP VALMAYOR.	80%	Environmental	-	-
UTE EXTRACO-ASTEISA.ARCADE.	50%	Environmental	164	(6)
UTE MOLAR SUR.	50%	Environmental	-	16
TOTAL			4,105	(353)

			Thousands of euros	
			2021	
CIA.INTNAL.CONSTRUCCION Y DISEÑO,S.A.U.	% Interest	Business	Revenues	Profit/(loss)
UTE ALCAZAR REAL	50%	Construction	291	-
UTE BIBLIOTECA BURGOS.	50%	Construction	-	-
UTE CASA ROMANA.	50%	Construction	-	-
UTE CERAMICA TRIANA.	100%	Construction	-	-
UTE CULTURA Y DEPORTE 2016.	50%	Construction	-	21
UTE DISTRITO SEDE PUENTE VALLECAS 2021	20%	Construction	32	-
UTE ESPACIOS PUBLICOS SAN BLAS	80%	Construction	368	-
UTE EMERGENCIAS Y BOMBEROS	80%	Construction	32	-
UTE JUEZ BORRULL	80%	Construction	619	-
UTE VIVIENDAS CALVIA	20%	Construction	188	(1)
TOTAL			1,530	20

			Thousands of euros	
			2021	
CONTRATAS Y SERVICIOS FERROVIARIOS,S.A.U.	% Interest	Business	Revenues	Profit/(loss)
UTE LA MEZQUITA.	25%	Construction	-	(5)
UTE MANTENIMIENTO L.A.V. MADRID-NORTE.	33%	Construction	3,841	(101)
UTE MANTENIMIENTO LOTE 2 NOROESTE.	25%	Construction	5,370	175
UTE MANTENIMIENTO OLMEDO PEDRALBA.	8%	Construction	378	(23)
UTE METRO MONTECARMELO.	30%	Construction	-	-
UTE MIV 2021 LOTE1	23%	Construction	246	(14)
UTE OLMEDO PEDRALBA.	8%	Construction	22	20
UTE RIV GIJON LAVIANA	30%	Construction	58	-
UTE TABOADELA.	50%	Construction	82	(11)
TOTAL			9,997	41

			Thousands of euros	
			2021	
IMPULSA GRUP ORTIZ, S.L.	% Interest	Business	Revenues	Profit/(loss)
UTE AULARI BELLVITGE.	45%	Construction	-	-
Total IMPULSA GRUP ORTIZ,S.L.			-	-

GRUPORTIZ

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

APPENDIX III

			Thousands of euros	
			2021	
ORTIZ CONSTRUCCIONES Y PROYECTOS,S.A.	% Interest	Business	Revenues	Profit/(loss)
UTE A11 QUINTANILLA-OLIVARES.	40%	Construction	3,252	(367)
UTE ABASTECIMIENTO SEVILLA.	20%	Environmental	533	-
UTE ACCESOS IBIZA.	50%	Construction	-	-
UTE ADECUACION VIALES LOTE 1	65%	Construction	827	(219)
UTE AFINO ETAP SANTILLANA.	50%	Construction	-	-
UTE ALCAZAR REAL	50%	Construction	291	-
UTE ALCOVER.	50%	Construction	804	891
UTE AULARI BELLVITGE.	20%	Construction	-	-
UTE AUTOVIA A-12.	34%	Construction	3,396	(2)
UTE AUTOVIA ARGAMASILLA.	40%	Construction	-	(9)
UTE BIBLIOTECA BURGOS.	50%	Construction	-	-
UTE CANTON CASA DE CAMPO.	50%	Environmental	1,301	(223)
UTE CANAL FILIPINAS	80%	Construction	4,177	29
UTE CARIÑENA.	80%	Construction	-	-
UTE CENTRO ACUATICO 2012.	20%	Construction	959	959
UTE CIE ALGECIRAS	50%	Construction	1,006	(160)
UTE CLINICA FUENSANTA.	50%	Construction	-	-
UTE CLINICO MADRID.	30%	Construction	-	(3)
UTE CONSERVACIÓN CUENCA.	50%	Construction	167	(70)
UTE CORREOS RAMPA 7 BARAJAS.	50%	Construction	5,259	554
UTE CULTURA Y DEPORTE 2016.	50%	Construction	-	21
UTE DISTRITO SEDE PUENTE VALLECAS 2021	80%	Construction	129	2
UTE DOS AGUAS.	50%	Construction	18	16
UTE EDAR EL PLANTÍO	40%	Construction	74	(11)
UTE EDAR RIBADEO.	50%	Construction	136	(124)
UTE EDAR VILLANUEVA.	50%	Environmental	327	-
UTE EDIFICIOS XATIVA.	20%	Environmental	128	(29)
UTE ELEJALDE.	40%	Energy	-	-
UTE EMERGENCIAS Y BOMBEROS	20%	Construction	8	-
UTE ESPACIOS PUBLICOS SAN BLAS	20%	Construction	92	-
UTE ETAP VALMAYOR.	20%	Environmental	-	-
UTE FRONTERA FRANCESA.	50%	Energy	-	-
UTE GESTION INTEGRAL VICALVARO.	50%	Construcción	-	-
UTE HOSPITAL ALBACETE.	38%	Construcción	-	-
UTE ILUMINACION EFICIENTE LED METRO MADRID.	45%	Energy	-	-
UTE JUEZ BORRULL	20%	Construcción	155	-
UTE LA MEZQUITA.	75%	Construcción	-	(14)
UTE LA PIZARRA.	80%	Construcción	-	-
UTE MANTENIMIENTO EMVS ORTIZ-FERNANDEZ MOLINA.	50%	Construcción	-	(1)
UTE METRO MONTECARMELO.	70%	Construcción	-	-
UTE MONTAJE CAJAL.	50%	Energy	-	-
UTE ORTIZ-SICE-ITUVAL GESTION ENERGETICA.	60%	Construction	-	-
UTE PARKING VILLALBA.	50%	Construcción	-	-
UTE PARQUE JUAN DE AUSTRIA.	20%	Environmental	-	-
UTE PARQUE MAGALLANES.	20%	Environmental	-	-
UTE PARQUE ROMA.	20%	Environmental	-	-
UTE PARQUES FORESTALES Y VIVEROS.	10%	Environmental	2,133	528
UTE PARQUES RED REGENERADORA.	20%	Environmental	104	(11)
UTE PLANTA EL MOLAR.	80%	Construction	-	-
UTE PLANTA RESIDUOS BADAJOZ.	20%	Construction	-	5

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

APPENDIX III

			Thousands of euros	
			2021	
ORTIZ CONSTRUCCIONES Y PROYECTOS,S.A.	% Interest	Business	Revenues	Profit/(loss)
UTE PLANTAS SOLARES AEROPUERTOS CANARIOS.	65%	Energy	219	66
UTE PLAZA MEXICO.	50%	Construction	-	-
UTE POLIDEPORTIVO COLMENAR.	55%	Construction	-	-
UTE REGADIO MONTERRUBIO.	60%	Construction	2,553	2
UTE RENOVACION RED CANAL LOTE 8	33%	Construction	-	-
UTE RUTA DE LA PLATA 2015.	50%	Construction	453	137
UTE RUTA DE LA PLATA 2021	20%	Construction	389	4
UTE SALAS.	50%	Construction	-	-
UTE SAN CRISTOBAL-GETAFE.	50%	Construction	326	152
UTE SAPLAYA.	20%	Construction	-	-
UTE SECTOR LA ESTACION.	55%	Construction	-	-
UTE SIMANCAS.	50%	Construction	-	-
UTE SOTANO TC.	50%	Construction	-	-
UTE TORIL.	60%	Construction	306	(24)
UTE TUNELES AV ZAMORA.	20%	Energy	-	-
UTE TUNELES NORTE.	50%	Energy	-	-
UTE URBANIZACION DISTRITO LOTE 2	70%	Construction	955	13
UTE VADO.	99,99%	Construction	-	-
UTE VILLENA CV81.	33,75%	Construction	1,167	(2)
UTE VIVIENDAS CALVIA	80%	Construction	752	(3)
UTE ZONAS VERDES MARBELLA.	20%	Environmental	416	45
Total ORTIZ CONSTRUCCIONES Y PROYECTOS,S.A.			**32,812**	**2,152**

Total			**62,047**	**4,141**

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2021

DIRECTORS' REPORT FOR 2021

GRUPORTIZ

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ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

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ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2021

1. BUSINESS DEVELOPMENT AND SITUATION OF THE COMPANY

GRUPO ORTIZ has turned 60 in 2021 and stands out for its diversification in business areas and global presence, for its economic-financial solvency, for its capacity and experience to develop large projects at a technical, financial, legal, design, maintenance and operation.

Regarding the evolution of the Group in 2021, we can highlight the following aspects:

- Grupo Ortiz is defined as a global infrastructure and energy concessionaire, in which 52.75% of the Group's Ebitda in 2021 comes from the concession area. This area constitutes the growth pillar of the Group, which has consolidated a business model from which it deals with large infrastructures with the participation of multilateral financing, financial entities and the public and private sectors.

- A concession business model in which Grupo Ortiz values all its knowledge and experience in engineering, execution, operation and maintenance of infrastructures, as well as in financial and legal structuring.

- Ortiz Group attained consolidated revenues of €478.09 million in 2021, and recorded a consolidated EBITDA of €47.45 million and the Group's EBITDA was €56.17 million. There was a 6% increase in revenue in 2021, while the Group's EBITDA grew by 109% compared to 2020. The concession area contributes 52.75% of the Group's EBITDA.

- The Group made advances with its digital transformation in 2021. The transformations carried out in this area in 2021 are affecting the processes in all of the Group's business areas and are reflected in all projects. Being a digitalised company allows all parties involved to have the necessary financial, technical and legal information at all times. The prior execution of virtual models allows exhaustive controls to be applied to costs and execution deadlines.

- Ortiz Group is on the right path to become a digital company and, therefore, sustainable.In 2021 Ortiz Group continued to maintain its firm commitment to Sustainability, which is present in all of its activities. Ortiz Group is firmly committed to people, the environment and the fight against climate change and attaining the Sustainable Development Goals (SDG) through all of its projects, particularly in those countries in which its business has a significant positive impact on the contribution to sustainable development.

By business areas, the 2021 financial year can be summarized as follows:

In the concession area, they stand out as milestones in the 2021 financial year:

- Signing of the financial closing for the Hospital de Bosa and the Energy transmission lines and substations in Barranquilla. We also note that the financing of the Hospital de Bosa is the first in Colombia to obtain the "Social Loan" certification by a public-private arrangement. The recognition was granted by Vigeo – V.E-, which pertains to the rating agency Moody's ESG Solutions.

- Sale to COFIDES of 45% of Bosa and 20% of Barranquilla. COFIDES committed a further €25.5 million investment in those two sales. The total investment commitment made by COFIDES for Ortiz Group's concessions in Colombia amount to €56.5 million (Conexión Norte, Sisga, Bosa and Barranquilla).

- The "Ruta Caribe" contract was also awarded and signed and it is the Group's fifth concession in Colombia.

- Entry into operation of 100% of the services at the Tepic General Hospital in Mexico.

- An agreement was reached in 2021 with the Government of the Balearic Islands regarding compensation for the decline in traffic on the Ibiza access highways, the solar plant Alten El Casar was refinanced to reduce the interest rate, La Gavia Factory (a new sports centre in Madrid) started operations and 100% of the Ribadeo EDAR was acquired through a buyout of the 50% held by the Group's partner.

In the energy area, Ortiz Group has consolidated as a global photovoltaic energy, solar operation and maintenance, transmission line and substation specialist. In 2021 650 MW of solar plants were executed in various countries.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

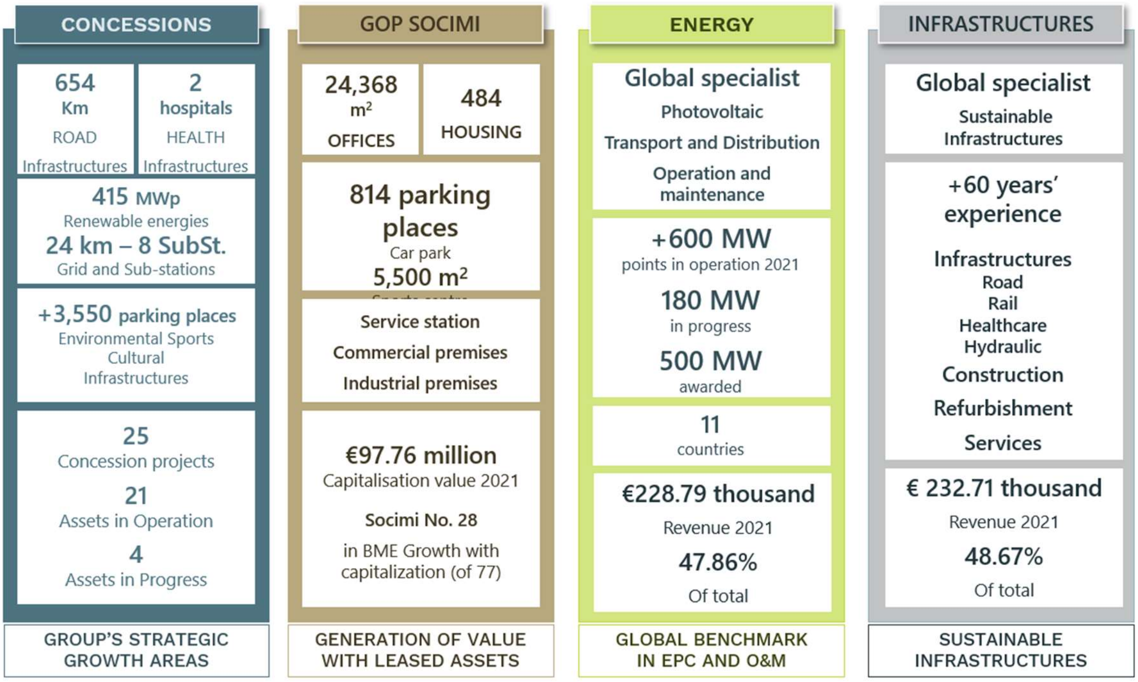
CONSOLIDATED DIRECTORS' REPORT FOR 2021

Ortiz Group operates globally and during 2021 it was awarded a 300 MW solar project in Texas, United States. It is the Group's first project in that country and has given rise to great expectations in that important market. Ortiz Group is thus implementing its business in the United States.

Within the Group's traditional area of infrastructures, Ortiz Group is using its more than 60 years of experience to sustainable infrastructures, buildings and rehabilitations, as well as the services associated with infrastructures in Spain, Colombia and Panama, etc.

In the property area, it focuses mainly on the Socimi Grupo Ortiz Properties. The Socimi has assets valued at €196.15 million at the last appraisal. These are rental assets -homes, offices, parking, service station, etc.-, which at the end of 2021 had a capitalization value of €97.76 million. It is a Socimi focused on maximizing shareholder returns and that distributed a 5% annual return that is distributed quarterly via cash to all its shareholders in 2021

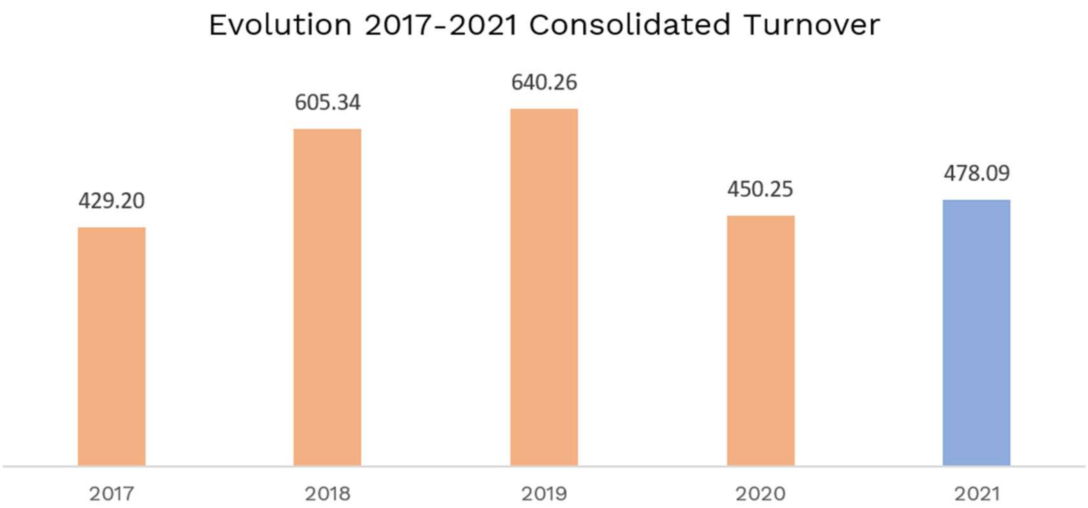
Attached below is an explanatory chart of the Group's business areas:



Grupo Ortiz is one of the main Spanish companies in the concession, energy and infrastructure sectors. With a global presence since 2010, it executes, operates and bids for concessions of basic services (roads, sanitation, energy) with multilateral financing in emerging countries. At the same time, it intervenes in the execution of energy infrastructure investments for different clients around the world -Japan, Mexico, Chile, Honduras, El Salvador, Peru, France and Italy and hospital infrastructures in Bolivia.

Today it has a global geographic presence with projects in 13 countries and a stable presence in Spain, Colombia, Mexico, Panama, Japan and from 2021 in the United States.

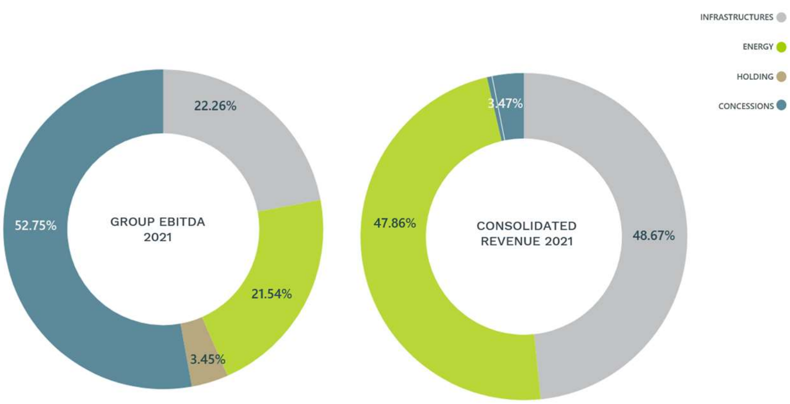
Below is a graph of the evolution of the Consolidated Group from 2017 to 2021:



The breakdown of the turnover and EBITDA 2021 by business area is detailed below:

BUSINESS AREA	CONSOLIDATED REVENUE	EBITDA GROUP
INFRASTRUCTURES	232.71	12.50
ENERGY	228.79	12.10
CONCESSIONS HELD BY SUBSIDIARIES	16.58	22.85
TOTAL CONSOLIDATED	478.09	47.45
CONCESSIONS NOT CONSOLIDATED (DIVIDENDS+INTERESTS+SALES)		6.78
SOCIMI (DIVIDENDS + INTEREST)		1.94
TOTAL GROUP	478.09	56.17

The following graphs show the weight of each of the areas in terms of consolidated turnover and generation of Group EBITDA:



Consolidated revenue amounted to €478.09 million and 48.67% originates from the infrastructure area (€232.72 million) and 47.86% originates from the energy area (€228.79 million). These are the production areas of Ortiz Group in which it leverages its experience as a global specialist in solar, energy transmission and distribution and the operation and maintenance of solar plants. The Group has more than 60 years of experience with road, rail, health and environmental infrastructures, as well as construction and rehabilitation.

The concession area provides 48% of consolidated EBITDA, and 52.75% of the Group’s EBITDA, which reveals the importance of the concession area in terms of generating profits for Ortiz Group.

Concessions and GOP Socimi make up the scope of unconsolidated businesses.

Ortiz Group has 24 concession assets in Spain, Italy, Mexico and Colombia, of which 20 are in operation and 4 are being executed.

We note the following operating concessions:

- 3 roadway concessions in Spain and Colombia (225 km in total):
  - Sisga Transversal Roadway in Colombia, 137 km.
  - Ibiza highway accesses, 7.1 km.
  - A-31 highway concession, 111 km.

- 1 hospital concession in Mexico:
  - Hospital Tepic, with 150 beds and in operation since 2019.

- 3 solar energy concessions in Spain and Italy:
  - Alten El Casar solar plant (Guadalajara, Spain), 13 MW.
  - Málaga solar plant, 1MW.
  - Medsolar solar plant (Italy), 1 MW.

- 7 parking facilities in Spain:
  - Parking Collado Villalba, with 1,023 spaces.
  - Parking GO Barajas, with 661 spaces.
  - Parking Zamora, with 538 spaces
  - Four resident parking facilities with 1,328 spaces in total:

- 3 energy efficiency concessions in Spain, with more than 3,000 lighting fixtures in total, in the municipalities of Moclín, Humanes de Madrid and Valle de Zalabi.

- 1 sport infrastructure concession
  - La Gavia Factory gym, with more than 3,500 members.

- 1 cultural infrastructure concession:
  - Art and Culture Boulevard in Valencia, with more than 25,000 m2 of facilities

- 1 Environmental infrastructure concession:
  - Ribadeo water treatment plant in Lugo, with a capacity of 2.7 million m3 per year.

<u>The concession assets being executed are as follows:</u>

- 1 hospital concession in Colombia:
  - Hospital de Bosa in Bogota, with 215 beds and being executed since September 2021.

- 1 energy transmission and distribution concession in Colombia:
  - Lines and substations in Barranquilla, with 24 km of lines and 8 substations. This is the first energy transmission and distribution concession and has been being executed since December 2021.

- 2 roadway concessions in Colombia (398 km in total):
  - "Conexión del Norte" roadway, 145 km.
  - Ruta del Caribe" Roadway

As a relevant data point regarding the importance of the concession area, we note that the total investment in these assets exceeds €1,000 million, which will rise to nearly €2,000 million in the coming years. Ortiz's portion of the investment is €370.44 million and that figure will increase to €675 million in the next few years.

These Concession Assets have reached revenues of €64.20 M and an EBITDA of €41.37 in 2021 and have generated for the Group, in 2021, an additional EBITDA to the consolidated amount of €6.78 M due to dividends and interest on the subordinated debt. .

Adding to that amount the EBITDA generated by GOP SOCIMI (€1.94 million), the Group's total EBITDA is €56.17 million, 109% more than in 2020.

As a result of the Group's policy of rotating assets, in 2021 investments amounting to €24.9 million were made in concession assets and divestments totalled €15.9 million, primarily due to the entry of COFIDES into the concession companies Hospital de Bosa and Energía Barranquilla, both in Colombia

As a consequence of using the equity method to consolidate the associated companies, the EBITDAS and the Invoicing of the concessionaire companies and of the company Grupo Ortiz Properties Socimi are not reflected in the annual accounts of the Consolidated.

For a better understanding of Grupo Ortiz's concession assets and the EBITDA it contributes to the Group, we attach the following explanatory graph:

Figures in million euro

REVENUE AND EBITDA CONCESSION AREA NOT CONSOLIDATED 2021	REVENUE % ORTIZ	EBITDA % ORTIZ	GENERATION OF GROUP EBITDA 2021: DIVIDENDS AND INTEREST SUBORDINATED DEBT
CONCESSIONS IN OPERATION	35.90	22.78	5.48
Hospital Tepic (MX)	7.67	3.04	1.82
Operator Hospital Tepic (MX)	3.66	1.43	0.85
Intersection Sisga (COL)	12.53	9.00	1.64
Medsolar (IT)	0.22	0.16	-
Mostoles Factory	0.47	-0.05	-
Ibiza toll road	4.94	4.34	0.03
A-31 highway	4.06	3.32	0.51
Bulevar Arte y Cultura BAC	0.92	0.40	0.15
Brot Cultural	0.22	0.10	-
Photovoltaic plant El Casar	1.21	1.04	0.48
CONCESSIONS IN PROGRESS	28.30	18.59	1.30
North Ring Road (COL)	23.72	8.79	1.19
Caribbean Highway (COL)	0.56	0.05	0.01
Energy Barranquilla (COL)	-	8.22	0.03
Hospital Bosa (COL)	4.02	1.53	0.07
TOTAL CONCESSIONS NOT CONSOLIDATED	64.20	41.37	6.78

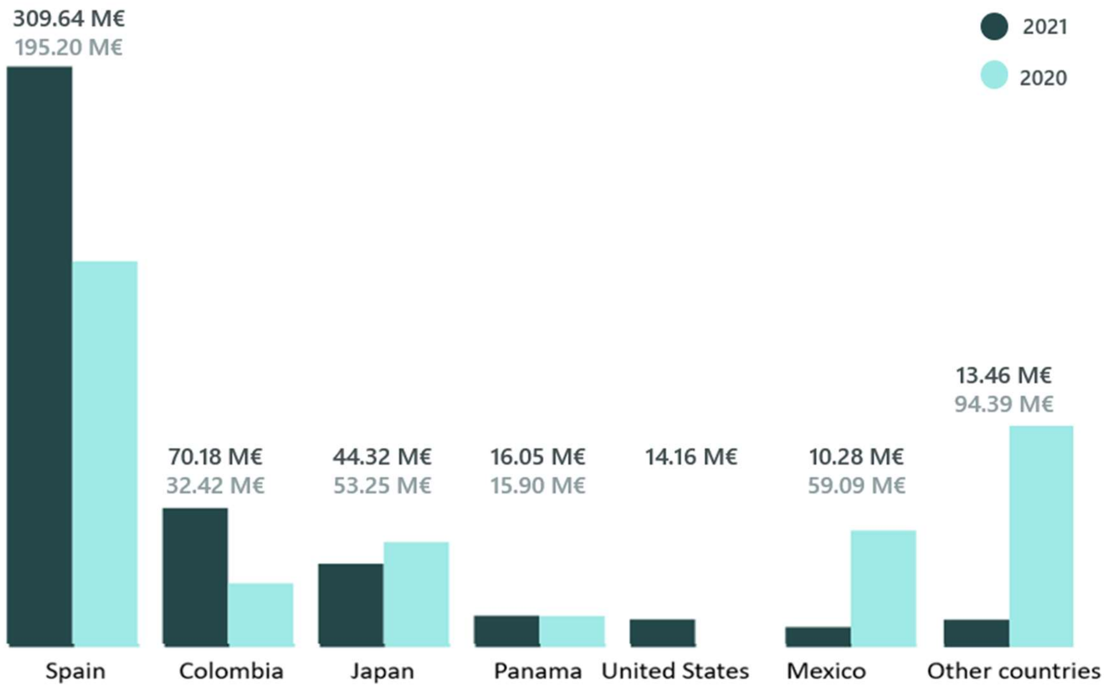
2. GRUPO ORTIZ AROUND THE WORLD

Ortiz Group has had an international presence since 2010 and it operates in 13 countries on 3 continents (Europe, America and Asia).

The Group is present in Spain, Colombia, Mexico, Panama, Japan and, since 2021 the United States. It also executes energy or infrastructure projects in Chile, Bolivia, Peru, France, Italy, El Salvador and Honduras.

A very important milestone was reached in 2021, consisting of the signing of a 300MW solar plant in Texas, United States. This is a very important step for the Group's international growth and opens great possibilities for development in a country as important as the United States.

An illustration and a table are presented below that show the business figures by country:

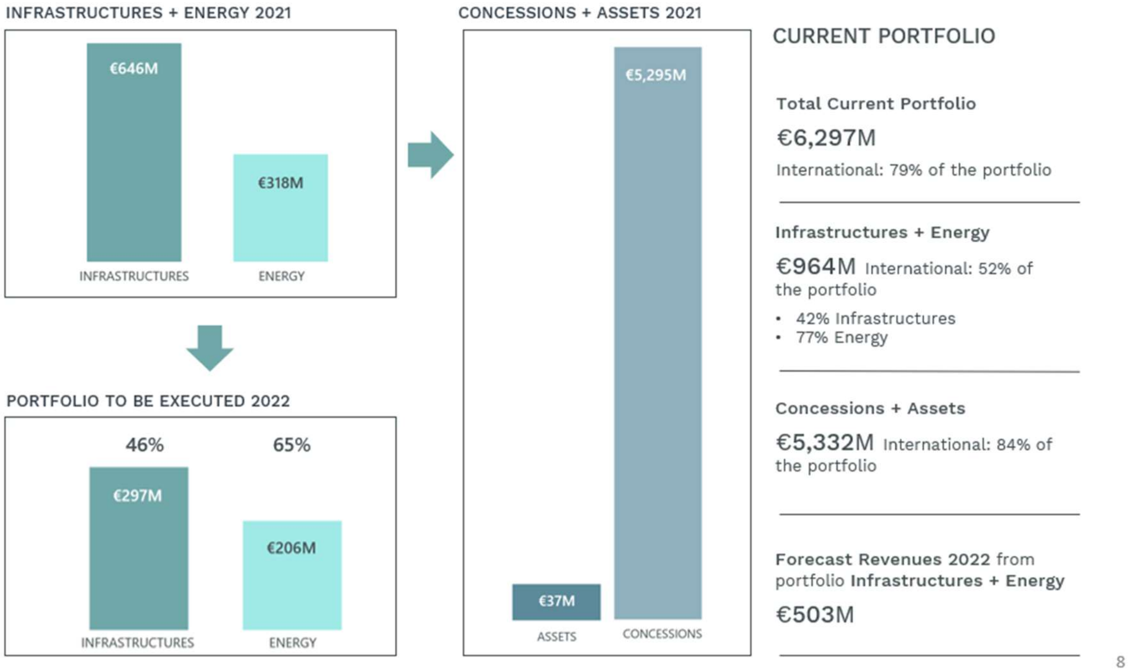


COUNTRY	BUSINESS AREAS	2021	2020
Spain	Concessions, Energy, Infrastructures, Property	309.64	195.20
Colombia	Concessions, Energy, Infrastructures	70.18	32.42
Japan	Energy	44.32	53.25
Panama	Infrastructures	16.05	15.90
United States	Energy	14.16	0.00
Mexico	Concessions, Energy	10.28	59.09
Other Countries	Energy, Infrastructures	13.46	94.39
Total Group		**478.09**	**450.25**

3. CURRENT PORTFOLIO

The current contracted portfolio pending execution of Ortiz amounts to almost €6,297 million,

The contracted portfolio mainly focuses on the Concession, Energy EPCs and International Infrastructure areas.



The Concession portfolio totals €5,332 million. International businesses make up 84% of that portfolio.

The Group's portfolio has five concessions in Colombia, Conexión Norte, Trasversal del Sisga (Bogotá), and the Private Initiative Caribbean Route. The recently awarded concessions for the Bosa Hospital in Bogota, Lines and Substations in Barranquilla awarded at the start of 2020. The first international hospital concession, Tepic Hospital in Mexico, started operations in 2020.

The Energy portfolio totals €318 million, 77% of which relates to international projects. We note the increase in the portfolio of national photovoltaic projects.It is important to note that a new venue in United States (photovoltaic project) has been started.

Grupo Ortiz has a highly diversified portfolio both geographically and by business area, which a high growth potential.

International projects make up 79% of the total portfolio. It should be noted that the internationalization of this portfolio in the concessions area makes up 84% of this portfolio energy areas is 77% and 42% in the construction area.

The portfolio to be executed in 2022 in the Infrastructure and Energy business areas, which totals €503 million, which represents 83% of the expected turnover (€605 million) for the 2022 financial year.

4. FINANCING AND DEBT

In 2021 we remain faithful to our commitment to reduce Grupo Ortiz's debt.

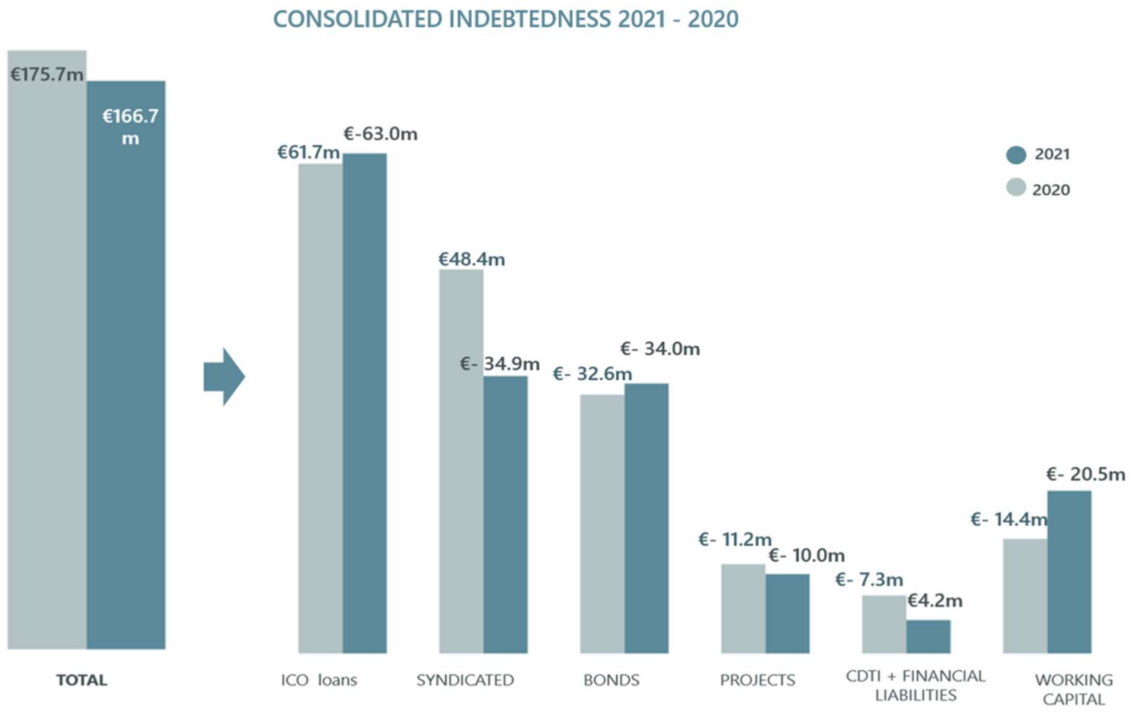
We have ended this year reducing the Indebtedness by an amount of -9.03 M€ in absolute value, which percentage-wise represents a reduction of -5.14% of the total gross debt with recourse.

Likewise, we have reduced the net financial debt by €12.99 million in absolute value, which represents a reduction of -9.87% in percentage terms.

It is important to highlight the option of increasing the term of the ICO COVID19 loans, opting for the most efficient for the Group and which means transferring the final maturity to 6 years from signing.

In this way, with this new financial structure design, we achieve that debt repayments in the following years are more homogeneous. During the 2021 financial year, debt amortization was €21.43 M.

We attach the graph of the consolidated indebtedness and the availability of current assets in 2021:



Attached below is an explanatory table of compliance with ratios of the Syndicate and Bond Issue in 2021:

2021 RATIO COMPLIANCE		
NFD/ EBITDA RATIO (ONLY WITH RECOURSE DEBT)	2.11	≤ 2.25
NFD + INDIRECT DEBT /INDIRECT EBITDA	2.09	≤ 3.25
EBITDA / NET FINANCIAL EXPENSE RATIO	11.42	≥ 3.25

5. DIGITALIZATION

During 2021, Ortiz Group has deepened its digital transformation, which is essentially intended to achieve greater efficiency in all of the Company's processes.

The strategic lines of the Group's digital transformation are as follows:

Culture of organisational change:

- This culture of change is being led by the Company's senior management.
- Continuing training that allows employees to increase their capacities.
- Collaboration agreements with specialised companies to accelerate the change process.
- Updating of the Company's systems structure (hardware and software).

Overall approach:

- Gradual increase in the number of projects being digitalised.
- Analysis and optimisation of all corporate processes.
- Transversal application of digital tools (BIM model BIM, ERP Navision).

Adoption of digital tools and innovation:

- Building Information Modelling: BIM 4D and 5D.
- Collaborative data environments and multi-disciplinary teams.
- Digital approval flows.
- Digitalisation of sustainability indicators.
- Data governance -ERP Navision.
- Mobile environmental management and occupational risk prevention applications, data regarding project execution progress, traceability of materials, etc.

During 2021 the management systems in all areas of the Group were digitalised and the BIM 4D and 5D model has been adopted for all projects. This model allows projects to be virtually developed, the construction process to be analyzed and informed decisions can be made in advance. This all allows for the assurance of costs, deadlines and quality when executing projects.

Examples of relevant projects that are already using the BIMSD model include the following:

- Hospital de Bosa in Colombia.
- Energy transmission and distribution in Barranquilla, Colombia.
- Ruta Caribe, Colombia.
- 7V Texas solar plant, United States.
- EDAR El Plantio, Spain.
- A-11 Highway.

6. SUSTANABILITY

Ortiz Group is firmly committed to the Sustainabillity, which is present in all activities carried out. Ortiz Group is also firmly committed to attaining the Sustainable Development Goals (SDG) through all of its projects, particularly in those countries in which its business has a significant positive impact on the contribution to sustainable development at both the local and regional level.

This commitment to Sustainability can be summarised as follows:

Commitment to people,

- Job creation (77% under permanent contracts).
- Respect of Human Rights
- Care for the safety and health of employees and continuous training of employees (more than 18,200 hours in 2021, particularly in areas such as digitalisation or compliance).
- Volunteering actions in communities where we operate.

Commitment to talent.

- Socio-environmental plans in various projects.
- Innovation and digitalisation.
- Circular economy, which in 2021 allowed us to monetize 98% of our waste.

Fight against climate change

- During 2021 we prevented the emission of 19,412 tonnes of CO2.
- Production of 56.700 MWh of renewable energies, equivalent to the energy consumed by 16,256 households.
- We note that the sustainability indicators have been digitalised, which allows the data to be optimised.

Sustainable investments in impact projects, notably including:

- Hospital Tepic Mexico The hospital has 150 beds, 35 examination rooms, 7 surgical rooms and covers 31 specialities. It has been in operation since April 2020. During the pandemic it attended to Covid patients and represents a significant improvement to health care in the Mexican State of Nayarit.

- Hospital de Bosa in Bogota, Colombia. Under construction since September 2021, it will enter into operation in 2023. The hospital will offer out-patient and in-patient hospital of medium and high complexity and will provide 215 beds to the public network. It will be the hospital that focuses on chronic adult payments, with the diagnosis and treatment of chronic kidney illnesses, pulmonary obstruction, cardiovascular illnesses and the early detection of cancer, among other things. The project will form part of the Southwest Subnetwork in Bogota, and serve 4 areas – Kennedy, Fontibon, Puente Aranda y Bosa-.

  During its construction social actions are being carried out in the community around the hospital, such as the delivery of school materials, toys and food for particularly vulnerable children, support of the City of Bogotá with social actions involving the homeless and safe mobility training at primary and secondary schools.

  Transversal del Sisga Roadway. A 137 road that is already in operation and substantially improved conditions for the population in terms of mobility, time and safety when travelling. This all results in an improvement in quality of life and in thje economy of the populations in the Centre and Llanos Orientales areas of Colombia. It also created nearly 6,000 direct jobs.

- Energy transmission and distribution in Barranquilla, Colombia. This package of improvements, which was awarded within the framework of the Caribbean Plan 5, seeks to fulfil the growing energy needs of the new residential and commercial areas -Barranquilla is the fourth most populated city in Colombia- as well as to eliminate voltage, fluctuation and restriction problems.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2021

7. CONCESSIONS AREA

Ortiz Group has experience with concession assets in the fields of renewable energies, transportation infrastructure, healthcare infrastructure, parking facilities, the environment, cultural centres and sports facilities, either directly or through its interests in subsidiaries and associates

As a summary of the Concessions Area, the following explanatory table of the concessions in operation and in execution is added:

1 CONCESSIONS IN OPERATION	
1	**Hospital de Tepic concession, Mexico.** Contract start date: 2017. 150 beds
2	**Sisga Intersection concession, Colombia** Contract start date: 2015. Length: 137 km
3	**Ibiza Toll Road Access Concession, Spain.** Contract start date: 2005. Length: 7.1 km
4	**A-31 Concession, Spain.** Contract start date: Length: 11 km
5	**Collado Villalba car park concession, Spain.** Contract start date: 2006. 1,023 parking spaces
6	**GO Barajas car park concession, Spain.** Contract start date: 2006. 670 parking spaces
7	**5 Car Park Concessions: Zamora + 4 in Madrid, Spain.** Contract start date 2007 - 2009. Total 1,864 parking spaces
8	**Photovoltaic Plant concession, Alten El Casar, Spain.** Contract start date: 2019. Power: 13MW
9	**Photovoltaic Plant concession, Malaga, Spain.** Contract start date: 2008. Power: 1MW
10	**Concession Photovoltaic Plant, Medsolar, Italy.** Contract start date: 2008. Power: 1MW
11	**3 Energy efficiency concessions, Spain.** Contract start date 2011 - 2012. +3,000 lamps
12	**Gymnasium La Gavia Factory concession, Spain.** Contract start date 2021. +3,500 members
13	**Bulevar Arte y Cultura (BAC) concession, Valencia, Spain.** Contract start date 2009. Area: 25,000 m^2
14	**Treatment Plant concession in Lugo, Spain.** Contract start date 2008. Treatment capacity: 2.7 million m^3 a year

2 CONCESSIONS IN PROGRESS	
1	**North Ring Road concession, Colombia** Contract start date: 2014. Length: 145 km
2	**Hospital Bosa concession, Bogota, Colombia.** Contract start date 2019. 215 beds
3	**Grid and Substations concession in Barranquilla, Colombia.** Contract start date 2020. Grid and substations: 24Km grid and 8 Substations
4	**Caribbean Road concession, Colombia** Contract start date 2021. Length: 253 km

The most significant concessions by country are as follows:

Colombia

The main concession investment focus of Grupo Ortiz is located in this country.

The group has 5 concessions in Colombia, a country in which it obtained its first international concession in 2014 (the 4G Conexión Norte highway), which was followed in 2015 by the 4G Transversal del Sisga highway, both with the National Infrastructure Agency (ANI), and in 2020 the Bosa Hospital in Bogotá and Transmission Lines and Substations in Barranquilla, dependent on the Mining and Energy Planning Unit of Colombia. In these four projects, it also has COFIDES as a partner.

In 2021, the contract for the fifth concession, the private initiative Ruta del Caribe, has been signed.

Colombia is, therefore, the great bet of Grupo Ortiz in terms of investment in concession assets throughout the world.

Transversal del Sisga

SPV: Concesión Transversal del Sisga S.A.S.

The roadway is 98% delivered and in operation and 100% will be achieved during the first few months of 2022.

A refinancing process started in 2020 that is expected to be completed during the first half of 2021.

50% of the SPV is distributed between Ortiz with 25.01% and COFIDES with 24.99%.

The latter is a strategic investing partner of Ortiz in its international portfolio since 2016.

Length: 137 km (100% rehabilitation) between Cundinamarca, Boyacá and Casanare, (Sisga–Guateque–San Luis de Gaceno–Aguaclara).

The investment totals €190 million and it is financed through leveraging: 65%.

Grupo Ortiz's equity amounts to €15 million, of which 1000% has been paid in.

Concession Term: 29 years (up to 2044) in the SPV's projected revenue: €1,470 million.
Availability payments + Traffic guaranteed by the State (70%), direct toll (30%).

Conexión Norte

SPV: Autopistas de Nordeste, S.A.S.

Functional Unit 2 (UF2) of the highway has been in operation since the year, and Functional Unit 1 (UFI) will be completed in the first half of 2022

Length: 145 km (63 km of new works and 82 km of rehabilitation), in Antioquia (Remedios–Zaragoza –Caucasia). Execution Term: February 2016 - January 2021, currently being executed.

Concession term: 2015 – 2043

The Investment totals €572 million. Bank financing totals €415 million, obtained in 2016 with leveraging of: 75% / 25%.

The capital and reserves at the SPV: €157 million.

In this proyect COFIDES holds 4.2% of the SPV, thus reducing Ortiz's interest and its equity contribution commitment.

The capital and reserves to be provided by ORTIZ amount to € 21 million, 85% of which is already paid in.

Projected income SPV: €2,830 million. Availability payments + Traffic guaranteed by the State (90%), direct toll (10%).

Hospital de Bosa

SPV: Promotora Hospital de Bosa S.A.S.

At the end of December 2019 the District Health Secretariat (SDS – Fondo Financiero Distrital de Salud) awarded this concession and in February 2020 the concession agreement was signed.

In 2021, the construction phase begins (advance the contractual term by 3 months), the Financial Closing is signed and the sale to COFIDES of 45% of the SPV takes place.

The Project consists of the design, financing, construction, equipping, replacement, maintenance and reversal of the equipment and the hospital infrastructure at Hospital de Bosa.

The first health sector project to be executed under a Public-Private Association (APP) in Colombia.

The Project will be developed through an EPC full back-to-back contract developed by the Project's Sponsors, turnkey, fixed term and fixed overall amount.

The project will be developed under a "grey-green robe" arrangement (design, construction, equipping, maintenance and operation of the infrastructure) thereby guaranteeing the adequate rendering of health services in the southeast of the city of Bogotá.

The investment totals €76 million, which will be financed 75% through bank borrowings from several financial institutions and 25% through equity

Concession term: 18 months starting in 2020

Project revenue:

- Future instalments 1 denominated in COP and indexed to inflation
- Trade revenue denominated in COP

Services to be rendered:

- Maintenance of works and Hospital Equipment
- Administration and Management of Hospital Equipment
- Submit LEED certification
- Operational Control Center (CCO)
- Cleaning and Disinfection, Management of Hazardous and Non-Hazardous Waste
- Security and Surveillance
- Maintenance of Computer Equipment and Telecommunications
- Training of health subnetwork personnel for the use of hospital equipment
- Total beds: 215

Transmission lines and substations in Barranquilla

SPV: Energías de Colombia E.S.P. S.A.S.

Awarded in January 2020 by CREG, an agency belonging to the Ministry of Energy and Mines.

In 2021 the construction phase begins, the Financial Closing is signed and the sale to COFIDES of 20% of the SPV takes place.

The investment amount is €143 M, which has been financed 80% with Bank Debt (Itau, Davivienda and Banco Santander) and 20% with Equity.

Main characteristics of the Project:

- 8 substations (2 new and 6 existing)
- 24 km of high voltage lines, most of the underground lines
- Acquisition of a site for the new Stadium substation

Services:

- O&M of the construction works
- Substation Maintenance

Autopista del Caribe

SPV: Autopistas de Caribe, S.A.S.

Grupo Ortiz participates in the strategic project for Colombia, which improves the connection between Cartagena and Barranquilla, and will represent an increase competitiveness due to the connection between production centres and the port area.

This is Ortiz's fifth concession in Colombia and the second private initiative that has been successfully completed (after the Tepic Hospital in Mexico).

Awarded in July 2021 and the concession agreement was signed with ANI in September.

The O&M work has commenced and design work has also started.

At the end of 2022 the financial closing is expected to be signed and then the work will commence.

Length: 474 km Cartagena – Barranquilla (dual carriageway and remodelling).

Concession Term: 2021 – 2053 Investment: €832 million Need for outside funding: €465 million (investment – net income during the construction phase).

The capital and reserves at the SPV: €167 million and the capital and reserves projected by ORTIZ: €50 million Foreseen income SPV: €6,350 million, 100% direct toll (pre-existing). The traffic volume is already highly consolidated.

Mexico

In this country Ortiz Group obtained its first hospital concession, Hospital Tepic. That hospital entered into operation on 15 April 2020 and that date was brought forward by more than one month compared to the initial planned date as a result of the global COVID-19 pandemic.

Hopistal Tepic in Nayarit, Mexico

Concession SPV: Promotora Hospitalaria Tepic S.A.P.I.

Concession SPV: Operadora Hospitalaria Tepic S.A.P.I.

In 2020 the Hospital entered into operations, in advance of the contractual date by one month.

The transaction took place through another Special Purpose Vehicle (OHT) created by the same partners and with the same percentages as the Concession Company.

The project was awarded in 2017 and includes the design, construction, equipping and rendering of complementary services over 23 years.

This project is an important milestone for the Concessions area because not only is it the first concession in the health sector, but it is also the first successful completion of a private initiative by Ortiz that was presented in 2015.

The General Hospital in Tepic, is located in the State of Nayarit and provide service to the National Social Security Institute for State Workers (ISSSTE).

It will have 200 beds (150 active ones), 35 doctors' offices, 7 operating rooms, 31 speciality offices of second and third level of care, 6 diagnostic rooms, 8 treatment rooms and 11 haemodialysis machines, among others. The building has obtained LEED certification.

The health services include: Sterilisation, Haemodialysis, Laboratory, Blood Bank, Pharmacy, as well as the Complementary Food Services, Uniforms, Maintenance of Medical Equipment, Surveillance, Cleaning, Mail, Storage, and Telecommunications, Medical Gases and Integral Facility Maintenance.

Total Investment €70 M / EPC €50 M / Own Funds contributed by Grupo Ortiz €7 M.

Italy

The Group has the 1 MW Medsolar photovoltaic plant. The construction of Said plant finished in 2010 and it has been operative since 2011.

Spain

In 2021 it is worth highlighting:

- Return of revenue from concession assets to pre-Covid levels.
- Opening of a new gym in Madrid in the "Ensanche de Vallecas" neighbourhood in 2021 that currently has more than 3,500 members.
- Purchase of 50% of the EDAR in Ribadeo from the other shareholder, and therefore Ortiz now owns 100%.

Ortiz. It has more than 20 contracts in operation.

Transport concessions:

2 highways: Accesos de Ibiza (7.1 km) and Viario A-31 (111 km).

Ibiza access roads

Concession contract for public works for the construction, maintenance and operation of the new access road to the Ibiza airport. In total is measured 7.1 km in each direction.

The concession is for 25 years after the contract date (2005). Launched in 2008, the concession is expected to end on 27 July 2030.

The concession receives its revenue from the Balearic Island government though a shadow toll for each vehicle that uses the roadway.

In 2019 (before the mobility restrictions established due to the COVID-19 pandemic) there were approximately 65 million trips made. As a result of the mobility restrictions in place during 2020, traffic fell by 42% and, therefore, the concession was received €2.3 million in compensation from the Government of the Balearic Islands.

Roadway traffic has clearly recovered since mid-2021 and at the end of the year it equalled 2019 levels. Traffic data and revenue during the first few weeks in 2022 show growth compared to 2019 that exceeded 5%.

A-31 Highway

Public works concession contract for the maintenance and operation of the Bonete-Alicante stretch of the A-31 highway. The stretch measures 111 km in each direction.

The term of the contract is 19 years as from the date the contract was signed (2007). Launched in 2008, the concession is expected to end in 2026.

The concession receives its revenue from the Ministry of Development though a shadow toll for each vehicle that uses the roadway.

Road traffic has increased by 25% in 2021 compared to 2020, being already very close to the levels of the pre-covid stage.

Revenues, as well as traffic, have also increased by 25% in 2021 compared to to 2020

Energy Concessions:

2 photovoltaic plants: Alten El Casar (13 Mw) and University of Malaga (1 Mw)
3 energy efficiency of public lighting: Municipalities of Humanes de Madrid, Moclín and Valle de Zalabi.

Alten El Casar

Photovoltaic plant located in Guadalajara (Spain) with a capacity of 13 Mwp.

Construction was completed at the end of 2019, when operations started under the Specific compensation system.

We note the following milestones during 2021.

Production increased by 4.40% (2021: 24,580 Mwh / 2020: 23,543 Mwh)

Average 227.65% increase in Pool Prices (Actual 2021: €111.4 / Mwh / 2020: €34.0 / Mwh) (YTD)

The above gave rise to a 219.74% increase in revenue (2021: €2.43 million / 2020: €0.76 million)

In 2021 bank borrowings were also refinanced, reducing the interest rate from 3.5% to 2.75%.

University of Malaga

Photovoltaic plant located on the roofs of the Industrial School buildings and the Polytechnic School at the University of Malaga with a capacity of 1 MWp.

The concession agreement has a term of 25 years and covers the preparation of the project, installation, maintenance and operation of the photovoltaic system since 2008.

A large investment was made in 2021 in the repair and launch of the plant that resulted in a very significant increase in production.

Energy efficiency:

Ortiz Group fulfils 3 public lighting energy efficiency contracts in Humanes de Madrid, Moclín (Granada) and Valle de Zalabi (Granada) involving more than 3,000 lighting fixtures.

Parking Concessions:

7 Parkings, with a total of 3,550 spaces.

Parking Collado Villalba.

Concession agreement for the construction, maintenance and operation of an underground parking facility under Honorio Lozano street in Collado Villalba and the operation of the parking facility at the Municipal Library Miguel Hernández, also in Collado Villalba (Madrid). 1023 parking lots in total.

The concession company receives compensation through collecting amounts from the users of the parking facility for daily and monthly fees, plus an annual fee from the municipality payable during 40 years.

Daily use fees increased by 14% between 2020 and 2021 and pre-covid levels are expected to be attained in 2022.

GO Barajas

These facilities, with 450 and 211 parking spaces, respectively, are located at the Madrid International Airport - Barajas Adolfo Suárez. It entered into operation in January 2019.

The 211-space parking facility is leased to a car rental company since 30 October 2019, which generates recurring income. The other 450 spaces are for airport users and in 2021 full occupancy was attained.

Pandemic restrictions are progressively being reduced and airport traffic is recovering notably. This caused revenue to increase by 74% in 2021 compared to 2020 and we expect revenue to increase by an additional 25% in 2022.

Parking Reyes Católicos in Zamora

Concession agreement for the construction, maintenance and operation of a 538 space parking facility in Zamora.

Daily and monthly use fee parking facility

We currently have 390 monthly subscribers and annual revenue in 2021 increased by 13%.

Daily use increased by 6% in 2021 compared to 2020 but pre-pandemic (2019) levels have not yet been recovered.

Resident Parkings in Madridd (PAR)

These are 4 concession contracts with the Madrid City Council.

All in operation since 2009, with a term of 40 years and a total of more than 1,300 spaces.

The spaces are marketed under the transfer of right of use regime and in monthly subscriptions and have not been affected by the pandemic.

PAR Juan Ramón Jiménez: very close to Plaza de Cuzco, with 401 spaces.

PAR Ilíada: very close to Wanda Metropolitano stadium, with 333 spaces.

PAR Pamplona: very close to Plaza Castilla, with 314 spaces.

Par Andorra: close to Campo de las Naciones, with 280 spaces.

Other concessiones (environmental, cultural):

Wastewater treatment plant: WWTP in Ribadeo

Cultural Center (BAC) located in Valencia

WWTP Ribadeo

This is a public works concession for the drafting of the project, construction and operation of a Wastewater Treatment Plant in the municipality of Ribadeo, whose contract was signed in 2008 for a term of 20 years.

The WWTP is designed to treat an annual flow of 2.8 M m3 of sewage and rainwater.

Despite the fact that the UTE was constituted by 3 companies, since November 2021 the Ortiz Group has held 100% of the shares when carrying out the purchase of those that it did not own from its partner.

BAC

Municipal concession for the promotion, construction and commercial exploitation of the La Rambleta Cultural Center in Valencia.

The concession period is 20 years from the completion of the works and commissioning of the center.

This concession agreement includes the construction of the Center and its subsequent operation.

The remuneration to the concessionaire is determined by the payment of the fee paid by the Valencia City Council, and by the fees paid by users for the use of cultural services and facilities.

The Concessions area has gone from 3 workers to 140 workers in 10 years. To these must be added another 100 workers assigned to the vehicle companies that manage the concessions that are not consolidated, with the total workforce in the concessions area being almost 250 workers.

As the most relevant events of the 2021 financial year in the Concessions Area, it is worth noting:

- Signing of the Financial Closing for the Bosa Hospital and sale to COFIDES of 45% of the SPV.
- Signing of the Financial Closing of the transmission lines and substations in Baranquilla and sale to COFIDES of 20% of the SPV.
- Awarding and signing of the Ruta Caribe contract, the Group's fifth concession in Colombia.
- Entry into operation of 100% of the services at the Tepic General Hospital in Mexico.
- The process of refinancing Sisga is at a very advanced stage and will be completed in 2022.
- Sisga is being delivered and “Conexión Norte” is in the final stages of execution.
- An agreement was reached with the government of the Balearic Islands to obtain compensation for the decline in traffic levels on the Ibiza roadway during the pandemic.

- Refinancing of Alten El Casar, reducing the interest rate.
- Opening of a new sports centre (La Gavia Factory) in Madrid, which already has more than 3,500 members.
- Acquisition of 100% of the Ibadeo EDAR through the acquisition of 50% from its partner.

8. ENERGY AREA

Grupo Ortiz is a world leader in the execution of EPC contracts for renewable generation plants, especially photovoltaic and wind power plants, and a specialist in the T&D business for the execution of high-voltage lines and substations, with more than 2,000 MW executed and in operation in power plants. renewable generation, more than 1,000 kms. of Energy transmission lines up to 400kV, in 9 countries and more than 25 transmission substations.

The turnover of the energy area, at Group level including the subsidiaries in Japan and the USA, in 2021 amounts to €228.79 million, 47.94% of the entire consolidated turnover in 2021. During 2021, they have reached +600 MW put into operation and +500 MW awarded, all from photovoltaic projects. It should be noted that the experience and references acquired have served to consolidate the strong position in the world market, being optimistic that this will contribute to growth in the coming years.

Renewable energies have taken a leading role in the world economy motivated by the entry into force of the Paris Agreement, signed in 2015 and which, despite being an environmental treaty, has its main point of action in energy.

The objective is based on the decarbonization of the economy to eliminate CO2 emissions that cause climate change, to obtain a global temperature increase of less than 1.5°C. To achieve this, it will be necessary to decrease CO2 emissions by 95% by 2050 compared to 1990, which implicitly involves decreasing the current consumption of fossil fuels by between 80% and 90%.

This will only be possible with significant energy efficiency efforts, the electrification of the economy and only if electricity is produced using renewable energy sources and with the appearance of new fuels such as green Hydrogen that helps decarbonize land, rail and air transport.

The International Renewable Energy Agency (IRENA) estimates that, for the OECD countries in 2023, 30% of the demand for electricity will be satisfied by renewable sources, which represents a growth of 5 points compared to 2017 By 2050 it is estimated that this percentage will grow to 85%. This demand will be satisfied mainly by solar photovoltaic and wind energy. Spain installs more than 3.2 GW of renewables and shuts down almost 2 GW of coal in 2021.

The Spanish electricity system is firmly following the decarbonisation process. Thus, in this 2021, Spain has installed a total of 3,229.4 MW of renewable energy and has disconnected or turned off 1,969.2 MW of coal-fired power plants. This scenario and this trend opens up enormous market expectations for Grupo Ortiz, together with the needs for electrical transmission and distribution infrastructure (T&D) that this entails and Operation & Maintenance services for these same

The following projects are notable by geographic area/countries:

United States

Together with a large Spanish electric company, at the end of 2021 Ortiz made its first step in the United States when it signed an important EPC construction contract for a 300 MW plant in Texas, USA. It is an important step for the Group given the enormous investment expectations involving renewable energy projects in that country. The US Energy Information Administration (EIA) expects an aggregate of around 20,000 MW of new solar capacity just in 2022 in the US.

Conservatively speaking, over the coming three years 2022-23-24, renewable energy should enlarge the nation’s current generation capacity from 23% to at least 30%. This translates into projections of 22 GW of new solar projects in 2022, 24.1 GW in new solar projects in 2023 and 26 GW in 2024.

Japan

Ortiz Group has been present in Japan since 2017 and it has executed 7 photovoltaic plants. We note the following projects being executed in 2021:

- Sukagawa Photovoltaic Plant, 30 MWp. This plant will be completed in 2022 and Operating and Maintenance services will subsequently be provided.

- Shirakawa Photovoltaic Plant, 15 MWp. This plant was completed in 2021 and Operating and Maintenance services are currently being provided.

- Daisemn Tottori Photovoltaic Plant , 14 Mwp, completed in 2021.

- Ortiz Group also provides Operating and Maintenance services for another 3 photovoltaic plants that together generate 45 MW (Yamagata, Mine and Susami) These photovoltaic plants were also executed by Ortiz Group.

Colombia

In 2021, Ortiz Group performs complete engineering services, purchased the main equipment and materials and commenced construction work under the EPC contract offered under an Energy Transmission concession in the city of Barranquilla for UPME. It consists of a 115 kW ring and 8 associated substations in the city. The work started in December 2021.

Modification and expansion work will be performed on six existing electrical substations (Termoflores, Las Flores, Centro, Oasis, Unión, Tebsa), five of which have GIS technology — Gas Insulated Switchgear — and one has conventional technology. Execution work will also be performed for two new GIS substations — “Estadio” (located near Romelio Martínez) and “Magdalena” (close to the new Pumarejo Bridge) – 110kV

The project also includes the installation of 24 km of new electrical lines that are necessary. The complex is expected to enter into operation in October 2023.

This package of improvements, which was awarded within the framework of the Caribbean Plan 5, seeks to fulfil the growing energy needs of the new residential and commercial areas -Barranquilla is the fourth most populated city in Colombia- as well as to eliminate voltage, fluctuation and restriction problems.

Peru

This country has put firm support behind Transmission and Distribution (T&D) projects and has developed a growth strategy for increasing the production capacity of plants, primarily hydraulic in nature, that require transmission infrastructure to connect to the national grid. There is also an outlook to expand its renewable energy generation network through 1 GW of photovoltaic capacity in 2022-2023. We note the following projects:

- Transmission lines and substation project 69kV-138Kv - Cuajone for the mining company Southern Copper Peru
- A project consisting of the 132 km Aguaytía-Pucallpa transmission line, 138 KV and the associated sub-stations for TERNA was put into service. Operating and Maintenance services are also provided for that line.

Chile

In 2020 Ortiz was awarded a new photovoltaic plant called "La Cruz" and located in Calama, with 58 MWp. During 2021 the construction and commissioning have been carried out.

In addition, Ortiz executed the 58 MWp "Uribe Solar" photovoltaic plant in Chile in 2017, located in Antofagasta.

Both contracts also consist of the subsequent operation and maintenance of the plants after their construction.

France

Ortiz completed the construction of a photovoltaic complex (5 plants) in 2021 that provides a total of 88 MW. The complex is currently producing energy and Operating and Maintenance services are being provided.

Mexico

In this country, the following projects were completed in 2021:

- Completion of work on the Terranova Conejos Photovoltaic Plant, Ciudad Juárez, 93 MWp.
- Completion of works in La Lucha Photovoltaic Plant, Northland Power in Torreón of 163 Mwp

In **Spain** we note that the following photovoltaic plants have been completed in Spain during 2021:

- A photovoltaic plant with a capacity of 140 MWp for the company FRV, located in San Serván, Badajoz (SAN SERVAN 220 PROJECT), where Operating and Maintenance services are currently being rendered.

- Aliagar photovoltaic plant in Zaragoza for the company Forestalia. Operating and Maintenance services are currently being supplied.

Contracts have been concluded for the following plants:

- Parque fotovoltaico de 150 MWp para la sociedad FRV, en San Serván, Badajoz (PROYECTO SAN SERVAN 400 currently under construction, which should be in operation on 01/19/2023.

- 12 photovoltaic plants with a total capacity of 52 Mwp for the company NATURGY on the islands of Gran Canaria and Fuerteventura. They are currently under construction and they should be in operation in December 2022.

Also noteworthy is the presence of Grupo Ortiz in the execution activities of Transport and Distribution infrastructures with the contracting of a 220/400kV collector substation for the ENEL GREEN POWER/ NATURGY / PLENIUM PARTNERS/ FRV groups in Badajoz.

Likewise, to signify that the activities that it had been carrying out in the services sector are maintained, highlighting the maintenance service for electrical infrastructures belonging to large electricity distribution and conventional generation companies, among which are NATURGY, ENDESA, Trillo Nuclear Power Plant and Almaraz Nuclear Power Plant.
Furthermore, the provision of Operation & Maintenance services of renewable electricity generation facilities that we have been carrying out has been maintained, currently exceeding 1,100 MW in operation and maintenance, in 8 countries. Lastly, and within the area of services, the provision of energy services has continued, provided to public lighting projects and large buildings in the tertiary sector throughout the Spanish geography.

Finally, we wish to emphasize the good outlook for the 2022 and 2023 in the national market, which is the result of the efforts made over the past few years, in terms of market positioning and the references acquired at the international level.

In the Spanish market, over the course of 2018-2019 there was a radical change in energy policy, with the government's decided support of compliance with the environmental commitments that Spain has acquired with the international community. The government has approved two Legislative-Royal Decrees to seek a stable regulatory framework to guarantee investments in renewable energies with a view to facilitating compliance with the ambitious objectives that have been established.

The estimated targets for renewable energy facilities in Spain call for an installed photovoltaic capacity of approximately 47 GW and a wind energy capacity of approximately 31 GW by 2030. This will represent investments exceeding €60,000 million just in those facilities, without taking into consideration the electricity transmission infrastructure. Spain must install an average of 5,000 MW of photovoltaic capacity per year in order to meet the objectives.

These scenarios open up great business opportunities in the sector, although it is true that the sector is very mature and has very high competition levels, which will require the development of association mechanisms for the entry into projects, guaranteeing works at satisfactory business prices and conditions. The sector is continuously evolving and we must adapt in order to ensure our continuity over time.

We cannot overlook that the renewable-source generation systems do not guarantee capacity and we will have to pay attention to the projects based on combustion technologies, particularly co-generation due to its low emissions, high-efficiency and the supply guarantees that this technology provides that will gradually become more competitive. These technologies will be more easily accepted in countries that need new capacity, which will have to join renewable sources and technologies that guarantee the stability of the electricity system.

A summary of the main milestones in 2021 is as follows:

ENERGY & INDUSTRY:

✓ 685 MW FV being executed.

- Terranova (Mexico): 94 MW.
- La Lucha (Mexico): 165 MW.
- La Cruz (Chile): 58MW
- Shirakawa, Daisen y Sukagawa (Japón): 60 MW.
- Aliagar (Spain): 50 MW.
- San Servan 220 (Spain): 138 MW.
- Samoussy (France): 88 MW.

✓ 3 photovoltaic projects awarded (502 MW in 2 countries)
.
- Proyyect 7V-Texas, U.S. (300 Mw).
- San Servan 400 (Spain): 150 MW.
- Solcan Canarias, Spain: 52 MW.

OPERATION & MAINTENANCE:

✓ Execution of O&M services for: Solem 1&2 plants (350MW), Canadian (70MW), Horus Guatemala (120MW), La Independencia (El Salvador) (13 MW), Honduras 3 plants (107MW), El Casar (13 MW), UribeChile (58MW), Yamagata Japan (25 MW), Mine 1&2 Japan (14 MW), Susami Japan (8 MW), Aliagar, Zaragoza (50 MW), San Servan 220 (138 MW), Badajoz.

✓ O&M contract signed for the FRV plant San Servan 400 project, for 2 years (€900,000/year). Forecast to start in April 2023.

✓ A 5-year O&M contract is negotiated for projects in the Canary Islands (52 MW, 12 plants)

TRANSMISSION & DISTRIBUTION:

✓ Execution of High Voltage Infrastructure projects: Newfoundland (X-Elio) Mexico, La Lucha (Northland Power) Mexico, TERNA, (Peru), Cuajone Project for the Southern Copper mining company (Peru).

✓ Start of engineering and implementation work for a transmission line project with a capacity of 138 kW, a 138/69 kW substation and to 69 kW lines for the mining company Southern Copper Peru.

✓ The engineering and purchasing work is ending and the EPC construction work is starting for the Transmission project in Barranquilla, consisting of:

  - 9 substations 115kW (2 new and the expansion of 6 existing facilities)
  - 23 Km of 115 kW high-voltage transmission lines, most of which are underground.

✓ The engineering and purchasing work for the 138 kW evacuation infrastructures for the 7V EPC project in Texas, USA has commenced.

9. INFRAESTRUCTURE AREA

The turnover of the Infrastructure area of Ortiz has reached an amount of €232.76 million in 2021. Ortiz has more than 60 years of experience as a specialist in sustainable infrastructures: roads, railways, sanitation, hydraulics, as well as construction, rehabilitation of historic buildings and services associated with infrastructures.

The portfolio of projects in the Infrastructure area reaches €646 million.

Ortiz maintains a presence during this exercise, in addition to Spain, in Colombia and Panama, and is executing a hospital infrastructure in Bolivia.

The most relevant projects by country are detailed below:

COLOMBIA

Throughout 2021, the execution of the following works has continued:

- EPC construction works for the Bosa Hospital, in Bogotá.
- EPC Construction works for the “North Connection” between Remedios, Zaragoza and Caucasia, in the Department of Antioquia, for the Concessionaire “Autopistas del Nordeste, SAS”.
- EPC Construction works of the Transversal del Sisga, between Sisga and El Secreto, in the Departments of Boyacá and Casanare, for the Concessionaire “Concession del Sisga SAS”
- Optimization of the aqueduct system of the city of Valledupar through the construction of tanks treated water storage and aqueduct main networks, for Findeter.
- Renovation of storm and sanitary sewer networks in the Claret and Inglés neighborhoods of Zone 3 Phase I in Bogotá.
- Water pipe set backs in BTA networks
- Execution of Bridge 6 in Remedios, Antioquia.

We have also been awarded two new projects:

- Ruta Caribe II, a private initiative presented to the ANI. This has been mentioned in prior reports, although this year it has been finally awarded and contracted. Ortiz has 30% of the concession, together with KMA (50%) and H+Era with the remaining 20%.
- Improvements, sustainable rural, social and environmental management through the construction of a Magangué bypass (Camilo Torres-Puente-Santa Lucía, in Yatí) and the improvement, rehabilitation and maintenance of the Momposina crossing (Puerta de Hierro-El Burro) in the Bolívar, Magdalena and Cesar Departments.

We note the following project milestones:

Hospital de Bosa:

In June 2021 Ortiz acquired the 10% interest INCOT held in the concession without paying a premium. We also diluted its interest in the EPC from 40% to 25%.

In July 2021 project financing was obtained from ITAU and BANCOLOMBIA. The project’s IRR improved from the 10.4% foreseen in the tender to 11.1%.

In September 2021 the Construction Start document was signed (3 months earlier than planned in the contract) and the Concession Agreement was amended to allow the 3 months saved in the Pre-construction phase to be added to the Construction Phase.

In September 2021 45% of the company's shares were sold to COFIDES with a premium of €1.57 million for Ortiz, which raises Ortiz's IRR from 11.1% to approximately 12.3%.

A nearly 12% increase was seen at the end of 2021 (COP28,700 million invoiced out of a total of a COP245,939 million contract value).

Transversal del Sisga:

In October 2021 we obtained a favourable ruling from the Arbitration Court in a case filed against ANI for the larger amounts of work deriving from: (i) Unstable sites not identified by ANI; (ii) Bridges not identified by ANI; (iii) Poorly connected lighting in the infrastructure delivered by ANI. As a result: (i) ANI owes us approximately COP36,000 million for executed work certified by the expert; (ii) we have to request payment for higher costs for executed work after the presentation of the expert report and before the ruling was issued by the Arbitration Court; and (iii) all of the actions necessary in the future that relate to the ruling must be paid for by ANI.

In December 2021 ANI filed an Extraordinary Appeal for the cancellation of the arbitration ruling regarding the unstable sites and also requested the temporary suspension of the ruling.

Work has been performed on refinancing the project. After examining the market and observing restrictions on the ability of finance the project, a decision was made to refinance the initial financing obtained from the original sources of financing: FDN, BLACKROCK and ASHMORE. The initial estimates for cash flows for shareholders were increased during negotiations with the banks, rising from nearly COP170,000 million (US$44 million) to approximately COP210,000 million (US$54 million). Obtaining the refinancing is expected to increase the IRR (initial IRR = 12.44% /ORTIZ'S current IRR = 13.60% / IRR refinancing = 14.30%).

Although the objective was to refinance in 2021, it was not possible because we were not able to convince the banks to make advances with the contracts without first resolving two technical matters: (i) receipt of the works; (ii) appeal for cancellation filed by ANI with the arbitration court regarding the unstable sites, which was unsuccessful. The refinancing is now scheduled for the first half of 2022.

The year ended with 99% advancement of the works.

Conexión Norte:

The year ended with an 86% progress in the works. (99.81% of the UF2 and 80.03% of the UF1).

Work is beginning to refinance the project as soon as we manage to deliver 100% of the works. Regarding the two Bogotá Aqueduct works, it should be noted that Redes BTA managed to carry out a 30% modification.

Notwithstanding the foregoing, the main problem in contracts last year -COVID- although it has been common to all contracts in execution, its impact has been less than last year. Of course, the impact on the projects has continued to be claimed from the contracting entities.

In addition to the contract awarded, several solar projects have been closely watched for execution and investment.

Other relevant issues have been:

We presented to the Chamber of Commerce and to the Dian the modifications to Ortiz's corporate purpose that allow the invoicing of finished and semi-finished products in our concrete plant to third parties.

Implementation of Navision in all the works of the Colombia Branch.

Change of branch offices to one with twice the capacity. This was motivated by the increase in own personnel for the management of awarded projects.

PANAMA

The two projects with current contracts continued to advance in 2021.

The project to expand and rehabilitate the “Panama Norte” aqueduct (US$88 million) UTE Ortiz (70%) – Asteisa (30%), in 2021 field work continued while adapting to the country's health circumstances and their effect on the various work sites. Despite the pandemic conditions, last year we invoiced US$13.4 million and attained 68% advancement on the US$82 million contracted project (excluding ITBMS).

We also signed and entered into the CGR for approval an addenda totalling US$10.2 million in order to recognize the costs associated with the pandemic and costs due to delays, among other things. We have received an order to analyze a further two neighbourhoods with a view to executing a water supply project which, if the budget conditions so allow, will be reflected in a new addenda.

Construction of the second module and restoration of the first module of the drinking water plant in the city of Santiago de Veraguas and operation and maintenance of both modules (US$12.3 million). Asteisa (100%). We are currently engaged in the formal documentation of the completion of the work, together with minor programming and systems adjustments. The site was inaugurated by the President of the Republic in February 2022.

BOLIVIA

Ortiz has been present in this country since 2018 with the execution of the Potosí Hospital, with a 51% interest held by ORTIZ.

The works consist of the construction of a Level III hospital with a surface area of 27,230 m², without Medical Equipment and during 2021 we have gone from an advance of 66.19% to an advance of more than 80%.

The main challenge is the construction of a hospital of these characteristics at 4,100 m above sea level, one of the highest-altitude hospitals ever built.This has been a demand from the citizens of the Department for a long time.It involves an investment from the Inter-American Development Bank and the Government of Potasí for the Ministry of Health This project will lead to more than 500 direct jobs and more than 1,100 indirect jobs and will contract with more than 30 local companies. The hospital will have 35 specialties for citizen care. will have a capacity of 276 beds and 29 consulting rooms

The Health Sector will receive significant support from the Government and the construction of 50 hospitals (Levels II, III and IV) are planned with an investment of around US$1,600 million

INDUSTRIALIZED SYSTEM AND PREFABRICATION FOR DIFFERENT COUNTRIES

Indagsa, during the 2021 financial year, international technical assistance has continued for various projects in collaboration with the various works carried out by the group of companies in the international arena, providing technical assistance for the construction solutions to be executed and developing prefabricated solutions for structures.

SPAIN

Civil Works

In road and rail transport infrastructure, in 2021 we continue with the road contracts for the A-12 motorway in Santo Domingo de la Calzada and the A-11 in Quintanilla de Arriba, Valladolid for the General Directorate of Roads of the Ministry of Transportation.

During this year, the Conservation Contract for the Ruta de la Plata A-66 in Mérida and Zafra was renewed for another four years for the General Directorate of Roads as well.
We also continue with the execution of the works on the section of the AVE Madrid - Extremadura for Adif between Toril and Malpartida de Plasencia.

In the city of Madrid, the following contracts stand out:

In urbanization works with the Madrid City Council, we have completed the remodeling works of the urbanization in various roads of the District of Salamanca and continued with the works of the framework agreement of public spaces for the Municipal Board of Vallecas. In addition to the above, we continue to develop the following Contracts:

The Framework Agreement for public space works with the Salamanca Municipal Board, Lot 4, contract for 2 years + 1 extension.

Improvement of the Urbanization of Añastro Street.

Paving of sidewalks in the districts of Latina, Carabanchel, Usera and Villaverde. Lot 3.

We have also signed the following contracts at the beginning of January 2021 to be executed during this same year: Ring road to the historic center of Barajas through Ayerbe street. Section 1.

Framework agreement for the execution of urbanization works charged to individuals. Lot 3.

Urbanization of the Sierra Toledana planning area.

Execution of urbanization construction works for Lot 2.

Framework agreement for the execution of works to adapt roads and improve accessibility for Lot 1.

For the Compensation Board of Valdecarros, we have started the works for stage 1 of "Eastern Development".

Railway

Ortiz's subsidiary railway company, COSFESA, has maintained its activity during the 2021 financial year through Service, Emergency and Track Renovation Works Contracts on the different RFIG lines (Conventional, High Speed, Metric Gauge).

During the year 2021 the following have been completed for Adif:

• Rehabilitation work on the Seville-Huelva line.

• The “Emergency due to the damages caused to the infrastructure and railway due to the derailment of the train RM 82786 between Sobradelo and Quereño, Coruña-León line. Infrastructure and railway

• The contract for “Infrastructure and Conventional Rail Maintenance Services (MIV) covering Lot 2 Northeast Sub-Directorate” This 24-month contract was again awarded to the same UTE as the previous one in which COSFESA participates and which has been being executed since 01/12/2021.

• This year the mechanized stripping of the Guillarei-Redondela stretch on the Monforte-Vigo line was executed.

• Completing the Rehabilitation works of 23 of the Monforte-Orense section whose completion is scheduled for the first quarter of 2022.

• The “Contracts for the Maintenance of the High-Speed stretch Olmedo-Pedralba on the Madrid-Galicia line continues and are covered by the Public-Private cooperation agreement with ADIF with the participation of COSFESA. The 48-month “Contract for Infrastructure, railway and device maintenance services continues with respect to the High-Speed Madrid North line (Madrid-Leon line).

In addition to the above, during the first half of this year we have been awarded:

• Emergency arising due to the damages caused to infrastructure by Storm Dora in December 2020 within the “Meter” width network in Asturias, which is still ongoing.

• Execution of the integral renovation of the Gijón-Laviana stretch on the Meter width line in Asturias.

During the final quarter of the year, COSFESA was the awardee of 2 renovation contracts relating to ADIF's conventional railway network.

• Construction contract for the renovation of the stretch between Orense-Monforte in Galicia.

• Construction contract for the renovation of the Torralba-Soria line between km 0/000-13/000 and 58/480-92/704

Water treatment

- In hydraulic works, Ortiz's subsidiary company, ASTEISA, has continued with the expansion works of the El Plantío WWTP in a joint venture with Ortiz, the continuation of the expansion of the Hoyo de Manzanares WWTP, the Third Tank park on Avenida Philippines, and the El Endrinal WWTP works in Collado Villalba and Villanueva de la Cañada, all of them for Canal de Isabel II. We have also continued this year with the maintenance of the Canton of Casa de Campo for the Canal, also in a joint venture with Ortiz.

- This year we have been awarded the Edar de Guadalix de la Sierra and Lot 8 for the renovation of pipes by the Canal de Isabel II.

- Ortiz continues directly to improve the supply to Sevilla la Nueva for the Isabel II canal and the expansion of the Consuegra WWTP for the state-owned company Acuaes.

- Asteisa's activities during 2021 continue to be focused in the Republic of Panama, where the WWTP works in Santiago de Veraguas in Panama are being executed.

- In Extremadura, ORTIZ has continued with the works transformation of the irrigation covering 1,200 hectares in Monterrubio de la Serena for the regional government of Extremadura.

REHABILITATION OF BUILDINGS

During the course of 2021 "Edificacion I" operated by Ortiz and CONDISA have continued to contract and perform the works classified as follows:

1. Renovations and finishing work at hospitals (Health)

- General Emergency Rooms and UCITA at the "12 de Octubre" hospital. This work has been completed and after more than 14 partial occupations of the facility that allowed normal emergency room activities despite the multiple changes caused by Covid-19. The completed work was formally accepted in December.

  We note that the volume of contracted work increased by nearly 50%.

- Laboratory for the Biomedical Research Foundation at the "12 de Octubre" hospital. Work commenced in June and delivery has been planned for January 2022.

- Virgen de la Poveda Hospital Unit 6. Commenced in 2021 and it is expected to be completed in April 2022.

- The Fuensanta Clinic in Murcia is in the completion phase.

2. Integral renovation and adaptation of the building for administrative use

- Building located at Plaza Juez Borrull in Castellon for the Valencia Region Tax Office. Started in May 2021, 20-month deadline.

- Adaptation of the "Palacio del Almirante" in Valencia for the regional tax office of Valencia. This year the 1st phase was delivered and the 2nd phase commenced after occupants were transferred to the 1st phase without ceasing operational. It is expected to be completed in April 2022.

3. Rehabilitation

- Maria Luisa Theatre in Merida for the Ministry of Transportation, Mobility and Urban Agenda. Completed in December 2021 and receipt is expected to take place in January 2022.

- Building to expand the provincial government office in Avila. Work formally commenced on 12 December 2021. Deadline: 15 months

4. Restoration

- Structural consolidation of the Large Cloister at the Cartuja Monestary in Jerez for the Ministry of Transportation, Mobility and Urban Agenda. Completed in May 2021 and delivered in July 2021.

- Walls at the Royal Fort in Guadalajara, Phase 1, for the City of Guadalajara. Work commenced in April 2021 and it is expected to be completed in February 2022.

  We note the “exceptional” nature of the amendment that increased the budget, mainly due to the admitted increase in the market price of steel.

- Historic building and connection with the building expansion for the Royal Academy of Jurisprudence and Legislation in Madrid for the Ministry of Transportation, Mobility and Urban Agenda. Commenced in March 2021 and it is expected to be completed in October 2022.

5. New construction

- New Immigrant Internment Centre in Algeciras for SIEPSE (Sociedad de Infraestructuras y Equipamientos Penitenciarios y de la Seguridad del estado). Commenced in May 2021, 20-month deadline. It is a joint venture project 50% held with Diaz Cubero, S.A.

Building Rehabilitation

During 2021, there has been an increase in both public and private investment resulting in a substantial rise in production during the second half of the year and a considerable increase in the contract portfolio for 2022 and 2023. We have also observed a reactivation of the private educational, hotel, commercial and religious sectors and public investments increased with respect to equipment, service buildings and subsidized homes. There has been a notable increase in investments by the Town Hall of Madrid.

Main works that have been completed or were being executed throughout 2021:

Public Investment:

- Rehabilitation of the Vizcaya Pavilion for the SAMUR and Police Unit at C/Hoyuelo of Madrid.
- Building for the new building for the Vallecas Municipal Office
- Mail service building at the Adolfo Suarez airport
- Execution of 99 homes in Calvia. Mallorca.
- Sports Technological Building in Palma de Mallorca
- Works to improve the accessibility of several Metro stations
- Rehabilitation of the training centre located at C/Alhambra
- Rehabilitation of the Municipal Police Cavalry Unit building

Private Investment:

- Rehabilitation of façades for the Lopez Ibor Clinic.
- Execution of containment walls at the plot of land on which Lopez Ibor is located.
- Restructuring of a “Maristas” educational building in Villalba

INDAGSA INDUSTRIALIZED CONSTRUCTION SYSTEM

During the 2021 financial year, the subsidiary company Indagsa has served the domestic market for architectural concrete facades, strengthening the market in the central geographical area and carrying out works in the East of Spain.

The usual market sector in other years has been maintained: Educational Buildings and Private Developments in Building.

Works have been carried out with prestigious architects such as: Julio Touza, Morph, Aranguren and Gallego, etc.

Among the works carried out, it is worth highlighting works in Madrid, El Cañaveral and Majadahonda.

Indagsa Engineering has provided technical support to the different departments of the Group both for drafting projects and engineering assistance for the execution of works.

On the other hand, the important research work has continued, developing various R&D projects.

R+D+i 3D printing. We started working on this project.

R+D+i Neomat. Use of innovative materials in construction

SERVICES ASSOCIATED WITH INFRASTRUCTURE

The maintenance and upkeep services contracts contribute to the medium-term portfolio, offering recurring cash flows with multi-year contracts reflected in the pure service contracts and the investments to improve Public Buildings through the Framework Agreements.

There has been a significant increase in the contracted portfolio for the year 2022 and beyond compared to previous years, reaching the figure of 81.74 million as of December 31, 2021, which represents an increase of 38.75% compared to to that of the previous year and with good expectations in the tenders submitted pending award.

Private Services: Maintenance of the Wizink Center in Madrid.Maintenance of the Sanitas building Maintenance of 1,420 homes for SCI; Maintenance of buildings with more than 500 homes for the Group’s REIT (Grupo Ortiz Properties SOCIMI, S.A.U.).

Public Services: Maintenance of the Parliament Building.Removal of asbestos from METRO rolling stock equipment; Maintenance and adaptation of homes for the Social Housing Agency; Maintenance of buildings for the Social Assistance Agency.

City of Madrid: the contracts for maintaining municipal parking facilities, Investment works in buildings and other assets in the Security Area and the tender process for support structures, demolition and consolidation of the urban development area.

Maintenance and investments in buildings used by the Municipal District offices in Carabanchel, Vicálvaro, Moncloa, Arganzuel and San Blas.

Maintenance of buildings in Las Rozas, Boadilla del Monte, Fuenlabrada, Alcalá de Henares and Leganés.

ENVIRONMENTAL AREA

Maintenance and upkeep service contracts provide a recurring portfolio in the medium term, and offer recurring cash flows.

The portfolio of works contracted in maintenance services for green areas, street cleaning and waste collection in the medium term for the following years, remains stable, with the increase in the contracted portfolio being the main objective for the year 2022.

The main contracts in execution During the 2021 financial year they have been: The maintenance of green areas and street furniture in Ciudad Real, the conservation service for parks, gardens and urban trees in Marbella (Málaga), the comprehensive management service for municipal parks and nurseries of the Madrid City Council, Lot 3: Forest Parks and Nurseries, the conservation of green areas (Lot 1) in Pozuelo de Alarcón (Madrid) and the street cleaning and waste collection service. urban in Xátiva (Valencia).

The tenders for numerous maintenance contracts for several national municipalities have been delayed until 2022; Even so, progress has been made in contracting maintenance and upkeep services in the medium term, contracts that provide stability to society, such as:

- Maintenance of parks and beach cleaning in Alboraya (Valencia).
- Cleaning of buildings in Enguera (Valencia).
- Park and forestry maintenance services at Canal de Isabel II facilities in Madrid.
- Tree pruning and removal services on roads in Cantabria, lots 1 (Centre) and 3 (East).
- Extensions of the building cleaning services in Xativa (Valencia), maintenance of park areas in Marbella (Malaga) and the integral park and plant nursery services for the City of Madrid, Lot 3: Forestry Parks and tree nurseries.

We also obtained relevant contracts, such as:

- Emergency tree pruning and removal services after Storm Filomena in municipalities such as Madrid, Pozuelo de Alarcon, El Casar and Majadahonda.
- Gardening project at the North area of the IFEMA expansion.
- Construction of the Forest of Life at the “Jardin” cemetery in Alcala de Henares.
- Gardening services at the Amazon warehouse in Vicálvaro.
- Environmental regeneration of the Safareig area in La Pobla de Valbona (Valencia).
- Gardening services on traffic circles and roadways around the University Hospital in Toledo.

Likewise, the existing service contracts from last year have continued, such as:

• Maintenance of green areas in Marbella (Málaga), Humanes (Madrid), Ciudad Real, Alzira (Valencia), Villalbilla (Madrid), Rincón de La Victoria (Málaga), Pozuelo de Alarcón (Madrid) and Alboraya (Valencia)
• Conservation of Felipe VI Park and Monte de El Pilar in Majadahonda (Madrid)
• Street cleaning and conservation of green areas in El Casar (Guadalajara)
• Street cleaning and urban waste collection in Xátiva (Valencia)
• Cleaning of municipal buildings in Xátiva and Enguera (Valencia)
• Comprehensive management service for municipal parks and nurseries of the Madrid City Council, lot 3: Forest parks and nurseries.

For the next financial year, we will maintain our consolidation strategy in the environmental services markets (conservation and maintenance of green areas, trees, street furniture, street cleaning, management, operation and maintenance of waste treatment plants, waste collection services, beach cleaning, etc.), betting on permanent improvement.

The situation is positive for 2022, thanks to the continuity of the contracts in progress and the obtaining of new ones due to the expected increase in the bidding for numerous conservation and maintenance services already studied in the year 2021, in particular the contracts for Comprehensive conservation of Madrid City Council parks, maintenance of green areas in Alcázar de San Juan, Soria, Guadalajara, San Fulgencio, Ciudad Real, Fuenlabrada or Leganés, and street cleaning and waste collection in Coslada, Sueca or Xàtiva.

10. REAL ESTATE AREA (SOCIMI)

As of December 31, 2021, the share capital of Grupo Ortiz Properties SOCIMI, SA is distributed as follows: 43.19% owned by Ortiz; 18.27% of the shareholding distributed among 4 institutional investors, 33.59% among another 140 investors and 4.95% treasury stock.

The Capital of the Socimi is divided into 6,187,505 shares, with a Reference Price of €15.80 per share as of 12.31.2021, which represents a Capitalization of €97.763 M. This capitalization places the Socimi at No. 28 (out of 77) of those listed on BME-Growth.

In relation to the credit agreement signed with Deutsche Bank AG, London Branch on January 31, 2020, for a total amount of €70 M, noteworthy is the amortization in August of Tranche B for an amount of €5.9 M , corresponding to VAT financing, placing its LTV as of December 31, 2021 at 35% (on the appraised value of assets).

At the end of the year, the Company had a total of 44,624 m2 of tertiary space, 484 homes and 950 parking spaces, which represent a current gross monthly contracted rent of €0.750 million, and therefore a current annualized gross contracted rent of 9.004 million, which represents an increase of 6.5% compared to that contracted at the end of 2020.

	% Type	Surface	% Average Occupation 2021	Contracted Annual Rent (€ million)	Average Monthly Contracted Rent (€/m2-€/home)
Offices	55%	24.368	100%	3,539	12
Retail	20%	8.760	91%	0,968	10
Industrial	13%	5.996	90%	0,234	4
Sports Centre	12%	5.500	100%	0,384	6
Tertiary	**100%**	**44.624**	**97%**	**5,125**	**10**
Homes in Paracuellos	36%	176	94%	1,051	534
Homes in Colmenar	20%	96	89%	0,568	557
Homes in Alcala	17%	80	96%	0,399	432
Homes in Chopera	17%	84	93%	0,389	427
Homes in Huerta	10%	48	94%	0,304	564
Homes	**100%**	**484**	**93%**	**2,712**	**506**
Ortega y Gasset	84%	814	100%	1,158	145
Other Spaces	16%	136	28%	0,009	37
Ortega y Gasset and Spaces	**100%**	**950**	**90%**	**1,167**	**141**

The results of the year already reflect the beginning of the recovery, with; (i) the increase in office occupancy up to 100%; (ii) the stability in residential occupancy percentages of around 93%, as well as the increase in annual contracted rent; (iii) the increase in the appraisal value of the assets by 0.64%; and (iv) the reactivation of sales.

On the other hand, it has been necessary to maintain, during this year, the granting of remissions and deferrals in the payment of rents, to those tenants whose activity has been most affected, these remissions representing 7% of the annual contracted rent, percentage that is reduced to 1% in the case of deferrals that have affected cash for the year.

It should be noted:

In the tertiary:

- The increase in office occupancy up to 100% with; (i) the signing of new contracts for 6,788 m2, including the opening of a 2,555 m2 Sports Center in the La Gavia Business Center and (ii) the revision to market rent of 1,315 m2, which have led to an average increase in rent for said surface around 15%.
- The increase in commercial occupancy up to 91% with the sale of a 167 m2 premises that was empty, and the 3% increase in the rent of the Service Station.
- The warehouses maintain their occupancy level at 90%, continuing with the marketing of the only empty warehouse (608 m2).

In residential:

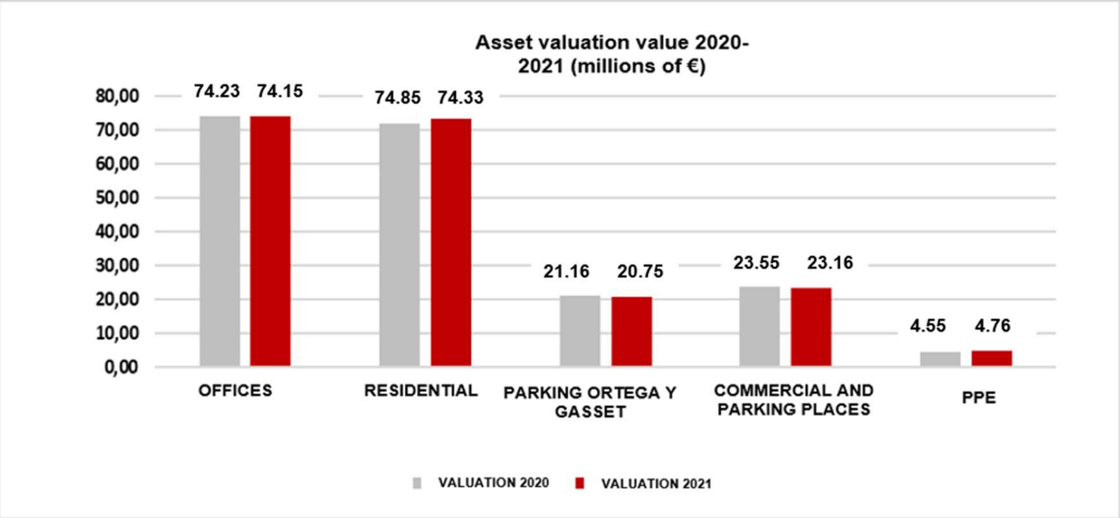
- The year ends with 93% occupancy (2020; 89%).
- Increase of the contracted net rent by 8%.
- 55% of homes with market-adjusted prices, pending application of the new rate prices to the remaining 45% (197 homes) in the next 12 months given their maturities, and therefore there is high growth potential.

The Ortega y Gasset car park Increases the contracted rent by 5%; and with respect to the Rest of Seats, a total of 9 seats are sold.

The value of the Company's asset portfolio is, according to the appraisal value as of December 31, 2021, at €196.15 million, which represents a slight increase of 0.62%, taking into account the sale of assets Residuals (one building and 9 parking lots).

The 2020 valuations reflected the impact of the pandemic, mainly through an increase in the rates applied to the updating of the cash flows that the assets show, around 0.25% compared to 2019.

In 2021 , residential and industrial assets recover the previous rates, which is reflected in an increase in their value of 2% and 4.5%, respectively; while offices and commercial premises maintain the 2020 rates, and therefore also maintain their values. The concessions (car park of Ortega y Gasset and Sports Center), reflect a slight decrease mainly due to the reduction of the term of the concession in the year that has elapsed.



Based on the Company's business strategy, the objective will continue to be to maximize the associated income and contain the operating expenses of the assets**.**

11. FINANCIAL RISK MANAGEMENT POLICIES

Financial risk factors

The Group's activities are exposed to several financial risks: market risk (including exchange rate risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's risk management program focuses on uncertainty in financial markets and seeks to minimise the potential adverse impact on its financial profitability.

The management of the Group's financial risks is handled by the Finance Management Department, which has established the necessary mechanisms to control exposure to variations in interest rates and exchange rates as well as credit and liquidity risks.

Risk management is controlled by the Group's Treasury Department which identifies, evaluates and hedges against financial risks in accordance with the policies approved by the Board of Directors. The Board provides written policies for overall risk management, as well as for specific areas such as interest rate risk and liquidity risk, use of derivatives and non-derivatives and the investment of excess liquidity.

Market risk

Exchange rate risk

The Group operates internationally in more than 10 countries and is therefore exposed to foreign exchange risk arising from currency transactions, especially the US Dollar, Japanese Yen and Colombian peso.

As a result of its activities and operations, the Company incurs exchange rate risks that are managed on a centralised basis.

The management has established a policy so as to manage their foreign currency exchange risk before the operating currency which established several "natural hedge" mechanisms, reinvesting liquidity surpluses in those countries in which it is implemented.

Likewise, in order to control the exchange risk arising from future commercial transactions, recognised assets and liabilities, the Company uses, according to the hedging policy established, forward contracts, negotiated through the Company's Treasury Department. Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the Company's functional currency.

Exposure to variations in the interest rate in the cash flows and in the fair value

The interest rate risk of the Group arises mainly from long-term debts with credit entities, which are mostly issued at variable rate, being the Euribor the main reference.

The Company's policy consists of using interest rate swaps to convert non-current bank borrowings to fixed rates, which can also be applied to debts related to concession projects developed through jointly-controlled entities and associates.

The exposure to variable interest rate risk at the end of 2021 and 2020 is as follow

	Thousands of euros	
Referenced to Euribor	**2021**	**2020**
Variable rate borrowings not hedged by financial derivatives (A)	33,784	35,559
Fixed rate borrowings or hedged by financial derivatives	132,885	140,146
Company borrowings (B)	166,669	175,705
Total (%) (A)/(B)	**20%**	**20%**

"Group Indebtedness" includes "Bonds and other negotiable liabilities", "Debts with credit institutions", "Financial leases", as well as CDTI loans and factored balances in the process of being returned to the financial institutions that make up part of "Other financial liabilities" and which as of December 31, 2021 amounted to 0 Thousands of euros (December 31, 2020: 2,275 Thousands of euros).

The Group dynamically analyzes its exposure to interest rate risk, taking into account long-term financing, renewal of current positions and alternative financing and hedging. Said risk is not a significant risk taking into account the amounts financed in the long term.

Based on the various scenarios, the Group manages the cash flow interest rate risk through variable to fixed - interest rate swaps. The economic effect of these interest rate swaps is the conversion of variable interest borrowings to fixed interest borrowings. Generally the Group obtains long-term borrowings at variable interest rates and swaps them for borrowings at fixed interest rates which are lower than those which would be available if the Group obtained borrowings directly at fixed interest rates. Under interest rate swaps, the Group undertakes with other parties to exchange on a regular basis (generally quarterly) the difference between fixed and variable interest, calculated on the basis of the principal notional amounts contracted.

Note 11 in the consolidated notes to the annual accounts presents an analysis of the maturity dates of loans from the Group's creditors.

Price risk

The Group is not significantly exposed to price risk for capital securities, since it has no significant investments, or to commodity price risk since, in general, any changes in prices are efficiently transferred to selling prices by all similar contractors that operate in the same industry. The Group reduces and mitigates price risk with policies established by the Management, guaranteeing the production or obtaining at a fixed price of several raw materials with framework agreements.

Credit risk

The Group's credit risk of the Group mainly relates to trade receivables. Once contracts are being executed the credit quality of amounts pending receipt are assessed regularly and the estimated recoverable amounts of those considered to be questionable are revised through write-downs applied to results for the year.

Transactions with financial institutions included as cash and cash equivalents and other financial assets relating to current deposits and credit institutions are contracted with financial institutions of recognised prestige.

Operations with financial entities included as cash and cash equivalents and other financial assets for short-term deposits in credit entities, are contracted with financial entities of recognized reputation.

In relation to the balances of Clients and other accounts receivable, a high proportion of them refer to operations with national and international public entities, with which the Group considers that the credit risk is very limited. In relation to private sector customers, a significant part of the balances are referred to companies with a high credit rating and with which there is no history of non-payment.

The global position of Customers and accounts receivable is monitored periodically, as well as an individual analysis of the most significant exposures.

Liquidity risk

To manage liquidity risk and meet the various fund needs, the Group uses an annual treasury budget and a monthly treasury forecast, the latter detailed and updated daily.

Likewise, the Group carries out a prudent management of liquidity risk, based on maintaining sufficient cash, on the availability of financing through a sufficient amount of committed credit facilities and sufficient capacity to liquidate market positions.

Taking into consideration all of the foregoing, as of the date of issue of the consolidated financial statements, the Company covers all need for funds so as to fully satisfy with every obligation to suppliers, employees and administration in accordance with the cash flow projection for 2022.

Other Risks

Based on available information, the Group's Directors and Management have assessed the main impacts resulting from the risks that may arise due to the current global situation (Covid-19, increase in energy costs and the armed conflict in Ukraine).

With a progressively more globalised and connected world economy, the current situation of worldwide uncertainty and instability caused by the matters indicated above has given rise to a change in the Group's risk map.

This situation has revealed to need to analyze the following risks:

- Interruption of the supply chain:

The interruption of habitual operations globally due to COVID-19, which have now been exacerbated by the armed conflict in Ukraine, have given rise to a need for resilience and exhaustive planning of supply chains.

The main external risks that threaten the supply chain are:

- Loss or delay of goods during marine, air or land transport, particularly of materials considered to be critical, such as solar panels for the EPC contracts in the Energy business area.

- Political instability in the geographic areas of origin/manufacture of the materials and their destinations, as well as natural disasters in those areas. Wars or armed conflicts that interrupt or complicate the supply chain.

- Customs: The logistics risks caused by customs must be assessed. Foresee and measure times that are required by control systems applied by customs based on the countries in which projects are being developed.

- Reputation risk for the buyer if our suppliers do not comply with human rights protection or environmental matters, or if they do not comply with the laws in their countries.

- Economic volatility:

The possible permanent impacts of the pandemic, the very important increase in energy prices (fuels, electricity and gas) and the volatility of economic cycles generate uncertainty in commodities prices.

The Group attempts to anticipate purchases in order to minimise this risk by obtaining fixed prices before increases in commodity prices and, wherever possible, to pass on changes to customers. In addition, the use of derivative hedge contracts in the future to limit price volatility cannot be ruled out.

- Cybersecurity:

This risk has increased with the growing and progressively more sophisticated cyberattacks, driven by digitalisation and the current geopolitical conflicts. The Group analyzes vulnerabilities, reinforces protocols and systems and promotes cybersecurity awareness campaigns among its employees.

Lastly, it should be noted that the Group's Directors and Management carry out constant supervision of the evolution of the situations described above, in order to successfully deal with any eventual impacts, both financial and non-financial, that may arise.

12. AVERAGE PAYMENT PERIOD

The disclosures required by Final Provision Two of Law 31/2014 (3 December), which have been prepared in accordance with the Resolution issued by the Accounting and Audit Institute on 29 January 2016, are as follows:

	2021	2020
Average deferral of payments to suppliers	104	134
Ratio of transactions paid	88	145
Ratio of payments pending	141	55

	Amount (Thousands of euros)	Amount (Thousands of euros)
Total payments made	157,503	230,375
Total payments pending	63,684	39,357

The “Average period for payments to suppliers” is understood to be the time that elapses between the invoice date and the date effective payment is made, as defined in the aforementioned resolution issued by the Accounting and Audit Institute.

The ratio of transactions paid is calculated as a quotient in which the numerator contains the sum of the payments made divided by the number of payment days (calendar days elapsing since the calculation started until effective payment for the transaction is made) and the denominator contains the total amount of payments made.

The “Average payment period for suppliers” is calculated as a quotient in which the numerator contains the sum of the ratio of transactions paid divided by the total amount of the payments made plus the ratio of transactions pending payment divided by the total amount of pending payments and the denominator contains the total amount of payments made and total outstanding payments.

The ratio of pending payments is a quotient in which the numerator contains the sum of amounts pending payment divided by the number of days payment has been pending (calendar days elapsing since the calculation started and the date on which the financial statements were closed) and the denominator contains the total number of pending payments.

In accordance with the provisions of Article 3 of the resolution issued by the Accounting and Audit Institute on 29 January 2016, the amount of the transactions occurring prior to the date on which Law 31/2014 (3 December) entered into force have not been taken into consideration.

According to Law 11/2013 (26 July), the maximum payment deadline applicable to the Company is 30 days, unless there is an agreement between the parties, in which case the maximum deadline is 60 days.

13. EXPECTED EVOLUTION OF THE GROUP AND CORPORATE STRATEGY

The economic-financial solvency of the Grupo Ortiz, along with its know-how and experience in executing all areas (technical, financial, design, maintenance and operation) of large projects, endorses the continuity of our development in international concessions, a priority and strategy mainstay for the future growth of the different lines of business, due to the synergies that occur.

Grupo Ortiz's strategy is to make sustainable investments through which the execution of projects and their subsequent operation and maintenance is performed in whole or in part by Ortiz Group. These investments create significant synergies with other parts of the Group's businesses, such as Infrastructure and Energy.

Diversification of the types of projects: roadway infrastructures, health, railway, renewable energies such as photovoltaic and substations, environmental, cultural and sports infrastructures and parking facilities.

Geographic diversity, making investments in Spain and abroad.

The Group will continue its development in the countries where it is established: the United States, Colombia, Mexico, Panama and Japan, the latter country with photovoltaic projects

In the Energy area, development is based on contracts for photovoltaic EPCs and lines and substations , in any country in the world, for different promoters.

Noteworthy in 2021 is the award of the first energy project in the United States. It is a 300 MW photovoltaic plant located in the State of Texas. Ortiz has ample development potential in this new market, both in energy and infrastructure projects, as well as in concession projects.

In the economic aspect, the strategy in the coming years is focused on reducing indebtedness, increasing capitalization and liquidity, making available resources to access concession projects, both infrastructure, environment and energy, and in this way access the markets, where the knowledge acquired during these years allows us to increase our profitability, improving the return on investments.

It should be noted that during this financial year 2021 the Group has met important milestones, all of them aligned with the strategy set by the Group:

- Decrease in gross debt by 5% and net by 10%.
- Extension of the term of ICO loans to 6 years, achieving a more efficient and long-term financial structure
- Disinvestment in concession assets (COFIDES entered the Hospital de Bosa and Energia Barranquilla concessionaires, both in Colombia).
- Award of the first energy project in the United States, as a starting point for the establishment of the Group in said country.

The Strategic Plan for the coming years may be summarized as follows:

- Investment in primarily infrastructure and energy concessions at the international and national level.
- Accept the entry of investment funds in our International Projects, as in the case of Cofides in several projects.
- Continuing the Grupo Ortiz policy for reducing debt.
- Asset rotation policy: disinvestment of mature assets as long as capital gains are generated.
- Take advantage of synergies within the Group to promote growth in every business line.
- Integral development and management of large projects at the international level, taking advantage of our extensive expertise in financing, design, construction, operation and maintenance.
- Maintain the large volume in the development of the Energy Area through turnkey EPC contracts each year.
- Consolidation of the health care, notably the construction of hospitals in Mexico, Spain, Peru and Bolivia.
- Consolidation of organic growth in countries in which the Group is present and increase international profitability levels.

This strategy leads us to commitments and values, based on the responsible and sustainable management of the business at all levels: financial, social, and environmental, and focused on the growth of Groupo Ortiz.

14. EMPLOYMENT

Ortiz Group defends indefinite employment contracts and internal opportunities to create stable employment, and it has increased the number of indefinite contracts over the past few years.

Throughout the Group, 77% of employees are under indefinite employment contracts. We have also developed a Talent Management program that assists us with promoting our professionals and successfully relocating them in new growing sectors within the Group, as is the case of Energy and Concessions

As of December 31, 2021, the total number of workers in the Group is 2,084 employees, a figure slightly higher than the previous year. It should be noted that 1,563 are Spanish (including expatriates) and 521 correspond to local employees assigned to international projects in the following countries: Colombia, Mexico, USA, Panama, Peru, Japan, Honduras, El Salvador, Chile, Bolivia, France and Italy.

In the different countries in which the Group operates, the total local staff of 521 employees corresponds to a fluctuating figure during the year, since it depends on the intensity and need for manpower to undertake certain projects, in addition to the impact of the seasonality in works that are executed in LATAM.

Taking into account all the Group's personnel, the average age is 45 years. 75% are men and 25% women.

A total of 70 employees have Legal Guardianship, 12 of them are men and 58 women, which allows them to reconcile their families.

The number of Spanish employees expatriated to other countries and who have carried out both Energy and infrastructure works in the different countries where the Group operates is 53 people, acquiring international experience of high value for their future development. These employees come from more than seven different group companies and from various business areas such as Energy, Construction, Rehabilitation, Concessions, Water and the Environment, and based in 13 different countries. It should be noted that this year expatriation has been complicated given the restrictions and circumstances.

It is important to highlight that, after overcoming the crisis, the market has been profoundly transformed, in addition to having had to face the internationalization of the business, it has also had to face a diversification of activities in which to operate, and what is More importantly, a process of modernization and specialization has begun in the main sectors of activity - construction and energy - which is marking the Group's personnel hiring policy.

This has led to establishing as a corporate strategy, the transformation of the workforce, hiring more technical and versatile professional profiles, with and without experience, thus giving professional development opportunities to young people with great potential and to workers with experience who have able to adapt to new circumstances. It is clear that the higher the qualification, the higher the cost of personnel, but at Ortiz we are committed to talent as a means of achieving the viability of companies and increasing quality and sustainability.

Grupo Ortiz's training policy responds to the transformation and development that GRUPO ORTIZ has undergone in recent years. The diversification and internationalization of the Group's activities condition the set of training actions in order to enhance, improve and provide the knowledge, skills and aptitudes of the company's workers, especially in digitization, and thus improve competitiveness in a market ever more demanding and constantly evolving

15. QUALITY, ENVIRONMENT, OCCUPATIONAL HAZARD PREVENTION AND RESEARCH, DEVELOPMENT AND TECHNOLOGICAL INNOVATION ACTIVITIES

ENVIRONMENTAL MANAGEMENT AND QUALITY

In 2021 the Company carried out monitoring and maintenance audits of its quality and environmental management systems in accordance with the standards ISO 9001:2015 and ISO 14001:2015. This process ended in April 2019 through an audit performed by an ENAC certified rating agency, resulting in a SATISFACTORY EVALUATION.

The audit process involved visits to a total of 24 work centres distributed throughout Spain and Colombia and a total of 28 employees were interviewed.

Apart from the audit procedures that are performed by external certification entities, Grupo Ortiz has established an internal evaluation, monitoring and operating control system in order to ensure that the quality control, environmental and occupational hazard prevention policies defined in our management system are being implemented at the various permanent or temporary work centres located in Spain or abroad.

The Quality and Environment Management Department performed a total of 124 visits to inspect and control work centers operated by Grupo Ortiz.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

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OCCUPATIONAL HAZARD PREVENTION.

In 2021 Grupo ORTIZ audited its OHSAS 18001:2007 certification of the Occupational Hazard Prevention Management System that has been implemented at all Group companies. This process ended in April 2019 through an audit by an ENAC-certified external rating agency that issued a SATISFACTORY EVALUATION.

The audit process involved visits to a total of 20 work centres distributed throughout Spain and foreign offices and a total of 67 employees were interviewed.

The Prevention Service performed 904 visits to inspect and control various work centres and issued 117 Security/EPH/Permanent Centre reports, supplemented by 189 prevention actions carried out with construction subcontractors.

We note that Grupo ORTIZ strengthened its system for supervising, monitoring and controlling its projects abroad in terms of Quality, Environment and Occupational Hazard Prevention.

It has performed “on-site” internal audits at operations in Colombia, Peru, Mexico and Panama through the corporate Prevention Service.

RESEARCH, DEVELOPMENT AND TECHNOLOGICAL INNOVATION

During 2021, Ortiz incurred expenses and made investments in research and development relating to projects concerning digitalization and information technologies, renewable energies and construction technology.

Grupo Ortiz policy establishes the essential principle of strengthening basic research as a fundamental element to contributing to the generation of knowledge, particularly based on medium and long-term development and creating a favorable climate for the company to fully join the technology innovation culture in order to increase its competitiveness.

During 2021, several Research, Development and Technological Innovation projects have been developed for a total amount of €798 thousand.

The most notable R&D+i projects that took place in 2021 are as follows
- Project of Technological Innovation of Digitization and reengineering of processes in Grupo Ortiz.
- R&D project for cement-based materials to guarantee the robustness of industrial 3D printing processes in precast plants.

16. ACQUISITION AND DISPOSAL OF TREASURY SHARES

The movement of treasury shares in the year was as follows:

	31 December 2021		31 December 2020	
	Number of treasury shares	Thousands of euros	Number of treasury shares	Thousands of euros
At the beginning of the year ging balances	38,682	2,111	-	-
Additions/purchases	-	-	38,682	2,111
Disposals/sales	(38,682)	(2,111)	-	-
Closing balances	-	-	38,682	2,111

During the 2021 financial year, the Parent Company has distributed treasury shares to its shareholders as part of the payment of the dividend approved at the General Shareholders' Meeting on May 27, 2021. As of December 31, 2020, there are no treasury shares in the hands of the Parent. Dominant society.

During 2021 the Parent Company carried out several treasury share transactions with an average acquisition cost of €54.57 per share. At 31 December 2020 the parent company holds 38,682 shares representing 2.02% of share capital.

As of December 31, 2021, the Parent Company has no treasury shares that are registered reducing the value of shareholders' equity (December 31, 2020: 2,111 Thousands of euros).

17. EVENTS OCCURING AFTER THE REPORTING PERIOD

In the opinion of the directors of the Parent Company, no other matter has been revealed that could have any significant effect on the management report of the Consolidated Annual Accounts after the year ended December 31, 2021.

18. STATEMENT OF NON-FINANCIAL INFORMATION

In compliance with Law 11/2018 (28 December) on non-financial and diversity information, the Group has presented a separate report on Non-financial Information that was prepared by the directors of the parent company together with this Consolidated Directors’ Report.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

PREPARATION OF THE CONSOLIDATED ANNUAL ACCOUNTS AND CONSOLIDATED MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2021

On the 17 March 2022, the Board of Directors of Grupo Ortiz Construcciones y Proyectos, S.A. in compliance with the provisions set forth in Article 253 of the Act on Capital Companies and Article 37 of the Commercial Code, has prepared the Consolidated Financial Statements of Grupo Ortiz Construcciones y Proyectos S.A. and its subsidiary companies and the Directors' Report corresponding to the year ended 31 December 2021, which are comprised of the preceding attached documents

Signed: Juan Antonio Carpintero López

Signed: Javier Carpintero Grande

Signed: Sara Carpintero Grande

Signed: Carlos Cuervo-Arango Martínez

Signed: Juan Luis Domínguez Sidera

Signed: Raúl Arce Alonso

Signed: Alejandro Moreno Alonso

Signed: Francisco de Borja Carpintero García-Arias