



OBRASCÓN HUARTE LAIN, S.A.

Financial Statements and Management Report for the year ended 31 December 2021, together with the Independent Auditor's report

Audit Report on the Financial Statements
issued by an Independent Auditor

OBRASCÓN HUARTE LAIN, S.A.
Financial Statements and Management Report
for the year ended
31 December 2021
(Free translation from the original in Spanish)

AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of an audit report and Financial Statements originally issued in Spanish. In the event of discrepancy, the Spanish- language version prevails (See note 22)

To the shareholders of OBRASCÓN HUARTE LAIN, S.A.:

Report on the financial statements

Opinion

We have audited the financial statements of OBRASCÓN HUARTE LAIN, S.A. (the "Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss, the statement of changes in equity, the statement of cash flows, and the notes thereto, for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework in Spain (identified in Note 2.1 to the accompanying financial statements) and, in particular, the accounting principles and policies set forth therein.

Basis for opinion

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

We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned regulations.

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

Emphasis of matter paragraph

We draw attention to Note 13.3.2 to accompanying financial statements regarding the arbitration proceedings of which the Company is party related to the Hospital de Sidra (Qatar) project. As described in that note, partial awards have been made but the outcome of the arbitration as a whole is still uncertain. Despite the uncertainties, the directors have drawn the conclusion that it is unlikely that the Company will suffer any additional economic loss. Accordingly, there is an uncertainty at present that could affect the final resolution of the arbitration, so the Company's directors could have to modify their estimate significantly in future periods. Our opinion is not modified in respect of this matter.

Key audit matters

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

Recognition of revenue from construction contracts

Description As described in Note 4.10 to the accompanying financial statements, revenue is recognised using the percentage of completion method. Under this method, revenue is recognised based on costs incurred relative to total costs to be incurred. This requires measuring the proportion that costs incurred bear to total budgeted costs at the measurement date, and recognising revenue and margins in proportion to the total expected revenue and margins.

The recognition of revenue from these contracts requires Company management to make significant estimates regarding, *inter alia*, the total costs required to perform the contract or the estimate of the margin considered in forecast revenue and estimated costs to be incurred, as well as the amount of any potential modifications and claims over the original contract that will finally be accepted by the customer.

Due to the significance of the amounts involved, since this affects a considerable amount of total "Revenue" and the measurement of amounts to be billed for construction work performed, recognised in "Trade and other receivables" amounting to EUR 109,737 thousand at 31 December 2021, as well as the complexity inherent in these estimates, which require Company management to make judgements in determining the assumptions considered, such that changes in these assumptions could give rise to material differences in the revenue recorded, we determined this to be a key audit matter.

Information on the measurement bases used for these assets and the related disclosures on revenue are provided in Notes 4.10, 9.3 and 17.1 to the accompanying financial statements.

Our
response

In relation to this matter, our audit procedures included:

- ▶ Understanding the process used by Company management and directors for revenue recognition and evaluating the design, implementation and operating effectiveness of the relevant controls established in that process.
- ▶ Selecting a sample of projects considering both quantitative and qualitative criteria, for which we obtained the related contracts to read and understand the most relevant clauses and their implications.
- ▶ Evaluating, for those contracts, the reasonableness of the assumptions used by Company management that affect revenue recognition by holding meetings with technical staff and managers in charge of carrying out projects, and analysing the reasons for any deviations between planned and actual costs and their impact on the estimate of the projects' margins.
- ▶ Analysing trends in margins relative to changes in selling prices and total budgeted costs.
- ▶ Evaluating the reasonableness of the estimate of amounts to be billed for construction work performed recognised as revenue at year-end, by verifying the situation of negotiations with customers of the main contracts and reviewing the reasonableness of the documentation supporting the probability of their recovery.
- ▶ Reviewing the disclosures made in the notes to the financial statements in conformity with the applicable financial reporting framework.

Assessment of the impacts and accounting treatment of the restructuring

Description	<p>As explained in Note 2.6 to the accompanying financial statements, on 28 June 2021, the Group, of which the Company is the Parent, successfully completed its financial restructuring. This process included carrying out certain rights issues and capital reductions, the cancellation of existing notes for EUR 589,943 thousand and the issuance of new notes for EUR 434,934 thousand, with a modification of the terms and conditions.</p> <p>Under the terms of the notes issue, the Group also assumed certain obligations regarding the corporate restructuring ("Hive Down"), explained in that note, to bring the structure of collateral created for the benefit of holders of the new notes into alignment with the contractual agreements.</p> <p>Given the complexity of carrying out the restructuring and determining the impacts of the transactions carried out by Group management within the framework of this process, and the significance of the restructuring for concluding on the appropriateness of applying the going concern principle, we determined this to be a key audit matter.</p> <p>Information relating to the restructuring and its key impacts is disclosed in Notes 2.6, 8, 12 and 14 to the accompanying financial statements.</p>
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Our

response

In relation to this matter, our audit procedures included:

- ▶ Understanding the process used by management of the Group to which the Company belongs to assess the impacts of the transactions carried out under the framework of the restructuring, identifying the obligations assumed and their accounting recognition, and evaluating the design and implement of the relevant controls in place for this process.
- ▶ Analysing the documentation related to the capital increases and reductions carried out and verifying their respective entries in the Mercantile Register.
- ▶ Reviewing the obligations acquired by Group management under the framework of the corporate restructuring ("Hive Down").
- ▶ Evaluating, with the involvement of our financial instrument specialists, the reasonableness of the analysis performed by Group management to determine whether the refinancing transaction was eligible for classification as a modification of existing financing or a new liability, verifying its consistency with the applicable financial reporting framework, and reviewing its appropriate accounting treatment and recognition in the financial statements.
- ▶ Reviewing the disclosures made in the notes to the financial statements in conformity with the applicable financial reporting framework.

Other matters

On 26 March 2021, other auditors issued their audit report on the 2020 financial statements, in which they expressed an unqualified opinion.

Other information: Management report

Other information refers exclusively to the 2021 management report, the preparation of which is the responsibility of the Company's directors and is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility for the management report, in conformity with prevailing audit regulations in Spain, entails:

- a. Checking only that certain information included in the non-financial statement, certain information in the Annual Corporate Governance Report and the Annual Report on Director Remuneration, as defined in the Audit Law, was provided in the manner as stipulated in the applicable regulations and, if not, disclose this fact.
- b. Assessing and reporting on the consistency of the remaining information included in the management report with the financial statements, based on the knowledge of the Company obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we have verified that the information referred to in a) above has been provided as stipulated by applicable regulations and that the remaining information contained in the management report is consistent with that provided in the 2021 financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the directors and the audit committee for the financial statements

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with the financial reporting framework applicable to the Company in Spain, identified in Note 2.1 to the accompanying financial statements, and for such internal control as they determine necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

Report on other legal and regulatory requirements

European Single Electronic Format

We have examined the digital file of the European single electronic format (ESEF) of Obrascón Huarte Lain, S.A. for the 2021 financial year, consisting of an XHTML file containing the financial statements for the year, which will form part of the annual financial report.

The directors of Obrascón Huarte Lain, S.A. are responsible for submitting the annual financial report for the 2021 financial year in accordance with the format requirements set out in the European Commission Delegated Regulation (EU) 2019/815, of 17 December 2018 (the "ESEF Regulation").

Our responsibility consists of examining the digital file prepared by the Company's directors in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the financial statements included in the aforementioned digital file correspond in their entirety to those of the financial statements that we have audited, and whether the financial statements and the aforementioned file have been formatted, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital file examined corresponds in its entirety to the audited financial statements, which are presented, in all material respects, in accordance with the ESEF Regulation.

Additional report to the audit committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee on 4 April 2022.

Term of engagement

At the Annual General Meeting held on 15 June 2020, we were appointed auditor for three years, from the year ended 31 December 2021.

ERNST & YOUNG, S.L.
(Registered in the Official Register of Auditors
under No. S0530)

(Signed on the original Spanish version)

José Enrique Quijada Casillas
(Registered in the Official Register of Auditors
under entry no. 15310)

4 April 2022

OBRASCÓN HUARTE LAIN, S.A.

Separate financial statements for the year ended 31 December 2021

Contents

FINANCIAL STATEMENTS

SEPARATE FINANCIAL STATEMENTS

Statement of financial position as at 31 December 2021 and 2020.....	1
Statement of profit or loss for the years ended 31 December 2021 and 2020.....	3
Statement of changes in equity for the years ended 31 December 2021 and 2020.....	4
Statement of cash flows for the years ended 31 December 2021 and 2020.....	6

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1.- CORPORATE INFORMATION	7
2. BASIS OF PREPARATION	7
2.1 Financial reporting framework applicable to the Company	7
2.2 True and fair view	7
2.3 Non-mandatory accounting policies applied	8
2.4 Comparative information	8
2.5 Critical issues regarding the measurement and estimation of uncertainty	8
2.6 Restructuring operation	9
3. PROPOSED DISTRIBUTION OF PROFIT	27
4. ACCOUNTING POLICIES	27
4.1 Intangible assets	27
4.2 Property, plant and equipment	28
4.3 Impairment of intangible assets and property, plant and equipment	29
4.4 Investment properties	29
4.5 Leases	29
4.6 Financial instruments	30
4.7 Inventories	35
4.8 Foreign currency transactions	35
4.9 Income tax	36
4.10 Revenue and expenses	36
4.11 Provisions	38
4.12 Termination benefits	39
4.13 Liabilities arising from long-term employee benefits	39
4.14 Environmental assets, liabilities and activities	40
4.15 Grants, donations and bequests	40

4.16 Joint operations	40
4.17 Current versus non-current classification	41
4.18 Statement of cash flows	41
4.19 Related party transactions	41
5. INTANGIBLE ASSETS	42
6. PROPERTY, PLANT AND EQUIPMENT	43
7. Leases	45
7.1 Finance leases	45
7.2 Operating leases	45
8. EQUITY INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES	45
9. Financial assets	48
9.1 Investments in group companies and associates: non-current loans	49
9.2 Non-current financial assets	50
9.3 Trade receivables and advances from customers	52
9.4 Trade receivables from group companies	55
9.5 Trade receivables from associates	55
9.6 Current investments in group companies and associates	56
9.7 Current financial assets	58
9.8 Risk management policy	58
10. Inventories	66
11. CASH AND CASH EQUIVALENTS	67
12. Equity and shareholders' equity	67
12.1 Share capital	67
12.2 Legal reserve	68
12.3 Share premium	68
12.4 Other reserves	68
12.5 Limitations on the distribution of dividends	69
12.6 Treasury shares	69
12.7 Government grants	69
13. PROVISIONS, AND CONTINGENT ASSETS AND LIABILITIES	70
13.1 Provisions	70
13.2 Contingent assets	71
13.3 Contingent liabilities	71
14. FINANCIAL LIABILITIES	77
14.1 Non-current and current loans and borrowings	78

14.2 Non-current and current borrowings with group companies and associates-----	80
14.3 Trade payables -----	81
15. TAX MATTERS-----	83
15.1 Current tax receivables and payables -----	83
15.2 Reconciliation of accounting profit and taxable income -----	84
15.3 Breakdown of Spanish income tax -----	85
15.4 Tax recognised in equity -----	85
15.5 Deferred tax assets-----	86
15.6 deferred tax liabilities -----	87
15.7 Years open to inspection and tax audits -----	87
16. UTEs-----	87
17. Revenue and expenses -----	88
17.1 Revenue-----	88
17.2 Cost of sales-----	89
17.3 Long-term employee benefit expenses -----	90
17.4 Losses on, impairment of and changes in trade provisions -----	90
17.5 Third-party finance income and costs -----	90
17.6 Impairment and gains/(losses) on disposal of financial instruments -----	91
17.7 Foreign currency transactions and balances -----	92
17.8 Backlog-----	95
18. RELATED PARTY TRANSACTIONS AND BALANCES -----	96
18.1 Transactions with group companies and associates -----	96
18.2 Related party transactions and balances -----	97
18.3 Remuneration of directors and senior executives and conflicts of interest -----	98
19. Environmental disclosures-----	100
20. OTHER DISCLOSURES -----	100
20.1 Employees-----	100
20.2 Audit fees-----	101
20.3 Statement of cash flows -----	102
21. EVENTS AFTER THE REPORTING PERIOD-----	102
22. ADDITIOANAL NOTE FOR ENGLISH TRASLATION -----	103
Appendix I – UTEs -----	104
Appendix II - Equity of Group companies -----	105
Appendix III - Investments in Group companies -----	106
Appendix IV - Investments in associates -----	107
Appendix V - Identification of companies included in investments in Group companies -----	108

Statement of financial position as at 31 December 2021 and 2020

ASSETS	Note	31/12/2021	31/12/2020
NON-CURRENT ASSETS			
Intangible assets	5		
Development expenditure		886	1,836
Patents, licenses, trademarks and similar rights		12	13
Computer software		2,880	3,011
Other intangible assets		222	264
		4,000	5,124
Property, plant and equipment	6		
Land and buildings		726	730
Machinery and technical installations		8,340	3,377
Other installations, equipment and furniture		3,847	3,814
Investments in concessions		35	36
Other property, plant and equipment		6,034	1,742
Property, plant and equipment under construction and advances		-	168
		18,982	9,867
Investment properties			
Land		4	4
Buildings		787	803
		791	807
Non-current investments in group companies and associates			
Equity instruments	8	1,397,248	883,363
Loans to companies	9.1	86,234	359,165
		1,483,482	1,242,528
Non-current financial assets			
Equity instruments	9.2	13	59,924
Loans to third parties	9.2	2,068	162,745
Debt securities	9.2	1,168	279
Derivatives	9.2	399	-
Other financial assets	9.2	5,302	4,904
		8,950	227,852
Deferred tax assets	15.5	35,822	46,042
TOTAL NON-CURRENT ASSETS		1,552,027	1,532,220
CURRENT ASSETS			
Inventories	10		
Raw materials and other supplies		14,144	12,319
Auxiliary shop projects and site installations		17,744	18,245
Advances to suppliers and subcontractors		14,881	8,578
		46,769	39,142
Trade and other receivables			
Trade receivables	9.3	226,872	251,603
Trade receivables from group companies	9.4	20,978	26,011
Trade receivables from associates	9.5	4,841	19,865
Other receivables		21,949	23,626
Employee receivables		573	419
Current tax assets	15.1	30,002	28,604
Other tax receivables	15.1	10,348	7,273
		315,563	357,401
Current investments in group companies and associates	9.6		
Loans to companies		109,508	123,032
Other financial assets		148,637	61,562
		258,145	184,594
Current financial assets			
Equity instruments	9.7	3	3
Loans to companies	9.7	15,879	96,456
Other financial assets	9.7	145,190	146,524
		161,072	242,983
Current prepayments and accrued income		17,429	13,403
Cash and cash equivalents	11		
Cash		119,000	151,291
Cash equivalents		2,796	3,038
		121,796	154,329
TOTAL CURRENT ASSETS		920,774	991,852
TOTAL ASSETS		2,472,801	2,524,072

Note: The accompanying Notes 1 to 21 and Appendices I to V thereto are an integral part of the statement of financial position as at 31 December 2021.

Statement of financial position as at 31 December 2021 and 2020

Equity and liabilities	Note	31/12/2021	31/12/2020
EQUITY			
CAPITAL AND RESERVES			
Capital			
Registered capital	12.1	147,781	171,929
Share premium	12.3	1,328,128	1,265,300
Reserves			
Legal and bylaw reserves	12.2	29,556	34,386
Other reserves	12.4	111,462	26,340
(Own shares and equity holdings)	12.6	-504	-406
Prior years' losses		-809,524	-604,321
Profit/(loss) for the year	3	23,690	-205,203
TOTAL CAPITAL AND RESERVES		830,589	688,025
GRANTS, DONATIONS AND BEQUESTS RECEIVED	12.7	154	441
TOTAL EQUITY		830,743	688,466
NON-CURRENT LIABILITIES			
Non-current provisions	13.1		
Long-term employee benefits		863	-
Other provisions		30,737	30,051
		31,600	30,051
Loans and borrowings			
Bonds and other marketable securities	14.1	-	589,636
Bank borrowings	14.1	38,718	1,563
Other financial liabilities	14.1	6,023	2,617
		44,741	593,816
Loans and borrowings from group companies and associates	14.2	444,642	-
Deferred tax liabilities	15.6	5,024	4,381
TOTAL NON-CURRENT LIABILITIES		526,007	628,248
CURRENT LIABILITIES			
Provisions	13.1	148,850	160,928
Loans and borrowings			
Bonds and other marketable securities	14.1	-	8,804
Bank borrowings	14.1	25,177	97,152
Other financial liabilities	14.1	7,654	3,308
		32,831	109,264
Loans and borrowings from group companies and associates	14.2	344,252	365,822
Trade and other payables			
Trade payables		240,081	254,224
Trade notes payable		35,398	34,702
Trade payables to group companies	14.3.2	16,801	15,826
Trade payables to associates	14.3.2	25,487	34,866
Personnel (salaries payable)		10,782	12,220
Current tax liabilities	15.1	7,157	2,546
Other tax payables	15.1	21,469	33,861
Advances from customers	9.3	232,943	183,099
		590,118	571,344
TOTAL CURRENT LIABILITIES		1,116,051	1,207,358
TOTAL EQUITY AND LIABILITIES		2,472,801	2,524,072

Note: The accompanying Notes 1 to 21 and Appendices I to V thereto are an integral part of the statement of financial position as at 31 December 2021.

Statement of profit or loss for the years ended 31 December 2021 and 2020

	Note	Year ended 31 December 2021	Year ended 31 December 2020
Revenue	17.1		
Sales		443,803	497,677
Share of sales at UTEs		150,018	104,228
		593,821	601,905
Change in inventories of auxiliary shops and site facilities		(406)	958
Cost of sales:	17.2		
Cost of construction materials and machinery parts used		(86,216)	(83,454)
Subcontracted work		(337,491)	(324,036)
Inventory write-downs		-	495
Other operating income:	17.1		
Non-trading and other operating income		96,256	41,019
Grants related to income recognised in profit or loss		577	416
Staff costs:			
Salaries, wages and similar		(122,604)	(133,676)
Employee benefits expense		(21,568)	(21,938)
Other operating expenses:			
External services		(132,150)	(122,780)
Taxes other than income tax		(4,736)	(6,355)
Losses on, impairment of and changes in trade provisions	17.4	6,700	(1,152)
Other operating expenses		(2,661)	(3,883)
Amortisation and depreciation	4.4, 5 and 6	(5,637)	(7,505)
Provision surpluses		-	3,435
Impairment and gains/(losses) on disposals of property, plant and equipment			
Impairment and losses		1	-
Gains/(losses) on disposals and other	5 and 6	1,585	996
I. OPERATING PROFIT/(LOSS)		(14,529)	(55,555)
Finance income:			
From investments in equity instruments			
Group companies and associates	18.1	15,978	-
Third parties	17.5	10	9
From marketable securities and other financial instruments:			
Group companies and associates	18.1	7,096	30,754
Third parties	17.5	104,533	8,644
Finance costs:			
On loans and borrowings from group companies and associates	18.1	(40,395)	(14,890)
On loans and borrowings from third parties	17.5	(58,072)	(44,575)
Remeasurement of financial instruments at fair value			
At fair value through profit or loss		(33)	(1,358)
Exchange differences		(11,406)	16,233
Impairment and gains/(losses) on disposal of financial instruments			
Impairment and losses	17.6	(20,187)	(131,044)
Gains/(losses) on disposals and other	17.6	49,248	-
II. NET FINANCIAL PROFIT/(LOSS)		46,772	(136,227)
III. PROFIT/(LOSS) BEFORE TAX (I+II)		32,243	(191,782)
Income tax expense	15.2	(8,553)	(13,421)
IV. PROFIT/(LOSS) FOR THE YEAR		23,690	(205,203)

Note: The accompanying Notes 1 to 21 and Appendices I to V thereto are an integral part of the statement of profit or loss for the year ended 31 December 2021.

Statement of changes in equity for the years ended 31 December 2021 and 2020

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

	Year ended 31 December 2021	Year ended 31 December 2020
PROFIT/(LOSS) FOR THE YEAR	23,690	(205,203)
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY:	11	-
Grants, donations and bequests received	15	-
Tax effect	(4)	-
AMOUNTS TRANSFERRED TO PROFIT OR LOSS:	(298)	(168)
Grants, donations and bequests received	(397)	(224)
Tax effect	99	56
TOTAL RECOGNISED INCOME/(EXPENSE)	23,403	(205,371)

Note: The accompanying Notes 1 to 21 and Appendices I to V thereto are an integral part of the statement of changes in equity for the year ended 31 December 2021.

Statement of changes in equity for the years ended 31 December 2021 and 2020

B) STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

	Capital and reserves						Grants donations and bequests	Total equity
	Capital	Share premium	Reserves	(Own shares and equity holdings)	Retained earnings (prior years' losses)	Profit/(loss) for the year		
Closing balance at 31 December 2019	171,929	1,265,300	60,965	(535)	(544,435)	(59,886)	609	893,947
Total recognised income/(expense)	-	-	-	-	-	(205,203)	(168)	(205,371)
Transactions with equity holders or owners	-	-	(249)	129	-	-	-	(120)
Transactions with shares or own equity instruments (net)	-	-	(249)	129	-	-	-	(120)
Other changes in equity	-	-	10	-	(59,886)	59,886	-	10
Closing balance at 31 December 2020	171,929	1,265,300	60,726	(406)	(604,321)	(205,203)	441	688,466
Total recognised income/(expense)	-	-	-	-	-	23,690	(287)	23,403
Transactions with equity holders or owners	(24,148)	62,828	91,998	(98)	-	-	-	130,580
Capital increases/(reductions)	(24,148)	62,828	91,872	-	-	-	-	130,552
Transactions with shares or own equity instruments (net)	-	-	126	(98)	-	-	-	28
Other changes in equity	-	-	(11,706)	-	(205,203)	205,203	-	(11,706)
Closing balance at 31 December 2021	147,781	1,328,128	141,018	(504)	(809,524)	23,690	154	830,743

Note: The accompanying Notes 1 to 21 and Appendices I to V thereto are an integral part of the statement of changes in equity for the year ended 31 December 2021.

Statement of cash flows for the years ended 31 December 2021 and 2020

	Year ended 31 December 2021	Year ended 31 December 2020
A) CASH FLOWS FROM OPERATING ACTIVITIES	(164,111)	(100,688)
Profit/(loss) before tax	32,243	(191,782)
Adjustments to profit/(loss)	(48,302)	142,137
(+) Amortisation and depreciation	5,637	7,505
(+/-) Other adjustments to profit/(loss), net (see Note 20.3)	(53,939)	134,632
Working capital changes	(81,120)	(29,866)
Other cash flows used in operating activities:	(66,932)	(21,177)
(-) Interest paid	(97,535)	(61,109)
(+) Dividends received	8,132	9
(+) Interest received	16,453	16,721
(+/-) Income tax recovered/(paid)	(3,669)	(1,830)
(+/-) Other amounts received from/(paid for) operating activities	9,687	25,032
B) CASH FLOWS FROM INVESTING ACTIVITIES	100,509	389
Payments for investments:	(12,073)	(2,914)
(-) Group companies, associates and business units	(62)	(59)
(-) Property, plant and equipment, intangible assets and investment properties	(8,154)	(2,150)
(-) Other financial assets	(3,857)	(705)
Proceeds from sale of investments:	112,582	3,303
(+) Group companies, associates and business units	108,370	901
(+) Property, plant and equipment, intangible assets and investment properties	1,639	2,402
(+) Other financial assets	2,573	-
C) CASH FLOWS FROM FINANCING ACTIVITIES	31,069	22,508
Proceeds from (and payments for) equity instruments:	71,441	(120)
(+) Issue	71,398	-
(-) Acquisition	(8,327)	(18,728)
(+) Disposal	8,355	18,608
(+) Government grants	15	-
Proceeds from (and payments for) financial liability instruments	(40,372)	22,628
(+) Issue	1,964	100,766
(-) Redemption and repayment	(42,336)	(78,138)
Dividends and interest on other equity instruments paid	-	-
D) NET FOREIGN EXCHANGE DIFFERENCE	-	-
E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	(32,533)	(77,791)
F) CASH AND CASH EQUIVALENTS AT 1 JANUARY	154,329	232,120
G) CASH AND CASH EQUIVALENTS AT 31 DECEMBER (E+F)	121,796	154,329

Note: The accompanying Notes 1 to 21 and Appendices I to V thereto are an integral part of the statement of cash flows for the year ended 31 December 2021.

OBRASCÓN HUARTE LAIN, S.A.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2021

1. CORPORATE INFORMATION

Obrascón Huarte Lain, S.A. ("OHL" or the "Company"), formerly Sociedad General de Obras y Construcciones Obrascón, S.A., was incorporated on 15 May 1911, with registered address at Paseo de la Castellana, 259-D.

The company's object and business activity consist mainly of all manner of civil engineering and building construction works for public and private customers. Its object also includes the provision of public and private services, the operation of service concession arrangements and hotel complexes, real estate development and the sale of properties.

The operations are primarily carried out in Spain, Latin America and elsewhere in Europe.

2. BASIS OF PREPARATION

2.1 Financial reporting framework applicable to the Company

The accompanying financial statements were prepared by the directors in accordance with the financial reporting framework applicable to the Company, which is set out in:

- a) The Spanish Commercial Code and other company law.
- b) The Spanish General Accounting Plan (*Plan General de Contabilidad*) approved by Royal Decree 1514/2007, of 16 November, and subsequent amendments, the latest through Royal Decree 1/2021, of 12 January, and industry adaptations.
- c) Mandatory standards approved by the Spanish Accounting and Auditing Institute (*Instituto de Contabilidad y Auditoría de Cuentas*) in implementing the General Accounting Plan and its implementing regulations.
- d) All other applicable Spanish accounting regulations.

2.2 True and fair view

The accompanying financial statements were obtained from the Company's accounting records, which included the temporary business associations (UTEs) in which it has interests, and are presented in accordance with the financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, give a true and fair view of the Company's equity, financial position, results of operations and cash flows for the year. These financial statements, which were authorised for issue by the Company's directors, will be submitted for approval by shareholders at the Annual General Meeting. They are expected to be approved without any changes. The 2020 separate financial statements were approved at the Annual General Meeting held on 29 June 2021.

As Obrascón Huarte Lain, S.A. is the head of a group of companies which make up the Obrascón Huarte Lain Group, under current legislation it must prepare consolidated financial statements separately. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) in conformity with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002.

The 2021 consolidated financial statements of Obrascón Huarte Lain, S.A. and Subsidiaries prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) show consolidated attributable equity of EUR 642,863 thousand, and consolidated assets and profit attributable to the Parent of EUR 3,080,962 thousand and EUR 24,532 thousand, respectively.

Obrascón Huarte Lain Group's 2021 consolidated financial statements, authorised for issue by the directors, will also be submitted for approval at the Annual General Meeting. The 2020 separate financial statements were approved at the Ordinary General Shareholders' Meeting held on 29 June 2021.

2.3 Non-mandatory accounting policies applied

No non-mandatory accounting policies were applied.

The directors have authorised for issue these financial statements taking into account all the mandatory accounting principles and standards with a significant effect thereon. All mandatory accounting principles were applied.

2.4 Comparative information

In accordance with company law, for comparative purposes the Company presents for each item of the statement of financial position, the statement of profit or loss, the statement of changes in equity and the statement of cash flows, in addition to the figures for 2021, those for the previous period. Quantitative information for the previous period is also included in the notes to the financial statements unless an accounting standard specifically states that this is not required.

On 30 January 2021, Royal Decree 1/2021, of 12 January, amending the General Accounting Plan approved by Royal Decree 1514/ 2007, of 16 November, was published. The changes to the Spanish General Accounting Plan are applicable for annual periods beginning on or after 1 January 2021 and focus on the standards for the recognition, measurement and disclosure of revenue and financial instruments.

The changes did not have a material impact on these annual financial statements.

2.5 Critical issues regarding the measurement and estimation of uncertainty

The preparation of these financial statements required the Company's directors to make estimates that affect the reported amounts of certain assets, liabilities, revenue, expenses and obligations recognised therein. These estimates relate basically to:

- The useful life of intangible assets and property, plant, and equipment, and impairment losses thereon (see Notes 4.1, 4.2 and 4.3).
- The assessment of possible impairment losses on certain assets (see Note 4.3).

- The recognition of construction contract revenue and contract costs (see Note 4.10).
- The amount of certain provisions (see Notes 4.11 and 13).
- The fair value of certain financial instruments (see Note 9).
- The assessment of potential contingencies for employment, tax and legal risks (see Notes 4.12, 13 and 15.7).
- Financial risk management (see Note 9.8).

Although these estimates were made based on the best information available at year-end 2021 regarding the facts analysed, future events may require these estimates to be modified (upwards or downwards) in subsequent reporting periods. Any changes in accounting estimates would be applied prospectively.

2.6 Restructuring operation

2.6.1 Background

The Company's directors and management team considered debt on the statement of financial position to be excessive and unsustainable, resulting in a financial position that could limit the Company's operations and its ability to generate growth. The Company's financial position had deteriorated because of both external and internal factors. Although the Company took certain actions to improve its financial position, they proved insufficient because of certain factors.

Leverage remained high compared to the Company's ability to generate enough cash flow to service debt. Several of the Company's guarantee facilities matured in 2020 and the Company had been assessing several refinancing alternatives since the spring of 2019, engaging external financial advisors to help provide consulting and assist in stabilising its capital structure. The Company was able to agree the renewal of the guarantee facilities with the relevant counterparties, but the extensions were monthly ahead of the restructuring of OHL notes ("the Notes") to strengthen the Company's capital structure.

The Company was encountering significant difficulties securing additional guarantee facilities, which hurt its ability to win new construction projects, improve its operating performance and generate sufficient cash flow.

Unless the Restructuring was carried out, there were no reasonable expectations that the Company could continue as a going concern in its current state and with its liabilities and funding requirements would probably fail to meet its obligations in relation to debt instruments.

Several external and internal factors led to the deterioration of the Company's financial position, which can be summarised as follows:

- i. difficulties renewing guarantee facilities;
- ii. impossibility of refinancing the Notes under economically viable terms (specifically, the 2022 Notes would mature in 2022, with EUR 8,804 thousand of unmatured accrued interest on the Notes falling due in 2021);
- iii. successive downgrades to the credit rating; and
- iv. losses due to internal factors.

In addition, some of the Company's borrowings, specifically the (ICO (State-backed) bridge financing agreement, initially carried a maturity date of 30 October 2021.

This left the Company with little choice but to implement the Restructuring in order to minimise losses for all its stakeholders.

2.6.2 Lock-up agreement

On 7 August 2020, in an inside information notice sent to the Spanish National Securities Market Commission ("CNMV"), the Company announced that it had entered into a "commitment agreement" with the members of the Ad Hoc Group (i.e., a group of Company noteholders who are also the Backstop Providers as described below, and, in addition, Beach Point Capital Management LLP and Marathon Asset Management), which at the date of the scheme of arrangement held 53.46% of the nominal value of the Notes (as described below). Under the commitment agreement, the members of the Ad Hoc Group undertook to: (i) vote in favour of the proposals to be submitted for approval at the noteholder meetings to be held on 4 September 2020; and (ii) continue talks with the Company to seek strategic alternatives to shore up its statement of financial position.

On 4 September 2020, in a further inside information notice, the Company disclosed that: (i) the noteholders, at their meetings in respect of the various Note issues, had approved the proposals submitted to them to the effect that they waive certain rights in consideration of the Company and some of its subsidiaries having provided collateral to secure all amounts falling due from time to time in accordance with the ICO facility; and (ii), as to satisfaction of the other requirements for drawing down the second tranche (EUR 70,000 thousand) of the bridge financing agreement (also granted by ICO), the Company was still in talks with the noteholders to seek strategic alternatives to shore up its statement of financial position in accordance with the earlier announcement of 7 August.

Once negotiations with the Ad Hoc Group – also involving major shareholders of the Parent (the "Amodio Shareholders") – had been completed, the Company issued an inside information notice on 21 January 2021 announcing that it had signed a "Lock-Up Agreement" setting out the core business and legal terms of the Restructuring. The Company and some of its subsidiaries subscribed to the Lock-Up Agreement on 25 February 2021, as disclosed in an inside information notice on that date.

Specifically, under the Lock-Up Agreement, the parties undertook to:

- i. use their best efforts to take any action required to support, facilitate, complete or execute the Restructuring or any part of it in accordance with the Lock-Up Agreement and its attached term sheet (including any action to vote in favour of the Scheme at the relevant scheme meeting with noteholders); and
- ii. not take any action that, on a reasonable view, might delay or prevent the execution or completion of the Restructuring or that might be inconsistent with the terms of the Lock-Up Agreement (including voting against the terms of the Scheme).

2.6.3 Scheme of arrangement

The terms of the transaction set out in the Lock-Up Agreement offered noteholders two different options (the "Scheme Election Process"):

- i. Option 1: a Noteholder opting for Option 1 would receive "Option 1 Instruments", i.e., for every EUR 1,000 of principal of the Notes, EUR 880 of the principal of the New Notes, and, if applicable, EUR 20 by way of a "lock-up fee"; or
- ii. Option 2: a Noteholder opting for Option 2 would receive (A), in respect of up to 38.25% of the principal of their Notes, and for every EUR 1,000 of the principal of such Notes, "Debt-Equity Swap Option Instruments", i.e., EUR 680 of the principal of the New Notes and EUR 300 of new shares at an issue price of EUR 0.74 per share, and, if applicable, EUR 20 by way of a lock-up fee; and (ii), in respect of the remaining 61.75% of the principal of their Notes, "Option 1 Instruments", and, if applicable, EUR 20 by way of a lock-up fee.

The Scheme was approved by the Scheme Creditors at their Scheme Meeting and then sanctioned by the High Court in London on 15 April 2021 in accordance with s. 899 of the UK Companies Act 2006.

Backstop commitment and election

Issuance of the Debt-Equity Swap Option Instruments entailed converting EUR 68,033,898 of existing OHL notes into new OHL shares. For OHL, the key point of the restructuring plan was to make sure that the Debt-Equity Swap Option Instruments were fully subscribed for, so as to reduce the burden of indebtedness as envisaged for this debt-equity swap.

So that Company could benefit from a full reduction of indebtedness by means of the Restructuring (i.e., full implementation of the debt-equity swap), the Backstop Providers (i.e., Sand Grove Capital Management LLP¹, Melqart Asset Management (UK) Ltd and Searchlight Opportunities Fund GP, LP), under the backstop agreement of 20 January 2021 (the "**Backstop Agreement**") undertook to subscribe for all "Debt-Equity Swap Option Instruments" in the proportions set out in the Backstop Agreement (69.6% for Sand Grove, 18.9% for Melqart and 11.4% for Searchlight) if such instruments failed to be allotted via the Scheme Election Process because of insufficient appetite for Option 2 (the "**Backstop Commitment**").

As disclosed to the market in January 2021, the Lock-Up Agreement and Backstop Agreement stipulated that the Backstop Providers had an option to subscribe for all "Debt-Equity Swap Option Instruments" if, before a given date, noteholders accounting for at least 75% of the outstanding principal of the Notes (excluding Notes held by the Backstop Providers themselves) had (i) subscribed to the Lock-Up Agreement, and (ii) elected Option 1 (the "**Backstop Election**").

If the Backstop Providers were to exercise the option to elect the Backstop, any noteholder that had subscribed to the Lock-Up Agreement and committed to Option 2 could then break out from the Lock-Up Agreement within the five business days following the Backstop Providers' exercise of that option. If they did not break out from the Lock-Up, those Option 2 noteholders would from then on be treated as Option 1 noteholders.

¹ Through Sand Grove Opportunities Master Fund Ltd, Sand Grove Tactical Fund LP and Investment Opportunities SPC, on behalf of Investment Opportunities 2 Segregated Portfolio. Sand Grove Capital Management LLP acts as investment manager for these entities. Sand Grove Capital Management LLP is ultimately controlled by Simon Davies.

Neither the Backstop Commitment nor the Backstop Election required the Backstop Providers fully to subscribe for Option 2 (or elect fully to subscribe for Option 2). Rather, both related to the "Debt-Equity Swap Option Instruments" exclusively, as an assurance for the debt-equity swap referred to above.

As set out in the Lock-Up Agreement, if the Backstop Providers had to fulfil the Backstop Commitment or exercise the Backstop Election Process, they would not be ascribed to Option 2; rather, the Scheme would then no longer include an Option 2 at all, and instead Scheme Creditors would be treated as Option 1 noteholders. The Backstop Providers would then no longer be treated as Scheme creditors and – given that at the date of the Scheme they held 43.82% of the principal of the notes – they would receive: (i) in respect of an amount of Notes equivalent to 38.25% of the total principal of the Notes, the full amount of the Debt-Equity Swap Option Instruments (i.e., for every EUR 1,000 principal of Notes, EUR 680 principal of New Notes and EUR 300 value of New Shares); and (ii), in respect of the remainder of Notes held, Option 1 Instruments (i.e., for every EUR 1,000 principal of Notes, EUR 880 principal of New Notes).

Allocation of instruments to noteholders

By 8 February 2021, noteholders owning 93% of the principal of the Notes had subscribed to the Lock-Up Agreement, of whom (i) 83% of noteholders subscribing to the Lock-Up Agreement (excluding notes owned by the Backstop Providers), i.e., accounting for EUR 276,451 thousand of nominal value, elected Option 1, whereas (ii) only 4.62% of noteholders subscribing to the Lock-Up Agreement – accounting for EUR 15,380 thousand of the nominal value (excluding notes owned by the Backstop Providers) - elected Option 2.

Therefore, the requirements were satisfied for the Backstop Providers to exercise the Backstop Election; and on 9 February 2021, the Backstop Providers did in fact notify the Parent of their intention to exercise it.

On 10 February 2021, the Company filed an inside information notice disclosing that the noteholders (except the Backstop Providers) that had elected Option 2 (who, in the event, accounted for less than 2.5% of the principal of the Notes) could choose to break out of the Lock-Up Agreement in respect of the notes they held within five business days of 9 February 2021 (the date of exercise of the Backstop Election by the Backstop Providers). In the notice, the Parent warned that if such noteholders declined to exercise their break-out right, they would automatically be treated as Option 1 noteholders.

As a result, the Backstop Providers, fully and exclusively, took on the "Debt-Equity Swap Option Instruments", and the Scheme offered only one option: Option 1.

Therefore, in performance of the Scheme (which had already been sanctioned by the High Court in England):

- The Backstop Providers, who at the date of the Scheme owned 43.82% of the principal of the Notes, were to receive:
 - In respect of an amount of Notes equivalent to 38.25% of the total principal of the Notes, the Debt-Equity Swap Option Instruments (i.e., for every EUR 1,000 principal of Notes, EUR 680 principal of New Notes and EUR 300 in New Shares), a total nominal value of EUR 158,745,762 principal of New Notes and EUR 68,033,898 in New Shares in OHL).

- With respect to the remainder of their Notes, Option 1 Instruments.
- Noteholders who were not Backstop Providers (who, as at the Scheme date held 56.18% of the principal of the Notes) were to receive Option 1 Instruments that, together with the Option 1 Instruments to be received by the Backstop Providers as described above, would represent in aggregate a total nominal amount of EUR 328,517,042 in New Notes.

Therefore, only the Backstop Providers subscribed for the new OHL shares that were issued to support the debt-equity swap of some of the notes.

By exercising the Backstop Election, the Backstop Providers were excluded from the Scheme procedure (i.e., they were no longer treated as Scheme Creditors and, therefore, were not involved in voting on the approval of the Scheme at the Scheme Meeting). However, the Backstop Providers agreed to be bound by the outcome of the Scheme by signing the Restructuring Implementation Deed, which was subject to English law.

2.6.4 Conditions precedent of the Restructuring

Implementation of the Restructuring was subject to the fulfilment of a range of conditions precedent set out in the Lock-Up Agreement and in the Restructuring Implementation Deed (under English law). Those conditions were satisfied on 28 June 2021.

The Effective Date of the Restructuring was 28 June 2021. On that date, the New Notes were issued by subsidiary OHL Operaciones, S.A.U., the existing Notes were cancelled, the terms of the Company's borrowings from its main lender banks were replaced by new terms (novation), and the Capital Increases were approved, paid up and implemented.

2.6.5 Key terms of the Restructuring

The key terms of the Restructuring were: (i) the Capital Reduction; (ii) the investment commitments of the Amodio Shareholders and Tyrus Capital Event, S.à r.l. and/or Tyrus Capital Opportunities S.à r.l. ("**Tyrus**") and the Cash Increases (as defined below); (iii) amendment of the terms of the Notes; (iv) corporate restructuring or Hive Down; and (v) approval of the Restructuring.

The Lock-Up Agreement entered into on 20 January 2021 sets out the agreement between the parties on the terms of the Restructuring, as described below:

i. Capital Reduction

At an Extraordinary General Meeting held on 26 March 2021, the shareholders of OHL approved a capital reduction via a EUR 0.35 decrease in the par value of each share from EUR 0.60 to EUR 0.25. The aim was to increase unavailable reserves so the par value of OHL shares would be equal to or less than the price at which the New Shares would be issued. Implementation of this corporate action (the "**Capital Reduction**") was delegated to the Board of Directors.

On 26 March 2021, the Board of Directors decided to implement the Capital Reduction. On 30 March 2021, the Capital Reduction deed was executed before the Madrid notary Jaime Recarte Casanova, under number 2,201 of his protocol, and registered with the Madrid companies registry (Registro Mercantil) on 20 April 2021.

ii. Investment commitments and cash capital increases

As part of the Restructuring, the Company raised funds by a combination of a rights issue (the "Rights Issue") for a total value of EUR 35,000 thousand and a private placement (the "Private Placement") for a value of EUR 36,400 thousand. These transactions entailed the issue of 101,111,111 new shares (each share having a cash value of EUR 0.36), which were subscribed for in full.

Under the Lock-Up Agreement, the Amodio Shareholders undertook, as a joint liability, to provide funds to the Company in a total cash amount (nominal value plus premium) of EUR 37,000 thousand (the "**Amodio Investment Commitment**"). For its part, Tyrus undertook to invest a total cash amount (nominal value plus premium) of EUR 5,000 thousand (the "**Tyrus Investment Commitment**").

Specifically, by virtue of their respective investment commitments, the Amodio Shareholders and Tyrus undertook to: (i) subscribe for all otherwise unsubscribed shares in the Rights Issue after the first and second rounds (the "**Surplus Shares**") in a proportion of 88.10%/11.90% of the total of such Surplus Shares; and (ii) subscribe for shares in the Private Placement for amounts equal to EUR 37,000 thousand and EUR 5,000 thousand, respectively, less the amount corresponding to the Surplus Shares subscribed for by the Amodio Shareholders and Tyrus in accordance with item (i) above.

The Cash Capital Increases were approved by OHL shareholders at an Extraordinary General Meeting held on 26 March 2021. The resulting capital increases were subscribed for and fully paid up on 25 June 2021 and registered with the companies registry on 28 June 2021.

Arrangement and investment commitment fee

As consideration for their role in negotiating and arranging the Restructuring, the Amodio Shareholders received the "Amodio Investment Commitment Fee", which was exchanged for new shares in the Company by means of the Arrangement and Commitment Fee Capital Increase at a price per share equal to that of the Cash Capital Increases, i.e., EUR 0.36 per share. New shares were issued at a 42.54% discount with respect to the quoted share price on 1 June 2021 (EUR 0.63 per share).

The Amodio Shareholders' claim against OHL in respect of the Arrangement and Commitment Fee was thus paid off in the form of shares in the Company. The New Shares issued in respect of the Arrangement and Commitment Fee Capital Increase were allotted as follows:

- Forjar Capital, S.L.U.: 2,430,556 shares of EUR 0.25 par value each.
- Solid Rock Capital, S.L.U.: 2,430,555 shares of EUR 0.25 par value each.

The Arrangement and Commitment Fee Capital Increase was approved by OHL shareholders at the Extraordinary General Meeting of 26 March 2021 and was implemented on 25 June 2021 after execution of the Cash Capital Increase deeds. The Amodio Investment Commitment and the Debt-Equity Swap deed were therefore satisfied in full.

iii. Amendments to terms and conditions of the Notes

As disclosed in the inside information notice of January 2021, the Restructuring involved amendments to the terms and conditions of the Notes, through a combination of:

- i. debt write-off;
- ii. a debt-equity swap of part of the principal of the Notes by means of a Debt-Equity Swap at a price of EUR 0.74 per share, as approved by OHL shareholders at the Extraordinary General Meeting of 26 March 2021; and
- iii. replacement of the remaining Notes with New Notes after the debt write-off and debt-equity swap.

Debt-equity swap

After the implementation of the Cash Capital Increases, the Backstop Providers subscribed for all new shares issued in respect of the Debt-Equity Swap at a price of EUR 0.74 per share. The rate of exchange implies a 52.9% discount with respect to the net asset value of OHL shares at 31 March 2021 and an 18.12% increase with respect to the quoted share price on 1 June 2021 (EUR 0.63 per share). The New Shares issued in respect of the Debt-Equity Swap were allotted as follows:

- a) 69.64% of the New Shares issued in respect of the Debt-Equity Swap were allotted to Sand Grove Capital Management LLP.² Therefore, this investor subscribed for 64,028,844 shares of EUR 0.25 par value each.
- b) 18.91% of the New Shares issued in respect of the Debt-Equity Swap were allotted to Melqart Asset Management (UK) Ltd. Therefore, this investor subscribed for 17,383,446 shares of EUR 0.25 par value each.
- c) 11.45% of the New Shares issued in respect of the Debt-Equity Swap were allotted to Searchlight Opportunities Fund GP, LP. Therefore, this investor subscribed for 10,525,410 shares of EUR 0.25 par value each.

The nominal amount of the New Shares issued in respect of the Debt-Equity Swap represented 13.36% of share capital (prior to implementation of the Restructuring).

The Debt-Equity Swap was approved by OHL shareholders at the Extraordinary General Meeting of 26 March 2021, and implemented only after completion of the Cash Capital Increases on 25 June 2021, followed by registration with the companies registry on 28 June 2021.

² Through Sand Grove Opportunities Master Fund Ltd, Sand Grove Tactical Fund LP and Investment Opportunities SPC, on behalf of Investment Opportunities 2 Segregated Portfolio. Sand Grove Capital Management LLP acts as investment manager for these entities. Sand Grove Capital Management LLP is ultimately controlled by Simon Davies.

Principles of corporate governance

To be eligible to receive New Shares resulting from the Debt-Equity Swap (as defined below), each Option 2 Noteholder undertook, for a period of three (3) years after the Effective Date of the Restructuring (extensible in certain circumstances to three (3) additional years), for the benefit of the other shareholders of the Company, to abstain from voting at any General Meeting of the Company against proposals submitted by the Board of Directors of the Company in the notice of such meeting, and to abstain from nominating a proprietary director, provided that certain conditions were satisfied. Such conditions concern compliance with a range of indicators relating to the Company's finances and business performance, shareholder structure, membership of the Board, fulfilment of the Company's obligations in respect of the New Notes, and absence of any material adverse change that might affect the Company's business, the Company's ability to perform its obligations under the terms of the New Notes, or the validity or enforceability of any guarantee or collateral.

Terms and conditions of the New Notes

The key terms and conditions of the New Notes are:

a) Issuer of the New Notes

The issuer of the New Notes is OHL Operaciones, S.A.U. (**OHL Operaciones**), a newly created company (see Note 8).

b) Principal

The total principal of the New Notes is EUR 487,266,804. The New Notes are issued at a price of 100% of the principal.

c) Maturity

50% of the principal of the New Notes will mature on 31 March 2025 (the amount will be reduced by any redemptions or repurchases of New Notes before that date). The remaining principal of the New Notes will mature on 31 March 2026.

d) Interest rate

The New Notes bear interest at a nominal rate of 5.1% per annum, payable every six months on 15 March and 15 September of each year. The first interest payment date is 15 September 2021.

The New Notes also bear interest at a payment-in-kind (PIK) rate of 1.5% per annum until (but excluding) 15 September 2023. Thereafter the PIK rate will be 4.65%. On each interest payment date, PIK interest on the New Notes will be capitalised and added to the total outstanding principal of the New Notes. PIK interest may be increased by an additional 1% in the event of breach of specified limitations on provision of new guarantees, as described below. The IRR of the issue, including PIK, is 8.08%.

e) Early redemption

The New Notes may be redeemed early in part or in full at any time at the Issuer's discretion at 100% of the outstanding principal (excluding PIK interest not capitalised at the time of redemption) plus accrued unpaid interest (non-capitalised PIK interest would be payable in cash). In the event of partial redemption, the New Notes will be redeemed pro rata.

f) Guarantees

The New Notes are guaranteed on an unsubordinated basis by the Company, OHL Holding and OHL Iniciativas, and by the Guarantors (the "**Personal Guarantees**").

In addition, the New Notes are secured by collateral in the form of security interests, as described below, and further collateral currently pledged to secure the MSF, the CESCE Guarantee Facility, the ICO Financing and the guarantee and counter-guarantee agreement entered into with Crédit Agricole Corporate and Investment Bank, Sucursal en España, in the amount of USD 20 million (the "**Security Interests**" and, together with the "**Personal Guarantees**", the "**Guarantees**"):

- Pledge over shares in OHL Holding, OHL Iniciativas, 57 Whitehall Holdings, S.à r.l., OHL Central Europe, a.s., OHL Operaciones, Obrascón Huarte Lain Desarrollos, S.A.U., OHL Servicios Ingesan S.A., Cercanías Móstoles Navacarnero, S.A. (in liquidation) and Pacadar S.A.U.
- Pledge over equity in OHL Industrial, S.L.U., OHL Construcción Internacional, S.L.U., Senda Infraestructuras, S.L. and Proyecto Canalejas Group, S.L.
- Pledge over the Company's or any of its group companies' receivables (including claims arising from specified construction contracts, intragroup contracts, a dation in payment and debt acknowledgement contract and certain legal proceedings). Specifically, a pledge is granted over receivables arising from construction contracts of OHL or its branches relating to the "OHL Direct Business" of an amount exceeding EUR 400,000. Other receivables arising from specific contracts are also pledged.
- Pledge over claims on bank accounts.

The Guarantees and Security Interests are apportioned among the New Notes and other financial creditors of the Company and will be subject to the terms of an Intercreditor Agreement with other financial creditors of the Company.

The Intercreditor Agreement stipulates the ranking of noteholders' and banks' claims, the order of allocation of payments in relation to any proceeds obtained in a scenario of insolvency or from enforcement of personal guarantees and security interests provided for the benefit of such creditors, decision-making in relation to enforcement of such guarantees, and other key aspects of relations among creditors. Specifically, the Intercreditor Agreement sets out highly detailed rules on (i) allocation of payments in a distressed scenario, and (ii) allocation of payments in a non-distressed scenario, making provision for payment cascades in the light of restrictions on asset sales (a description of the rules is provided further below).

The Intercreditor Agreement was entered into by OHL and several subsidiaries of the Company as debtors, and by the banks, the financing agent, the trustee (as representative of the holders of the New Notes), i.e., BNY Mellon Corporate Trustee Services Limited, and the collateral agent, i.e., Sanne Agensynd, S.L.U.

The borrowings and bank guarantees covered by the Intercreditor Agreement include: (i) Multiproduct Syndicated Facilities (MSF) (the syndicated guarantee facility of EUR 313,764 thousand originally extended on 30 December 2016), (ii) the CESCE Guarantee Facility (the syndicated guarantee facility of EUR 40,000 thousand extended on 15 January 2020); (iii) the bridge financing agreement (ICO) (the financing agreement in an original amount of EUR 140,000 thousand extended on 30 April 2020); (iv) any new guarantee facilities (up to a maximum of EUR 200,000 thousand) entered into after the signing of the Intercreditor Agreement; and (v) the Bilateral Guarantee Facilities (i.e. the unsecured bilateral guarantee facilities entered into with banks prior to the signing of the Intercreditor Agreement).

As a rule, under the Intercreditor Agreement the debt obligations owed by any given Group member are ranked by priority for payment as follows:

- I. first, (i) the MSF; (ii) the CESCE Guarantee Facility; (iii) the bridge financing agreement (ICO); (iv) any new guarantee facilities up to a maximum of EUR 200,000 thousand (the "**Super Senior Instruments**"); and
- II. second, (i) the New Notes, and (ii) the existing bilateral guarantees (the "**Pari Passu Instruments**").

Pari Passu Instruments rank below, and are subordinated to, Super Senior Instruments.

By analogy, leaving aside specified exceptions under the Intercreditor Agreement, the personal guarantees and security interests secure the obligations of Group members in the following order:

- I. first, the Super Senior Instruments; and
- II. second, the Pari Passu Instruments.

The Intercreditor Agreement also governs relations of the noteholders and the banks among themselves and with the collateral agent, and specifies how instructions are to be given to the agent to enforce the guarantees and collateral.

g) Rank

The New Notes constitute direct, unconditional, unsubordinated obligations of OHL Operaciones and, without prejudice to the personal liability of OHL Operaciones under Article 1,911 of the Spanish Civil Code, are secured by the Guarantees. The New Notes will at all times rank pari passu without preference among themselves and, subject to the terms of the Intercreditor Agreement referred to above, at least pari passu with any other existing or future secured obligations of OHL Operaciones, except: (i) the MSF; (ii) the CESCE Guarantee Facility; (iii) the bridge financing agreement (ICO); (iv) any new guarantee facilities (up to a maximum of EUR 200,000 thousand) entered into after the signing of the Intercreditor Agreement; and (v) obligations that take priority under the law.

h) Covenants

The New Notes are subject to a range of other terms and conditions commonly applied to debt issues of this type, including restrictive obligations or "covenants".

The covenants affecting the New Notes include:

- i. limitations on indebtedness by Group companies (indebtedness is capped at EUR 70,000 thousand; there is a potential increase of EUR 200,000 thousand in the MSF line up to a combined maximum of EUR 100,000 thousand in any reverse factoring line or EUR 50,000 thousand of additional recourse debt of subsidiaries if they are not guarantors);
- ii. limitations on granting security interests;
- iii. limitations on restricted payments by OHL Operaciones and its subsidiaries;
- iv. limitations on asset sales;
- v. reporting duties to holders of New Notes;
- vi. obligations with respect to related-party transactions; and
- vii. rules that allow the Company to increase for a specific period (by signing up new guarantee facilities or increasing existing ones) its guarantee facilities, which would then benefit from the same collateral package as the New Notes.

Backstop Fee and Backstop Fee Capital Increase

The Backstop Providers, as consideration for undertaking the Backstop Commitment, exercising the Backstop Election and playing a role in support of the Restructuring, received the Backstop Fee, which was converted into new shares of the Company through the Backstop Fee Capital Increase at a price of EUR 0.36 per share.

The Backstop Fee Capital Increase amounted to a cash total (nominal value plus premium) of EUR 3,402 thousand, with the issuance of 9,449,152 new OHL shares of EUR 0.25 par value each (the "**Backstop Fee Capital Increase New Shares**"), and was apportioned among the Backstop Providers as follows (under an agreement between OHL and the Backstop Providers):

69.64% of the Backstop Fee Capital Increase New Shares were allotted to Sand Grove Capital Management LLP. Therefore, this investor was entitled to convert EUR 2,369 thousand into 6,580,743 shares of EUR 0.25 par value each.

18.91% of the Backstop Fee Capital Increase New Shares were allotted to Melqart Asset Management (UK) Ltd. Therefore, this investor was entitled to convert EUR 643 thousand into 1,786,631 shares of EUR 0.25 par value each.

11.45% of the Backstop Fee Capital Increase New Shares were allotted to Searchlight Opportunities Fund GP, LP. Therefore, this investor was entitled to convert EUR 389 thousand into 1,081,778 shares of EUR 0.25 par value each.

The increase in the Backstop Fee was approved at the Extraordinary General Shareholders' Meeting of OHL held on 26 March 2021 and implemented after the Debt-Equity Swap was concluded and completed on 25 June 2021 and placed on file with the companies registry on 28 June 2021.

Simultaneous implementation of the Capital Increases

All the Capital Increases were part of the Restructuring and were implemented simultaneously in compliance with the agreed terms of the Restructuring. Since the Private Placement was fully subscribed and raised EUR 36,400 thousand, 304,576,294 New Shares were issued in total.

iv. Hive-Down

To bring the structure of guarantees and collateral created for the benefit of the holders of New Notes into alignment with the Lock-Up Agreement, the Group undertook to implement a hive-down after the Effective Date of the Restructuring. A substantial portion of the Group's business will in future be carried on by OHL Operaciones, to which OHL will transfer its key subsidiaries (the "**Hive-Down**"). The terms of implementation of the Hive-Down are set out in the "**Hive-Down Principles**", which form part of the Lock-Up Agreement and were attached to the trust deed executed in connection with the New Notes.

The Hive-Down was approved by OHL shareholders at the Extraordinary General Meeting of 26 March 2021.

The Hive-Down involves the transfer of certain core assets by the Company to OHL Operaciones, S.A., a newly formed subsidiary domiciled in Spain that will be indirectly wholly owned by OHL S.A. Later, the Company will transfer its shares in OHL Operaciones, S.A. to a number of intermediate holding companies. Specifically, two newly formed companies resident in Luxembourg (OHL Holding and OHL Iniciativas) will be interposed between the Company and OHL Operaciones. Pledges will be granted over shares in the new companies for the benefit of holders of New Notes and creditors under the bridge financing agreement (ICO) and the Guarantee Facilities. The new corporate structure optimises the effectiveness of the guarantees that will be provided to secure OHL's obligations in respect of the New Notes. This approach is common practice in financial restructuring and has been applied recently to similar situations in Spain and other European jurisdictions.

The bridge financing agreement (ICO) and the existing guarantee facilities originally extended to the Company (i.e., the MSF and the CESCE Guarantee Facility) will also be transferred to OHL Operaciones after the Restructuring.

Assets within the scope of the Hive-Down

The Hive-Down will involve the following transfers: (i) transfer from the Company to OHL Operaciones, in one or more transactions, of the following assets (the "Hive-Down Assets"): (A) the shares or equity interests held by the Company in the Group's five main holding companies (OHL Desarrollos, S.A.U., OHL Industrial, S.L.U., OHL Servicios-Ingosan, S.A.U., OHL Construcción Internacional, S.A.U. and Senda Infraestructuras, S.L.U.), which will also entail indirect transfer of the holding companies' investees, and (B) the shares or equity interests held directly by the Company in certain other entities; and (ii) transfer from the Company of its shares in OHL Operaciones to OHL Holding (wholly owned by the Company) and, subsequently, transfer from OHL Holding of its shares in OHL Operaciones to OHL Iniciativas (wholly owned by OHL Holding).

After the Hive-Down, OHL, S.A. will continue to carry on its current business directly or through its foreign subsidiaries, i.e., the "OHL Direct Business", subject to a number of exceptions (from the Effective Date of the Restructuring to the maturity of the New Notes, OHL must use its best efforts to ensure that any contract arising from new business opportunities for the Group is entered into directly by OHL Operaciones or by one of its group companies that is qualified to enter into contract with Spanish government bodies ("Qualified Entities"). However, if there is a risk that the Group would pass up a business opportunity if it were to proceed in this way, the Company may enter into the relevant contract, provided that it uses its best efforts to see that a Qualified Entity also signs the contract). After the Hive-Down is implemented, the group headed by OHL Operaciones, S.A.U. is expected to generate close to 80% of Group revenue at any given time.

Timing of the Hive-Down

After the Effective Date of the Restructuring, the **first phase of the Hive Down** was completed with the contribution by the Company to OHL Operaciones of the following assets: OHL Desarrollos, S.A.U., Senda Infraestructuras, S.L.U., Aeropistas, S.L., Agrupación Guinovart Obras y Servicios Hispania, S.A., Asfaltos y Construcciones Elsan, S.A., Cercanías Móstoles Navalcarnero, S.A., Construcciones Adolfo Sobrino, S.A., Construcciones Colombianas OHL, S.A.S., OHL Infraestructuras S.A.S. and S.A. Trabajos y Obras. Next, the Company contributed its shares in OHL Operaciones to OHL Holding and, subsequently, OHL Holding its shares in OHL Operaciones to OHL Iniciativas.

Transfer from the Company to OHL Operaciones of the remaining Hive-Down Assets will take place as and when it receives applicable authorisations and consent from relevant Group counterparties..

Terms of implementation of the Hive-Down

As set out in the trust deed, OHL has assumed a range of obligations in connection with the implementation of the Hive-Down.

The Company must use all reasonable efforts to transfer, as soon as practicable after the Effective Date of the Restructuring, all the Hive-Down Assets to OHL Operaciones in accordance with the Hive-Down Principles and the "Hive-Down Implementation Paper" (a document delivered by OHL to the Noteholders on the Effective Date of the Restructuring that specifies the actions required for the Hive-Down to be implemented). The Group must comply with a range of obligations in connection with the Hive-Down:

- from the Effective Date of the Restructuring to the maturity of the New Notes, OHL must use its best efforts to ensure that any contract arising from new business opportunities for the Group is entered into directly by OHL Operaciones or a Qualified Entity, subject to the exceptions referred to above, and must ensure that the group companies headed by OHL Operaciones has at least one Qualified Entity as a member at all times;
- the Company must ensure that OHL Operaciones group entities can avail themselves of all resources (including employees, IT equipment and admin systems) required for the business continuity of the OHL Operaciones group of companies;
- the Company must use its best efforts to ensure that one year after the Effective Date of the Restructuring and up until the maturity of the New Notes the revenue generated by OHL Operaciones group companies accounts for at least 80% of total Group revenue as at the date of the latest financial statements at the given time (the "**Revenue Threshold**") (subject to certain provisions that allow some leeway³). A breach of the Revenue Threshold will be tantamount to a breach under the terms of the New Notes, subject to a three-month remediation period;

³ The Revenue Threshold will be subject to the following leeway: (i) leeway of 8%, provided that the total revenue generated by the OHL Operaciones group combined with revenue generated by construction contracts within the OHL Direct Business pledged for the benefit of noteholders and any proceeds received by OHL Operaciones group entities under any contracts that are terminated and were being performed by such entities (collectively, the "**Total Revenue Coverage**") account for less than 85% of the Group's total revenue; and (ii) leeway of 16% if the Total Revenue Coverage is equal to or greater than 85% of the Group's total revenue.

- cash generated by the OHL Direct Business (i.e., the construction business now carried on directly through Obrascón Huarte Lain, S.A. (or its foreign subsidiaries)) and cash arising from any factoring transaction in connection with contracts within the OHL Direct Business must, as soon as practicable after payment of ordinary business expenses, be transferred to the centralised accounts of the Company or of OHL Operaciones;
- subject to certain conditions, the Company must use its best efforts to transfer its treasury function within the Group to OHL Operaciones as soon as practicable. the Company must ensure in any event that before the Hive-Down deadline (i.e., two and a half years after the Effective Date of the Restructuring) (the "Hive-Down Deadline"), the Group treasury function has been transferred to OHL Operaciones;
- as from the Effective Date of the Restructuring and up until migration of the Group treasury function from the Company to OHL Operaciones, the Company must satisfy a range of requirements to ensure that Group cash held in its centralised accounts remains below specified ceilings, and that, to comply with such ceilings, monies are transferred as required to OHL Operaciones group entities;
- on the Effective Date of the Restructuring, the Company provided a number of pledges for the benefit of New Note holders (in accordance with the Intercreditor Agreement) relating to receivables arising from specified construction contracts within the scope of the OHL Direct Business, and other assets; and
- the Company must keep the advisers of the Ad Hoc Group informed as to the implementation of the Hive-Down in accordance with the Hive-Down Principles and the terms agreed with Noteholders under the Hive-Down Implementation Paper.

Those undertakings and others given by the Company in connection with the Hive-Down are subject to certain exceptions.

v. Court sanction (*homologación judicial*) of the Restructuring

After the Effective Date of the Restructuring, on 5 July 2021 OHL sought approval of the Restructuring by the Spanish courts by means of the execution of the Restructuring Master Agreement, in order to: (i) secure protection against potential termination actions in the event of insolvency of OHL or another Group company in accordance with Article 698 of the Spanish Insolvency Act ("TRLC"); and (ii), under the Restructuring, by virtue of a partial swap of claims against OHL into equity, engage the exception under Article 283(2) TRLC, whereby the Backstop Providers are characterised as non-related parties of the insolvent entity - consequently, their claims are not subordinated under Article 281 TRLC. (For the purposes of characterisation of claims, under Article 283(2) "related party" status does *not* apply to: creditors who directly or indirectly exchange for equity all or part of their claims under a refinancing transaction adopted in accordance with TRLC or an out-of-court payment agreement or an insolvency agreement, even if by reason of the debt-equity swap they become directors or managers of the debtor). As all creditors that would be affected by the court sanction are parties to the Master Restructuring Agreement, court sanction is not necessary to bind dissenting creditors.

By means of the Scheme procedure, the Noteholders approved - with an affirmative vote by the required majorities - the refinancing in England, subject to English law. Moreover, the parties agreed to submit the refinancing documents to the rules under Articles 605 *et seq* of the TRLC to achieve the irrevocability of the documents, transactions, acts and payments therein provided for and attract application of the rules of Article 698 of the TRLC.

The Scheme and the Restructuring are not themselves subject to any court sanction, but, if no court sanction had been achieved before 15 October 2021 (or such later date as the Company may agree with the banks, which in no event may be later than 15 January 2022), there would have been a breach of the terms of the New Notes. However, even if a breach arises in that connection, the validity of the Scheme and the Restructuring would be unaffected.

On 18 October 2021, the court sanction of the Restructuring was issued by Madrid Commercial Court No. 2.

2.6.6 Financial impact and accounting treatment

On completion of the Restructuring, the Capital Increases finally carried out by the Company, as described in the previous section, were as follows:

- i. **Rights issue** for a cash amount of EUR 34,998 thousand, with an issue price of EUR 0.36 per share (EUR 0.25 nominal and EUR 0.11 share premium). Despite the Amodio Shareholders' commitment to subscribe for any otherwise unsubscribed shares, this was not needed as the placement was oversubscribed.
- ii. **Private Placement** for a cash amount of EUR 36,400 thousand, with an issue price of EUR 0.36 per share (EUR 0.25 nominal and EUR 0.11 share premium), paid by the Amodio Shareholders and Tyrus in line with their investment commitment.
- iii. **Debt-Equity Swap** for a cash amount of EUR 68,033 thousand, with an issue price of EUR 0.74 per share (EUR 0.25 nominal and EUR 0.49 share premium).
- iv. **Arrangement and Commitment Fee Capital Increase** for the Amodio Shareholders' investment commitment for a cash amount of EUR 1,750 thousand and an issue price of EUR 0.36 per share (EUR 0.25 nominal and EUR 0.11 share premium).
- v. **Backstop Fee Capital Increase.** The cash amount of the fee was EUR 3,402 thousand, with an issue price of EUR 0.36 per share (EUR 0.25 nominal and EUR 0.11 share premium).

The following table provides a breakdown of these transactions, including the number of shares issued:

Increase	Cash amount	Nominal amount	Share premium	No. of shares
Rights issue	34,998,199	24,304,305	10,693,894	97,217,220
Private placement	36,400,000	25,277,778	11,122,222	101,111,111
Debt-equity swap	68,033,898	22,984,425	45,049,473	91,937,700
Arrangement and commitment fee capital increase	1,750,000	1,215,278	534,722	4,861,111
Backstop fee capital increase	3,401,695	2,362,288	1,039,407	9,449,152
TOTAL	144,583,792	76,144,074	68,439,718	304,576,294

Monetary units (EUR)

Regarding the **debt renegotiation**, as described in the previous section, the noteholders under the Lock-up Agreement could choose between two options (the "Scheme Election Process"), opening an accession period. Those failing to notify their election before the deadline were assigned Option 1.

The following table sets out the final summary of the transaction, with a breakdown of the nominal amount swapped for the new notes:

	New notes	Debt-equity swap	Write-off	Nominal amount swapped
Backstop Providers (38.25%)	158,745,762	68,033,898	-	226,779,660
Other (61.75%)	328,521,042	-	37,587,298	366,108,340
TOTAL	487,266,804	68,033,898	37,587,298	592,888,000

Monetary units (EUR)

The carrying amount of the original debt was EUR 589,943 thousand, with around EUR 2,945 thousand of arrangement expenses outstanding. These expenses will be recognised in profit or loss at the time of the exchange.

Accounting treatment of the operation

After analysing the accounting treatment of the Notes, the Company concluded that the terms of the debt have been **substantially modified** considering the terms and conditions of the new debt. Therefore, it has accounted for the modification as an extinguishment of the original liability at its carrying amount and recognised the new Notes and shares at their fair value at the time of the swap, recognising the difference between the two amounts and the expenses related to the note refinancing in profit or loss.

A key feature of the qualitative assessment was the consideration of the guarantees of the new debt, as:

- The notes swapped were unsecured.
- The New Notes were secured with security interests and personal guarantees affecting most of the Group's assets, affording advantages in the case of default (see terms and conditions of the New Notes above).

The accounting impact of the Restructuring is described below, considering a substantial modification of the debt and based on the following:

- i. **Share price of EUR 0.636 per share** at the close of the first day of trading following the capital increases.
- ii. **Fair value of the New Notes at 89.26%** at the time of the swap calculated using a model built to estimate the fair value of the notes according to measurement standard 9 in the General Accounting Plan and factoring in the following:
 - the absence of an active market for the notes, which means the trading price is only indicative and not reliable for the calculations used to account for the new debt.
 - Lower credit risk for the guarantees extended.
 - Cash injection via the Cash Capital Increases.

- Extension of maturity from 1-2 years to a new maturity at 5 years.
- Increase in investor return, mainly for the PIK interest of 1.5% until 15 September 2023 and 4.65% thereafter. On each interest payment date, PIK interest on the New Notes will be capitalised and added to the total outstanding principal of the New Notes.
- OHL's estimated credit rating post-agreements, the obligations of peers, estimations of CDS, etc.

The accounting impact of the Restructuring on the various statement of financial position line items is as follows:

ASSETS	EUR thousand
Cash and cash equivalents	50,236
Total current assets	50,236
Total assets	50,236
EQUITY AND LIABILITIES	EUR thousand
Share capital	76,144
Share premium	62,828
Reserves	(9,102)
Profit/(loss)	75,375
Equity	205,245
Bonds and other marketable securities	(589,943)
Non-current loans and borrowings from group companies	434,934
Total liabilities	(155,009)
Total equity and liabilities	50,236

Cash and cash equivalents increased by EUR 50,236 thousand for the EUR 71,398 thousand Cash Capital Increases and decreased by EUR 21,162 thousand for the costs related to the New Notes.

Equity increased by EUR 205,245 thousand, as a result of:

- **Cash Capital Increases** of EUR 71,398 thousand, of which EUR 49,582 thousand was recognised in share capital and EUR 21,816 thousand in the share premium account.
- Measurement of equity instruments delivered for the **Debt-Equity Swap** taking the closing price on the first day of trading on the continuous market after the date the Restructuring became effective and the liability was cancelled, of EUR 0.636 per share. Applying this amount to the 91,937,700 shares issued in the Debt-Equity Swap, the fair value of the shares recognised was EUR 22,984 thousand in share capital and EUR 35,488 thousand in share premium.
- Measurement of equity instruments delivered in the **conversion to equity of the fees**, also applying a price of EUR 0.636 to each share of the 14,310,263 shares issued in this connection, led to the recognition at fair value of the shares of EUR 9,102 thousand, of which EUR 3,577 thousand was recognised in share capital and EUR 5,525 thousand in share premium. These fees were also considered expenses related to the other capital increases and recognised directly in equity, with no impact on profit or loss.

- **Increase in profit for the period** for the difference between the carrying amount of the debt cancelled and the fair value of the new Notes and shares of EUR 96,537 thousand. Also included were refinancing costs related to the new debt of EUR 21,162 thousand.

Decrease in debt securities, with the derecognition of the original debt at amortised cost of EUR 589,943 thousand and **recognition in OHL, S.A. a new liability with Group companies (with OHL Operaciones, S.A.U. issuer of the New Notes) at fair value of EUR 434,934 thousand**, reflecting the value of the notes issued by OHL Operaciones, S.A.U. The measurement of the new liability was based on a fair value of the Notes of 89.26%, as explained previously.

The recognition of the new liabilities at fair value is irrespective of the payment obligations of the New Notes, with a nominal amount of EUR 487,267 thousand.

3. Proposed distribution of profit

The distribution of profit for the year proposed by the directors of Obrascón Huarte Lain, S.A. to be submitted for approval by shareholders at the General Meeting is as follows:

	EUR thousand
2021 profit	23,690
Distribution:	
To the offset of prior years' losses	23,690

4. ACCOUNTING POLICIES

The main accounting policies used by the Company in preparing the annual financial statements in accordance with the 2007 General Accounting Plan and its industry adaptation to construction companies in the 1990 General Accounting Plan, which are still effective in all matters that do not contravene the provisions of the new General Accounting Plan, were as follows:

4.1 Intangible assets

As a general rule, intangible assets are measured on initial recognition at acquisition or production cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

All of the Company's intangible assets have a finite useful life.

Development expenditure

The Company capitalises development expenditures incurred during the year that meet the following conditions:

- They are itemised by project and the cost can be clearly determined.
- There is evidence of the project's technical success and economic and commercial feasibility.

The related assets are amortised on a straight-line basis over their estimated useful life (for a period of up to five years).

Where there are doubts about the project's technical success and economic feasibility, any amounts capitalised are recognised directly in profit or loss for the period.

Industrial property

This item includes costs incurred to obtain the ownership of, or rights to use, the various types of intellectual property, including patents, utility model certificates, industrial designs and plant patents.

Intellectual property is measured at acquisition or production cost, which includes the development expenditure incurred and capitalised when the outcome is successful and the property is placed on file in the appropriate register, and the intellectual property registration and formalisation costs. Research costs are not included under any circumstances.

These assets are amortised on a straight-line basis over the estimated useful life, which is determined primarily by the period of protection.

Computer software

This item includes mainly costs arising from the installation and acquisition of computer software, which is amortised on a straight-line basis over a maximum period of four years.

4.2 Property, plant and equipment

Property, plant and equipment are measured at cost, revalued in accordance with applicable legal provisions, including Royal Decree-Law 7/1996, net of accumulated depreciation and impairment losses, of any, as explained in Note 4.3.

Costs incurred to enlarge, upgrade or improve property, plant and equipment which increase productivity, capacity or extend the useful life of the asset are capitalised as an increase in the cost of the asset.

Upkeep and maintenance costs are expensed currently.

Self-constructed property, plant and equipment are recognised at the accumulated cost, calculated by adding external costs and internal costs determined on the basis of the materials consumed in-house, direct labour incurred and manufacturing overheads.

The Company depreciates its property, plant and equipment on a straight-line basis over the estimated useful lives of the assets.

The estimated years of useful life of each group of assets are as follows:

	Years of estimated useful life
Buildings	25-50
Machinery and technical installations	8-16
Other installations, equipment and furniture	10
Other property, plant and equipment	3-5

Investments in concessions are depreciated on a straight-line basis over the term of the concession.

4.3 Impairment of intangible assets and property, plant and equipment

The Company reviews the carrying amount of its intangible assets and property, plant and equipment and compares it with the recoverable amount to determine whether the asset may be impaired.

Recoverable amount is the higher of:

- The fair value:
the price that would be agreed between two independent parties, less costs to sell and
- Value in use:
Estimate of the present value of the expected future cash flows.

If the recoverable amount of an asset is below its carrying amount, an impairment loss is recognised.

When an impairment loss subsequently reverses, income is recorded up to the amount of the previously recognised impairment loss.

4.4 Investment properties

"Investment properties" in the accompanying statement of financial position reflects the net values of the land, buildings and other structures held to earn rentals or for capital appreciation. In 2021, a depreciation charge of EUR 16 thousand was recognised (2020: EUR 17 thousand).

Investment properties are measured as explained in Note 4.2 on property, plant and equipment.

4.5 Leases

Leases are classified as finance leases when the conditions of the lease agreement indicate that substantially all the risks and rewards incidental to ownership of the asset are transferred. All other leases are classified as operating leases.

Finance leases

In finance leases in which the Company acts as lessee, the Company presents the cost of the leased assets in the statement of financial position in accordance with the nature of the leased asset, simultaneously recognising a liability for the same amount. This amount is the lower of the fair value of the leased asset or the present value of the minimum lease payments agreed upon, each determined at the inception of the lease, including the purchase option when it is reasonably certain that the option will be exercised. The calculation excludes contingent rents, costs for services and taxes to be paid by and reimbursed to the lessor. The total finance charge is allocated over the lease term and recognised in profit or loss for the reporting period in which it is accrued, using the effective interest rate method. Contingent rents are recognised as an expense in the period in which they are incurred.

The assets recognised for these types of transactions are depreciated based on their nature, using similar criteria to those applied to other items of property, plant and equipment.

Operating leases

Operating leases are agreements whereby the lessor conveys to the lessee the right to use an asset for a specified period of time and, therefore, leases for rights of use that do not transfer the risks and rewards incidental to ownership of an asset and are accounted for in accordance with the contractual nature of each transaction.

Expenses from operating leases are taken to the statement of profit or loss for the reporting period in which they are accrued. Any payment made or received in advance on entering into a leasehold is taken to the statement of profit or loss in accordance with the pattern of benefits transferred or received.

4.6 Financial instruments

4.6.1 Financial assets

Classification and measurement

The financial assets held by the Company are classified into the following categories:

- a) **Financial assets at fair value through profit or loss:** this category includes financial assets that cannot be classified into any other category. Financial assets held for trading must be included in this category.

Initial measurement

These assets are initially measured at fair value. In the absence of evidence to the contrary, this is the transaction price, which is equivalent to the fair value of the consideration given. Directly attributable transactions costs are recognised in profit or loss for the reporting period.

Subsequent measurement

After initial recognition, these assets are measured at fair value through profit or loss.

- b) **Financial assets at amortised cost:** the Company classifies financial assets in this category, even if they are admitted to trading on an exchange, if the following conditions are met:
 - the Company holds the financial assets within a business model whose objective is to collect contractual cash flows; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These contractual cash flows are inherent to a basic lending agreement, but the loan agreed could be interest-free or at a below-market interest rate.

In general, this category includes receivables from trade transactions ("trade receivables") and receivables from non-trade transactions ("other receivables").

Initial measurement

Loans and receivables are recognised initially at fair value. In the absence of evidence to the contrary, this is the transaction price, which is equivalent to the fair value of the consideration given plus directly attributable transaction costs. These are costs inherent in the transaction, which are capitalised.

Nonetheless, trade receivables falling due within one year for which there is no contractual interest rate, and loans to personnel, dividends receivable and receivables on called-up equity instruments expected to be collected in the short term are measured at their nominal amount, provided that the effect of not discounting the cash flows is not material.

Subsequent measurement

They are measured at amortised cost. Accrued interest is recognised in profit or loss using the effective interest rate method.

- c) **Financial assets at fair value through equity:** financial assets included in this category are assets whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and are not held for trading or eligible for classification as financial assets at amortised cost.

Initial measurement

Loans and receivables are recognised initially at fair value. In the absence of evidence to the contrary, this is the transaction price, which is equivalent to the fair value of the consideration given plus directly attributable transaction costs. These are costs inherent in the transaction, which are capitalised.

Subsequent measurement

These assets are measured at fair value, without deducting any transaction costs incurred on disposal. Changes in fair value are recognised directly in equity until the investment is derecognised or determined to be impaired, at which time the cumulative gain or loss previously deferred in equity is taken to profit or loss.

- d) **Financial assets at cost:** this category includes:
- equity investments in group companies, jointly controlled entities and associates.
 - other equity investments whose fair value cannot be determined by reference to a quoted price in an active market for an identical instrument or cannot be estimated reliably.
 - profit participating loans with contingent interest payments, either because a fixed interest rate or a floating rate contingent on compliance with a milestone by the borrower (e.g. obtaining profits) is agreed or because it is calculated exclusively by reference to the borrower's financial performance.
 - any other financial asset classified initially in the portfolio of financial assets at fair value through profit or loss when it is not possible to obtain a reliable estimate of fair value.

Initial measurement

These assets are initially recognised at cost, which is equivalent to the fair value of the consideration given plus directly attributable transaction costs. These are costs inherent in the transaction, which are capitalised.

Subsequent measurement

These assets are subsequently measured at cost less any accumulated impairment.

Derecognition of financial assets

The Company derecognises financial assets when the contractual rights to the cash flows from the financial asset expire or have been transferred, provided that substantially all the risks and rewards of ownership have been transferred, such as in binding agreements for sales of assets, transfers of trade receivables in factoring transactions in which the Company retains no credit or interest rate risk, sales of financial assets with an agreement to repurchase them at fair value and securitisations of financial assets whereby the transferee neither retains any subordinated financing nor extends any type of guarantee or incurs any other type of risk.

The Company does not derecognise financial assets in transfers whereby it retains substantially all the risks and rewards of ownership. These include discounted bills, factoring with recourse, sales of financial assets with an agreement to repurchase them at a fixed price or at the sales price plus interest, and securitisations of financial assets whereby the transferor retains subordinated financing or another type of guarantee that absorbs substantially all expected losses. The Company recognises a financial liability for the amount of the consideration received.

Impairment

Debt instruments at amortised cost or fair value through equity

At least at each reporting date, the Company assess whether there is objective evidence that a financial asset, or group of financial assets with similar risk characteristics assessed on a collective basis, is impaired as a result of one or more events that occurred after initial recognition that result in a reduction or delay in the estimated future cash flows due to debtor insolvency.

Where such evidence exists, the impairment loss is calculated as the difference between the carrying amount of the asset and the present value of the future cash flows expected to be generated by the asset discounted at the effective interest rate calculated at initial recognition.

Impairment losses and reversals thereof where the amount of the impairment loss decreases due to an event occurring after recognition are recognised as expenses and income, respectively, in profit or loss. The reversal is limited to the carrying amount of the asset that would have been recognised at the reversal date had no impairment loss been recognised.

For trade and other receivables, the criteria used by the Company to calculate the valuation allowances is to write down balances of a certain age or those affected by circumstances that justify a valuation adjustment such as customer disputes and litigation, even when the Company continues to take measures to recover the amounts in full.

Equity instruments at fair value through equity

With this type of investment, the Company considers the instrument to be impaired after a decline of a year and a half or forty percent of its quoted price with no recovery in value. However, it may be necessary to recognise an impairment loss before this period has elapsed or before the quoted price has dropped by that percentage.

Impairment losses are recognised as an expense in profit or loss.

Where the fair value increases, the impairment recognised in prior periods shall not be reversed with a credit to the statement of profit or loss; rather, the increase in fair value is recognised directly in equity.

Financial assets at cost

In this case, the impairment loss is measured as the difference between the carrying amount and the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the present value of future cash flows from the investment, estimated as either those from dividends expected to be received from the investee and the disposal or derecognition of the investment, or from the share in the cash flows expected to be generated by the investee in the ordinary course of business and from disposal or derecognition. When estimating impairment of these types of assets, the investee's equity is taken into consideration, corrected for any unrealised gains existing at the measurement date, net of the related tax effect, unless better evidence of the recoverable amount of the investment in equity instruments is available.

Impairment, and reversals thereof, are recognised as an expense or as income, respectively, in profit or loss. The loss can only be reversed up to the limit of the carrying amount of the investment that would have been disclosed at the reversal date had the impairment loss not been recognised.

Interest and dividends received from financial assets

Interest and dividends accrued on financial assets after acquisition are recognised in profit or loss. Interest is accounted for using the effective interest rate method, while dividends are recognised when the right to receive payment is established.

4.6.2 Financial liabilities

Classification and measurement

Financial liabilities are classified for measurement purposes as:

- a) **Financial liabilities at amortised cost:** the Company classifies all its financial liabilities in this category except those that must be measured at fair value through profit or loss. In general, this category includes payables from trade ("trade payables") and non-trade transactions ("other payables").

Initial measurement

These liabilities are recognised initially at fair value. In the absence of evidence to the contrary, this is the transaction price, which is equivalent to the fair value of the consideration received, adjusted for directly attributable transaction costs. These are costs inherent in the transaction, which are capitalised.

Nonetheless, trade payables falling due within one year for which there is no contractual interest rate, and called-up equity holdings expected to be settled in the short term are measured at their nominal amount, provided that the effect of not discounting the cash flows is immaterial.

Subsequent measurement

They are measured at amortised cost. Accrued interest is recognised in profit or loss using the effective interest rate method.

Nonetheless, payables falling due within one year measured at the nominal amount, in accordance with the preceding section, continue to be measured at that amount.

- b) **Financial liabilities at fair value through profit or loss:** the Company includes in this category financial liabilities held for trading and financial liabilities designated irrevocably upon initial recognition as at fair value through profit or loss.

Initial and subsequent measurement

These liabilities are initially measured at fair value. In the absence of evidence to the contrary, this is the transaction price, which is equivalent to the fair value of the consideration received. Directly attributable transactions costs are recognised in profit or loss.

After initial recognition the Company measures the financial liabilities in this category at fair value through profit or loss.

Derecognition of financial liabilities

The Company derecognises a financial liability in any of the following circumstances:

- the obligation is extinguished because the debtor has paid the creditor to discharge the liability (with cash or other goods or services) or the debtor is legally released from any responsibility for the liability.
- the Company repurchases financial liabilities, even if it intends to reissue them in the future.
- there is an exchange between a borrower and a lender of debt instruments with substantially different terms, in which case the new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability, as explained for debt restructuring, is also accounted for as an extinguishment.

Derecognition of a financial liability is accounted for as follows: the difference between the carrying amount of a financial liability (or part of that liability) extinguished and the consideration paid, including attributable transaction costs and any non-cash asset transferred or liability assumed, is recognised in profit or loss for the reporting period in which it arises.

Debt restructuring

On occasion, the Company restructures its debt commitments with its lenders. Debt restructuring can take various forms, including:

- immediate payment of the nominal amount (before maturity) followed by the refinancing of some or all of the nominal amount with a new liability (a "debt exchange").
- modification of the terms of the debt agreement before maturity (a "debt modification").

In a debt exchange or a debt modification with the same creditor, the Company analyses whether there has been a substantial change in the terms and conditions of the original liability. If the modification is substantial, the accounting treatment is as follows:

- the carrying amount of the original liability (or the corresponding part of that liability) is derecognised;
- the new financial liability is recognised at its fair value;
- the transaction costs are recognised in profit or loss; and
- the difference between the carrying amount of the original liability (or the part of the liability that has been derecognised) and the fair value of the new liability is recognised in profit or loss.

However, if the analysis indicates that the terms and conditions of the two liabilities are not substantially different (they are, essentially, the same debt), the accounting treatment is as follows:

- the original financial liability is not derecognised (i.e. it remains on the statement of financial position);
- the fees incurred in connection with the restructuring transaction are adjusted against the carrying amount of the liability; and
- a new effective interest rate is calculated for the modified liability as of the restructuring date. The amortised cost of the financial asset is determined by applying the effective interest rate, which is the discount rate that equates the carrying amount of the financial liability at the modification date to the cash flows payable under the new terms.

The terms are substantially different if, for instance, the present value of the cash flows under the new terms, including any fees paid net of any fees received, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability, discounted using the effective interest rate of both.

Certain modifications in determining the cash flows may not pass the 10% test but still give rise to a substantial modification of a financial liability: for example, a change from a fixed to a floating rate of interest on the liability; the redenomination of a liability into a different currency; and conversion of a fixed-rate loan into a profit participating loan, among other cases.

4.6.3 Equity instruments

An equity instrument represents a residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments issued by the Company are recognised in equity for the amount of proceeds received, net of issue costs.

Treasury shares acquired by the Company in the year are recognised at the value of the consideration paid and are deducted directly from equity. Any gain or loss on the acquisition, sale, issue or cancellation of own equity instruments is recognised directly in equity and not in profit or loss.

4.7 Inventories

Inventories are measured at the lower of cost, determined as the purchase price or cost of production, and net realisable value.

The Company writes down the cost of inventories when net realisable value is below cost, recognising the expense in profit or loss.

4.8 Foreign currency transactions

The Company's functional currency is the euro. Therefore, transactions in other currencies are considered to be denominated in foreign currency and are translated at the currency spot rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting dates. Any resulting gains or losses arising are recognised directly in the statement of profit or loss in the year they arise.

4.9 Income tax

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

Current tax is the amount of taxes the Company pays as a result of income tax for a period. Deductions and other tax relief applicable to payable taxes, excluding withholdings and payments on account, and the carry forward of tax losses applied in the current reporting period are accounted for as a reduction in current tax.

Deferred tax expense or income relates to the recognition and settlement of deferred tax assets and liabilities. These include the temporary differences, measured at the amount expected to be payable or recoverable, between the carrying amounts of assets and liabilities and their tax bases, as well as the carry forward of unused tax credits and tax losses. These amounts are measured by applying to the relevant temporary difference or tax credit the tax rate at which they are expected to be realised or settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are only recognised to the extent that it is probable that the Company will have future taxable profit available against which they can be utilised.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised in equity.

Recognised deferred tax assets are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

At 31 December 2021, the Company was head of the Obrascón Huarte Lain consolidated tax group.

4.10 Revenue and expenses

The Company's general revenue recognition policy, in line with measurement standard 14 of the General Accounting Plan, contains the following principles:

i) Core principle

The first step for recognising revenue requires identifying the nature of the contract and its performance obligations. The Company generally satisfies its performance obligations in the Construction activities over time, whereby the customer simultaneously receives and consumes the benefits as the service is provided.

The Company has clear criteria for recognising revenue over time that it applies consistently to the Construction activities for similar performance obligations. The Company measures the value of the goods and services for which control is transferred to the customer over time using the input method, or "stage of completion in proportion to contract costs incurred". In accordance with this method, the Company recognises revenue based on the proportion that costs incurred bear to the estimated total costs. This method requires measuring the proportion that costs incurred as at the measurement date bear to total budgeted costs and, therefore, recognising revenue and margins in proportion to the total expected revenue and margins.

ii) Recognition of revenue from contract modifications, claims and disputes

A contract modification is a change in the scope of the contract, other than a change envisaged in the original contract, that may result in a change in the revenue associated with that contract. In most cases, modifications to the original contract require the customer to give technical and financial approval to enable the Company to bill and collect the amounts relating to that additional work. The Company does not recognise revenue relating to contract modifications until the customer approves these modifications; however, in cases where the additional work has been approved but the corresponding change in price has not yet been determined, it only recognises an amount to the extent that it is highly probable that a significant reversal in the amount of revenue will not occur. The costs of producing these units are recognised as incurred, irrespective of whether or not the modification has been approved.

A claim is a request for indemnity to a customer. The Company applies the method used for contract modifications to claims.

A dispute is the result of a discrepancy resulting from a claim made to the customer under the framework of a contract, the resolution of which is dependent on the mechanism established in the contract for the resolution of the dispute (whether conducted directly with the customer or through a court or arbitration proceeding). Revenue relating to disputes is not recognised, since the dispute demonstrates the absence of the customer's approval of the work completed.

iii) Statement of financial position balances related to revenue recognition

Amounts to be billed for work performed/amounts billed in advance for construction work

Unlike the method used to recognise contract revenue, the amounts billed to the customer are based on achievement of the various milestones established in the contract and on acknowledgement thereof by the customer through the certificate of completion. Accordingly, the amounts recognised as revenue for a given year do not necessarily coincide with the amounts billed to, or certified by, the customer. For contracts in which the transfer of goods or services to the customer is more than the amount certified, the difference is recognised in assets under "Amounts to be billed for work performed" under "Trade receivables", whereas in contracts in which the transfer of goods or services is less than the amount certified by the customer, the difference is recognised in liabilities under "Trade and other payables" in the statement of financial position.

Costs to obtain and fulfil contracts

The Company recognises as assets the costs of obtaining a contract (bid costs) and the costs incurred in fulfilling a contract or setup costs (mobilisation costs) that are directly related to the principal contract, provided they will be recovered through performance of the contract.

Bidding costs are only capitalised when they relate directly to a contract, it is probable that the costs will be recovered and the contract has been awarded or the Company has been selected as preferred bidder. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense unless those costs are explicitly chargeable to the customer (regardless of whether the contract is obtained). The asset is amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Costs to fulfil a contract (setup or mobilisation costs) are capitalised if they are expected to be recovered and do not include costs that would normally be incurred by the Company had the contract not been obtained. They are recognised in profit or loss on the basis of the proportion of actual output to estimated output under each contract. Otherwise, these costs are recognised directly in profit or loss.

iv) Financing component

For performance obligations for which the period between when the entity transfers a promised good or service to the customer and when the customer pays for that good or service is less than one year, the Company applies the practical expedient permitted by the standard and does not adjust the promised amount of consideration for the effects of a significant financing component.

In cases where there is a contractual or legal right to charge late-payment interest owing to a delay in collection with respect to the contractually established periods, such interest is recognised only when it is highly probable that it will actually be received.

4.11 Provisions

The Company's financial statements include all the material provisions with respect to which it is considered that it is probable that the obligation will have to be settled (see Note 13.1). Contingent liabilities are not recognised in the financial statements, but are disclosed (see Note 13.3).

Provisions are classified under current or non-current liabilities based on the estimated period of time over which the related obligations will have to be settled.

The most significant provisions are:

Provision for taxes

These provisions reflect the estimated tax liability of uncertain amount or timing, since payment depends on whether or not certain conditions are met.

Provisions for litigation and third-party liability

These provisions are recognised to cover potential adverse economic outcomes from legal proceedings and claims against the Company arising in the ordinary course of business.

Provision for investees

The provision is recognised to cover losses that the Company would have to bear in the event of the disposal or dissolution of Group companies or associates with an equity shortfall and no unrealised gains.

Provisions for the completion of construction projects

These provisions are intended to cover expenses arising from the completion of a project until final settlement. The estimated costs in this connection accrue over the construction period based of production volumes.

Provisions for management and other fees

These provisions relate to the amount accrued in connection with project management and inspection fees, laboratory, layout and other fees payable at the reporting date. The amounts of these fees are established in the related project specifications and in current legislation. The estimated costs in this connection accrue over the construction period based of production volumes.

Provisions for future losses

These provisions are recognised immediately when it is evident that total contract costs will exceed total contract revenues and they are included in the estimate of the total budget for the contract.

Other provisions

These provisions relate to prepayments of expenses, such as guarantees and insurance, and provisions for third-party liability and other construction costs.

4.12 Termination benefits

In accordance with the various collective bargaining agreements in force, the Company is required to pay termination benefits to employees terminated under certain conditions.

"Provisions" in current liabilities in the statement of financial position include a provision for the liability incurred in this connection for temporary site employees, based on the average remuneration rate and the average length of service (see Note 13.1).

Termination benefits that can be reasonably quantified are recognised as an expense in the year in which the decision is taken.

4.13 Liabilities arising from long-term employee benefits

The Company classifies its long-term employee benefit obligations depending on their nature as defined contribution plans and defined benefit plans. Defined benefit plans are those in which the Company has an obligation to make predetermined contributions to a separate entity (for instance, an insurance company or a pension plan), provided that there is no legal, contractual or implicit obligation to make additional contributions if the separate entity cannot comply with the obligations assumed. Plans that do not entail a defined contribution are considered defined benefit plans.

4.14 Environmental assets, liabilities and activities

An environmental activity is any operation whose main purpose is to prevent, reduce or repair damage to the environment.

The Company's core business is construction. Most construction contracts include an environmental impact assessment and the performance of work to preserve, maintain and restore the environment.

The Company does not consider the assets and expenses related to the provision of these services as environmental assets and expenses since they are performed for third parties. However, environmental claims and obligations are included, regardless of whether or not they arise from the Company's own operations or operations performed for third parties.

Investments relating to environmental activities are measured at cost and capitalised as an increase in the cost of the related non-current assets in the year in which they are made.

Expense to protect and improve the environment are recognised in the statement of profit or loss in the year in which they are incurred, regardless of when the resulting monetary or financial flow arises.

Provisions for probable or certain third-party liability, ongoing litigation and outstanding environmental indemnity payments or obligations of undetermined amount not covered by insurance policies taken out are recognised when the liability or obligation giving rise to the indemnity or payment arises.

4.15 Grants, donations and bequests

The Company accounts for grants, donations and bequests received as follows:

- a) Non-refundable grants, donations and legacies related to assets: these are measured at the fair value of the amount or the asset received, based on whether or not they are monetary grants, and they are taken to income in proportion to the period depreciation charges for the assets for which the grants were received or, where appropriate, on disposal of the asset or on the recognition of an impairment loss. Until they are recognised in profit or loss, they are presented in equity, net of the related tax effect.
- b) Refundable grants: refundable grants are recognised as liabilities as long as they remain refundable.
- c) Grants related to income: these are recognised with a credit to income when they are awarded, except those earmarked to finance operating losses for future periods, in which case they are recognised as income in those periods. Those awarded to finance specific expenses are recognised as income as the finance expenses are accrued.

4.16 Joint operations

A joint venture is an economic activity controlled by two or more natural or legal persons (venturers), which occurs when there is a bylaw or contractual arrangement whereby the venturers agree to share the power to govern the financial and operating policies in such a way that the strategic decisions require the unanimous consent of all of the venturers.

Joint ventures may arise through the incorporation of a company, i.e. an actual joint venture, or through the incorporation of co-ownerships or temporary business associations (UTEs), i.e. joint operations.

Standard practice in the construction industry is for certain construction projects to be performed through the grouping of several companies as a UTE.

The main UTEs in which the Company had interests at 31 December 2021 are detailed in Appendix I to these notes to the financial statements.

The Company recognises the outcome of construction work performed at UTEs using the same method as for its own construction projects, as explained in Note 4.10.

The expenses incurred on behalf of, and other services provided to, UTEs are recognised when the expense is incurred or the service provided. These amounts are recognised under "Non-trading and other operating income" in the statement of profit or loss.

Under recognition and measurement standard 20 of the General Accounting Plan, the venturer's annual financial statements include its share of the UTEs in which it has an interest at the end of the reporting period, integrating the various items of the statement of profit or loss and the statement of financial position of the UTEs using proportionate consolidation. These balances are disclosed in the following Notes, where material. The venturer's statement of changes in equity and statement of cash flows also reflect its proportional share of the items of the UTEs.

4.17 Current versus non-current classification

Current assets comprise assets associated with the normal operating cycle, which generally is considered to be one year, as well as those expected to mature, or to be sold or realised in the short term, financial assets held for trading, except financial derivatives that will be settled in more than one year, and cash and cash equivalents. All other assets are classified as non-current.

Similarly, current liabilities are liabilities associated with the normal operating cycle, financial liabilities classified as held for trading, except financial derivatives that will be settled in more than one year, and, in general, all liabilities expected to fall due or to be extinguished in the short term. All other liabilities are classified as non-current.

4.18 Statement of cash flows

Cash flows are inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value. The statement of cash flows is prepared using the indirect method, with the changes in cash flows during the year classified into:

- Operating activities: the principal revenue-producing activities of the Company and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash equivalents.
- Financing activities: activities that result in changes in the size and composition of the equity and borrowings of the Company that are not operating activities.

4.19 Related party transactions

The Company carries out all transactions with related parties at arm's length. In addition, transfer prices are adequately supported, so the Company's directors consider that there are no material risks in this connection that could lead to significant liabilities in the future.

5. INTANGIBLE ASSETS

Reconciliation of the carrying amount of this statement of financial position item at the beginning and end of 2021 and 2020:

2021	EUR thousand					
	Opening balance	Additions or charges	Disposals or derecognitions	Exchange differences	Transfers	Closing balance
Development expenditure:						
Cost	18,457	-	-	-	-	18,457
Accumulated amortisation	(16,621)	(950)	-	-	-	(17,571)
	1,836	(950)	-	-	-	886
Computer software:						
Cost	33,212	501	(142)	16	592	34,179
Accumulated amortisation	(21,474)	(1,221)	142	(19)	-	(22,572)
Impairment losses	(8,727)	-	-	-	-	(8,727)
	3,011	(720)	-	(3)	592	2,880
Patents, licenses and trademarks						
Cost	170	-	-	-	-	170
Accumulated amortisation	(157)	(1)	-	-	-	(158)
	13	(1)	-	-	-	12
Other intangible assets in progress						
Cost	264	550	-	-	(592)	222
	264	550	-	-	(592)	222
Total:						
Cost	52,103	1,051	(142)	16	-	53,028
Accumulated amortisation	(38,252)	(2,172)	142	(19)	-	(40,301)
Impairment	(8,727)	-	-	-	-	(8,727)
Total intangible assets	5,124	(1,121)	-	(3)	-	4,000

2020	EUR thousand					
	Opening balance	Additions or charges	Disposals or derecognitions	Exchange differences	Transfers	Closing balance
Development expenditure:						
Cost	19,534	-	(1,077)	-	-	18,457
Accumulated amortisation	(16,024)	(882)	285	-	-	(16,621)
	3,510	(882)	(792)	-	-	1,836
Computer software:						
Cost	33,789	579	(1,952)	(67)	863	33,212
Accumulated amortisation	(21,665)	(1,499)	1,639	51	-	(21,474)
Impairment	(8,727)	-	-	-	-	(8,727)
	3,397	(920)	(313)	(16)	863	3,011
Patents, licenses and trademarks						
Cost	170	-	-	-	-	170
Accumulated amortisation	(156)	(1)	-	-	-	(157)
	14	(1)	-	-	-	13
Other intangible assets in progress						
Cost	502	625	-	-	(863)	264
	502	625	-	-	(863)	264
Total:						
Cost	53,995	1,204	(3,029)	(67)	-	52,103
Accumulated amortisation	(37,845)	(2,382)	1,924	51	-	(38,252)
Impairment	(8,727)	-	-	-	-	(8,727)
Total intangible assets	7,423	(1,178)	(1,105)	(16)	-	5,124

"Development expenditure" relates to various R&D projects.

There were no gains or losses on disposals of intangible assets in 2021 (2020: EUR 1,105 thousand).

At 31 December 2021, the cost and accumulated amortisation included EUR 655 thousand and EUR 617 thousand, respectively, related to UTEs (2020: EUR 646 thousand and EUR 605 thousand, respectively).

The cost and accumulated amortisation of intangible assets located abroad at 31 December 2021 amounted to EUR 882 thousand and EUR 748 thousand, respectively (2020: EUR 798 thousand and EUR 678 thousand, respectively).

At 31 December 2021, fully amortised intangible assets still in use amounted to EUR 33,517 thousand (2020: EUR 31,357 thousand).

In 2021, the Company received EUR 15 thousand of government grants earmarked for R&D projects (2020: EUR 0) (see Note 12.7).

6. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of the carrying amount of this statement of financial position item at the beginning and end of 2021 and 2020:

2021	EUR thousand					
	Opening balance	Additions or charges	Disposals or derecognitions	Exchange differences	Transfers	Closing balance
Land and buildings:						
Cost	851	-	-	-	-	851
Accumulated depreciation	(121)	(4)	-	-	-	(125)
	730	(4)	-	-	-	726
Machinery and technical installations:						
Cost	48,769	3,619	(1,945)	(527)	1,814	51,730
Accumulated depreciation	(45,392)	(1,408)	1,935	433	1,042	(43,390)
	3,377	2,211	(10)	(94)	2,856	8,340
Other installations, equipment and						
Cost	51,970	480	(306)	1,955	1,341	55,440
Accumulated depreciation	(45,267)	(769)	284	(1,674)	(1,042)	(48,468)
Impairment	(2,889)	-	-	(236)	-	(3,125)
	3,814	(289)	(22)	45	299	3,847
Investments in concessions:						
Cost	119	-	-	-	-	119
Accumulated depreciation	(15)	(1)	-	-	-	(16)
Impairment	(68)	-	-	-	-	(68)
	36	(1)	-	-	-	35
Other property, plant and equipment:						
Cost	22,281	5,570	(2,845)	(582)	-	24,424
Accumulated depreciation	(20,071)	(1,267)	2,798	628	-	(17,912)
Impairment	(468)	-	-	(10)	-	(478)
	1,742	4,303	(47)	36	-	6,034
Property, plant and equipment under						
Cost	168	2,987	-	-	(3,155)	-
	168	2,987	-	-	(3,155)	-
Total:						
Cost	124,158	12,656	(5,096)	846	-	132,564
Accumulated depreciation	(110,866)	(3,449)	5,017	(613)	-	(109,911)
Impairment	(3,425)	-	-	(246)	-	(3,671)
Total property, plant and equipment	9,867	9,207	(79)	(13)	-	18,982

2020

EUR thousand

	Opening balance	Additions or charges	Dispos- als or derecog- nitions	Exchange differences	Transfers	Closing balance
Land and buildings:						
Cost	797	-	-	-	54	851
Accumulated depreciation	(114)	(4)	-	-	(3)	(121)
	683	(4)	-	-	51	730
Machinery and technical installations:						
Cost	77,276	955	(24,035)	(5,741)	314	48,769
Accumulated depreciation	(72,884)	(2,076)	24,082	5,486	-	(45,392)
	4,392	(1,121)	47	(255)	314	3,377
Other installations, equipment and furniture:						
Cost	60,094	176	(2,022)	(6,278)	-	51,970
Accumulated depreciation	(51,864)	(589)	1,948	5,233	5	(45,267)
Impairment	(3,164)	-	-	275	-	(2,889)
	5,066	(413)	(74)	(770)	5	3,814
Investments in concessions:						
Cost	119	-	-	-	-	119
Accumulated depreciation	(15)	-	-	-	-	(15)
Impairment	(68)	-	-	-	-	(68)
	36	-	-	-	-	36
Other property, plant and equipment:						
Cost	27,101	350	(2,897)	(2,273)	-	22,281
Accumulated depreciation	(22,543)	(2,437)	2,822	2,092	(5)	(20,071)
Impairment	(480)	-	-	12	-	(468)
	4,078	(2,087)	(75)	(169)	(5)	1,742
Property, plant and equipment under						
Cost	-	482	-	-	(314)	168
	-	482	-	-	(314)	168
Total:						
Cost	165,387	1,963	(28,954)	(14,292)	54	124,158
Accumulated depreciation	(147,420)	(5,106)	28,852	12,811	(3)	(110,866)
Impairment	(3,712)	-	-	287	-	(3,425)
Total property, plant and equipment	14,255	(3,143)	(102)	(1,194)	51	9,867

There were no significant investment commitments related to property, plant and equipment under construction and advances.

The net gain on disposal of property, plant and equipment in 2021 amounted to EUR 1,585 thousand (2020: EUR 2,111 thousand).

At 31 December 2021, cost, accumulated depreciation and impairment included EUR 28,335 thousand, EUR 22,664 thousand and EUR 3,260 thousand, respectively, related to UTEs (2020: EUR 26,545 thousand, EUR 21,637 thousand and EUR 3,014 thousand, respectively).

At 31 December 2021, cost, accumulated depreciation and impairment of property, plant and equipment located abroad amounted to EUR 95,785 thousand, EUR 76,442 thousand and EUR 3,260 thousand, respectively (2020: EUR 87,319 thousand, EUR 77,928 thousand and EUR 3,014 thousand, respectively).

Fully depreciated property, plant and equipment still in use at 31 December 2021 amounted to EUR 82,602 thousand (2020: EUR 95,025 thousand).

As explained in Note 7.1, the Company did not hold any property, plant and equipment under finance leases at the end of 2021.

The Company takes out all the insurance policies it considers necessary to cover the potential risks that could affect its property, plant and equipment.

7. Leases

7.1 Finance leases

The Company did not have any finance leases at year-end 2021 and 2020.

7.2 Operating leases

Operating leases are leases in which substantially all the risks and rewards incidental to ownership are not transferred.

The main operating leases relate to the Company's head office and other operating centres.

Future minimum payments under non-cancellable leases at 31 December 2021 and 2020:

	EUR thousand	
	2021	2020
Within one year	6,707	9,305
After one year but not more than five years	5,643	7,409
More than five years	463	-
Total	12,813	16,714

There are no significant leases in which the Company acts as the lessor.

8. EQUITY INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

Changes in 2021 and 2020 in "Equity investments in group companies and associates" are as follows:

2021	EUR thousand			
	Opening balance	Additions or charges	Disposals or derecognitions	Closing balance
Equity instruments in group companies:				
Cost	2,316,784	1,314,150	(1,287,198)	2,343,736
Impairment	(1,445,982)	-	496,636	(949,346)
Uncalled capital	(129)	(45)	56	(118)
	870,673	1,314,105	(790,506)	1,394,272
Equity instruments in associates				
Cost	21,722	-	(9,714)	12,008
Impairment	(9,021)	-	-	(9,021)
Uncalled capital	(11)	-	-	(11)
	12,690	-	(9,714)	2,976
Total:				
Cost	2,338,506	1,314,150	(1,296,912)	2,355,744
Impairment	(1,455,003)	-	496,636	(958,367)
Uncalled capital	(140)	(45)	56	(129)
Non-current investments in group companies and associates	883,363	1,314,105	(800,220)	1,397,248

2020

	EUR thousand			
	Opening balance	Additions or charges	Disposals or derecognitions	Closing balance
Equity instruments in group companies:				
Cost	1,693,816	631,882	(8,914)	2,316,784
Impairment	(1,375,645)	(81,326)	10,989	(1,445,982)
Uncalled capital	(132)	3	-	(129)
	318,039	550,559	2,075	870,673
Equity instruments in associates				
Cost	21,722	-	-	21,722
Impairment	(11,570)	(409)	2,958	(9,021)
Uncalled capital	(11)	-	-	(11)
	10,141	(409)	2,958	12,690
Total:				
Cost	1,715,538	631,882	(8,914)	2,338,506
Impairment	(1,387,215)	(81,735)	13,947	(1,455,003)
Uncalled capital	(143)	3	-	(140)
Non-current investments in group companies and associates	328,180	550,150	5,033	883,363

The main changes in 2021 in equity instruments in group companies and associates were the result of the following transactions:

- i) Execution of the first phase of the Hive Down.
- ii) Addition of Pacadar, S.A.
- iii) Derecognitions from the sales of the ownership interests in Nuevo Hospital de Toledo, S.A., Mantohledo, S.A.U., Sociedad concesionaria Aguas de Navarra, S.A. and Navarra Gestión del Agua S.A.

Execution of the first phase of the Hive Down.

The first phase of the corporate restructuring (Hive Down) (see Note 2.6) was carried out in July 2021, entailing the following:

- Incorporation, on 29 March 2021, of Sociedad OHL Operaciones, S.A.U., a wholly subsidiary with start-up capital of EUR 60 thousand.
- Non-monetary contributions by the Company as sole shareholder to the equity of OHL Operaciones, S.A.U, of the following stakes (see Appendix III) and receivables:
 - 100% stake in Asfaltos y Construcciones Elsan, S.A., with a net carrying amount of EUR 10,283 thousand.
 - 100% stake in Construcciones Adolfo Sobrino, S.A., with a net carrying amount of EUR 18,641 thousand.
 - 100% stake in Trabajos y Obras (SATO), with a net carrying amount of EUR 43,347 thousand.
 - 100% stake in Agrupación Guinovart Obras y Servicios Hispania, S.A., with a net carrying amount of EUR 69,056 thousand.
 - 100% stake in OHL Desarrollos, S.A., with a net carrying amount of EUR 0.
 - 100% stake in Senda Infraestructuras, S.L., with a net carrying amount of EUR 11,676 thousand.

- 10% stake in OHL Infraestructuras, S.A.S., with a net carrying amount of EUR 7 thousand.
- 30% stake in Construcciones Colombianas OHL, S.A., with a net carrying amount of EUR 0.
- 100% stake in Cercanías Móstoles Navalcarnero, S.A. (in liquidation), with a net carrying amount of EUR 59,911 thousand.
- 100% stake in Aeropistas, S.L. (in liquidation), with a net carrying amount of EUR 1.
- Receivables from Asfaltos y Construcciones Elsan, S.A., OHL Desarrollos, S.A., Cercanías Móstoles Navalcarnero, S.A. and Aeropistas, S.L. of EUR 5,000 thousand, EUR 278,993 thousand, EUR 125,879 thousand and EUR 18,587 thousand, respectively.

All these contributions were made at the net carrying amount shown in the consolidated financial statements at the date of the contribution of the assets contributed, which amounted to EUR 629,673 thousand, recognised as a reduction to reserves of EUR 11,706 thousand, as shown in the statement of changes in equity.

- Incorporation, on 8 April 2021, of Sociedad OHL Operaciones, S.á.r.l., a wholly subsidiary with start-up capital of EUR 12 thousand.
- A non-monetary contribution by the Company as sole shareholder to the equity of OHL Holding, S.á.r.l for EUR 629,733 thousand, entailing the contribution of a 100% stake in OHL Operaciones, S.A.U. (see Appendix III).

Addition of Pacadar, S.A.

Pacadar, S.A. was added in February 2021, once all the conditions precedent of the dation in payment and the acknowledgement of debt agreement entered into on 27 December 2020 between OHL, Grupo Villar Mir, S.A.U. (GVM) and Inmobiliaria Espacio, S.A.U. (IESA) and novated on 5 February 2021 were met. The fair value of the consideration transferred based on independent expert reports assessed and endorsed by the Company's Board of Directors gave an enterprise value of EUR 53,769 thousand (see Note 9.2).

Derecognitions from the sale of stakes

- On 12 April 2021, the Group sold its 33.34% ownership interest in Nuevo Hospital de Toledo, S.A. and its wholly owned operator, Mantohledo, S.A.U. to Dutch company Guadiana Holding B.V. (see Appendices III and IV). The transaction price, which included both shares and the assignment of receivables, was set at EUR 74,603 thousand. Payment was received in full at signing of the agreements. The proceeds from the sale less transaction costs totalled EUR 46,118 thousand.
- In October 2021, the Company sold its 65% stake in Sociedad Concesionaria Aguas de Navarra, S.A. and 30% stake in Navarra Gestión del Agua S.A. to Impact Navarra S.R.L.U. (see Appendices III and IV). The selling price, which included a value allocated to the shares and the payment of subordinated debt and other receivables, was EUR 25,969 thousand, which was collected in full on the date of sale. The proceeds from the sale less transaction costs totalled EUR 6,272 thousand.

At year-end 2021, the Company estimated, through an impairment test, the potential existence of decreases in value that reduced the recoverable amount of its equity investments in group companies and associates to below their carrying amount in accordance with the policy described in Note 4.6.1. The conclusion of the test was that there was no need to recognise additional impairment losses in 2021.

Based on this assessment, the Company's directors estimate that recoverable amount approximates carrying amount.

The equity of the Group companies shown in Appendix II, which forms an integral part of this note, was obtained from the companies' separate financial statements at 31 December 2021.

The changes in investments in Group companies and associates are detailed in Appendices III and IV.

The business activities and registered offices of the Group companies are listed in Appendix V.

9. Financial assets

The breakdown of financial assets at 31 December, excluding equity investments in group companies and associates (see Note 8), is as follows:

Classification \ Item		EUR thousand							
		Equity instruments		Debt securities		Loans, derivatives and other		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
Non-current financial assets									
Financial assets at amortised cost		-	-	865	-	7,370	51,514	8,235	51,514
Financial assets at cost		13	59,924	303	279	86,633	475,300	86,949	535,503
Total non-current financial assets		13	59,924	1,168	279	94,003	526,814	95,184	587,017
Current financial assets									
Financial assets at amortised cost		-	-	-	-	694,427	749,098	694,427	749,098
Financial assets at cost		3	3	-	-	-	-	3	3
Total current financial assets		3	3	-	-	694,427	749,098	694,430	749,101

These amounts are included in the following statement of financial position line items:

Item	EUR thousand							
	Equity instruments		Debt securities		Loans, derivatives and other		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Non-current financial assets								
Investments in group companies and associates	-	-	-	-	86,234	359,165	86,234	359,165
Non-current financial assets	13	59,924	1,168	279	7,769	167,649	8,950	227,852
Total non-current financial assets	13	59,924	1,168	279	94,003	526,814	95,184	587,017
Current financial assets								
Trade receivables	-	-	-	-	226,872	251,603	226,872	251,603
Trade receivables from group companies	-	-	-	-	20,978	26,011	20,978	26,011
Trade receivables from associates	-	-	-	-	4,841	19,865	4,841	19,865
Other receivables	-	-	-	-	21,949	23,626	21,949	23,626
Employee receivables	-	-	-	-	573	419	573	419
Current investments in group companies and associates	-	-	-	-	258,145	184,594	258,145	184,594
Current financial assets	3	3	-	-	161,069	242,980	161,072	242,983
Total current financial assets	3	3	-	-	694,427	749,098	694,430	749,101

9.1 Investments in group companies and associates: non-current loans

The detail of "Non-current loans to group companies and associates", net of allowances, at 31 December 2021 and 2020 is as follows:

Company	EUR thousand	
	2021	2020
Loans to group companies:		
OHL Industrial, S.L.	46,385	46,385
Pacadar, S.A.	39,849	-
OHL Desarrollos, S.A.	-	287,509
Sociedad Concesionaria Aguas de Navarra, S.L.	-	5,421
Asfaltos y Construcciones Elsan, S.A.	-	5,000
Mantohledo, S.A.	-	962
Tenedora de Participaciones Tecnológicas, S.A.	-	299
Total loans to group companies	86,234	345,576
Loans to associates:		
Nuevo Hospital de Toledo, S.A.	-	13,589
Total loans to associates	-	13,589
Total loans to group companies and associates	86,234	359,165

The main decreases in 2021 were:

- loans to OHL Desarrollos, S.A. and Asfaltos y Construcciones Elsan, S.A. as a result of the Hive Down (see Note 8).
- assignment of the loans of Mantohledo, S.A., Nuevo Hospital de Toledo, S.A. and Sociedad Concesionaria Aguas de Navarra, S.L. following the disposal of these companies (see Note 8).

The main increase related to the conversion of a short-term loan granted to Pacadar, S.A., for EUR 39,849 thousand, into a profit participating loan (see Note 9.7).

The average interest rate on loans to group companies and associates in 2021 was 12%, while financial income from loans in the year totalled EUR 989 thousand.

9.2 Non-current financial assets

The detail of "Non-current financial assets" at 31 December 2021 and 2020 is as follows:

2021		EUR thousand				
		Non-current financial assets				
	Item	Equity instruments	Loans to third parties	Debt securities	Other financial assets	Total
Classification						
Financial assets at amortised cost		-	2,068	865	5,302	8,235
Financial assets at cost		13	-	303	399	715
Total non-current financial assets		13	2,068	1,168	5,701	8,950

2020		EUR thousand				
		Non-current financial assets				
	Item	Equity instruments	Loans to third parties	Debt securities	Other financial assets	Total
Classification						
Financial assets at amortised cost		-	36,866	-	4,904	41,770
Financial assets at cost		59,924	125,879	279	-	186,082
Total non-current financial assets		59,924	162,745	279	4,904	227,85

The balances of "Equity instruments" and "Loans to third parties" decreased due to the execution of the first phase of the Hive Down (see Notes 2.6 and 8). Specifically, the Company transferred to subsidiary OHL Operaciones, S.A.U. its financial interest in Cercanías Móstoles Navalcarnero, S.A., worth EUR 59,911 thousand, and the profit participating loans with Cercanías Móstoles Navalcarnero, S.A. (in liquidation) and Aeroparque, S.A. (in liquidation), of EUR 125,879 thousand and EUR 18,587 thousand, respectively.

"Loans to third parties" included the loan to GVM after execution of the dation in payment and the debt acknowledgement agreement entered into between the Company, GVM and IESA, which was completed on 24 February 2021, as disclosed by the Company to the market on the same day, including fulfilment of the related conditions precedent.

The following transactions were recognised under scope of this agreement:

- The dation in payment of all the shares of Pacadar, whose sole shareholder was GVM. The fair value of the consideration transferred based on independent expert reports gave an enterprise value of EUR 94,328 thousand (EUR 53,769 thousand for the value of the shares and EUR 40,559 thousand for total facilities granted).
- Recognition of a receivable from GVM to the Company, net of impairment, of EUR 2,068 thousand. The Company recognised impairment on this investment of EUR 35,596 thousand at year-end 2020 after estimating the recoverable amount of the receivable based on fair value of the existing guarantees. At 31 December 2021, impairment amounted to EUR 43,763 thousand.

As a result, the Company's directors estimate that recoverable amount approximates carrying amount.

The estimated detail by maturity of items included under "Non-current financial assets" is as follows:

Classification	EUR thousand					Total
	2023	2024	2025	2026	Other	
Financial assets at amortised cost	4,670	627	2,073	-	865	8,235
Financial assets at cost	-	-	-	399	316	715
Total non-current financial assets	4,670	627	2,073	399	1,181	8,950

Impairment losses:

The changes arising from the impairment losses/reversals recognised in 2021 and 2020 were as follows:

2021

Classification	EUR thousand			
	Accumulated impairment losses at the beginning of the year	Impairment losses / reversals recognised in the year	Transfers of current assets	Accumulated impairment losses at the end of the year
Financial assets at amortised cost	5,109	(4,609)	32,763	33,263

2020

Classification	EUR thousand		
	Accumulated impairment losses at the beginning of the year	Impairment losses / reversals recognised in the year	Accumulated impairment losses at the end of the year
Financial assets at amortised cost	4,845	264	5,109

9.3 Trade receivables and advances from customers

The breakdown these items at 31 December 2021 and 2020 is as follows:

	EUR thousand	
	2021	2020
Trade receivables:		
Amounts to be billed for work or services performed	109,737	114,651
Progress billings receivable	141,664	158,580
Trade notes receivable	1,155	1,068
Retentions	36,874	35,527
Subtotal trade receivables	289,430	309,826
Provisions	(62,558)	(58,223)
Total trade receivables, net of allowances	226,872	251,603
Advances from customers	(232,943)	(183,099)
Total trade receivables net of allowances and advances	(6,071)	68,504

No certifications or trade notes in connection with this item of the statement of financial position were negotiated in 2021 with banks (2020: EUR 21,693 thousand).

At 31 December 2021, the balance of trade receivables was reduced by EUR 19,897 thousand (2020: EUR 9,861 thousand) as a result of trade receivables factored to banks. Since these factoring arrangements are without recourse in the event of non-payment, they are treated as a reduction of trade receivables.

Of the total net balance at 31 December 2021 of trade receivables and advances from customers, EUR 18,181 thousand related to UTEs (2020: EUR 3,468 thousand).

The bulk of the balances of retentions from customers is recovered on completion and delivery of works/projects, in line with standard industry practice.

The breakdown of trade receivables by customer type at 31 December 2021 and 2020 is as follows:

Type of customer	EUR thousand	
	2021	2020
Spain:	147,778	179,648
Public sector:	49,168	55,396
Central government	7,707	11,064
Regional government	25,059	22,074
Local government	2,794	4,696
Other agencies	13,608	17,562
Private sector	98,610	124,252
Abroad:	141,652	130,178
Public sector	86,781	80,297
Private sector	54,871	49,881
Total	289,430	309,826

Of the balance of "Trade receivables" at 31 December 2021, 47% or EUR 135,949 thousand related to the public sector and 53% or EUR 153,481 thousand to the private sector (2020: 44% and 56%, respectively).

Trade receivables includes as amounts for projects or services to be billed both balances relating to delays in billing of work performed and balances related to work performed the billing to the customer of which the Company considers to be highly probable. Accordingly, the Company does not recognise any amounts subject to a dispute or claim against a customer. However, the Company continues to take the actions that it deems necessary to claim the amounts to which it considers that it is entitled.

The Company does not recognise as revenue under any circumstances claims made against customers until they are approved.

Of the balances of "Progress billings receivable" and "Trade notes receivable", which at 31 December 2021 totalled EUR 142,819 thousand (2020: EUR 159,648 thousand), 40% or EUR 57,105 thousand related to the public sector and 60% of EUR 85,714 thousand to the private sector (2020: 33% and 67%, respectively).

The detail of ageing of this balance at 31 December 2021 is as follows:

	EUR thousand		
	Type of customer		
	Public sector	Private sector	Total
0 to 90 days	38,002	12,468	50,470
91 to 180 days	549	979	1,528
181 to 360 days	2,213	2,014	4,227
More than 360 days	16,341	70,253	86,594
Total	57,105	85,714	142,819

The ageing of these balances at 31 December 2020 was:

	EUR thousand		
	Type of customer		
	Public sector	Private sector	Total
0 to 90 days	24,795	33,441	58,236
91 to 180 days	2,827	3,347	6,174
181 to 360 days	600	4,139	4,739
More than 360 days	24,484	66,015	90,499
Total	52,706	106,942	159,648

The balance of "Trade receivables" is presented net of valuation allowances for impairment. Movements in doubtful debts allowances on receivables in 2021 and 2020 were as follows:

	EUR thousand	
	2021	2020
Opening balance	(58,223)	(58,209)
Arising in the year	(4,341)	(54)
Amounts utilised	6	40
Closing balance	(62,558)	(58,223)

Total allowances at 31 December 2021 and 2020 related to uncollectible receivables on unpaid progress billings.

In determining the amount of the allowances for uncollectible receivables, estimates are made that take into account breaches of contractual payment obligations and probability of default, which are assessed individually for each contract and customer.

Other supplementary information on construction contracts and other contract revenue and costs by reference to the stage of completion.

Revenue from construction contracts and certain services contracts is recognised by reference to the stage of completion in accordance with the policies described in Note 4.10.

As explained in that Note, the difference between revenue recognised and amounts actually billed to the customer is analysed systematically on a contract-by-contract basis. Where the amount billed is lower than the revenue recognised, the difference is recognised as an asset under "Trade and other receivables - Trade receivables - Amounts to be billed for work performed". Where the amount of revenue recognised is lower than the amount billed, a liability is recognised under "Trade and other payables - Advances from customers - Amounts billed in advance for construction work".

Meanwhile, in certain construction contracts, advances are agreed upon that are paid by the customer when work commences on the contract. The balance offset against the various progress billings as the contract work is performed. This balance is recognised under "Trade and other payables" in liabilities in the statement of financial position.

Moreover, in certain contracts the customer retains a portion of the price to be paid in each progress billing to guarantee fulfilment of certain obligations under the contract. These retentions are not reimbursed until the contract is definitively settled. The balances are recognised under "Trade and other receivables" in assets in the statement of financial position.

The following table sets out the amounts recognised in this connection at 31 December 2021 and 2020:

	EUR thousand			
	2021	2020	Difference	% change
Amounts to be billed for work performed, net	109,737	114,651	(4,914)	(4.29%)
Advances from customers	(232,943)	(183,099)	(49,844)	27.22%
Construction contracts, net	(123,206)	(68,448)	(54,758)	80.00%
Retentions	36,874	35,527	1,347	3.79%
Net advances and retentions	(86,332)	(32,921)	(53,411)	162.24%

9.4 Trade receivables from group companies

The detail of "Trade receivables from group companies" as at 31 December 2021 and 2020, by company, is as follows:

Company	EUR thousand	
	2021	2020
EYM Instalaciones, S.A.	3,066	3,131
OHL Construction Canadá, Inc.	2,789	5,338
OHL Ireland Construction and Engineering Limited	1,988	1,570
Construcciones Colombianas OHL, S.A.S.	1,781	892
OHL USA, Inc.	1,514	525
OHL Sverige, A.B.	1,437	614
OHL Arabia, LLC	153	1,330
Sociedad Concesionaria Aguas Navarra, S.A.	-	7,735
Less than EUR 1,000 thousand in both years	8,250	4,876
Total trade receivables from group companies	20,978	26,011

The balances in the preceding table do not earn interest and relate to balances arising in the ordinary course of the Company's business.

9.5 Trade receivables from associates

"Trade receivables from associates" includes trade receivables from associates and trade receivables at 31 December 2021 and 2020 from UTEs, after the proportionate consolidation of their statements of financial position and the related eliminations.

The detail of the balance is as follows:

Company	EUR thousand	
	2021	2020
Centro Canalejas Madrid, S.L. Spain	2,828	7,242
Constructora Vespucio Oriente, S.A. Chile	925	5,638
UTE Rizzani OHL Boodai Trevi (JV4). Kuwait	815	1,127
Nuevo Hospital de Toledo, S.A. Spain	-	3,695
Whitehall Residences Limited. UK	-	1,800
Less than EUR 1,000 thousand in both years	273	363
Total trade receivables from associates	4,841	19,865

The balances in the preceding table do not earn interest and relate to balances arising in the ordinary course of the Company's business.

9.6 Current investments in group companies and associates

9.6.1 Current investments in group companies

The detail of "Current investments in group companies" at 31 December 2021 and 2020 is as follows:

2021	EUR thousand		
	Loans	Other financial assets	Total
OHL Operaciones, S.A.U.	-	61,918	61,918
OHL Servicios - Ingesán, S.A.U.	49,263	14	49,277
Obrascón Huarte Lain Construcción Internacional, S.L.	1,120	36,479	37,599
OHL Colombia, S.A.S.	14,277	-	14,277
Pacadar, S.A.U.	10,894	1	10,895
OHL Industrial, S.L.	8,959	215	9,174
Tenedora de Participaciones Tecnológicas, S.A.	6,993	35	7,028
OHL Construction Pacific PTY, Ltda.	-	5,333	5,333
Agrupación Guinovart Obras y Servicios Hispania, S.A.	4,648	4	4,652
OHL Andina, S.A.	4,562	-	4,562
Constructora e Inmobiliaria Huarte, Ltda.	4,281	-	4,281
OHL Infrastructure, INC	-	3,955	3,955
Asfaltos y Construcciones Elsan, S.A.	1,701	11	1,712
Construcciones Colombianas OHL, S.A.S.	614	978	1,592
OHL Uruguay, S.A.	75	1,162	1,237
Vacua, S.A.	-	910	910
Sociedad Concesionaria Centro Justicia de Santiago, S.A.	-	729	729
OHL Industrial Chile, S.A.	443	-	443
Less than EUR 300 thousand	821	367	1,188
TOTAL	108,651	112,111	220,762

2020	EUR thousand		
	Loans	Other financial assets	Total
OHL Servicios - Ingesán, S.A.U.	44,375	3	44,378
Obrascón Huarte Lain Construcción Internacional, S.L.	28,386	6,338	34,724
OHL Colombia, S.A.S.	13,140	-	13,140
OHL Industrial, S.L.	10,908	20	10,928
Tenedora de Participaciones Tecnológicas, S.A.	6,595	35	6,630
OHL Construction Pacific PTY, Ltda.	-	5,288	5,288
Constructora e Inmobiliaria Huarte, Ltda.	4,648	-	4,648
OHL Infrastructure, INC	-	3,480	3,480
Agrupación Guinovart Obras y Servicios Hispania, S.A.	3,292	-	3,292
OHL Andina, S.A.	2,840	-	2,840
EyM Instalaciones, S.A.	2,673	-	2,673
OHL Uruguay, S.A.	75	1,294	1,369
Asfaltos y Construcciones Elsan, S.A.	1,254	-	1,254
Construcciones Colombianas OHL, S.A.S.	1,189	-	1,189
Mantohledo, S.A.	1,033	-	1,033
Vacua, S.A.	-	1,004	1,004
Sociedad Concesionaria Aguas Navarra, S.A.	-	901	901
Consorcio OHL AIA, S.A.	889	-	889
Sociedad Concesionaria Centro Justicia de Santiago, S.A.	-	723	723
OHL Industrial Chile, S.A.	482	-	482
Less than EUR 300 thousand	389	69	458
TOTAL	122,168	19,155	141,323

"Loans" include financial contributions, interest and payables due to the tax effect.

In 2021, there was a balance of EUR 61,918 thousand with OHL Operaciones, S.A.U. as a result of the transfer of funds from OHL, S.A., in compliance with the terms and conditions of the Hive Down (see Note 2.6) regarding maintaining certain cash thresholds in that company.

The average interest rate applied in 2021 to financial contributions included in loans was 4.39% (2020: 4.18%) and the interest income generated by the financial contributions was EUR 6,106 thousand (2020: EUR 28,288 thousand).

The other balances in other financial assets related to the Company's ordinary business do not bear interest.

9.6.2 Current investments in associates

The detail of "Current investments in associates" and balances at 31 December 2021 and 2020 from UTEs after the proportionate integration of their statements of financial position and the related eliminations, is as follows:

2021	Company	EUR thousand		
		Loans	Other financial assets	Total
	UTE Hospital Sidra. Qatar	-	27,239	27,239
	UTE Estaciones Metro Doha. Qatar	-	6,088	6,088
	UTE Rizzani OHL (JV2). Kuwait	-	1,137	1,137
	UTE Rizzani OHL Boodai Trevi (JV4). Kuwait	-	937	937
	Consorcio Español Alta Velocidad Meca Medina, S.A. Spain	687	-	687
	UTE Ferrocarril Ankara-Estambul. Turkey	-	304	304
	Less than EUR 300 thousand	170	821	991
	Total current investments in associates	857	36,526	37,383

2020	Company	EUR thousand		
		Loans	Other financial assets	Total
	UTE Hospital Sidra. Qatar		25,412	25,412
	UTE Rizzani OHL (JV2). Kuwait		8,073	8,073
	UTE Estaciones Metro Doha. Qatar		5,627	5,627
	UTE Rizzani OHL Boodai Trevi (JV4). Kuwait		861	861
	Consorcio Español Alta Velocidad Meca Medina, S.A. Spain	687	-	687
	Consorcio Rio Piura. Peru		669	669
	UTE Angiozar. Spain		366	366
	UTE Ferrocarril Ankara-Estambul. Turkey		304	304
	Less than EUR 300 thousand	177	1,095	1,272
	Total current investments in associates	864	42,407	43,271

The balances in other financial assets related to the Company's ordinary business do not bear interest.

9.7 Current financial assets

The detail of "Current financial assets" at 31 December 2021 and 2020 is as follows:

		EUR thousand			
Classification	Item	Equity instruments	Loans to companies	Other financial assets	Total
Financial assets at amortised cost		-	15,879	145,190	161,069
Financial assets at cost		3	-	-	3
Total current financial assets		3	15,879	145,190	161,072

		EUR thousand			
Classification	Item	Equity instruments	Loans to companies	Other financial assets	Total
Financial assets at amortised cost		-	96,456	146,524	242,980
Financial assets at cost		3	-	-	3
Total current financial assets		3	96,546	146,524	242,983

The most significant change was in "Loans to companies" and arose as a result of the execution of the dation in payment and debt acknowledgement agreement entered into between the Company and Grupo Villar Mir, S.A.U. and Inmobiliaria Espacio, S.A.U. (see Note 9.2).

The balance of this item at 31 December 2021 related mainly to the EUR 15,865 thousand loan granted to concession operator Cercanías Móstoles Navalcarnero, S.A. (in liquidation), which was reclassified to current as collection was expected to be imminent, and occurred in January 2022 (see Note 21).

"Other financial assets" includes a deposit of EUR 140,000 thousand (2020: EUR 140,000) securing the guarantee facility of EUR 313,764 thousand included in the Multiproduct Syndicated Facilities (MSF) agreement. This agreement, initially arranged in December 2016, has been novated several times. The latest novation was made under the scope of the restructuring. The facility currently matures on 28 June 2022, provided that certain contractual terms and conditions are met.

9.8 Risk management policy

Risk control and management at the Company is designed to control and manage current or emerging risks and opportunities related to its business activities in order to:

- Deliver the Group's strategic and operating objectives.
- Protect the Company's reputation, safeguard its legal certainty and ensure its sustainability.
- Protect the security of shareholders' equity.
- Protect the interests of other stakeholders in the organisation's performance.
- Enhance the Group's level of innovation, competitiveness and trust.

To achieve these objectives, the following guiding principles for controlling and managing risks and opportunities are in place:

- Act in accordance with the law at all times, and with the values and standards set out in the Code of Ethics and the Group's regulatory framework.
- Act in accordance with the level of the risk tolerance defined by the Group.
- Embed risk and opportunity control and management into the Company's business processes and its strategic and operational decision-making.
- Manage the information generated regarding risks in a manner that is transparent, proportionate and appropriate, and communicate this information on a timely basis.
- Establish and maintain a risk-aware culture.
- Incorporate risk control and management best practices and recommendations.

Risk control and management are part of the Group's regulatory and operational framework. When applied by the organisation carrying out its operations, this allows:

- The identification of material risks and opportunities that affect, or could affect, the achievement of the Group's objectives.
- The assessment of the risks detected.
- The definition of measures to be taken and decision-making based on the risks and opportunities alongside other aspects of the business.
- The implementation of these measures.
- The control and ongoing monitoring of the most significant risks and the effectiveness of the measures taken.
- The establishment of the information reporting system, communication channels and levels of authorisation.

The Company's Board of Directors is responsible for approving the Risk Control and Management Policy.

The Audit and Compliance Committee is responsible for overseeing and verifying that the commitments outlined in the Risk Control and Management Policy are up to date and fulfilled on an ongoing basis.

Group management draws up a risk map on an annual basis identifying and assessing current risks and any emerging risks that might affect the Group in the future.

Each business or functional unit is responsible for controlling and managing the risks that affect the performance of its respective operations and for reporting any such risks as soon as they are detected or proven.

Risk management is the responsibility of all Company employees. Each employee must understand the risks relating to their area of responsibility and manage them within the action framework defined in the Policy. They must also know the established tolerance limits.

The Company's Risk Control and Management Policy is reviewed annually to ensure that it remains aligned with the interests of the Group and its stakeholders and is available to all of them.

The main risks that might affect the achievement of the Company's objectives are as follows:

Project management risk

This risk is defined as the potential breach by a customer of its contractual obligations, e.g. the delay or failure to recognise work performed or a restoration of financial equilibrium that affects profitability.

Contracting risk

This is the risk of not identifying market opportunities in time or, after identifying an opportunity, the risk of not defining the bid appropriately due to a lack of resources or qualifications.

Price volatility and resource scarcity risks

The Company is exposed to the risk of shortages of human resources, subcontractors and suppliers, and certain products in its footprint markets. Moreover, increases in prices of certain cost components, such as raw materials (e.g. bitumen, steel), and energy prices affect the costs of the main supplies of goods and services the Group requires to carry on its operations. There might also be shortages or logistics disruptions that could cause delays in deliveries or the provision of goods and services.

Market and business environment risks

Political unrest or changes in the legal and regulatory environment in countries where the Company operates can have significant impacts on the Company's ability to achieve its business objectives. Changes in foreign exchange rates and interest rates can affect both the Company's expected margins on projects and the investment decisions of market agents. Meanwhile, political and territorial disputes among EU Member States add a further element of uncertainty.

Personnel risk

This risk relates to the ability to satisfy the performance obligations of projects with the right personnel and at the right time.

Systems and cybersecurity risk

Market and business trends, with continuous and rapid changes, require adapting systems to new realities quickly. This poses a risk for the Company if it does not have optimal systems.

Meanwhile, the Company faces a risk of cyberattacks that could compromise the security and the operations of the Company's assets, potentially affecting the normal course of business operations and causing leaks of sensitive information.

Litigation and arbitration risk: this is the risk that the outcome of lawsuits or arbitration proceedings related to disputes with customers will be rulings against OHLA's interests.

Risk of measurement of assets and liabilities in the statement of financial position

This is understood as the risk of a decrease in the value of assets or an increase in the value of liabilities on the statement of financial position.

Financial risks

Financial risks are risks that may affect mainly the Group's ability to raise the necessary financing when required and at a reasonable cost, and to maximise its available financial resources. The most important are:

- Interest rate risk
- Foreign currency risk
- Credit risk
- Liquidity risk

Interest rate risk

Future cash flows from assets and liabilities with floating rates fluctuate because of changes in interest rates.

Interest rate risk is particularly important in financing of infrastructure and other projects whose profitability depends on possible changes in interest rates because of its direct relationship with project cash flows.

The Company uses fixed- or floating-rate financial products to finance its operations. Based on estimates of the trend in interest rates and of debt structure targets, it either hedges transactions by entering into derivatives to mitigate these risks, preparing a related sensitivity analysis, or arranges fixed-rate financing.

Of the Company's total gross borrowings at 31 December 2021, there were no derivative instruments designated as hedges, and fixed-rate borrowings represented 4.38%.

Foreign currency risk

Management of foreign currency risk is centralised and a variety of hedging mechanisms are used to minimise the impact of changes in foreign exchange rates against the euro.

Foreign currency risks relate primarily to:

- Borrowings denominated a foreign currency.
- Payables in international markets to acquire supplies or non-current assets.
- Receivables from projects tied to currencies other than the functional currency of the Company.
- Investments in foreign subsidiaries.

The Company enters into foreign currency derivatives and currency forwards to hedge significant future transactions and cash flows, in accordance with acceptable risk limits. There were no currency forwards in force at 31 December 2021 and 2020.

Meanwhile, net assets relating to net investments in foreign branches with a functional currency other than the euro are exposed to the risk of exchange rate fluctuations on the translation of the financial statements of these foreign branches during the integration process.

Non-current assets denominated in currencies other than the euro are financed in that same currency with a view to creating a natural hedge.

The sensitivity analysis of foreign currency risk of financial instruments for the main currencies in which the Company operates simulated a 10% increase in the foreign currency/euro exchange rate with respect to the rates applicable at 31 December 2021 and 2020. The potential impact is as follows:

(Expense) / income	EUR thousand	
	Profit/(loss)	
Currency	2021	2020
Norwegian krone	(1,364)	(1,493)
Algerian dinar	286	90
Kuwaiti dinar	(2,429)	(1,136)
US dollar	(3,139)	(3,616)
Argentine peso	(24)	(44)
Chilean peso	(3,510)	(4,808)
Mexican peso	(6,766)	(5,900)
Saudi Arabian riyal	(270)	(1,134)
Qatari riyal	(1,259)	(1,487)
Peruvian sol	(4,649)	(524)
Polish zloty	(1)	(21)
Total	(23,125)	(20,073)

Had the sensitivity analysis included the simulation of a 10% decrease in the foreign currency/euro exchange rate with respect to the rates in force at 31 December 2021 and 2020, the net impact on profit or loss would be as follows:

(Expense) / income	EUR thousand	
	Profit/(loss)	
Currency	2021	2020
Norwegian krone	1,240	1,358
Algerian dinar	(260)	(82)
Kuwaiti dinar	2,208	1,033
US dollar	2,854	3,287
Argentine peso	22	40
Chilean peso	3,191	4,371
Mexican peso	6,151	5,364
Saudi Arabian riyal	246	1,031
Qatari riyal	1,144	1,352
Peruvian sol	4,227	476
Polish zloty	1	19
Total	21,024	18,249

Credit risk

Credit risk is the probability that a counterparty will not meet its obligations under a contract, leading to a financial loss.

The Company has adopted a policy of trading only with solvent third parties and obtaining sufficient guarantees to mitigate the risk of incurring losses in the event of non-compliance. Information on counterparties is obtained through independent company valuation agencies, other public sources of financial information, or information obtained from relationships with customers and third parties.

The net balances of the Company's financial assets exposed to credit risk at 31 December 2021 were:

	EUR thousand
Non-current financial assets	93,604
Trade and other receivables	315,563
Current financial assets	419,214
Cash and cash equivalents	121,796

Non-current financial assets

Non-current financial assets includes primarily net loans to group companies and third parties. The Company does not expect any losses to arise from these financial assets.

Trade and other receivables

This item includes trade receivables amounting to EUR 226,872 thousand, of which 58.46% related to public sector customers for which the Group does not expect any losses to arise, although in certain cases there is a right to demand interest. The remaining 41.54% related to private sector customers which, in general, are highly solvent.

Customers undergo an assessment before any contracts are entered into. This assessment includes a solvency study. Changes in debt are monitored on an ongoing basis over the course of the contract term and recoverable amounts are reviewed, with impairments or write-downs recognised where necessary.

Liquidity risk

The deterioration of the Company's financial position caused by both external and internal factors became evident in 2020, stemming primarily from:

- a. difficulties renewing guarantee facilities;
- b. impossibility of refinancing the Notes under economically viable terms and conditions;
- c. impact of Covid-19;
- d. downgrades to the Group's credit rating; and
- e. losses due to internal factors on loss-making projects.

This situation prompted the directors to begin an in-depth assessment of the situation in 2020 and decide to **embark on a restructuring** (the "Restructuring"), which was formalised on 20 January 2021 in a Lock-Up Agreement among the parties. The main features of the Restructuring were:

- 1) Capital reduction**
- 2) Investment commitments and cash capital increases**
- 3) Amendments to terms and conditions of the Notes**

The Restructuring (see Note 2.6 for further details) **was completed on 28 June 2021 and considerably changed the Company's liquidity**, which in addition was further strengthened by:

- The disposal of the investments in Hospital de Toledo, S.A. and Mantholedo, S.A.U. in 2021.
- The sale of Sociedad Concesionaria Aguas de Navarra, S.A., also in 2021.
- Approval to extend the maturity of the bridge financing agreement (ICO) to 30 October 2024 (from 30 October 2021).
- Renewal of the guarantee facilities of the Multiproduct Syndicated Facilities Agreement until 30 June 2022.
- Arrangement of a syndicated revolving guarantee facility on 12 August 2021 for up to EUR 150,000 thousand, of which EUR 75,000 thousand are committed by banks and EUR 30,000 thousand are undrawn. This guarantee facility is backed by CESCE for 60% of the total amount.

As a result, the Company's liquidity position at 31 December 2021, comprising cash and cash equivalents and current financial assets, stood at EUR 266,986 thousand, broken down as follows:

- EUR 121,796 thousand of cash and cash equivalents, of which EUR 52,978 thousand relate to the Company's interests in UTEs.
- EUR 145,190 thousand of current financial assets, which include a restricted deposit of EUR 140,000 thousand as collateral for the guarantee facilities of the Multiproduct Syndicated Facilities Agreement.

The Company also has EUR 10,709 thousand of drawable credit lines and discount facilities.

The **Company's financial situation improved considerably and its liquidity risk decreased** by implementing all these measures and monitoring the business plan, particularly focusing on cash generation of the businesses and improvement in working capital.

Nevertheless, the directors and the management team continue to monitor the liquidity position closely.

Against this backdrop, the Company's directors, based on the 2022 business plan (and considering the high level of execution of the 2021 business plan), which must be followed closely, estimate that profitability can improve and that liquidity can increase.

Key highlights of the business plan include:

- i. Revenue of over EUR 3,000 million, with gross margins ranging from 6% to 7% and continued recovery in profitability on projects begun in 2021. This would leave scope to deliver EBITDA of over EUR 110 million.
- ii. Contract vs. project management, strictly controlling and endeavouring to optimise the Group's production and overhead costs.
- iii. Order intake of around EUR 3,500 million, allowing for coverage of the order backlog and ensuring that the Group grows/maintains its levels of activity.

- iv. Active management of guarantee and bonding facilities, cash criteria in decision-making and focus on generating cash flows from projects, with ongoing monitoring of working capital.
- v. Disposals of non-core assets (e.g. concession operator Centre Hospitalier de l'Université de Montréal) and receipt of outstanding balances on prior disposals (Old War Office).
- vi. Promotion of the concession business through Senda Infraestructuras, hoping to be awarded two new concession projects in 2022.

However, certain circumstances could give rise to uncertainties regarding achievement of the business plan for 2022 and result in deviations (e.g. lower-than-expected order intake, working capital shortfalls). The main ones include the impact of the Covid-19-related health crisis on business performance (see Note 9.8.1) if there is another wave, and the ongoing conflict in Europe, which could jeopardise the recovery by the global economy, potentially affecting OHLA Group's forecasts for 2022.

9.8.1 Update of Covid-19 impact in 2021

The pandemic began in 2020 and had an unprecedented impact across the globe, negatively affecting all economic indicators. **Case counts dropped in the first half of 2021, but began rising again in the second and early 2022, driven by the Omicron variant.**

As a result, a return to normality is unlikely in the near term, with virtually all countries imposing restriction to reduce the spread of infection.

Against this backdrop, the economy began recovering at the beginning of 2021 driven primarily by private consumption, but slowed in the year's second half, with the Mediterranean countries recovering least in the year.

Company-specific disclosures:

i. Impact on construction/project execution

Activity was more normal in 2021, although some countries continued to suffer from delays in receiving supplies and/or labour issues due to travel bans/mobility problems.

Delays in order intake in late 2020 pushed back the start of production in the related projects in 2021. This impacted sales, which were down slightly in the year (-1.3% vs. 2020).

ii. Market and business environment impact

Project tendering is picking back up or back to normal in most of the Company's geographies, which sustained considerable cutbacks/delays during the pandemic.

This situation enabled the Company to sign major contracts in North and South Latin America and the Czech Republic in the fourth quarter of 2020 and more so in 2021. The Company's order intake rose 153.2% in 2021 to EUR 823,065 thousand.

iii. Employment impacts

After the employee furlough schemes (ERTE in Spanish) implemented in Spain in 2020, which were lifted them towards the end of the year, this situation was back to normal in 2021, although the spike in Covid-19 cases prevented all staff from going to their workplace in person as usual. Remote working measures largely mitigated this effect, as long as workers did not have to take sick leave.

iv. Impact on liquidity position

Despite the difficulties in markets, the Company successfully carried out a major debt restructuring operation in 2021. This, coupled with capital increases (see Note 2.6), strengthened its statement of financial position, shoring up its liquidity position.

This, alongside more active working capital management and increased sources of funding and guarantees, helped avoid the adverse effects arising from Covid-19-related or other problems in operations and achieve the business plan targets.

v. Impact on the measurement of assets and liabilities in the statement of financial position

There were no indications of impairment of the Company's assets based on the tests carried out at the end of the year.

Nevertheless, the Company's management and directors will continue to monitor the pandemic in all the geographical areas of operations and its potential impacts if a surge in the pandemic undermines the current situation, reflecting this in 2022.

10. Inventories

Detail of this item at 31 December 2021 and 2020:

2021	EUR thousand		
	Gross balance	Write-downs	Net balance
Raw materials and other supplies	14,144	-	14,144
Auxiliary shop projects and site installations	17,744	-	17,744
Advances to suppliers and subcontractors	14,881	-	14,881
Total inventories	46,769	-	46,769

2020	EUR thousand		
	Gross balance	Write-downs	Net balance
Raw materials and other supplies	12,319	-	12,319
Auxiliary shop projects and site installations	18,245	-	18,245
Advances to suppliers and subcontractors	8,578	-	8,578
Total inventories	39,142	-	39,142

Of the net balance at 31 December 2021, EUR 21,628 thousand related to UTEs (2020: EUR 21,988 thousand).

There are no significant purchase commitments related to advances to suppliers and subcontractors.

There are no indications of impairment of the Company's inventories at 31 December 2021 or 31 December 2020.

11. CASH AND CASH EQUIVALENTS

"Cash and cash equivalents" includes the Company's fully liquid assets, comprising cash on hand and at banks, and short-term deposits with an original maturity of three months or less. Of the balance at 31 December 2021, EUR 52,978 thousand related to UTEs (2020: EUR 52,349 thousand).

Use of these balances is unrestricted and they are not subject to risk of changes in value.

12. Equity and shareholders' equity

12.1 Share capital

Under the scope of the Restructuring and in accordance with the terms of the Lock-Up Agreement, the Company reduced and subsequently increased capital to strengthen its capital structure.

At the Extraordinary General Shareholders' Meeting held on 26 March 2021, approval was given to reduce capital by reducing the par value of shares outstanding by EUR 0.35 each, from EUR 0.60 to EUR 0.25 per share. The deed for the capital reduction was executed on 30 March 2021 and placed on file at the Madrid Companies Registry on 20 April 2021. The Company accounted for the transaction by reducing share capital by EUR 100,292 thousand and increasing non-distributable voluntary reserves by the same amount (see Note 2.6.7).

At the same meeting, shareholders approved increases in the share capital of the Company. The related deeds were executed on 25 June 2021 and placed on file at the Madrid Companies Registry on 28 June 2021, the date all the new shares were admitted to trading on the Madrid and Barcelona Stock Exchanges. The Cash Capital Increases were paid in full on subscription. The Company's share capital after these transactions increased by EUR 76,144 thousand through the issuance of 304,576,294 new ordinary shares carrying the same rights as existing shares (see Note 2.6.7). The transaction costs, which include the specific costs of the capital increases and the conversion to equity of the Arrangement and Backstop fees, for EUR 11,070 thousand, were recognised as a reduction to reserves, net of the related tax effect, of EUR 2,768 thousand.

After the capital increases, the share capital of Obrascón, Huarte Lain, S.A. at 31 December 2021 amounted to EUR 147,781,146, divided into 591,124,583 shares of EUR 0.25 par value each, all of the same class and series. Set out below is the reconciliation at the beginning and the end of the reporting period:

	Number of shares	Par value of the shares (EUR)	Nominal amount (EUR thousand)
Number of shares and nominal amount of share capital at 31 December 2020	286,548,289	0.60	171,929
Capital reduction through reduction of par value	286,548,289	(0.35)	(100,292)
Capital increases	304,576,294	0.25	76,144
Number of shares and nominal amount of share capital at 31 December 2021	591,124,583	0.25	147,781

Since the capital increases did not require the exercise of pre-emptive subscription rights, they resulted in a dilution of existing shareholders' ownership percentage. The following table shows companies with a direct or indirect ownership interest of 3% or more in the share capital of Obrascón Huarte Lain, S.A. as at 31 December 2021:

Company	% ownership
Concerted action (Luis Fernando Martin Amodio and Julio Simon Davies)	25.97
Simon Davies	15.51
Inmobiliaria Espacio, S.A.	7.10

12.2 Legal reserve

According to the Corporate Enterprises Act, the Company must earmark an amount equal to 10% of profit for the year to a legal reserve until such reserve reaches at least 20% of the capital.

Until the legal reserve exceeds this limit, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose. The legal reserve can be used to increase capital by the amount exceeding 10% of the increased capital amount.

The legal reserve was fully allocated at year-end 2020. At 31 December 2021, the amount of the reserve equal was decreased to 20% of the new amount of share capital, with the adjustment recognised in voluntary reserves.

12.3 Share premium

Movements in the share premium account in 2021:

	EUR thousand
Share premium balance at 31 December 2020	1,265,300
Capital increases	68,440
Fair value adjustments	(5,612)
Share premium balance at 31 December 2021	1,328,128

The share premium adjustments were the result of the recognition at fair value of the Debt-Equity Swap, and the Arrangement and Commitment Fee and Backstop Fee capital increases (see Note 2.6.8).

The Corporate Enterprises Act expressly permits the use of the share premium account balance to increase capital of the companies at which it is recognised and establishes no specific restrictions as to its use.

12.4 Other reserves

At 31 December 2021, "Other reserves" included voluntary reserves amounting to EUR 100,189 thousand, the capital redemption reserve amounting to EUR 11,182 thousand and the reserve for differences on translation of capital to euros amounting to EUR 91 thousand.

The main changes in voluntary reserves in 2021 were as follows:

- Allocation to a non-distributable reserve of EUR 100,292 thousand, which is the amount of the capital reduction, in accordance with article 335.c) of the Spanish Corporate Enterprises Act.
- Capital increase costs net of tax of EUR 8,420 thousand.

- Decrease of EUR 11,706 thousand from the recognition of the contributions made by the Company to OHL Operaciones, S.A.U., as part of the Hive Down (see Note 8).

The capital redemption reserve is the result of capital reductions carried out in 2006, 2009 and 2018 for the redemption of treasury shares in accordance with legal provisions in force to ensure the guarantee of shareholders' equity vis-à-vis third parties. This reserve is restricted and may only be used if the same requirements as those stipulated for capital reductions are met, i.e. that shareholders at the General Meeting must decide on its use.

12.5 Limitations on the distribution of dividends

Until the balance of development expenditure has been fully amortised, no dividends may be distributed unless the unrestricted reserves are at least equal to the amount of the unamortised balance of this item. Therefore, at the end of 2021, an amount of EUR 886 thousand of "Share premium" and "Other reserves" was restricted (see Note 5).

In addition, the Company will not pay dividends, in compliance with the terms and conditions of the New Notes, the Multiproduct Syndicated Facilities (MSF) agreement and other agreements with financial creditors, until the contracts mature.

12.6 Treasury shares

At year-end 2021 the Company held 541,296 treasury shares worth EUR 504 thousand.

The changes in treasury shares in 2021 and 2020 were as follows:

	No. of shares	EUR thousand
Balance at 31 December 2019	515,037	535
Purchases	22,615,843	18,728
Sales	(22,530,013)	(18,857)
Balance at 31 December 2020	600,867	406
Purchases	11,906,100	8,327
Sales	(11,965,671)	(8,229)
Balance at 31 December 2021	541,296	504

12.7 Government grants

Disclosures on government grants received by the Company in 2021 and 2020, which are included in equity, and the related amounts recognised in profit or loss are as follows:

2021

Grantor	Private sector/Level of government	EUR thousand			
		Opening balance	Increases	Transfer to profit/(loss)	Closing balance
Spanish Centre for the Development of Industrial Technology	National government	226	-	(118)	108
European Commission	Other agencies	324	15	(259)	80
Extremadura regional government	Local government	38	-	(20)	18
Tax effect		(147)	(4)	99	(52)
Total government grants		441	11	(298)	154

2020

Grantor	Private sector/Level of government	EUR thousand			
		Opening balance	Increases	Transfer to profit/(loss)	Closing balance
Spanish Centre for the Development of Industrial Technology	National government	343	-	(117)	226
European Commission	Other agencies	411	-	(87)	324
Extremadura regional government	Local government	58	-	(20)	38
Tax effect		(203)	-	56	(147)
Total government grants		609	-	(168)	441

At year-end 2021 and 2020, the Company had complied with all the attaching conditions for receiving the grants detailed above.

13. PROVISIONS, AND CONTINGENT ASSETS AND LIABILITIES

13.1 Provisions

The detail of provisions in the statement of financial position as at 31 December 2021 and 2020 is as follows:

Non-current provisions	EUR thousand			
	Balance at 31 December 2020	Increases	Decreases	Balance at 31 December 2021
Provisions for taxes	2,567	51	(18)	2,600
Provisions for employment benefits expense (see Note 17.3)	-	863	-	863
Provisions for investees	27,484	653	-	28,137
Total non-current provisions	30,051	1,567	(18)	31,600

Provisions for investees include the amount of losses of Group companies and associates from the date at which their carrying amount was equal to zero, as described in Appendix II. Increases in these provisions were recognised in "Other operating expenses" in the statement of profit or loss.

Provisions	EUR thousand			
	Balance at 31 December 2020	Increases	Decreases	Balance at 31 December 2021
Termination benefits	4,724	-	(261)	4,463
Project completion	25,942	7,060	(4,669)	28,333
Management and other fees	3,919	3,058	(1,400)	5,577
Other provisions	126,343	4,092	(19,958)	110,477
Total current provisions	160,928	14,210	(26,288)	148,850

Of total current provisions at 31 December 2021, EUR 67,157 thousand related to UTEs (2020: EUR 72,598 thousand).

"Other provisions" relates to provisions for future contract losses and provisions for the Company's ordinary operations related to several items, such as guarantees and deposits, insurance, taxes, third-party liability and others corresponding to numerous contracts.

13.2 Contingent assets

No contingent assets were recognised as at 31 December 2021 and 2020.

13.3 Contingent liabilities

13.3.1 Guarantee commitments to third parties

At 31 December 2021 the Company had provided guarantees totalling EUR 3,374,341 thousand (2020: EUR 3,286,254 thousand), broken down as follows:

Type	EUR thousand	
	2021	2020
Completion bonds and guarantees for project bids	1,434,793	1,422,237
Definitive guarantees	1,395,666	1,361,444
Provision guarantees	39,127	60,793
Personal guarantees	1,939,548	1,864,017
Total	3,374,341	3,286,254

In line with standard industry practice, completion bonds and guarantees for project bids were provided to guarantee the proper performance of construction and project contracts (definitive guarantees), and as guarantees for construction project bids (provisional guarantees).

The joint and several personal guarantees secure various transactions and are provided mainly to banks.

The detail of the guarantees by type of entity at 31 December 2021 and 2020 is as follows:

2021	EUR thousand	
	Completion bonds and guarantees for project bids	Personal guarantees
Secured entity		
Obrascón Huarte Lain, S.A.	752,441	112
Group companies	635,803	1,937,037
Associates	46,549	2,399
Total	1,434,793	1,939,548

2020	EUR thousand	
	Completion bonds and guarantees for project bids	Personal guarantees
Secured entity		
Obrascón Huarte Lain, S.A.	713,399	92
Group companies	635,350	1,862,901
Associates	73,488	1,024
Total	1,422,237	1,864,017

Moreover, the Company is secondarily liable for obligations of subcontractors owed to social security agencies for on-site personnel.

The Company's directors do not expect these guarantees to give rise to additional liabilities affecting the financial statements for the year ended 31 December 2021.

13.3.2 Litigation

At year-end 2021, the Company was involved in a range of disputes arising from the ordinary course of business.

In the Construction division, the key disputes were:

- In 2014, the Company reported that the contract "**Design and Construction of the Sidra Medical Research Centre (Doha, Qatar)**" had given rise to a dispute between the **Qatar Foundation for Education, Science and Community Development (QF)** and the joint venture formed by the Company and Contrack Cyprus Ltd (interests of 55% - 45%, respectively). On 30 July 2014, arbitration proceedings commenced before the International Chamber of Commerce.

The joint venture seeks an award ordering reimbursement of enforced guarantees (QAR 880 million, or EUR 211.5 million), payment for scope modifications that were executed but remain unpaid, as acknowledged in the partial award (QAR 182 million, or EUR 43.7 million), acknowledgement of and payment for scope modifications that were executed but remain unpaid, in respect of which an arbitration award is yet to be made (QAR 76 million, or EUR 18.3 million) and payment of the costs of extended presence at the construction site, as already acknowledged in the partial award (QAR 190 million, or EUR 45.7 million). For its part, QF seeks acknowledgement of termination costs in excess of the consideration still outstanding under the contract (QAR 2,600 million, or EUR 624.9 million), defect repair costs (QAR 124 million, or EUR 29.8 million), defect repair costs yet to be fully determined (QAR 106 million, or EUR 25.5 million), further costs relating to defect repairs (QAR 238 million, EUR 57.2 million) and liquidated damages for the delay caused by the joint venture (QAR 792 million, EUR 190.3 million).

The arbitration court is yet to decide on the merits of the claims and the value of any claim that may in the event be upheld. So far, the following items have been quantified: (i) the guarantee enforced against the joint venture (QAR 880 million, EUR 211.5 million), a fixed amount that in any case operates as a claim in favour of the joint venture; (ii) executed but still unpaid scope modifications, for which an arbitration award has already been rendered (QAR 182 million, EUR 43.7 million) - again, a fixed amount that operates as a claim in favour of the joint venture; and (iii) defect repair costs (QAR 124 million, EUR 29.8 million), a fixed amount that operates as a claim in favour of QF. No award ordering payment has yet been made. Any such award will be rendered once all the parties' claims have been determined and evaluated.

However, in the light of the latest legal opinions provided by third parties and the views of the Company's management, and in view of the timeframes within which an arbitration award might be expected, the Company's directors have reassessed the various scenarios for the outcome of the arbitration as a whole and have drawn the conclusion that, despite the remaining uncertainty, it is unlikely that the Company will suffer any additional economic loss.

- On 7 February 2017, Rizzani de Eccher, SpA, Trevi, SpA and Obrascón Huarte Lain, S.A. instituted investment protection arbitration proceedings against the State of Kuwait before ICSID (International Centre for Settlement of Investment Disputes) in connection with the contract **"Construction, Completion and Maintenance of Roads, Overpasses, Sanitary and Storm Water Drains, as well as other Services for Jamal Abdul Nasser Street"**. OHL owns a 50% stake in the joint venture, a construction company. The arbitration was initiated under international treaties for reciprocal protection of investments signed by Kuwait, Spain and Italy. In the performance of the contract, the State of Kuwait breached the treaty by engaging in obstructive, abusive and arbitrary actions to the detriment of foreign investors.

In its memorial, the joint venture quantified the damages owed to it at KWD 100.6 million (EUR 293.6 million), or, in the alternative, KWD 90.4 million (EUR 263.8 million), plus, in any event, KWD 2.3 million (EUR 6.7 million), based on an assessment by independent consultants. Kuwait filed a counter-memorial, containing a counter-claim for KWD 32.1 million (EUR 93.7 million). The Company's directors, in the light of legal opinions provided by third parties and their own views, believe it is unlikely that the arbitration award will cause any economic loss to the Company.

- On 13 December 2017, Samsung C&T Corporation, Obrascón Huarte Lain, S.A. and Qatar Building Company filed a request for arbitration before the International Chamber of Commerce against Qatar Railways Company in connection with the contract **"Design & Build Package 5 – Major Stations – Doha Metro Project"**. OHL owns a 30% stake in the joint venture, a construction company. The joint venture seeks damages initially estimated at QAR 1,500 million (EUR 360.5 million). Kuwait filed an initial counter-claim for QAR 1,000 million (EUR 240.3 million). The arbitration court declared that it was not competent to hear the case because at the time the request for arbitration was filed the requirements under the arbitration clause had not been met. The joint venture then filed a new request for arbitration seeking damages initially estimated at QAR 1,400 million (EUR 336.5 million). Qatar Railways then counter-claimed for damages initially estimated at QAR 860 million (EUR 206.7 million).
- After a suspension period, proceedings resumed by Obrascón Huarte Lain, S.A. against the Polish company PGB, S.A. OHL seeks damages of PLN 191.5 million (EUR 41.7 million) as a consequence of PGB's liabilities as a partner in the **construction consortium for the Slowackiego IV project in Gdansk, Poland**. The court proceedings are still at the initial stage.
- The Company filed an arbitration claim against Anesrif (the Algerian agency for railway investment) arising from a contract for construction of the **Annaba railway**. Based on the opinions of independent experts, the Group seeks damages of EUR 200.0 million. Anesrif has counter-claimed for EUR 56.9 million.
- The Company is suing the Chilean finance ministry and ministry of public works in connection with a contract to build the Chacrilas reservoir. The Company seeks damages of CLP 30,169 million (EUR 31.3 million).

Regarding investments in companies undergoing liquidation, the key disputes were:

- On 16 August 2016, the *Boletín Oficial del Estado* [Spain's official State gazette] announced the commencement of ordinary voluntary proceedings in respect of the insolvency of **Cercanías Móstoles Navalcarnero, S.A. (CEMONASA)**.

On 15 March 2017, Madrid Commercial Court No. 1 decreed that the company Cercanías Móstoles Navacarnero, S.A. was dissolved, removed the directors and replaced them with insolvency administrators, and declared the company to be in liquidation.

Finally, in the context of the insolvency proceedings, on 2 November 2017 Madrid Commercial Court No. 1 approved the liquidation plan for the company. The plan provides that the company may continue current legal proceedings – and institute further proceedings as appropriate – to recover damages from the State and any other indemnities to which it might be entitled.

As a result of the company having incurred a penalty, on 20 June 2017 the Madrid regional government (CAM) enforced the guarantees provided by OHL, S.A. and OHL Concesiones, S.A.U. to assure performance of their obligations under the concession operator's concession contract. The amount of the enforcement of the performance bonds was recovered by CEMONASA, as the final decision by the Madrid High Court to appeal proceedings 231/16 instituted by CEMONASA against the penalty was enforced.

So far, appeals 1129/17 and 1080/17, lodged respectively by CEMONASA and OHL, S.A. before the Madrid High Court against the order issued by the Madrid regional government's department of transport, housing and infrastructure – terminating the concession contract, enforcing the performance bond and declaring that the concession operator was to indemnify the government in an amount to be determined in court – have both led to final judgements in favour of CEMONASA. In both cases, the court found that CEMONASA was not at fault in termination of the concession arrangement and that the request for damages and seizure of guarantees from CEMONASA were unwarranted.

Moreover, in the course of carrying out the approved liquidation plan, on 21 March 2018 the liquidators of the insolvent company lodged an application for judicial review before the Madrid High Court (case 246/18) against the Madrid regional government seeking an economic settlement of the contract given that, liquidation having commenced in the context of insolvency, the contract was automatically at an end. In this application, the Company filed a notice of withdrawal of the appeal on the excessiveness of the claim made on 24 January 2022, **since the Madrid government partially accepted the petition in letter dated 23 January 2021 and, consequently, paid an amount of EUR 162,495,773.41 plus VAT to the Company. This amount included the principal and the applicable statutory interest.**

Then, in October 2020, CEMONASA filed a further administrative claim to recover EUR 53 million from the Madrid regional government in respect of additional construction work requested by the government outside the scope of the concession contract. The claim was presumptively rejected by "administrative silence". The Company then applied to the Madrid High Court for judicial review (PO 1529/21), which is still proceeding.

In the light of internal and external legal opinions, the directors take the view that the concession contract entitles the recovery of the net expenditure and loans to the concession operator.

Regarding the "Lezo Affair":

- Ancillary proceeding 3.

In 2016, central investigative division no. 6 of the Spanish national court [*Audiencia Nacional*] commenced proceedings 91/2016 to investigate a range of alleged criminal offences: business corruption, bribery, money laundering and acts of organised crime.

The court oversaw investigations concerning more than 57 individuals, 6 of whom were at one point employees of the Company. No such person is currently employed by or associated with the Company

At the date of this report, we are not aware of any formal accusation having been made against any current Company executive or director. No action has been taken against any company of the OHLA Group.

- Ancillary proceeding 8.

In February 2019, the company became aware that a new ancillary proceeding – number 8 – had been commenced in addition to the main proceedings. The investigation aims to find out whether or not Company employees committed bribery to attract public works contract awards in Spain.

Several current and former employees and former directors testified in court as witnesses and persons of interest.

So far, no action has been taken against the company. Hence, OHL is not a party to the proceedings and its information about them is limited.

The Company is actively cooperating with the authorities and providing all requested information. In addition, the Company conducted its own internal investigation in accordance with existing procedures. The outcome of the investigation was submitted to the court in July 2020.

In procedural terms, proceeding 8 of the "Lezo Affair" remains at the investigative stage.

The Company also faces a number of claims in respect of employment terminations. Such claims are not material whether considered individually or in combination.

The Company is involved in a range of minor lawsuits arising from the ordinary course of business, none of which is material when considered individually.

13.3.3 Other contingent liabilities

“Contingent liabilities” are ordinary liabilities for fulfilment of construction contracts entered into by construction companies, including UTEs in which they have an interest. Moreover, there is secondary liability for obligations of subcontractors owed to social security agencies for on-site personnel. The Company is not expected to incur any loss in this regard.

- On 21 July 2020, the Spanish competition watchdog (**Comisión Nacional de los Mercados y la Competencia** or “CNMC”) commenced infringement proceedings S/0021/20:OBRA CIVIL 2 against OHL and several other companies concerning alleged conduct contrary to Article 1 of the Spanish Competition Act (LDC) and Article 101 of the Treaty on the Functioning of the European Union. It is alleged that the companies made agreements and shared information with the intention or the effect of restricting competition for contracts put out to tender by government bodies in Spain to build and restore infrastructure and buildings.

These proceedings were commenced after earlier proceedings concerning the same matter were shelved. On 14 July 2020, the competition tribunal of the Board of the CNMC decided to (i) declare the earlier proceedings S/DC/0611/17 to have expired, and order that they be stayed, and (ii) request that the CNMC commence new infringement proceedings.

The infringement proceedings are now at the investigative stage. On 5 July 2021, the competition watchdog issued a draft decision proposing that OHL be fined EUR 21.8 million and granting a period of 15 days for a reply. The Group's external advisers will propose that the CNMC shelve the proceedings for a range of substantiated reasons.

- On 10 March 2021, the **Peruvian competition authority** was asked to consider imposing a penalty on the Company for alleged practices of “horizontal collusion” (i.e., price-fixing) in connection with government tenders in Peru in the period 2002-2016. The proposed fine would come to USD 51.0 million (EUR 45.1 million). On 17 November 2021, a first-instance decision was issued, imposing a penalty on the Company of UIT 28,268.88 (EUR 27.5 million). An appeal for judicial review was submitted, so the proceeding is still in the administrative phase. These administrative proceedings are still at the initial stage. So far, no sanction has been imposed against the Company and at year-end 2021 the directors saw no reason to recognise any provision in this respect.

14. FINANCIAL LIABILITIES

The detail of financial liabilities at 31 December is as follows:

Item			EUR thousand							
			Bank borrowings		Bonds and other marketable securities		Other liabilities		Total	
			2021	2020	2021	2020	2021	2020	2021	2020
Classification										
Non-current financial liabilities										
Financial liabilities at amortised cost			38,718	1,563	-	589,636	450,665	2,617	489,383	593,816
Total	non-current	financial	38,718	1,563	-	589,636	450,665	2,617	489,383	593,816
Current financial liabilities										
Financial liabilities at amortised cost			25,177	97,152	-	8,804	913,398	904,067	938,575	1,010,023
Total current financial liabilities			25,177	97,152	-	8,804	913,398	904,067	938,575	1,010,023
Total financial liabilities			63,89	98,71	-	598,44	1,364,06	906,68	1,427,95	1,603,83

These amounts are included in the following statement of financial position line items:

Item		EUR thousand							
		Bank borrowings		Bonds and other marketable		Other liabilities		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
Non-current financial liabilities									
Loans and borrowings		38,718	1,563	-	589,636	6,023	2,617	44,741	593,816
Loans and borrowings from group companies and associates		-	-	-	-	444,642	2,617	444,642	-
Total non-current financial liabilities		38,718	1,563	-	589,636	450,665	2,617	489,383	593,816
Current financial liabilities									
Current loans and borrowings		25,177	97,152	-	8,804	7,654	3,308	32,831	109,264
Loans and borrowings from group companies and associates		-	-	-	-	344,252	365,822	344,252	365,822
Trade payables		-	-	-	-	240,081	254,224	240,081	254,224
Trade notes payable		-	-	-	-	35,398	34,702	35,398	34,702
Trade payables to group companies and associates		-	-	-	-	42,288	50,692	42,288	50,692
Employee receivables		-	-	-	-	10,782	12,220	10,782	12,220
Advances from customers		-	-	-	-	232,943	183,099	232,943	183,099
Total current financial liabilities		25,177	97,152	-	8,804	913,398	904,067	938,575	1,010,023
Total financial liabilities		63,895	98,705	-	598,440	1,364,063	906,684	1,427,958	1,603,839

14.1 Non-current and current loans and borrowings

Balance of "Non-current loans and borrowings" at 31 December 2021 and 2020:

2021		EUR thousand			
Classification	Item	Non-current financial assets			Total
		Bonds and other marketable securities	Bank borrowings	Other financial liabilities	
Financial liabilities at amortised cost		-	38,718	6,023	44,741
Total non-current loans and borrowings		-	38,718	6,023	44,741

2020		EUR thousand			
Classification	Item	Non-current financial assets			Total
		Bonds and other marketable securities	Bank borrowings	Other financial liabilities	
Financial liabilities at amortised cost		589,636	1,563	2,617	593,816
Total non-current loans and borrowings		589,636	1,563	2,617	593,816

Balance of "Current loans and borrowings" at 31 December 2021 and 2020:

2021		EUR thousand			
Classification	Item	Current financial assets			Total
		Bonds and other marketable securities	Bank borrowings	Other financial liabilities	
Financial liabilities at amortised cost		-	25,177	7,654	32,831
Total current loans and borrowings		-	25,177	7,654	32,831

2020		EUR thousand			
Classification	Item	Current financial assets			Total
		Bonds and other marketable securities	Bank borrowings	Other financial liabilities	
Financial liabilities at amortised cost		8,804	97,152	3,308	109,264
Total current loans and borrowings		8,804	97,152	3,308	109,264

The detail of "Non-current and current loans and borrowings" by maturity is as follows:

	EUR thousand				Total
	2022	2023	2024	2025	
Bank borrowings (*)	25,177	19,253	19,462	3	63,895
Other financial liabilities	7,654	4,070	1,920	33	13,677
Total non-current and current loans and borrowings	32,831	23,323	21,382	36	77,572

(*) Includes contractual maturities of the bridge financing agreement (ICO). Cancelled in January 2022 (see Note 21).

Of total "Non-current loans and borrowings" at 31 December 2021, EUR 1,949 thousand related to UTEs (2020: EUR 1,948 thousand).

Of total "Current loans and borrowings" at 31 December 2021, EUR 3,092 thousand related to UTEs (2020: EUR 710 thousand).

The amount of borrowings in 2021 decreased by EUR 633,260 thousand, due mostly to:

- The cancellation of the 2014 and 2015 notes issues, which resulted in a decrease in non-current and current bonds and marketable debt securities of EUR 589,636 thousand and EUR 8,804 thousand euros, respectively.
- A decrease of EUR 34,820 thousand in non-current and current bank borrowings compared to 31 December 2020, due mainly to early cancellations of the bridge financing agreement (ICO) of EUR 40,830 thousand, as explained below.

Under the scope of the Restructuring completed on 28 June 2021, the Company cancelled the outstanding 2022 and 2023 Notes through a combination of: (i) debt write-off; (ii) debt-equity swap of the principal of the Notes; (iii) issuance of new notes by OHL Operaciones, S.A.U.; and (iv) arrangement of a loan between OHL, S.A. and OHL Operaciones, S.A., with the same features as the new notes.

In all, the accounting of the refinancing resulted in the derecognition of the carrying amount of the notes of EUR 589,943 thousand and payment of the accrued coupon to the date of execution of EUR 23,787 thousand, and the recognition of EUR 434,934 thousand of new loans and borrowings from group companies at a fair value. The terms and conditions of the borrowing with OHL Operaciones, S.A.U. are identical to those of the Notes issued by that company.

The average interest rate on the notes issues cancelled in 2021 was 5.09% (2020: 5.15%).

The bridge financial agreement (ICO), arranged on 30 April 2020 for up to EUR 140,000 thousand, has been novated several times. It is secured with a guarantee by Spain's Official Credit Institute (Instituto Crédito Oficial or "ICO") covering 70% of the financing, in addition to other collateral; i.e. pledges on shares in certain Group companies and on accounts and receivables from intragroup positions among Group companies. The limit at 31 December 2021 was EUR 54,502 thousand (2020: EUR 130,331 thousand) after the early repayments of amounts equal to half of the proceeds from the sale of the investments as provided for in the agreement. The entire amount of financing had been drawn down at that date.

On 27 May 2021, ICO authorised the Company to extend the maturity of this credit facility from the original 30 October 2021 to 30 October 2024. Payments are in equal amounts and made on the last day of each calendar quarter. The first amount is payable on 30 June 2022.

The applicable interest rate on amounts drawn down is the Euribor rate plus 5.5% as of 1 May 2021 to maturity.

This facility was fully repaid on 31 January 2022 (see Note 21).

At 31 December 2021, the Company had a EUR 48 thousand loan facility (2020: EUR 63 thousand), secured by a mortgage on certain investment properties.

The Company's sensitivity to a 0.5% increase in the interest rate applicable to its bank borrowings, without considering fixed-rate borrowings, would be EUR 305 thousand on profit before tax.

The Company has credit facilities at 31 December 2021 and 2020 with the following limits:

	EUR thousand			
	2021		2020	
	Limit	Undrawn amount	Limit	Undrawn amount
Credit facilities	75,507	10,709	135,870	35,000
Total	75,507	10,709	135,870	35,000

These credit facilities accrued average interest in 2021 of 4.79% (2020: 3.49%).

14.2 Non-current and current borrowings with group companies and associates

The reconciliation of the carrying amount of these items at 31 December 2021 and 2020 is as follows:

2021	Company	EUR thousand		
		Group	Group	Associates A
		Non-current	Current	Current
	OHL Operaciones, S.A.U.	444,642	9,467	-
	Constructora de Proyectos Viales de México, S.A. de C.V.	-	88,068	-
	Agrupación Guinovart Obras y Servicios Hispania, S.A.	-	54,570	-
	OHL Andina, S.A.	-	44,912	-
	S.A. Trabajos y Obras (SATO)	-	34,978	-
	OHL Industrial, S.L.	-	26,550	-
	OHL Austral, S.A.	-	23,912	-
	Sociedad Concesionaria Centro Justicia de Santiago, S.A.	-	17,293	-
	Asfaltos y Construcciones Elsan, S.A.	-	15,620	-
	Avalora Tecnologías de la Información, S.A.	-	4,168	-
	OHL Arabia, LLC	-	2,963	-
	Constructora TP, S.A.C.	-	1,457	-
	Obrascón Huarte Lain Desarrollos, S.A.	-	1,400	-
	EYM Instalaciones, S.A.	-	674	-
	Borrowings less than EUR 300 thousand	-	571	-
	UTE Marmaray. Turkey	-	-	14,147
	UTE Angiozar. Spain	-	-	603
	UTE Schofields Road Two. Australia	-	-	566
	UTE Caldereta Corralejo. Spain	-	-	358
	UTE Puerto-Caldereta. Spain	-	-	334
	Borrowings less than EUR 300 thousand	-	-	1,641
	Total	444,642	326,603	17,649

2020

Company	EUR thousand	
	Group	Associates A
	Current	Current
Constructora de Proyectos Viales de México, S.A. de C.V.	76,312	-
Agrupación Guinovart Obras y Servicios Hispania, S.A.	53,740	-
S.A. Trabajos y Obras (SATO)	48,064	-
OHL Andina, S.A.	42,503	-
OHL Industrial, S.L.	31,912	-
OHL Austral, S.A.	25,920	-
Asfaltos y Construcciones Elsan, S.A.	17,670	-
Sociedad Concesionaria Centro Justicia de Santiago, S.A.	17,556	-
OHL Arabia, LLC	13,287	-
Avalora Tecnologías de la Información, S.A.	4,954	-
Obrascón Huarte Lain Desarrollos, S.A.	3,394	-
Construcciones Adolfo Sobrino, S.A.	2,164	-
Obrascón Huarte Lain Construcción Internacional, S.L.	1,751	-
Constructora TP, S.A.C.	1,280	-
Construcciones Colombianas, S.A.S.	877	-
OHL Colombia, S.A.	486	-
Senda Infraestructuras, S.L.	366	-
EYM Instalaciones, S.A.	362	-
Mantohledo, S.A.U.	319	-
Borrowings less than EUR 300 thousand	877	-
UTE Marmaray. Turkey	-	18,908
UTE Caldereta Corralejo. Spain	-	1,156
Borrowings less than EUR 300 thousand	-	1,964
Total	343,794	22,028

The non-current loan with OHL Operaciones, S.A.U. relates to the loan signed on 23 June 2021, which is a "mirror" loan; i.e. it has the same terms and conditions regarding maturity and interest rates as the notes issued by that company (see Note 2.6).

"Current" under "Group" includes mainly loans and borrowings due to the tax effect.

Finance costs generated on loans in 2021 amounted to EUR 40,395 thousand (2020: EUR 14,890 thousand) (see Note 18.1).

The average interest applied to current financial contributions to Group companies in 2021 was 4.96% (2020: 4.66%). The remaining balances are trade transactions and, therefore, did not accrue any interest.

14.3 Trade payables

14.3.1 Information on average payment period to suppliers. Additional Provision Three. "Disclosure requirements of Law 15/2010, of 5 July"

Law 15/2010, of 5 July, establishes measures for combating late payment in commercial transactions, and the Spanish Accounting and Auditing Institute (ICAC) Resolution of 29 January 2016 implemented the disclosure requirement provided for in Additional Provision Three of that Law. This resolution repeals the immediately preceding resolution of 29 December 2010, which was based on the previous wording of Additional Provision Three of Law 15/2010, of 5 July.

Disclosures on average payment period, ratios of transactions paid and transactions outstanding, and total payments made and outstanding at 31 December 2021 and 2020 are as follows:

	Days	
	2021	2020
Average supplier payment period	73	81
Ratio of transactions paid	75	82
Ratio of transactions outstanding	62	73

	EUR thousand	
	2021	2020
Total payments made	233,573	232,338
Total payments outstanding	40,357	43,298

Average supplier payment period, excluding intragroup transactions, is calculated by dividing the ratio of transactions paid times the total amount of payments made plus the ratio of transactions outstanding times the total amount of payments outstanding by the total amount of payments made and the payments outstanding.

The ratio of transactions paid is calculated by dividing the sum of amounts paid for each transaction times the number of payment days by the total amount of payments made.

The ratio of outstanding transactions is calculated by dividing the sum of amounts outstanding for each transaction times the number of days remaining until the last day of the period by the total amount of payments outstanding.

The Company is taking measures to comply with the ratio of outstanding transactions, which exceeds the statutory limit.

14.3.2 Trade payables to group companies and associates

The detail of "Trade payables to group companies and associates" at 31 December 2021 and 2020 is as follows:

2021	Company	EUR thousand	
		Group	Associates
	EyM Instalaciones, S.A.	10,856	-
	Premol, S.A. de C.V.	1,424	-
	OHL Servicios Ingesan, S.A.	801	-
	Asfaltos y Construcciones Elsan, S.A.	615	-
	Construcciones Colombianas OHL, S.A.S.	607	-
	Constructora de Proyectos Viales de México, S.A. de C.V.	558	-
	Pacadar Panamá, S.A.	449	-
	OHL Colombia, S.A.	302	-
	Less than EUR 300 thousand	1,189	-
	Sociedad Concesionaria Vespucio Oriente, S.A. Chile	-	22,614
	UTE Rizzani OHL Boodai Trevi (JV4). Kuwait	-	2,809
	Less than EUR 300 thousand	-	64
Total		16,801	25,487

2020	Company	EUR thousand	
		Group	Associates
	EyM Instalaciones, S.A.	11,661	-
	Sociedad Concesionaria Aguas de Navarra, S.A.	711	-
	OHL Colombia, S.A.	506	-
	EYM Norway, A.S.	458	-
	Asfaltos y Construcciones Elsan, S.A.	409	-
	Premol, S.A. de C.V.	397	-
	Less than EUR 300 thousand	1,684	-
	Constructora Vespucio Oriente, S.A. Chile	-	28,721
	Centro Canalejas Madrid, S.L. Spain	-	3,557
	UTE Rizzani OHL Boodai Trevi (JV4). Kuwait	-	2,588
Total		15,826	34,866

These balances are trade transactions and, therefore, do not accrue any interest.

14.3.3 Trade and other payables

Some of the UTEs in which the Company has an interest have entered into reverse factoring arrangements with several banks to facilitate early payment to suppliers, under which suppliers may exercise their collection rights vis-à-vis the UTEs and obtain the amount billed less the finance costs of discounting and the fees charged by those banks.

These arrangements do not modify the principal terms and conditions of payment to suppliers, such as the term or amount. Therefore, the amounts are classified as trade payables.

As at 31 December 2021, the balance of "reverse factoring" in "Trade and other payables" amounted to EUR 987 thousand (2020: EUR 1,123 thousand).

15. TAX MATTERS

15.1 Current tax receivables and payables

The detail of the current tax receivables and payables at 31 December 2021 and 2020 is as follows:

Tax receivables	EUR thousand	
	2021	2020
Current tax assets:	30,002	28,604
Income tax prepayments	2,970	2,044
Withholdings on investment income	23,511	22,477
Income tax refund	3,521	4,083
Other tax receivables:	10,348	7,273
Sales tax refundable	6,969	3,874
Other tax receivables	3,376	3,393
Social Security receivable	3	6
Total	40,350	35,877

Tax payables	EUR thousand	
	2021	2020
Current tax liabilities:	7,157	2,546
Income tax payable	7,157	2,546
Other tax payables:	21,469	33,861
Sales tax payable	12,590	23,149
Business and professional income tax payable	2,216	2,801
Tax payable on investment income	1,147	816
Other tax payables	3,190	5,045
Social Security payable	2,326	2,050
Total	28,626	36,407

Since 1 January 2019 the Company has filed consolidated VAT returns under no. IVA0028/19, and is the Parent of the tax group.

15.2 Reconciliation of accounting profit and taxable income

The Company has filed consolidated income tax returns since 1999 and is head of the consolidated tax group.

Income tax expense/(income) in 2021 amounted to EUR 8,553 thousand.

Income tax is calculated based on accounting profit or loss, obtained by applying generally accepted accounting principles. It does not necessarily coincide with taxable profit or tax loss, understood as the tax base.

Reconciliation of accounting profit (loss) and the Company's taxable profit (loss) at 31 December 2021 and 2020:

2021	EUR thousand		
	Increases	Decreases	Total
Accounting profit/(loss) before tax			32,243
Permanent differences	51,109	164,884	(113,775)
Temporary differences:			
Arising in the year	3,586	21,149	(17,563)
Arising in prior years	4,252	936	3,316
Offset of tax losses			
Taxable profit/(loss)			(95,779)

2020	EUR thousand		
	Increases	Decreases	Total
Accounting profit/(loss) before tax			(191,782)
Permanent differences	246,173	41,325	204,848
Temporary differences:			
Arising in the year	415	12,106	(11,691)
Arising in prior years	12,550	936	11,614
Offset of tax losses			-
Taxable profit/(loss)			12,989

Permanent differences in 2021 and 2020 related mainly to expenses non-tax-deductible expenses, profit or loss obtained abroad, the recognition and utilisation of provisions and the exemption of tax on dividends and capital gains.

Temporary differences arose mainly from:

- The profit or loss of UTEs, the recognition of which for tax purposes is deferred for one year.
- The recognition and utilisation of provisions considered non-tax- deductible or taxable.
- Amortisation and depreciation considered non-tax-deductible expenses in prior years.

15.3 Breakdown of Spanish income tax

The breakdown of Spanish income tax expense/(income) at 31 December 2021 and 2020 is as follows:

	EUR thousand	
	2021	2020
Current tax	(7,608)	2,859
Deferred tax	3,562	20,591
Positive/negative adjustments to income tax	670	1,061
Total income tax expense/(income)	(3,376)	24,511

Deferred tax relates to the reversal of other adjustments of deferred taxes, which arose in the current year.

15.4 Tax recognised in equity

Taxes recognised directly in equity at 31 December 2021 and 2020 are as follows:

2021	EUR thousand		
	Increases	Decreases	Total
Current tax	-	-	-
Total current tax	-	-	-
Deferred tax			
Arising in the year:			
Government grants	-	4	(4)
Arising in prior years:			
Government grants	99	-	99
Total deferred tax	99	4	95
Total tax recognised directly in equity	99	4	95

2020	EUR thousand		
	Increases	Decreases	Total
Current tax			
Total current tax			
Deferred tax			
Arising in the year:			
Government grants	-	-	-
Arising in prior years:			
Government grants	56	-	56
Total deferred tax	56	-	56
Total tax recognised directly in equity	56	-	56

15.5 Deferred tax assets

The detail of "Deferred tax assets" at 31 December 2021 and 2020 is as follows:

	EUR thousand	
	2021	2020
Deductible temporary differences	25,617	32,670
Unused tax credits and tax relief	4	4
Carry forward of unused tax losses	10,201	13,368
Total deferred tax assets	35,822	46,042

The Company reassessed the recoverability of deferred tax assets based on a long-term business plan, which include assumptions regarding transaction volume and expected returns in line with technical and financial capabilities, and the outlook for the markets in which it operates. No risks of recoverability were uncovered by the reassessment of outstanding balances at 31 December 2021 within the recovery periods provided in Spanish accounting regulations.

At 31 December 2021, the Company had EUR 799,377 thousand of unused tax losses carried forward that can be utilised in future tax returns. According to Spanish tax law, there is no time limit for offset. Most of the tax losses have not been recognised for accounting purposes.

The detail of unused tax credits (not recognised for accounting purposes) as at 31 December 2021 available for deduction in future tax returns is as follows:

Type of tax credit	EUR thousand	
	Amount	Last year for utilisation:
International tax credits	1,873	No limit
Reinvestment tax credits	1,037	2022
R&D&I tax credits	7,104	2022
Other	5,161	2022

The Company earned tax credits for reinvestment in prior years. The years and the assets in which the reinvestments were made are as follows:

	EUR thousand
	2013
Investments in group companies and associates	20,060

15.6 deferred tax liabilities

The detail of "Deferred tax liabilities" at 31 December 2021 and 2020 is as follows:

	EUR thousand	
	2021	2020
Taxable temporary differences	5,024	4,381
Total deferred tax liabilities	5,024	4,381

15.7 Years open to inspection and tax audits

In accordance with prevailing legislation, tax returns cannot be considered final until they have been inspected by the taxation authorities or until the statute of limitations has elapsed.

At year-end 2021, the Company and its UTEs were open to inspection of all taxes to which they are liable.

In July 2020, the Spanish taxation authorities (AEAT) notified the commencement of a tax audit, currently in the stage of providing required documentation, of the following taxes and periods:

	Periods
Income tax	2014-2017
Value added tax	07/2016-12/2019
Personal income tax withholdings/payments on account	07/2016-12/2019
Investment income tax withholdings/payments on account	07/2016-12/2019
Non-resident income tax withholdings	07/2016-12/2019

The Company's directors consider that all applicable taxes have been duly paid so that even in the event of discrepancies in the interpretation of prevailing tax legislation with respect to the treatment applied, the resulting potential tax liabilities, if any, would not have a material impact on the accompanying financial statements.

16. UTEs

Sales, assets and liabilities of UTEs before eliminations at 31 December 2021 and 2020 are as follows:

	EUR thousand	
	2021	2020
Revenue	150,018	104,228
Non-current assets	5,997	5,612
Current assets	327,026	328,725
Non-current liabilities	2,027	1,961
Current liabilities	309,103	323,004

Appendix I provides information on percentage ownership and revenue for the main UTEs in which the Company has interests.

17. Revenue and expenses

17.1 Revenue

In 2021, Obrascón Huarte Lain, S.A. obtained revenue of EUR 593,821 thousand (2020: EUR 601,905 thousand), broken down by activity, type of customer and geographical market as follows:

Business activity	EUR thousand	
	2021	2020
Civil engineering work in Spain	93,988	85,757
Roads	51,498	44,094
Hydraulic works	11,542	17,378
Railways	23,360	17,676
Maritime	2,377	435
Other civil engineering work	5,211	6,174
Building construction in Spain	123,552	148,689
Residential	22,670	22,141
Non-residential	100,882	126,548
Other	508	2,747
Total construction in Spain	218,048	237,193
Civil engineering work abroad	345,485	293,172
Roads	201,990	140,172
Hydraulic works	48,105	32,834
Railways	91,141	104,359
Maritime and other civil engineering work	4,249	15,807
Building construction abroad	30,288	71,540
Non-residential	30,288	71,540
Total construction abroad	375,773	364,712
Total revenue	593,821	601,905

Type of customer	EUR thousand	
	2021	2020
Spain:		
Public sector customers:	150,276	121,239
Central government	37,602	38,298
Regional government	69,913	42,160
Local government	13,888	18,701
Other agencies	28,873	22,080
Private sector customers:	67,772	115,954
Total Spain	218,048	237,193
Abroad:		
Public sector customers	78,598	163,475
Private sector customers	297,175	201,237
Total abroad	375,773	364,712
Total revenue	593,821	601,905

Geographical area	EUR thousand	
	2021	2020
Spain:		
Spain	218,048	237,193
Total Spain	218,048	237,193
Abroad:		
Chile	183,240	206,287
Peru	83,518	48,144
ROW	109,015	110,281
Total abroad	375,773	364,712
Total revenue	593,821	601,905

Of the total balance of revenue at 31 December 2021, EUR 150,018 thousand related to UTEs (2020: EUR 104,228 thousand).

The countries where the Company conducts business on a permanent basis, i.e. where it has a local presence, are Spain, Chile and Peru. The Company also has a presence in other countries that are not considered local markets currently and are grouped together under "ROW".

The balance of "Other operating income" in the statement of profit or loss at 31 December 2021 and 2020 included EUR 96,833 thousand and EUR 41,435 thousand, respectively, of revenue from the rendering of services to Group companies and other income.

17.2 Cost of sales

Detail of "Cost of sales" in the accompanying statement of profit or loss for the years ended 31 December 2021 and 2020:

	EUR thousand	
	2021	2020
Purchases of construction materials and machinery spare parts	88,192	78,306
Change in inventories of construction materials and machinery spare parts	(1,976)	5,148
Cost of construction materials and machinery parts used	86,216	83,454
Subcontracted work	337,491	324,036
Inventory write-downs	-	(495)
Total cost of sales	423,707	406,995

The balance at 31 December 2021 included EUR 81,010 thousand from UTEs (2020: EUR 45,370 thousand).

The detail of purchases made by the Company in 2021 and 2020 by origin is as follows:

2021	EUR thousand		
	Spain	Intra-EU	Imports
Purchases	33,776	3,855	50,561

2020	EUR thousand		
	Spain	Intra-EU	Imports
Purchases	38,925	119	39,262

17.3 Long-term employee benefit expenses

In December 2021, the Company approved a remuneration scheme for certain managers whereby it is required to pay an extraordinary remuneration on their departure from the company.

To cover the obligation, the Company took out a group life insurance policy, under which it maintains the risks subject to changes in actuarial assumptions and passes them on to the insurance company through the annual premium (see Note 18.3).

The detail of the plan obligations and plan assets at 31 December is as follows:

	EUR thousand	
	2021	2020
Accrued but not vested benefits	863	-
Fair value of plan assets	865	-

17.4 Losses on, impairment of and changes in trade provisions

The detail of the balances of this item is as follows:

	EUR thousand	
	2021	2020
Change in provisions and credit losses on trade receivables	(5,170)	(3,275)
Change in current provisions	11,870	2,123
Total losses on, impairment of and changes in trade provisions	6,700	(1,152)

The change in current provisions was the result of several items described in Note 13.1.

17.5 Third-party finance income and costs

The detail of the balances comprising this statement of profit or loss item is as follows:

	EUR thousand	
	2021	2020
Dividends	10	9
Total finance income from investments in equity instruments	10	9
Interest income on non-current and current loans	1,790	4,830
Restructuring income	99,481	-
Other finance income	3,262	3,814
Total finance income from marketable securities and other financial instruments	104,533	8,644
Interest and costs on bonds and marketable securities	(18,236)	(33,148)
Interest on bank borrowings	(7,654)	(3,747)
Restructuring costs	(21,162)	-
Other finance costs	(11,020)	(7,680)
Total finance costs on third-party loans and borrowings	(58,072)	(44,575)

Restructuring income is the difference between the nominal amount of the original notes (i.e. EUR 592,888 thousand) and the fair value of the new notes and shares (see Note 2.6).

Other finance income includes mainly income from late payment interest as explained in Note 4.10.

Finance costs from interest on bonds includes unaccrued debt arrangement expenses at 31 December 2020.

Restructuring fees include EUR 21,162 thousand of costs related to the issuance of the New Notes (see Note 2.6).

17.6 Impairment and gains/(losses) on disposal of financial instruments

The detail of this consolidated statement of profit or loss line item is as follows:

Impairment and losses	EUR thousand	
	2021	2020
Impairment on equity instruments of group companies	-	(81,326)
Impairment on equity instruments of associates	-	(408)
Impairment on loans to group companies	(20,415)	(20,354)
Reversals of impairment on equity instruments of group companies and associates	-	5,505
Other impairments, losses and other gains or losses	228	(34,461)
Total impairment and losses	(20,187)	(131,044)

Impairment of loans to group companies in 2021 related mainly to OHL Desarrollos, S.A. (see Note 8.3.1) (2020: loans to OHL Desarrollos, S.A. and OHL Construcción Internacional, S.L.).

Gains/(losses) on disposals and other	EUR thousand	
	2021	2020
Gain on disposal of equity instruments of group companies and associates	52,390	-
Other losses	(3,142)	-
Total gains or losses on disposals and other	49,248	-

"Gains/(losses) on disposals and other" in the statement of profit or loss includes the gain on the sales of Nuevo Hospital de Toledo, S.A. and Mantohledo, S.A., of EUR 46,118 thousand, and the gain on the sales of Concesionaria Aguas de Navarra, S.A. and Navarra Gestión del Agua, S.A., of EUR 6,272 thousand, after deducting the costs related to the sales.

17.7 Foreign currency transactions and balances

The main foreign currency transactions carried in 2021 and 2020 by currency and the main operating income and expense items, translated to euros at the average exchange rates, are as follows:

Currency	EUR thousand			
	Revenue	Other operating income	Cost of sales	Other operating expenses
Norwegian krone	33,475	1,350	29,616	7,312
Algerian dinar	-	322	(614)	(379)
Kuwaiti dinar	-	266	(3,974)	3,063
Australian dollar	-	-	4	591
US dollar	19,349	75	15,708	9,247
Pound Sterling	1,646	192	6,370	5,525
Turkish lira	-	74	88	492
Argentine peso	-	-	1	49
Chilean peso	183,240	2,941	136,588	12,907
Colombian peso	26,657	1,007	14,086	5,460
Mexican peso	-	5,787	237	2,707
Uruguayan peso	-	-	-	40
Qatari riyal	-	-	(1,412)	9,248
Peruvian sol	72,474	21,036	31,459	15,260
Polish zloty	-	12	329	210
Other currencies	36	9	7	200
Total	336,877	33,071	228,493	71,932

Currency	EUR thousand			
	Revenue	Other operating income	Cost of sales	Other operating expenses
Norwegian krone	51,276	596	44,134	5,519
Algerian dinar	-	246	(760)	25
Kuwaiti dinar	512	102	(5,725)	2,132
Australian dollar	-	755	25	48
US dollar	46,837	2	1,029	16,847
Pound Sterling	4,065	120	9,154	5,760
Turkish lira	-	76	379	756
Argentine peso	-	-	(12)	33
Chilean peso	206,287	392	153,944	10,799
Colombian peso	13,136	161	6,466	2,783
Mexican peso	-	596	540	2,398
Uruguayan peso	(12)	-	314	(133)
Qatari riyal	-	-	(3,792)	6,098
Peruvian sol	2,884	4,595	9,518	2,763
Polish zloty	-	141	463	1,309
Other currencies	-	-	-	21
Total	324,985	7,782	215,677	57,158

Foreign currency balances at 31 December 2021 and 2020 by currency and the main liability items in the statement of financial position, translated to euros at the closing exchange rate, are as follows:

Currency	EUR thousand				
	2021			2020	
	Trade payables	Other non-current liabilities	Other current liabilities	Trade payables	Other current liabilities
Norwegian krone	24,637	-	449	29,691	537
Algerian dinar	5,702	-	1,666	8,061	1,633
Kuwaiti dinar	36,723	-	14	28,503	26
Australian dollar	723	-	3	519	-
US dollar	63,629	3,661	5,295	72,179	31
Vietnamese dong	1,379	-	120	2,111	116
Pound Sterling	2,703	-	17	3,970	26
Turkish lira	19	-	385	4	256
Argentine peso	151	-	44	99	746
Chilean peso	63,251	-	41,565	80,968	54,304
Colombian peso	18,581	-	3,985	8,202	2,814
Mexican peso	4,260	-	88,246	3,696	76,473
Uruguayan peso	18	-	39	89	944
Saudi Arabian riyal	-	-	3,606	-	15,124
Qatari riyal	39,468	-	2	38,628	-
Peruvian sol	101,235	-	4,714	35,865	6,261
Polish zloty	227	-	8	477	4
Other currencies	73	-	-	70	-
Total	362,779	3,661	150,158	313,132	159,295

Foreign currency receivables at 31 December 2021 and 2020 by currency and the main asset items in the statement of financial position, translated to euros at the closing exchange rate, are as follows:

Currency	EUR thousand					
	2021			2020		
	Non-current financial assets	Current financial assets	Trade and other receivables	Non-current financial assets	Current financial assets	Trade and other receivables
Norwegian krone	191	23	6,679	196	-	10,119
Algerian dinar	36	-	11,149	35	-	10,858
Kuwaiti dinar	22	4	4,330	38	-	13,338
Australian dollar	-	-	5,832	-	-	5,797
US dollar	304	623	29,805	280	5	23,711
Vietnamese dong	-	3	1,190	-	-	1,940
Pound Sterling	-	706	7,149	-	985	6,835
Turkish lira	95	16	1,187	77	-	1,744
Argentine peso	-	-	(129)	-	-	258
Chilean peso	-	114	57,900	-	-	71,159
Colombian peso	-	188	16,845	-	-	9,241
Uruguayan peso	-	-	(633)	-	-	290
Mexican peso	-	-	2,288	-	-	1,497
Qatari riyal	3,431	-	19,258	2,695	-	16,104
Peruvian sol	-	153	43,805	-	308	34,837
Polish zloty	-	6	218	-	-	207
Other currencies	10	-	-	9	-	-
Total	4,089	1,836	206,873	3,330	1,298	207,935

In the sensitivity analysis of foreign currency risk of financial instruments for the main currencies, a 10% increase in the foreign currency/euro exchange rate with respect to the rates applicable at 31 December 2021 and 2020 was simulated. The potential net impact on profit or loss is as follows:

(Expense) / income	EUR thousand	
	Profit/(loss)	
	2021	2020
Norwegian krone	(1,364)	(1,493)
Algerian dinar	286	90
Kuwaiti dinar	(2,429)	(1,136)
US dollar	(3,139)	(3,616)
Argentine peso	(24)	(44)
Chilean peso	(3,510)	(4,808)
Mexican peso	(6,766)	(5,900)
Saudi Arabian riyal	(270)	(1,134)
Qatari riyal	(1,259)	(1,487)
Peruvian sol	(4,649)	(524)
Polish zloty	(1)	(21)
Total	(23,125)	(20,073)

Had the sensitivity analysis included the simulation of a 10% decrease in the foreign currency/euro exchange rate with respect to the rates in force at 31 December 2021 and 2020, the net impact on profit or loss would be as follows:

(Expense) / income	EUR thousand	
	Profit/(loss)	
Currency	2021	2020
Norwegian krone	1,240	1,358
Algerian dinar	(260)	(82)
Kuwaiti dinar	2,208	1,033
US dollar	2,854	3,287
Argentine peso	22	40
Chilean peso	3,191	4,371
Mexican peso	6,151	5,364
Saudi Arabian riyal	246	1,031
Qatari riyal	1,144	1,352
Peruvian sol	4,227	476
Polish zloty	1	19
Total	21,024	18,249

17.8 Backlog

The Company's backlog at 31 December 2021 stood at EUR 1,501,411 thousand (2020: EUR 1,272,167 thousand).

The breakdown by activity and geographical market is as follows:

Business activity	EUR thousand	
	2021	2020
Civil engineering work in Spain	277,470	422,288
Roads	93,507	229,115
Hydraulic works	71,024	69,070
Railways	104,738	115,506
Maritime	2,884	509
Other civil engineering work	5,317	8,088
Building construction in Spain	271,933	221,499
Residential	6,691	15,493
Other buildings	265,242	206,006
Other	-	993
Total construction in Spain	549,403	644,780
Civil engineering work abroad	639,692	593,927
Roads	135,970	383,323
Hydraulic works	358,622	45,684
Railways	116,390	164,920
Maritime	28,710	-
Other civil engineering work	-	-
Building construction abroad	312,316	33,460
Other buildings	312,316	33,460
Total construction abroad	952,008	627,387
Total backlog	1,501,411	1,272,167

Geographical area	EUR thousand	
	2021	2020
Spain:		
Spain	549,403	644,780
Total Spain	549,403	644,780
Abroad:		
Chile	346,279	247,727
Peru	432,436	189,850
ROW	173,293	189,810
Total abroad	952,008	627,387
Total backlog	1,501,411	1,272,167

Of the total backlog at 31 December 2021, EUR 1,108,228 thousand related to direct construction work and EUR 393,183 thousand to UTEs (2020: EUR 557,214 thousand and EUR 714,953 thousand, respectively).

Also at 31 December 2021, EUR 1,074,921 thousand related to public sector work and EUR 426,490 thousand to private sector works (2020: EUR 864,042 thousand and EUR 408,125 thousand, respectively).

18. RELATED PARTY TRANSACTIONS AND BALANCES

18.1 Transactions with group companies and associates

The detail of transactions with Group companies in 2021 and 2020 is as follows:

	EUR thousand	
	2021	2020
Other operating income	22,341	17,185
Finance income	6,783	29,514
Dividends received	15,978	-
Sales of non-current assets	19	89
Cost of sales	1,932	519
Other operating expenses	7,064	7,721
Finance costs	40,395	14,890
Purchases of non-current assets	313	583
Purchases of financial assets	2	10,432

Dividends received by group companies in 2021:

Company	2021
OHL Arabia, LLC	14,590
Mantohledo, S.A.	1,388
Total	15,978

No dividends were received in 2020.

The detail of transactions with associates in 2021 and 2020 is as follows:

	EUR thousand	
	2021	2020
Revenue	8,829	17,168
Other operating income	179	422
Finance income	313	1,240
Sales of non-current assets	-	1
Other operating expenses	59	12

18.2 Related party transactions and balances

The detail of related party transactions in 2021 and 2020 is as follows:

	EUR thousand			
	2021	% of total	2020	% of total
Revenue and expenses				
Revenue	15,687	2.64	33,475	5.56
Other operating income	-	-	17	0.04
Finance income	-	-	4,534	11.51
Cost of sales	-	-	158	0.04
External services	2,554	1.93	2,485	2.02

Other transactions	EUR thousand	
	2021	2020
Repayment or cancellation of loans granted	53,769	-
Purchases of non-current assets	404	477
Guarantees provided	-	(41)

In addition, at 31 December 2021 the Company had provided guarantees to related parties amounting to EUR 628 thousand.

The breakdown of these related party transactions in 2021 is as follows:

Taxpayer or employer identification number of	Name or company name of the related party	Item	EUR thousand
A87287223	Espacio Caleido, S.A.	Revenue	7,729
B83962225	Espacio Living Homes, S.L.U.	Revenue	7,958
A80400351	Espacio Information Technology, S.A.U.	Other operating expenses	2,421
JSE110223ATO	Jetflight Services, S.A. de C.V.	Other operating expenses	58
B83393066	Energía VM Gestión de Energía, S.L.U.	Other operating expenses	53
B80209232	INSE Rail, S.A.	Other operating expenses	22
A80400351	Espacio Information Technology, S.A.U.	Acquisition of long-term assets	404
A82500257	Grupo Villar Mir, S.A.U.	Repayment or cancellation of loans granted	53,769

These transactions, under a contractual arrangement, were carried out at arm's length.

Nominal related party balances at 31 December 2021 and 2020 are as follows:

	EUR thousand			
	2021	% of total	2020	% of total
Assets:				
Trade receivables	2,225	0.98	23,752	9.44
Other receivables	-	-	3,209	13.58
Loans to third parties (*)	45,831	71.14	136,992	99.96
Liabilities:				
Trade payables	1,042	0.20	11,149	2.36
Other current financial liabilities	11	0.14	293	8.86

(*) see Note 9.2.

18.3 Remuneration of directors and senior executives and conflicts of interest

The remuneration of members of the Board of Directors is governed by Article 24 of the Bylaws and by the Director Remuneration Policy approved by the shareholders at the General Meeting of 15 June 2020, for that year and the three following years, in accordance with Article 529 *novodecies* of the Spanish Corporate Enterprises Act. The policy established maximum annual remuneration for non-executive directors for the discharge of their duties as directors of one million four hundred thousand euros (**EUR 1,400,000**), apportioned on the basis adopted by the Board itself, as set out in the Policy. There are no variable remuneration components for non-executive directors.

In 2021, taking this into account and the current composition of the Board and Board committees, the annual remuneration of non-executive directors for discharging their general duties as directors amounted to **EUR 1,546 thousand**. Remuneration exceeded the Maximum Annual Remuneration, since the Board of Directors and the Board committees had a great deal more business to address in 2021 than usual, mostly due to the completion of the Group's financial restructuring. In 2021, as in prior years, there was no kind of pension scheme for non-executive directors. This fixed remuneration for their directorships is compatible with and independent from any remuneration, indemnities, pension benefits or compensation received by directors for employment by or other services to the Company.

On the same date, the Board of Directors, in accordance with article 541 of the Corporate Enterprises Act, has authorised for issue the Annual Report on Director Remuneration, with an itemised breakdown of all components accrued in 2021 by each director. Following is an itemised detail of the remuneration earned by each director in their capacity as such in 2021, excluding the remuneration accrued for executive duties, which is disclosed later:

Director	Attendance fees (EUR thousand)
Luis Fernando Martín Amodio Herrera (<i>non-executive proprietary</i>)	150
Julio Mauricio Martín Amodio Herrera (<i>non-executive proprietary</i>)	130
Luis Fernando Amodio Giombini (<i>non-executive proprietary</i>) (**)	54
Juan Villar-Mir de Fuentes (<i>non-executive proprietary</i>)	130
Silvia Villar-Mir de Fuentes (<i>non-executive proprietary</i>) (*)	96
Carmen de Andrés Conde (<i>non-executive independent</i>)	167
César Cañedo-Argüelles Torrejón (<i>non-executive independent</i>)	130
Francisco García Martín (<i>non-executive independent</i>) (**)	77
Juan Antonio Santamera Sánchez (<i>non-executive independent</i>)	130
Juan Jose Nieto Bueso (<i>non-executive independent</i>) (*)	152
Reyes Calderón Cuadrado (<i>non-executive independent</i>)	175
Total	1,391

(*) Attendance fees accrued until 29 July 2021, the date of resignation as director.

(**) Attendance fees accrued from 29 July 2021, the date of appointment as director.

Additionally, the components earned by non-executive directors include travel expenses incurred by those who are not resident in Madrid for the discharge of their duties on the Board of Directors, which in 2021 amounted to **EUR 155 thousand** (2020: EUR 33 thousand).

In 2021, the executive director accrued total remuneration for his executive duties of **EUR 2,613 thousand** (2020: EUR 2,234 thousand). In 2021, he was paid EUR 28 thousand for other items (2020: EUR 0), of which EUR 10 thousand were for insurance premiums. No contributions were made to the pension scheme in 2021 or 2020.

No advances or loans were granted to members of the Board of Directors.

The members of the Board of Directors and the senior executives are insured by a third-party liability insurance policy, which cost EUR 368 thousand in 2021.

Remuneration of senior executives

Remuneration accrued by the Company's senior executives in 2021, excluding those who are also members of the Board of Directors (see above), amounted to **EUR 14,401 thousand** (2020: EUR 11,799 thousand), of which EUR 5,452 thousand was variable remuneration (2020: EUR 5,159 thousand).

Conflicts of interest

At 31 December 2021, none of the directors had notified the Board of Directors of any direct or indirect conflict of interest that they or persons related to them might have had with the Company in 2021.

19. Environmental disclosures

In 2021, the Company incurred expenses from environmental activities amounting to EUR 878 thousand (2020: EUR 932 thousand). At 31 December 2021 and 2020, the Company did not have any environmental assets on its statement of financial position.

20. OTHER DISCLOSURES

20.1 Employees

The average number of employees in 2021 and 2020 by professional category is as follows:

Professional category	Average number of employees	
	2021	2020
Senior management	7	9
Managers	33	30
Middle managers	413	534
Other line personnel	1,091	887
Clerical staff	189	244
Manual workers	1,872	2,543
Total	3,605	4,247
Permanent employees	1,729	1,968
Temporary employees	1,876	2,279
Total	3,605	4,247

The average number of employees corresponding to UTEs in 2021 was 774 (2020: 872).

The average number of employees with a disability of a severity equal to or greater than 33% in 2021 and 2020 by category is as follows:

Professional category	2021	2020
Managers	-	1
Middle managers	2	4
Other line personnel	3	3
Clerical staff	6	12
Manual workers	9	21
Total	20	41

The average number of employees at UTEs with a disability of a severity equal to or greater than 33% in 2021 was six (2020: 21).

The number of employees at year-end 2021 and 2020 by gender and professional category and gender is as follows:

Professional category	Number of employees at year-end					
	31/12/2021			31/12/2020		
	Men	Women	Total	Men	Women	Total
Senior management	7	-	7	9	-	9
Managers	33	4	37	28	1	29
Middle managers	253	67	320	396	44	440
Other line personnel	1,048	306	1,354	680	214	894
Clerical staff	92	186	278	102	98	200
Manual workers	1,834	43	1,877	1,931	214	2,145
Total	3,267	606	3,873	3,146	571	3,717

The number of employees with temporary contracts at UTEs at 31 December 2021 was 950 (2020: 714).

The Board of Directors is composed of eight men and two women.

20.2 Audit fees

Fees for audit or other services provided by the Company's principal auditor, Ernst & Young, S.L., or by other companies related to it or other auditors, were as follows:

	EUR thousand					
	Principal auditor		Other auditors		Total	
	2021	2020	2021	2020	2021	2020
Audit of financial statements	436	698	16	96	452	794
Other assurance services	237	215	151	4	388	219
Total audit and related services	673	913	167	100	840	1,013
Tax advisory services	37	29	3	5	40	34
Other services	39	146	4	4	43	150
Total professional services	76	175	7	9	83	184
Total	749	1,088	174	109	923	1,197

Audit of financial statements includes exclusively services by the statutory auditor.

Other assurance services includes the fees for professional services that the auditor provides as such, either due to legal requirements (e.g. internal control review reports and limited reviews of periodic public information of listed companies) and other services in which some kind of assurance is expressed, but which are not regulated by any mandatory legislation (e.g. one-off limited reviews, special reports on security placement processes, agreed-upon procedures reports, covenant reports, etc).

Tax advisory services include fees for services provided regarding tax advice in all its forms.

Other services include fees for other professional services not included in the preceding line items and that are more closely related to a consultancy service or an independent third-party service.

20.3 Statement of cash flows

The Company's statement of cash flows was prepared as explained in Note 4.18. The key highlights for each of the main sections are as follows:

Operating activities

Net cash flows used in operating activities in 2021 amounted to EUR 164,111 thousand, and featured:

"Profit/(loss) before tax" for 2021 of EUR 32,243 thousand.

The breakdown of "Other adjustments to profit or loss" is as follows:

	EUR thousand	
	2021	2020
Change in provisions	(5,184)	(375)
Financial profit/(loss)	(46,772)	136,227
Impairment and gains/(losses) on disposal of non-current assets	(1,586)	(996)
Government grants	(397)	(224)
Total	(53,939)	134,632

Investing activities

Net cash flows from investing activities in 2021 amounted to EUR 100,509 thousand.

Payments for investments totalled EUR 12,073 thousand and related primarily to investments in property, plant and equipment.

Proceeds from sale of investments amounted to EUR 112,581 thousand and related mainly to disposals in Nuevo Hospital de Toledo, S.A., Mantohledo, S.A.U., Sociedad Concesionaria Aguas de Navarra, S.A. and Navarra gestión del agua, S.A. (see Note 8).

Financing activities

Net cash flows from financing activities in 2021 amounted to EUR 31,069 thousand and included mainly the effect of the Cash Capital Increases, the payment of the coupons on the Notes, restructuring costs and a decrease in borrowings from the partial early repayments of the ICO loan.

The balance of cash and cash equivalents at year-end stood at EUR 121,796 thousand, related mainly to bank balances.

21. EVENTS AFTER THE REPORTING PERIOD

The most significant events occurring after 31 December 2021 were:

- On 4 February 2022, the Company disclosed that, in application of the terms agreed with its financial creditors in the framework of the process of recapitalisation and renegotiation of its debt (the **Restructuring**), it is going to apply the funds received by its subsidiary Cercanías Móstoles de Navalcarnero, S.A. (**CEMONASA**) for different reasons and payments received by this company from the Madrid regional government for investments made in major works, to repay its borrowings.

With these funds, according to the terms of the Restructuring, the Company repaid in full the outstanding EUR 54,503 thousand of principal on the bridge financing agreement (ICO) taken out with its reference banks (see Note 14.1).

- On 8 March 2022, ratings agency Moody's upgraded OHLA's corporate family rating (CFR) to B3, outlook positive, from Caa1. It also upgraded the notes issued by OHL Operaciones, S.A.U. from Caa2 to B3 (two notches), also with outlook positive.

22. ADDITIOANAL NOTE FOR ENGLISH TRASLATION

These financial statements are presented on the basis of accounting principles generally accepted in Spain. Consequently, certain accounting practices applied by the Company may not conform to generally accepted principles in other countries.

OBRASCÓN HUARTE LAIN, S.A.

APPENDIX I

UTES

Name of UTE	% interest	EUR thousand	
		Revenue of UTE in 2021	Order intake of UTE
5º TRAMO CYII	75.00	280	2,251
A.M.A.S. 2	50.00	22	4,400
ACONDICIONAMIENTO ESCANER Y MEGAPORT	50.00	1,661	3,228
ANGIOZAR	40.00	10,854	110,781
BLOQUE AEROPUERTO BILBAO	50.00	5,179	12,268
CALDERETA-CORRALEJO	99.50	3,620	68,634
COLECTOR LA RAZA II	70.00	-	7,058
CONSERESTE	20.00	1,600	5,842
CONSERVACION A-1 MADRID	20.00	4,696	63,255
CONSORCIO HOSPITALARIO OHL-HV	50.00	23,511	49,099
CONSORCIO LÍNEA PANAMA NORTE	51.00	15,637	151,206
CONSORCIO METROPOLITANO NORTE	99.00	25,092	53,535
CONSORCIO MUNA	25.00	326	72,848
CONSORCIO NUEVO LIMATAMBO	51.00	4,340	38,431
CONSORCIO SANEAM. HUARMEY	48.60	1,508	30,453
CONSORCIO VIAL DEL SUR	50.00	1,877	95,400
CONVENTO DE SAN ANDRÉS	60.00	2,233	3,167
COSTA CALMA	99.50	576	54,054
DEMANIALES SAN BLAS-CANILLEJAS EDIF.L-3	50.00	257	3,025
DEMANIALES SAN BLAS-CANILLEJAS I.D. L-2	50.00	16	2,306
EDAR DE SEGOVIA	50.00	385	21,914
ERTZAINZA GETXO	25.00	3,826	6,524
ESTACIONES LINEA 9 BARCELONA	17.00	4,138	215,443
GLORIES LOTE 5	37.50	3,977	13,818
HOSPITAL DE CUENCA	50.00	30,333	102,356
HOSPITAL DE VILADECANS	33.34	3,820	19,717
HOSPITAL UNIV. TOLEDO	33.33	354	205,595
IFA	55.50	-	19,007
IFEVI	50.00	3,736	5,562
INTERSECCIONES FERROVIARIAS	50.00	364	387
LA RINCONADA	70.00	4,920	17,949
LIMPIEZA DEFENSA (with INGESAN)	30.00	1,694	50,891
LINEA 9 BARCELONA	17.00	-	595,665
MANTEN.INFRAESTR.VIALS BCN	33.34	2,332	7,364
MARMARAY. TURKEY	70.00	44,065	1,145,900
MEL9	36.00	14,409	197,118
NET ZARAGOZA	20.00	226	342
NUEVA ESTACION L5	55.00	6,596	13,023
NUEVO HOSPITAL DE ALCAÑIZ	50.00	-	47,502
OHL-PECSA MUSEO SOROLLA	60.00	-	5,352
PARKING VIP NATURA	20.00	-	576
PINOS PUENTE-ATARFE	85.00	16,669	96,280
PISTA 12L-30R	50.00	630	995
PUERTO CALDERETA	60.00	14,509	86,074
RED FERROVIARIA DÁRSENA SUR	35.00	-	5,644
REMODELACIÓN 4 ESTACIONES VALLÉS	65.00	-	11,990
RENOVACIÓN LOTE 4	50.00	-	45,932
RUBIAN	70.00	1,001	5,897
VARIANTE BAEZA	62.00	-	33,791
VIAL T2	20.00	1,116	1,223
TOTAL		262,385	3,811,072

OBRASCÓN HUARTE LAIN, S.A.

APPENDIX II

Equity of Group companies

COMPANY	EUR thousand											
	Capital	Uncalled capital	Reserves	2021 profit/(loss)	Interim dividend	Total capital and reserves	Valuation adjustments	Government grants	Total equity	Profit participating loan	Total equity + profit participating loan	Dividends paid
9095063 Canada Inc.	-	-	-	-	-	-	-	-	-	-	-	-
Consortio Aura - OHL, S.A.	156	(156)	-	-	-	-	-	-	-	-	-	-
Constructora e Inmobiliaria Huarte Ltda.	539	-	(460)	(127)	-	(48)	-	-	(48)	-	(48)	-
Empresa Constructora Huarte San José, Ltda.	18	(17)	165	2	-	168	-	-	168	-	168	-
Entorno 2000, S.A.	1,131	-	(1,272)	-	-	(141)	-	-	(141)	-	(141)	-
Mongas, S.A.	-	-	-	-	-	-	-	-	-	-	-	-
Obrascón Huarte Lain, Construcción Internacional, S.L.	42,923	-	608,996	7,682	-	659,601	-	-	659,601	-	659,601	-
OHL Andina, S.A.	2,413	-	32,072	5,397	-	39,882	-	-	39,882	-	39,882	-
OHL Arabia LLC.	118	-	1,752	4,081	-	5,951	-	-	5,951	-	5,951	14,590
OHL Brasil, S.A.	205	-	(148)	-	-	57	-	-	57	-	57	-
OHL Concesiones Argentina, S.A.	78	-	(78)	-	-	-	-	-	-	-	-	-
OHL Construction Pacific PTY LTD	-	-	(8,488)	4	-	(8,484)	-	-	(8,484)	-	(8,484)	-
OHL Holding, S.A.S.	12	-	629,733	(48)	-	629,697	-	-	629,697	-	629,697	-
OHL Industrial Chile, S.A.	48,067	-	(25,955)	(2,409)	-	19,703	-	-	19,703	-	19,703	-
OHL Industrial, S.L.	47,694	-	(160,385)	(7,329)	-	(120,020)	-	-	(120,020)	163,000	42,980	-
OHL Infraestructure S.A.S.	61	-	219	(178)	-	102	-	-	102	-	102	-
OHL Infraestructure Canada Inc.	-	-	-	-	-	-	-	-	-	-	-	-
OHL Infrastructure, Inc.	-	-	(4,151)	(246)	-	(4,397)	-	-	(4,397)	-	(4,397)	-
OHL Servicios-Ingesán, S.A.U.	790	-	12,312	3,920	-	17,022	-	-	17,022	-	17,022	-
OHL Uruguay, S.A.	-	-	(1,123)	90	-	(1,033)	-	-	(1,033)	-	(1,033)	-
Pacadar, S.A.U.	27,000	-	(42,033)	(10,696)	-	(25,729)	(143)	51	(25,821)	39,849	14,028	-
Sociedad Concesionaria Centro de Justicia de Santiago, S.A.	10,797	-	213	557	-	11,567	-	-	11,567	-	11,567	-
Tenedora de Participaciones Tecnológicas, S.A.	601	-	(41,464)	(386)	-	(41,249)	-	-	(41,249)	41,162	(87)	-
Vacua, S.A.	11,894	-	(11,405)	(1)	-	488	-	-	488	-	488	-

OBRASCÓN HUARTE LAIN, S.A.

APPENDIX III

Investments in Group companies

COMPANY	% ownership interest			EUR thousand				
	Direct	Indirect	Total	Cost at 31/12/2020	Additions	Disposals	Transfers	Cost at 31/12/2021
9095063 Canada Inc.	100.00	-	100.00	-	-	-	-	-
Agrupación Guinovart Obras y Servicios Hispania, S.A.	-	100.00	100.00	69,056	-	(69,056)	-	-
Asfaltos y Construcciones Elsan, S.A.	-	100.00	100.00	25,983	-	(25,983)	-	-
Consorcio Aura OHL, S.A.	65.00	-	65.00	112	-	(11)	-	101
Construcciones Adolfo Sobrino, S.A.	-	100.00	100.00	21,818	-	(21,818)	-	-
Construcciones Colombianas OHL, S.A.B.	-	100.00	100.00	11,605	-	(11,605)	-	-
Constructora e Inmobiliaria Huarte Ltda.	89.90	10.10	100.00	850	-	-	-	850
Elsengrund Bau Gmbh	-	-	-	5,092	-	(5,092)	-	-
Empresa Constructora Huarte San José, Ltda.	95.00	5.00	100.00	17	-	-	-	17
Entorno 2000, S.A.	100.00	-	100.00	853	-	-	-	853
Mantohledo, S.A.	-	-	-	45,469	-	(45,469)	-	-
Marina Urola, S.A.	-	51.00	51.00	-	-	-	-	-
Mongas, S.A.	100.00	-	100.00	2,583	-	-	-	2,583
Obrascón Huarte Lain, Construcción Internacional, S.L.	100.00	-	100.00	1,346,998	-	-	-	1,346,998
Obrascón Huarte Lain, Desarrollos, S.A.	-	100.00	100.00	416,796	-	(416,796)	-	-
OHL Andina, S.A.	99.00	1.00	100.00	3,246	-	-	-	3,246
OHL Arabia LLC	95.00	5.00	100.00	100	-	-	-	100
OHL Brasil, S.A.	1.00	99.00	100.00	4	-	-	-	4
OHL Concesiones Argentina, S.A.	100.00	-	100.00	230	-	-	-	230
OHL Construction Pacific PTY LTD	100.00	-	100.00	-	-	-	-	-
OHL Holding, S.A.S.	100.00	-	100.00	-	629,745	-	-	629,745
OHL Industrial Chile, S.A.	0.01	99.99	100.00	1	-	-	-	1
OHL Industrial, S.L.	100.00	-	100.00	294,201	-	-	-	294,201
OHL Infraestructuras S.A.S.	1.00	99.00	100.00	7	2	(7)	-	2
OHL Infrastructure Canada Inc.	100.00	-	100.00	-	-	-	-	-
OHL Infrastructure Inc.	100.00	-	100.00	-	-	-	-	-
OHL Operaciones, S.A.U.	-	100.00	100.00	-	629,733	(629,733)	-	-
OHL Servicios-Ingesán, S.A.U.	100.00	-	100.00	1,172	-	-	-	1,172
OHL Uruguay, S.A.	100.00	-	100.00	130	-	-	-	130
Pacadar, S.A.U.	100.00	-	100.00	-	53,769	-	-	53,769
Senda Infraestructuras, S.L.U.	-	100.00	100.00	11,676	-	(11,676)	-	-
S.A. Trabajos y Obras	-	100.00	100.00	43,348	-	(43,348)	-	-
Sociedad Concesionaria Aguas de Navarra, S.A.	-	-	-	4,791	901	(5,692)	-	-
Sociedad Concesionaria Centro de Justicia de Santiago, S.A.	100.00	-	100.00	9,521	-	(912)	-	8,609
Tenedora de Participaciones Tecnológicas, S.A.	100.00	-	100.00	526	-	-	-	526
Vacua, S.A.	99.11	0.89	100.00	599	-	-	-	599
Total				2,316,784	1,314,150	(1,287,198)	-	2,343,736

OBRASCÓN HUARTE LAIN, S.A.

APPENDIX IV

Investments in associates

COMPANY	% ownership interest			EUR thousand						
	Direct	Indirect	Total	Cost at 31/12/2020	Additions	Disposals	Transfers	Cost at 31/12/2021	Impairment at 31/12/2021	Net cost at 31/12/2021
Consorcio Español Alta Velocidad Meca Medina, S.A.	6.29	-	6.29	4	-	-	-	4	-	4
Consorcio Ruta 1, S.A.	10.00	-	10.00	161	-	-	-	161	(150)	11
Constructora Vespucio Oriente, S.A.	50.00	-	50.00	5	-	-	-	5	-	5
E.M.V. Alcalá de Henares, S.A.	34.00	-	34.00	409	-	-	-	409	(409)	-
Navarra Gestión del Agua, S.A.	-	-	-	18	-	(18)	-	-	-	-
Nuevo Hospital de Burgos, S.A.	20.75	-	20.71	11,420	-	-	-	11,420	(8,462)	2,958
Nuevo Hospital de Toledo, S.A.	-	-	33.34	9,695	-	(9,695)	-	-	-	-
NYSESA Valores Corporación, S.A.	0.60	-	33.34	-	-	-	-	-	-	-
Sociedad Mixta de Gestión y Promoción del Suelo, S.A.	1.20	-	1.20	9	-	-	-	9	-	9
Total				21,721	-	(9,713)	-	12,008	(9,021)	2,987

OBRASCÓN HUARTE LAIN, S.A.

APPENDIX V

Identification of companies included in investments in Group companies

COMPANY	REGISTERED OFFICE	MAIN LINE OF BUSINESS
Construction		
Consortio Aura OHL, S.A.	C/ Cerro El Plomo, nº 5855 Piso 15. Las Condes. Santiago de Chile. Chile	Construction
Constructora e Inmobiliaria Huarte, Ltda.	C/ Cerro El Plomo, nº 5855 Piso 15. Las Condes. Santiago de Chile. Chile	Construction
Empresa Constructora Huarte San José, Ltda.	C/ Cerro El Plomo, nº 5855 Piso 15. Las Condes. Santiago de Chile. Chile	Construction
Obrascón Huarte Lain, Construcción Internacional, S.L.	Pº de la Castellana nº 259 D (28046 Madrid)	Construction and operation
OHL Andina, S.A.	C/ Cerro El Plomo, nº 5855 Piso 15. Las Condes. Santiago de Chile. Chile	Construction
OHL Arabia LLC	6th Floor Al Andalus Crown Tower, Office 606	Construction and maintenance
OHL Brasil, S.A.	Rua Tabapuã, ,1.123 - 16º Andar. Brazil	Construction
OHL Construction Pacific PTY LTD	Level 3, 349 Coronation Drive. Milton (Qld) 4064. Australia	Construction
OHL Infraestructuras S.A.S.	Cra 17 No. 93 -09 Piso 8 Bogotá, Colombia	Construction
OHL Uruguay, S.A.	C/ Rio Negro, 1354, piso 3, 11105 Montevideo, Uruguay	Construction
Pacadar, S.A.U.	Pº de la Castellana nº 259 D (28046 Madrid)	Construction
Vacua, S.A.	C/ Cerro El Plomo, nº 5855 Piso 15. Las Condes. Santiago de Chile. Chile	Construction
Industrial		
OHL Industrial Chile, S.A.	C/ Rosario Norte 407, Oficina 1203. Santiago de Chile. Chile	Engineering works, technical advisory services, water treatment and distribution
OHL Industrial, S.L.	Pº de la Castellana nº 259 D (28046 Madrid)	Industrial engineering and maintenance at industrial plants
Services		
OHL Servicios - Ingesán, S.A.U.	Pº de la Castellana nº 259 D (28046 Madrid)	Building maintenance and upkeep
Other		
9095063 Canada Inc.	C/ Villa Marie, 37 Th Floor, H3B 3P4 Montreal.	Financial studies
Entorno 2000, S.A.	Pº de la Castellana nº 259 D (28046 Madrid)	Other
Mongas, S.A.	Rb de Cataluña, 20 (Barcelona)	Other
OHL Concesiones Argentina, S.A.	Cl/Campana 2684 5º B - C1417Acl - Ciudad Autonoma De Buenos Aires	Operation of concessions
OHL Holding, S.A.S.	14 Rue Edward Steichen. L-2540 Luxembourg	Holding company
OHL Infrastructure Canada Inc.	C/ 100 King Street West Suite 1600, MSX 1G5 Toronto	Financial studies
OHL Infrastructures Inc	Av. 555 Theodore Fremd Ave, Suite B 201 RYE. 10580 New York, USA	Financial studies
Sociedad Concesionaria Centro de Justicia de Santiago, S.A.	Av Manuel Rodríguez Sur 2281, Santiago de Chile. Chile	Infrastructure development
Tenedora de Participaciones Tecnológicas, S.A.	Pº de la Castellana nº 259 D (28046 Madrid)	New technologies

OBRASCÓN HUARTE LAIN, S.A.

2021 Separate Management Report

Contents

1.- ECONOMIC OVERVIEW -----	1
2.- OUTLOOK-----	2
3.- NEAR-TERM OUTLOOK-----	2
4.- COMPANY PERFORMANCE -----	3
5.- TREASURY SHARES -----	4
6.- DEVELOPMENT -----	4
7.- MAIN RISKS AND UNCERTAINTIES -----	4
8.- EVENTS AFTER THE REPORTING PERIOD -----	5
9.- NON-FINANCIAL AND DIVERSITY INFORMATION-----	5
ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES	
ANNUAL REPORT ON DIRECTOR REMUNERATION	

OBRASCÓN HUARTE LAIN, S.A.

SEPARATE MANAGEMENT REPORT 2021

1.- ECONOMIC OVERVIEW

The political landscape at the beginning of 2021 featured trade tensions, the entry into force of Brexit, logistics disruptions, and the US Capitol attack. Economic performance throughout the year by the various regions where OHL has operations were also affected by inflation, commodity prices, European funds (Next Generation) and warnings of tighter monetary policies, among other factors. There was one development that stood out above all the rest and shaped market performance: Covid-19 vaccines and the emergence of new variants. Access to vaccines, their quick rollout and the various vaccine programmes helped markets recoup part of the ground lost in 2020.

Looking strictly at the economic front, the various political actions taken, coupled with the impacts of those economic measures on the OHLA Group's three regions of operations (North America, Europe and Latin America), resulted in downward revisions to macroeconomic indicators for 2021 and beyond, undermining growth forecasts. Global GDP growth in 2021 was 5.9% (Bloomberg), a touch lower than originally expected due to the slowdown in advanced economies. Head inflation rates spiked quickly in the US and certain emerging and developing economies. Economic forecasts are now under constant review because of the armed conflict in Ukraine and its implications for the world economy, with risks tilted to the downside.

In the International Monetary Fund's latest outlook update ("World Economic Outlook" or "WEO" of January 2022), global growth is expected to moderate from 5.9% in 2021 to 4.4% in 2022, down from the previous forecast of 4.9%. This revision is based on persistently elevated inflation, risk of the emergence of new Covid-19 variants, and logistics disruptions, although countries are expected to step up their fiscal policies to shore up liquidity in markets. Individually, the IMF is projecting growth in 2022 of 4.0% for the US, 3.9% for the euro area and 2.4% for Latin America and the Caribbean region, slightly higher than FUNCAS forecasts for the year.

Spanish GDP increased by 4.9% in 2021, after contracting in 2020.

2.- OUTLOOK

Expansionary fiscal and monetary policies expected to be applied by central banks depending on how the pandemic and the armed conflict in Ukraine unfold are likely to shape growth in developed economies in 2022. Moreover, local stimuli in OHLA Group's regions of operation and efforts to drive public investment (e.g. Next Generation EU funds or the US infrastructure investment plan announced) will be key supports to growth in the coming years.

On average, forecasts of international agencies and financial institutions compiled point to growth of 5.5% for the Spanish economy in 2022, although this could be affected by the pressures seen in the year's first quarter. Projected growth for OHLA Group's other main regions are: 3.6%, 3.9% and 1.9%, respectively, for the US, Europe and Latin America.

3.- NEAR-TERM OUTLOOK

OHLA Group continues to deliver the targets of the business plan it embarked on in 2018. By year-end 2021, it had achieved:

- i. EBITDA of EUR 91 million, with a construction EBITDA margin of 4.5% and a cost structure that was commensurate for the construction business;
- ii. cash generation by the business above overheads and finance costs;
- iii. return to profit attributable to the Parent;
- iv. a short-term backlog of EUR 5,807.5 million and order intake of EUR 3,696.8 million (book-to-bill of 1.3x); and
- v. deleveraging, to 4.7x compared to 11x in 2019 thanks to the cancellation of gross borrowings, extension of maturities of gross borrowings, and recovery from loss-making projects (now a thing of the past), along with a rating upgrade by Moody's to "B3", outlook positive.

OHLA Group can safely say it has completed its internal transformation and renovation, with 2021 marking the turning point towards a new growth phase.

Also in 2021, OHLA Group earned the following awards, in recognition of its good performance: a) Project of the Year by the APWA for the Aurora Transportation Center enhancement project and the pedestrian bridge over the Fox River project in Illinois; b) National Award of Merit by the Design-Build Institute of America for the Robert F. Kennedy Bridge in New York; c) Regional Best Project winner in the transportation category by ENR for the Patsaouras Busway Plaza Station project in Los Angeles; and d) OHLA USA named Best Contractor of the Year for 2021 in California by ENR.

In other news, in July 2021 Obrascón Huarte Lain Group announced its new corporate brand and updated its ticker, short name and SIBE code. It became "OHLA" in Bolsas y Mercados Españoles (BME), the electronic trading platform, the Madrid Stock Exchange ticker boards and other providers. OHLA is more than a new brand or a new corporate identity: it means advancement, progress, openness and future.

The numbers show that OHLA has made progress in its recovery by taking new measures predicated on strict control over project cash flow.

The Company faces 2022 having achieved its targets for 2021 and renewed its commitments to growth, profitability and good corporate governance, transparency and sustainability. Sustainability here is understood as efforts to achieve economic, social and environmental sustainability in all communities in which we are present that contributes to their well-being, growth and progress.

The Group's growth will be underpinned by the same strategic pillars that have showcased its resilience and ability to recover. The following specific targets for 2022 have been set: sales of over EUR 3,000 million, EBITDA of over EUR 110 million, short-term order intake for the year of EUR 3,500 million, addition of two new concessions in regions where the Group has operations and further reduction in gross borrowings, thereby reducing leverage even more.

4.- COMPANY PERFORMANCE

Revenue in 2021 totalled EUR 593,821 thousand, of which 74.7% related to direct construction work and the remaining 25.3% to work executed by temporary business associations (UTES).

The breakdown by type of activity was as follows:

Business activity	EUR thousand				
	2021	% of total	2020	%	% change
Construction in Spain	218,048	36.7	237,193	39.4	(8.1)
Construction abroad	375,773	63.3	364,712	60.6	3.0
Total sales	593,821	100.0	601,905	100.0	(1.3)

Revenue in 2021 from the public sector accounted for 38.5% of the total, with the remaining 61.5% from the private sector.

Operating loss for the year was EUR 14,529 thousand.

Profit after tax was EUR 23,690 thousand.

Share capital at year-end stood at EUR 147,781 thousand, represented by 591,124,583 fully subscribed and paid bearer shares of EUR 0.25 par value each.

Equity at year-end amounted to EUR 830,743 thousand.

The short-term **backlog** at 31 December 2021 stood at EUR 1,501,411 thousand, equivalent to 30.3 months of activity. International projects accounted for a large share of the backlog, at 63.4% of the total.

The breakdown by type of activity is as follows:

Business activity	EUR thousand				
	2021	% of total	2020	%	% change
Construction in Spain	549,403	36.6	644,780	50.7	(14.8)
Construction abroad	952,008	63.4	627,387	49.3	51.7
Total backlog	1,501,411	100.0	1,272,167	100.0	18.0

Of the backlog, 73.8% was direct construction work and 26.2% was work to be executed by UTES.

The Company had an average of 3,605 employees in 2021, with a 48%/52% split between permanent and temporary employees.

Disclosures on average payment period, ratios of transactions paid and transactions outstanding at 31 December 2021 and 2020 are as follows:

	Days	
	2021	2020
Average supplier payment period	73	81
Ratio of transactions paid	75	82
Ratio of transactions outstanding	62	73

The Company is taking measures to comply with the ratio of outstanding transactions, which exceeds the statutory limit.

In addition to the above regarding its performance, the Company, as head of OHLA Group, prepares the disclosures required by Royal Decree-Law 18/2017, of 24 November, relating to non-financial and diversity information. It includes the non-financial statement in the consolidated management report, published together with OHLA Group's consolidated financial statements, which were authorised for issue by the Board of Directors on the same date and submitted for approval by shareholders at the Annual General Meeting.

5.- TREASURY SHARES

At year-end 2021 the Company held 541,296 treasury shares worth EUR 504 thousand.

The changes in treasury shares in 2020 and 2021 were as follows:

	No. of shares	EUR thousand
Balance at 31 December 2019	515,037	535
Purchases	22,615,843	18,728
Sales	(22,530,013)	(18,857)
Balance at 31 December 2020	600,867	406
Purchases	11,906,100	8,327
Sales	(11,965,671)	(8,229)
Balance at 31 December 2021	541,296	504

6.- DEVELOPMENT

The Group did not undertake any investments in development projects and incurred expenditure amounting to EUR 950 thousand in 2021. In the statement of financial position as at 31 December 2021, the Company had capitalised EUR 18,457 thousand of development expenditure arising from 34 research and development projects included in "Intangible assets - Development expenditure" with a carrying amount, net of amortisation, of EUR 886 thousand.

7.- MAIN RISKS AND UNCERTAINTIES

OHL has a risk control and management policy approved by the Board of Directors aimed at implementing a reliable risk management system, maintaining this system and using it as a management tool in all decision-making.

The main risks that might affect the achievement of the Company's objectives are as follows:

- ii) Financial risk

- iii) Market and business environment risk
- iv) Procurement risk
- v) Construction/project execution risk

Note 9.8 to these separate financial statements provides a detailed explanation of these risks and Covid-19-related information.

8.- EVENTS AFTER THE REPORTING PERIOD

The main events occurring after 31 December 2021 were disclosed in Note 21 to these financial statements.

9.- NON-FINANCIAL AND DIVERSITY INFORMATION

Regarding compliance by the Company with Law 11/2018 on non-financial and diversity information, published in Spain's Official State Gazette (BOE) on 29 December 2018, this information is included in the consolidated non-financial statement, which is an integral part of the consolidated management report included in OHLA Group's consolidated financial statements.

The consolidated financial statements and consolidated management report, including the consolidated non-financial statement, will be duly authorised for issue and filed, together with the related auditor's report, in the Madrid Mercantile Register.

Annual corporate governance report

ISSUER IDENTIFICATION DETAILS

Year-end date:

[31/12/2021]

TAX ID (CIF):

[A-48010573]

Company name:

[**OBRASCON HUARTE LAIN, S.A.**]

Registered office:

[PASEO DE LA CASTELLANA, 259 D, TORRE ESPACIO MADRID]

A. OWNERSHIP STRUCTURE

- A.1.** Complete the following table on share capital and the attributed voting rights, including those corresponding to shares with a loyalty vote as of the closing date of the year, where appropriate:

Indicate whether company bylaws contain the provision of double loyalty voting:

☐ Yes
☒ No

Date of last modification	Share capital (euros)	Number of shares	Number of voting rights
26/03/2021	147,781,145.75	591,124,583	591,124,583

Indicate whether there are different classes of shares with different associated rights:

☐ Yes
☒ No

- A.2.** List the company's significant direct and indirect shareholders at year end, including directors with a significant shareholding:

Name or company name of shareholder	% of voting rights attributed to the shares		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
SIMON DAVIES	0.00	0.00	15.51	0.00	15.51
SAND GROVE OPPORTUNITIES MASTER FUND LTD	0.00	0.00	12.23	0.00	12.23
INMOBILIARIA ESPACIO, S.A.	0.00	7.10	0.00	0.00	7.10
THE GOLDMAN SACHS GROUP, INC	0.00	1.89	4.80	0.00	6.69
LUIS FERNANDO MARTIN AMODIO HERRERA	0.00	12.98	0.00	0.00	12.98
JULIO MAURICIO MARTIN AMODIO HERRERA	0.00	12.98	0.00	0.00	12.98

Name or company name of shareholder	% of voting rights attributed to the shares		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
DWS INVESTMENT GMBH	0.00	4.94	0.00	0.00	4.94

The interest held by Simon Davies, beneficial owner, is through Sand Grove Capital Management LLP, Sand Grove Opportunities Master Fund Ltd, Sand Grove Tactical Fund LP and Investment Opportunities SPC "for the account of Investment Opportunities 2 Segregated Portfolio", the legal person owners of the ordinary shares. Simon Davies has a majority shareholding in Sand Grove Capital Management (Cayman) LP, owner of Sand Grove Capital Intermediate Ltd., which in turn is the majority owner of Sand Grove Capital Management LLP.

Breakdown of the indirect holding:

Name or company name of indirect owner	Name or company name of the direct owner	% of voting rights attributed to the shares	% of voting rights through financial instruments	% of total voting rights
INMOBILIARIA ESPACIO, S.A.	GRUPO VILLAR MIR, S.A.U.	7.10	0.00	7.10
LUIS FERNANDO MARTIN AMODIO HERRERA	FORJAR CAPITAL, S.L.U.	12.98	0.00	12.98
JULIO MAURICIO MARTIN AMODIO HERRERA	SOLID ROCK CAPITAL, S.L.U.	12.98	0.00	12.98

Indicate the most significant changes in the shareholder structure during the year:

Most significant movements

According to the information published on the Spanish National Securities Market Commission (CNMV) website:

INMOBILIARIA ESPACIO, S.A.:

05/07/2021: Ownership interest decreased below the threshold of 10% of share capital.

CONCERTED ACTION: Luis Fernando Martin Amodio Herrera and Julio Mauricio Martin Amodio Herrera.

02/07/2021: Ownership interest exceeded the 25% threshold.

SANGROVE OPPORTUNITIES MASTER FUND:

02/07/2021: Ownership interest exceeded the 10% threshold.

SIMON DAVIES:

02/07/2021: Ownership interest exceeded the 15% threshold.

A.3. Give details of the participation at the close of the fiscal year of the members of the board of directors who are holders of voting rights attributed to shares of the company or through financial instruments, whatever the percentage, excluding the directors who have been identified in Section A2 above:

Name or company name of director	% of voting rights attributed to the shares		% of voting rights through financial instruments		% of total voting rights	% voting rights <u>that</u> <u>can be transmitted</u> through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
JOSE ANTONIO FERNANDEZ GALLAR	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Total percentage of voting rights held by the Board of Directors	0.00
--	------

José Antonio Fernández Gallar holds 3,860 shares, representing 0.0010% of share capital.

Breakdown of the indirect holding:

Name or company name of director	Name or company name of the direct owner	% of voting rights attributed to the shares	% of voting rights through financial instruments	% of total voting rights	% voting rights that <u>can be</u> <u>transmitted</u> through financial instruments
No data					

List the total percentage of voting rights represented on the board:

Total percentage of voting rights represented on the Board of Directors	0.00
---	------

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

Name or company name of related party	Nature of relationship	Brief description
FORJAR CAPITAL, S.L.U., LUIS FERNANDO MARTIN AMODIO HERRERA	Family member	Luis Fernando Martin Amodio Herrera has a 96% ownership interest in the share capital of Somares Invest, S.L., which, in turn, holds all the shares into which the share capital of Forjar Capital, S.L.U. is divided. Forjar Capital, S.L.U. and Solid Rock Capital, S.L.U. are owned by the Amodio family, as disclosed in the Inside Information notice of 21 May 2020.
SOLID ROCK CAPITAL, S.L.U., JULIO MAURICIO MARTIN AMODIO HERRERA	Family member	Julio Mauricio Martín Amodio Herrera has a 97% ownership interest in the share capital of Menes Invest, S.L., which, in turn, holds all the shares into which the share capital of Solid Rock Capital, S.L.U. is divided. Forjar Capital, S.L.U. and Solid Rock Capital, S.L.U. are owned by the Amodio family, as disclosed in the Inside Information notice of 21 May 2020.

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

Name or company name of related party	Nature of relationship	Brief description
INMOBILIARIA ESPACIO, S.A.	Contractual	All relationships between Inmobiliaria Espacio, S.A. and subsidiaries and the Company and its Group in 2021 were contractual and carried out at arm's length as reported in Section D of this report. On 23 February 2021, as disclosed in the Inside Information notice (record no. 752), all the transactions envisaged for full execution of the dation in payment and the acknowledgement of debt agreement entered into between the Company and Grupo Villar Mir, S.A.U. ("GVM") regarding the terms for repayment of the debt owed by Pacadar, S.A.U. and GVM (wholly owned investees of Inmobiliaria Espacio, S.A.) to the Company were completed after securing the pertinent authorisations (see section H.1 for the basic terms of the agreement).

- A.6. Unless insignificant for both parties, describe the relationships that exist between significant shareholders, shareholders represented on the Board and directors or their representatives in the case of directors that are legal persons.

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

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
JUAN VILLAR-MIR DE FUENTES	INMOBILIARIA ESPACIO, S.A.	INMOBILIARIA ESPACIO, S.A.	Second deputy chairperson of Obrascon Huarte Lain, S.A. / Natural person representative of the chairperson and CEO of Inmobiliaria Espacio, S.A.
JUAN VILLAR-MIR DE FUENTES	INMOBILIARIA ESPACIO, S.A.	ESPACIO CONIL, S.A.U.	Second deputy chairperson of Obrascon Huarte Lain, S.A. / Representative of the sole director of Espacio Conil, S.A.U.
JUAN VILLAR-MIR DE FUENTES	INMOBILIARIA ESPACIO, S.A.	ESPACIO INFORMATION TECHNOLOGY, S.A.	Second deputy chairperson of Obrascon Huarte Lain, S.A. / Joint and several director of Espacio Information Technology, S.A.
JUAN VILLAR-MIR DE FUENTES	INMOBILIARIA ESPACIO, S.A.	GRUPO VILLAR MIR, S.A.U.	Second deputy chairperson of Obrascon Huarte Lain, S.A. / Natural person representative of the chairperson and CEO of Grupo Villar Mir, S.A.U.
JUAN VILLAR-MIR DE FUENTES	INMOBILIARIA ESPACIO, S.A.	ESPACIO ACTIVOS FINANCIEROS, S.L.U.	Second deputy chairperson of Obrascon Huarte Lain, S.A. / General attorney-in-fact of Espacio Activos Financieros, S.L.U.

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
JUAN VILLAR-MIR DE FUENTES	INMOBILIARIA ESPACIO, S.A.	GESTION INTEGRAL DE SERVICIOS INMOBILIARIOS, S.L.U.	Second deputy chairperson of Obrascon Huarte Lain, S.A. / Representative of the sole director of Gestión Integral de Servicios Inmobiliarios, S.L.U.
JUAN VILLAR-MIR DE FUENTES	INMOBILIARIA ESPACIO, S.A.	ARINVER, S.L.U.	Second deputy chairperson of Obrascon Huarte Lain, S.A. / Representative of the sole director of Arinver, S.L.U.
JUAN VILLAR-MIR DE FUENTES	INMOBILIARIA ESPACIO, S.A.	PROMOCIONES Y PROPIEDADES INMOBILIARIAS ESPACIO, S.L.U.	Second deputy chairperson of Obrascon Huarte Lain, S.A. / Chairperson and CEO of Promociones y Propiedades Inmobiliarias Espacio, S.L.U.
JUAN VILLAR-MIR DE FUENTES	INMOBILIARIA ESPACIO, S.A.	CARTERA VIMIRA 20, S.L.U.	Second deputy chairperson of Obrascon Huarte Lain, S.A. / Sole director of Cartera Vimira 20, S.L.U.
JUAN VILLAR-MIR DE FUENTES	INMOBILIARIA ESPACIO, S.A.	VILLAR MIR ENERGÍA, S.L.U.	Second deputy chairperson of Obrascon Huarte Lain, S.A. / Director of Villar Mir Energía, S.L.U.

A.7. Indicate whether the company has been notified of any shareholders' agreements that may affect it, in accordance with the provisions of Articles 530 and 531 of the Spanish Corporate Enterprises Act. If so, describe them briefly and list the shareholders bound by the agreement:

☐ Yes
☒ No

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

☒ Yes
☐ No

Parties to the concerted action	% of share capital affected	Brief description of the agreement	Expiry date of the concert, if any
LUIS FERNANDO MARTIN AMODIO HERRERA, JULIO MAURICIO MARTIN AMODIO HERRERA	25.96	The Company is aware that the concerted action exists, but not of its terms.	The Company does not know when the concerted action expires.

If any of the aforementioned agreements or concerted actions have been amended or terminated during the year, indicate this expressly:

N/A

A.8. Indicate whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Securities Market Act. If so, identify them:

☐ Yes
☒ No

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

At the close of the year:

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
541,296		0.37

(*) Through:

Name or company name of direct shareholder	Number of direct shares
No data	

Explain any significant changes during the year:

Explain significant changes

Date of publication / No. of shares / % of treasury shares

28.01.2021 / 622,287 / 0.22
14.07.2021 / 615,287 / 0.10

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

Authorisation was given at the Annual General Meeting held on 29 June 2021 so that the Company's Board of Directors, pursuant to Article 146 of the Spanish Corporate Enterprises Act, could repurchase treasury shares under any form of transfer accepted by law, directly or through a subsidiary or investee, up to the maximum amount permitted by law. The authorisation is granted for a period of five years and the shares may be acquired at a maximum price of EUR 6 per share, with no minimum price limit, rendering null and void the unused portion of the authorisation resolved in this connection at the Annual General Meeting held on 21 June 2016.

Pursuant to Article 146.1(a) of the Spanish Corporate Enterprises Act, the shares repurchased may be granted to company employees or directors as remuneration or as a result of duly agreed-upon share option plans or share capital ownership plans.

There is also a current mandate approved by the Annual General Meeting held on 15 June 2019 delegating to the Board of Directors the power to issue shares in accordance with Article 297.1(b) of the Spanish Corporate Enterprises Act, and the power to, in one or several stages and at any time, increase capital of the Company with pre-emptive rights. In this regard, the Board of Directors was authorised to increase the share capital at the time and by the amount that it decides, without consulting the General Meeting, in one or several stages and at any time, within a maximum period of five years from the date of the General Meeting that approved the delegation, for the maximum provided by law, i.e., EUR 85,964,486.7, equal to half the share capital at that time, through the issuance of new shares -with or without a share premium- with the equivalent value of the new shares to be issued consisting of monetary contributions.

The Board of Directors may establish the terms and conditions of the capital increase, freely offer unsubscribed new shares during the pre-emption period, and establish, in the event of incomplete subscription, that the capital only be increased by the amount of the shares subscribed and that the Article of the Company's bylaws on share capital be redrafted.

The Board of Directors may also apply for the admission to trading of the new shares issued under this delegated power on either Spanish or foreign official organised secondary markets, and perform the necessary formalities and actions for the admission to trading before the competent bodies of the various Spanish or foreign securities markets.

A.11. Estimated float:

	%
Estimated float	48.47

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

☐ Yes
☒ No

A.13. Indicate whether the general shareholders' meeting has resolved to adopt measures to neutralise a takeover bid by virtue of the provisions of Law 6/2007.

☐ Yes
☒ No

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

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

☐ Yes
☒ No

If so, indicate each share class and the rights and obligations conferred:

B. GENERAL SHAREHOLDERS' MEETING

B.1. Indicate whether there are any differences between the minimum quorum regime established by the Spanish Corporate Enterprises Act for General Shareholders' Meetings and the quorum set by the company, and if so give details:

☐ Yes
☒ No

B.2. Indicate whether there are any differences between the company's manner of adopting corporate resolutions and the regime provided in the Spanish Corporate Enterprises Act and, if so, give details:

☐ Yes
☒ No

B.3. Indicate the rules for amending the company's articles of incorporation. In particular, indicate the majorities required for amendment of the articles of incorporation and any provisions in place to protect shareholders' rights in the event of amendments to the articles of incorporation.

Pursuant to Article 17 of the Bylaws, approval by an absolute majority of shareholders at the General Meeting is required for amendments to the Bylaws, provided that shareholders attending the General Meeting in person or by proxy reach at least fifty per cent of the subscribed share capital with voting rights.

If shareholders holding at least twenty-five percent of the subscribed voting shares are present in person or by proxy, but do not reach fifty percent of the share capital, the resolution may only be validly adopted with the affirmative vote of shareholders representing two-thirds of the share capital present in person or by proxy at the Meeting.

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

	Attendance data				
Date of general meeting	% physical presence	% present by proxy	% distance voting		Total
			Electronic voting	Other	
09/01/2018	43.36	16.29	0.00	0.00	59.65
Of which float:	0.00	7.32	0.00	0.00	7.32
26/06/2018	30.84	20.93	0.02	0.00	51.79
Of which float:	0.00	3.10	0.00	0.00	3.10
28/05/2019	30.86	9.97	0.01	0.00	40.84
Of which float:	0.00	1.21	0.00	0.00	1.21
15/06/2020	14.64	17.89	0.01	0.05	32.59
Of which float:	0.00	1.89	0.01	0.05	1.95
26/03/2021	0.00	14.79	0.21	15.34	30.34
Of which float:	0.00	6.79	0.21	0.70	7.70
29/06/2021	0.00	16.84	0.02	14.78	31.64
Of which float:	0.00	0.84	0.02	0.14	1.00

- B.5.** Indicate whether any point on the agenda of the General Shareholders' Meetings during the year was not approved by the shareholders for any reason.

☐ Yes
☒ No

- B.6.** Indicate whether the articles of incorporation contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or to vote remotely:

☐ Yes
☒ No

- B.7.** Indicate whether it has been established that certain decisions, other than those established by law, entailing an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions must be submitted for approval to the General Shareholders' Meeting.

☐ Yes
☒ No

- B.8.** Indicate the address and manner of access on the company's website to information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company website.

Website: www.ohl.es / www.ohla-group.com

Information on corporate governance: path: ohla-group.com/en/shareholder-and-investor-information/corporate-governance/

Other information on General Meetings: path: [https://ohla-group.com/en/shareholder-and-investor-information/corporate-governance/Annual General Meeting](https://ohla-group.com/en/shareholder-and-investor-information/corporate-governance/Annual%20General%20Meeting)

C. STRUCTURE OF THE COMPANY'S ADMINISTRATION

C.1. Board of Directors

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

Maximum number of directors	13
Minimum number of directors	7
Number of directors set by the general meeting	10

C.1.2 Complete the following table on Board members:

Name or company name of director	Representative	Category of director	Position on the Board	Date first appointed	Date of last appointment	Election procedure
CARMEN DE ANDRES CONDE		Independent	DIRECTOR	09/07/2018	28/05/2019	RESOLUTION OF GENERAL MEETING
REYES CALDERON CUADRADO		Independent	DIRECTOR	27/05/2015	28/05/2019	RESOLUTION OF GENERAL MEETING
CESAR CAÑEDO-ARGÜELLES TORREJON		Independent	DIRECTOR	09/07/2018	28/05/2019	RESOLUTION OF GENERAL MEETING
JUAN ANTONIO SANTAMERA SÁNCHEZ		Independent	DIRECTOR	23/06/2016	29/06/2021	RESOLUTION OF GENERAL MEETING
LUIS FERNANDO MARTIN AMODIO HERRERA		Proprietary	CHAIRMAN	04/06/2020	26/03/2021	RESOLUTION OF GENERAL MEETING
JULIO MAURICIO MARTIN AMODIO HERRERA		Proprietary	FIRST DEPUTY CHAIRPERSON	04/06/2020	26/03/2021	RESOLUTION OF GENERAL MEETING

Name or company name of director	Representative	Category of director	Position on the Board	Date first appointed	Date of last appointment	Election procedure
JOSE ANTONIO FERNANDEZ GALLAR		Executive	CHIEF EXECUTIVE OFFICER	28/06/2018	28/05/2019	RESOLUTION OF GENERAL MEETING
JUAN VILLAR-MIR DE FUENTES		Proprietary	SECOND DEPUTY CHAIRPERSON	25/06/1996	28/05/2019	RESOLUTION OF GENERAL MEETING
LUIS FERNANDO AMODIO GIOMBINI		Proprietary	DIRECTOR	29/07/2021	29/07/2021	CO-OPTION
FRANCISCO JOSE GARCÍA MARTIN		Independent	DIRECTOR	29/07/2021	29/07/2021	CO-OPTION

Total number of directors	10
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Indicate any cessations, whether through resignation or by resolution of the general meeting, that have taken place in the Board of Directors during the reporting period:

Name or company name of director	Category of the director at the time of cessation	Date of last appointment	Date of cessation	Specialised committees of which he/she was a member	Indicate whether the director left before the end of his or her term of office
SILVIA VILLAR-MIR DE FUENTES	Proprietary	15/06/2020	29/07/2021	Audit and Compliance Committee	YES
JUAN JOSÉ NIETO BUESO	Proprietary	29/06/2021	29/07/2021	Audit and Compliance Committee and Nomination and Remuneration Committee	YES

Reason for cessation when this occurs before the end of the term of office and other observations; information on whether the director has sent a letter to the remaining members of the board and, in the case of cessation of non-executive directors, explanation or opinion of the director dismissed by the general

In March 2021, Mr Nieto Bueso informed the Company of his intention not to renew his directorship when his term expired in June 2021, which was the end of the bylaw-stipulated term of his appointment. However, the Board of Directors, taking into account his contribution as chairperson of the Statement of Financial Position Adequacy Monitoring Committee and his position as a director in the financial restructuring carried out with the Group's main creditors, asked him to continue as director as long as needed to implement the restructuring.

Pursuant to this request, Mr Nieto informed the Company that he was willing to accept the post if approval was given at the Annual General Meeting to renew his directorship, and that he also intended to tender his resignation once the Company's restructuring had been completed or was being completed (27 June 2021).

On 29 July 2021, Juan Jose Nieto Bueso and the Company deemed that the restructuring milestone had been delivered successfully, so Mr Nieto tendered his resignation, which was accepted by the Board of Directors.

Also on 29 July 2021, the Board of Directors acknowledged the resignation tendered by Silvia Villar-Mir de Fuentes, proprietary director representing the interests of shareholder Grupo Villar Mir, S.A.U. This resignation was tendered to adapt the representation on the Board to the shareholding of that shareholder at that time.

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

EXECUTIVE DIRECTORS		
Name or company name of director	Post in organisation chart of the company	Profile
JOSE ANTONIO FERNANDEZ GALLAR	CEO	Civil Engineer with specialisation in hydraulics and energy from ETS ICCP in Madrid. Master's Degree in Construction and Real Estate Company Management ("MDI").

Total number of executive directors	1
Percentage of Board	10.00

PROPRIETARY DIRECTORS		
Name or company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director	Profile
LUIS FERNANDO MARTIN AMODIO HERRERA	FORJAR CAPITAL, S.L.U.	Graduate in Civil Engineering from Universidad La Salle (Mexico). Founding partner and co-chairperson of Caabsa Group, a business consortium established in 1979 comprising 30 companies in the construction, real estate, concession and service industries.
JULIO MAURICIO MARTIN AMODIO HERRERA	SOLID ROCK CAPITAL, S.L.U.	Graduate in Civil Engineering from Universidad La Salle (Mexico). Founding partner and co-chairperson of Caabsa Group, a business consortium established in 1979 comprising 30 companies in the construction, real estate, concession and service industries.
JUAN VILLAR- MIR DE FUENTES	GRUPO VILLAR MIR, S.A.U.	Graduate in Economics and Business Studies from Universidad Autónoma de Madrid. He is currently Chairperson of Inmobiliaria Espacio, S.A. and Grupo Villar Mir, S.A.U.
LUIS FERNANDO AMODIO GIOMBINI	FORJAR CAPITAL, S.L.U.	Graduate in Civil Engineering from Universidad Anahuac México Norte. He has held several positions in Caabsa Group and is a founding partner of Throw App Co.

Total number of proprietary directors	4
Percentage of Board	40.00

EXTERNAL INDEPENDENT DIRECTORS	
Name or company name of director	Profile
CARMEN DE ANDRES CONDE	First woman in Spain to earn a degree in Civil Engineering. She has experience in the public sector, (MOPU, Spanish Ministry of Industry and Energy and the Spanish state holding company Sociedad Estatal de Participaciones Industriales (SEPI), where she has held executive positions related to the areas of technology and innovation, and in the private sector (Uralita and Tysa). She is currently the founder and CEO of Creatividad y Tecnología, a company engaged in technology consulting. National Civil Engineering Award winner in 2021.
REYES CALDERON CUADRADO	PhD in Economics and Philosophy from the University of Navarra, where she has served as Dean of Economics and Director of Reputation. She completed the Senior Management Program at IESE Business School and the Digital Transformation program at Instituto de Empresa. She holds half a dozen patents on Artificial Intelligence applied to operational risk, reputational risk, and energy consumption. She has been secretary of the Board of Directors of the Instituto de Empresa y Humanismo, independent director and chairwoman of the Audit Committee of the Corporación Pública Empresarial de Navarra, and she is currently an independent director for Abside media. She is a Corporate Governance and Ethics Professor at the Francisco de Vitoria University, having been a visiting Professor at the Hass School (University of Berkeley), the School of Economics at the University College of London, and the Sorbonne. As an artist, she is the author of 12 novels translated into several languages and has received the Azorin Award and the Abogados Novel Award.
CESAR CAÑEDO-ARGÜELLES TORREJON	Civil engineer. Civil engineer He has successfully led projects such as Prointec, in which he was the chairperson from 1990 to 2013; during this tenure he led the integration with Soluziona (Unión Fenosa Group). He has been the chairperson of Inse Rail, S.L. He has received outstanding distinctions: medal of honour from the Spanish Association of Civil Engineers (2005); medal for professional services from the Spanish Association of Civil Engineers (1995); and medal of honour from the Spanish Road Association (2013).
FRANCISCO JOSE GARCÍA MARTIN	He holds a Civil Engineering Degree from the Technical University of Catalonia and a Master's Degree in Construction and Real Estate Management from the Technical University of Madrid. For over 15 years, he held various positions of responsibility in FCC until he was appointed General Director of FCC Construcción in 2001. In 2009, he joined Grupo Isolux Corsán as President of Corsán-Corviam, where he subsequently held the position of Chief Executive Officer of the Group.
JUAN ANTONIO SANTAMERA SÁNCHEZ	Doctorate in Civil Engineering from Universidad Politécnica de Madrid and Graduate in Economics and Business Studies from UNED. Master's Degree in Planning from Universidad Politécnica de Madrid, Master's Degree in Urban Planning from Instituto de Estudios de la Administración Local and Master's Degree in Budgetary Analysis Techniques in the Public Sector from Instituto de Estudios Fiscales.

Total number of independent directors	5
Percentage of Board	50.00

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

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

Name or company name of director	Description of the relationship	Reasoned statement
CARMEN DE ANDRES CONDE	No	N/A
REYES CALDERON CUADRADO	No	N/A
CESAR CAÑEDO-ARGÜELLES TORREJON	Contractual	César Cañedo-Argüelles Torrejón is a significant shareholder of INSE RAIL, S.L. which has provided engineering services to OHLA Group companies as disclosed as a related party transaction in section D.3 of this report.
FRANCISCO JOSE GARCÍA MARTIN	N/A	N/A
JUAN ANTONIO SANTAMERA SÁNCHEZ	N/A	N/A

OTHER EXTERNAL DIRECTORS

Identify the other external directors, indicate the reasons why they cannot be considered either proprietary or independent, and detail their ties with the company or its management or shareholders:

Name or company name of director	Reasons	Company, manager or shareholder to which or to whom the director is related	Profile
No data			

Total number of other external directors	N/A
Percentage of Board	N/A

Indicate any changes that have occurred during the period in each director's category:

Name or company name of director	Date of change	Previous category	Current category
JUAN ANTONIO SANTAMERA SÁNCHEZ	26/06/2021	Other external	Independent

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

	Number of female directors				% of total directors for each category			
	2021	2020	2019	2018	2021	2020	2019	2018
Executive					0.00	0.00	0.00	0.00
Proprietary		1	1	1	0.00	25.00	25.00	25.00
Independent	2	2	2	2	40.00	50.00	50.00	50.00
Other External					0.00	0.00	0.00	0.00
Total	2	3	3	3	20.00	30.00	30.00	30.00

Until 29 July 2021, when Silvia Villar-Mir de Fuentes tendered her resignation, the Company had three female directors, representing 30% of total members of the Board of Directors, in compliance with Recommendation 15 of the Good Governance Code of listed companies.

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

- [☒] Yes
 [☐] No
 [☐] Partial policies

If so, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over the year. Also indicate the specific measures adopted by the Board of Directors and the nomination and remuneration committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why.

Description of policies, objectives, measures and how they have been applied, and results achieved

The Company has rules regarding integration and diversity management that apply to the entire OHLA Group. Their implementation is a key priority of the sustainability policy.

In 2017, the Board of Directors approved a Director Selection Policy. Measures in the policy included:

- endeavouring to ensure that candidates are always selected from among persons recognised for their solvency, competence and experience, and assessing the knowledge, skills, experience and merits of the proposed candidate, as well as their commitment to performing the role with the required dedication, and

- ensuring, in particular, that on filling the vacancies, the selection procedures are not afflicted by any bias hindering the appointment of female directors and deliberately seek women who could potentially be candidates for the post.

In 2021, the Board of Directors had members with different professional profiles, e.g. businesspersons and professionals, with extensive experience in the construction and financial industries; men and women; directors of different ages and three different nationalities, Spanish, Mexican and Italian, representing two of the main geographical areas in which the Company operates: Europe and Latin America.

C.1.6 Describe the measures, if any, agreed upon by the nomination committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates, making it possible to achieve a balance between men and women. Also indicate whether these measures include encouraging the company to have a significant number of female senior executives:

Explanation of measures:

As set out in the Regulations of the Board of Directors and the Director Selection Policy, the Nomination and Remuneration Committee specifically ensures that, on filling vacancies, the selection procedures are not afflicted by bias hindering the appointment of women directors and deliberately seek women who could potentially be candidates for the post.

In compliance with this principle, when vacancies have arisen, the Nomination and Remuneration Committee has endeavoured to invite its members and external advisers to present female candidates who might, in principle, have a professional profile that matches the positions to be filled.

The Nomination and Remuneration Committee has not expressly agreed on measures to encourage the Company to have a significant number of female senior managers. However, the principles included in the Company's Human Resources Policy (III Equality Plan) include strengthening the principle of equal opportunities as a growth driver and promoting non-discrimination based on, among other reasons, gender, promoting a greater presence of women in positions of responsibility within the organisation and favouring their access to all levels and categories, especially in those in which they are the least represented.

If in spite of any measures adopted there are few or no female directors or senior managers, explain the reason for this:

Explanation of reasons

N/A

C.1.7 Explain the conclusions of the nomination committee regarding verification of compliance with the policy aimed at promoting an appropriate composition of the Board of Directors.

The Nomination and Remuneration Committee verifies compliance with the Director Selection Policy on an annual basis.

In 2021, the committee verified that the Board complied with the policy on diversity of gender, and of knowledge and experience of new directors. All directors are persons recognised for their solvency, competence and experience.

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

Name or company name of shareholder	Reason
No data	

Indicate whether the Board has declined any formal requests for presence on the Board from shareholders whose equity interest is equal to or greater than that of others at whose request proprietary directors have been appointed. If so, explain why the requests were not granted:

[] Yes
[√] No

C.1.9 Indicate the powers, if any, delegated by the Board of Directors, including those relating to the option of issuing or re-purchasing shares, to directors or board committees:

Name or company name of director or committee	Brief description
JOSE ANTONIO FERNANDEZ GALLAR	All the powers of the Board of Directors, except for those that are non-delegable under the law or within the meaning of Article 5 of the Board Regulations, which establish as such powers: the approval of the general corporate strategies and of basic corporate organisational criteria, management objectives and annual budgets; investment and financing policy; the structure of the corporate group; the corporate governance policy; the organisation and functioning of the Board of Directors; the corporate social responsibility policy; the policy in relation to dividends and treasury shares; the appointment, remuneration and, where appropriate, removal of the company's senior managers; control and evaluation of executive management; identification of the main corporate risks and implementation and oversight of internal control systems, appropriate risk and information management system; policy for reporting to and communicating with shareholders, markets and public opinion, with particular attention to the financial information that all listed companies must periodically make public; the creation or acquisition of ownership interests in special purpose vehicles or entities domiciled in countries or territories considered to be tax havens; and in general any transactions that involve the disposition of substantial corporate assets, major corporate transactions and those specifically provided for in the aforementioned regulations.

C.1.10 Identify any members of the Board who are also directors, representatives of directors or managers in other companies forming part of the listed company's group:

Name or company name of director	Company name of the group entity	Position	Does the director have executive powers?
JOSE ANTONIO FERNANDEZ GALLAR	OHL USA, INC	Director	NO

Name or company name of director	Company name of the group entity	Position	Does the director have executive powers?
JOSE ANTONIO FERNANDEZ GALLAR	JUDLAU CONTRACTING, INC	Director	NO
JOSE ANTONIO FERNANDEZ GALLAR	CAC VERO I	Director	NO
JOSE ANTONIO FERNANDEZ GALLAR	OHL ARELLANO CONSTRUCTION COMPANY	Director	NO
JOSE ANTONIO FERNANDEZ GALLAR	COMMUNITY ASPHALT, CORP	Director	NO
JOSE ANTONIO FERNANDEZ GALLAR	OHL BUILDING, INC	Director	NO
JOSE ANTONIO FERNANDEZ GALLAR	SAWGRASS ROCK QUARRY, INC	Director	NO
JOSE ANTONIO FERNANDEZ GALLAR	OBRASCON HUARTE LAIN, DESARROLLOS, S.L.U.	Chairperson and CEO	YES
JOSE ANTONIO FERNANDEZ GALLAR	CENTRO CANALEJAS MADRID, S.L.	Chairperson	NO
JOSE ANTONIO FERNANDEZ GALLAR	ALSE PARK, S.L.	Chairperson	NO
JOSE ANTONIO FERNANDEZ GALLAR	PROYECTO CANALEJAS GROUP, S.L.	Chairperson	NO
JUAN VILLAR-MIR DE FUENTES	OBRASCON HUARTE LAIN, DESARROLLOS, S.L.U.	Director	NO
JOSE ANTONIO FERNANDEZ GALLAR	OHLDM, S.A. DE C.V.	Director	NO
JOSE ANTONIO FERNANDEZ GALLAR	PLAYA 4-5 MAYAKOBA, S.A. DE C.V.	Director	NO
JOSE ANTONIO FERNANDEZ GALLAR	OHL OPERACIONES, S.A.U.	Director	NO
JOSE ANTONIO FERNANDEZ GALLAR	OHL HOLDINGS, SÀRL	Director	NO
JOSE ANTONIO FERNANDEZ GALLAR	OHL INICIATIVAS, SÀRL	Director	NO
JOSE ANTONIO FERNANDEZ GALLAR	HUARIBE, S.A. DE C.V.	Director	NO

D. Jose Antonio Fernández Gallar was director of Senda Infraestructuras, S.L.U. until 24 February 2021.

C.1.3 List the positions of director, administrator or representative thereof, held by directors or representatives of directors who are members of the company's board of directors in other entities, whether or not they are listed companies:

Identity of the director or representative	Company name of the listed or non-listed entity	Position
JUAN VILLAR-MIR DE FUENTES	FERROGLOBE PLC	DIRECTOR
CARMEN DE ANDRES CONDE	CREATIVIDAD Y TECNOLOGÍA, S.A.	SOLE DIRECTOR
REYES CALDERON CUADRADO	ABSIDE MEDIA, S.L.	DIRECTOR
LUIS FERNANDO MARTIN AMODIO HERRERA	CAABSA Infraestructura, S.A. DE C.V.	CHAIRMAN
LUIS FERNANDO MARTIN AMODIO HERRERA	CAABSA Constructora, S.A. DE C.V.	CHAIRMAN
LUIS FERNANDO MARTIN AMODIO HERRERA	PREFABRICADOS Y TRANSPORTES PRET, S.A. DE C.V.	CHAIRMAN
LUIS FERNANDO MARTIN AMODIO HERRERA	TRUCKS PRET, S.A. DE C.V.	CHAIRMAN
LUIS FERNANDO MARTIN AMODIO HERRERA	AMECSA ARRENDADORA DE MAQUINARIA ESPECIALIZADA DE CAMIONES, S.A. DE C.V.	CHAIRMAN
JULIO MAURICIO MARTIN AMODIO HERRERA	CAABSA Infraestructura, S.A. DE C.V.	SECRETARY, DIRECTOR
JULIO MAURICIO MARTIN AMODIO HERRERA	CAABSA Constructora, S.A. DE C.V.	DIRECTOR
JULIO MAURICIO MARTIN AMODIO HERRERA	PREFABRICADOS Y TRANSPORTES PRET, S.A. DE C.V.	SECRETARY, DIRECTOR
JULIO MAURICIO MARTIN AMODIO HERRERA	TRUCKS PRET, S.A. DE C.V.	SECRETARY, DIRECTOR
JULIO MAURICIO MARTIN AMODIO HERRERA	AMECSA ARRENDADORA DE MAQUINARIA ESPECIALIZADA DE CAMIONES, S.A. DE C.V.	SECRETARY, DIRECTOR

Reyes Calderón Cuadrado is independent director of Ábside Media, S.L.

Julio Mauricio Martín Amodio Herrera is director and treasurer of CAABSA Constructora, S.A. de C.V.

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table.

Identity of the director or representative	Other paid activities
No data	

C.1.3 Indicate whether the company has established rules on the maximum number of company boards on which its directors may sit, explaining if necessary and identifying where this is regulated, if applicable:

[☒] Yes
[☐] No

Explanation of the rules and identification of the document where this is

In accordance with the Company's Board Regulations, in general and except where duly justified by the Nomination and Remuneration Committee, individuals holding more than five directorships in other companies may not be proposed as directors.

C.1.3 Indicate the remuneration received by the Board of Directors as a whole for the following items:

Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros)	4,159
Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros)	
Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros)	
Pension rights accumulated by former directors (thousands of euros)	

Remuneration accrued includes the maximum annual remuneration for external directors for performing their general duties as directors, which amounted to EUR 1,391 thousand, the travel allowances accrued by external directors who are not residents of Madrid related to the performance of their duties on the Board of Directors, which amounted to EUR 155 thousand, and remuneration accrued by the executive director for discharging his executive functions, which amounted to EUR 2,613 thousand, all corresponding to 2021.

Remuneration accrued in 2021 is in line with the remuneration policy approved at the General Meeting held on 29 June 2021.

C.1.3 Identify members of senior management who are not also executive directors and indicate their total remuneration accrued during the year:

Name or company name	Position(s)
JOSE MARIA LOPEZ DE FUENTES	GENERAL MANAGER OF CONCESSION DEVELOPMENT
MANUEL ALVAREZ MÚÑOZ	GENERAL MANAGER OF INFRASTRUCTURE
JOSÉ EMILIO PONT PEREZ	GENERAL MANAGER FOR EUROPE AND LATIN AMERICA
JOSE MARÍA DEL CUVILLO PEMÁN	GENERAL MANAGER OF THE LEGAL DEPARTMENT
GONZALO TARGHETTA REINA	GENERAL MANAGER OF CORPORATE RESOURCES
TOMAS RUIZ GONZALEZ	CORPORATE GENERAL MANAGER
JOSE ANTONIO DE CACHAVERA SANCHEZ	GENERAL MANAGER OF SERVICES
JOSE MARIA SAGARDOY LLONIS	CHIEF FINANCIAL OFFICER
ASHOK PATEL	GENERAL MANAGER FOR NORTH AMERICA

Name or company name	Position(s)
FAUSTO GONZÁLEZ CASADO	CONCESSIONS GENERAL MANAGER
Number of women in senior management	
Percentage of total senior management	
0.00	
Total remuneration of senior management (thousands of euros)	
14,401	

Total remuneration includes the remuneration of Juan Carlos Peña Fernández, Corporate Director of Internal Audit.

It also includes settlements paid to directors who stepped down in 2021.

Directors who stepped down in 2021:

- José María López de Fuentes left OHLA Group on 28 February 2021.
- Manuel Álvarez Muñoz left OHLA Group on 30 June 2021.

Fausto González Casado was appointed Concessions General Manager on 4 May 2021.

C.1.3 Indicate whether the Board regulations were amended during the year:

☒ Yes
☐ No

Description of amendment(s)

Articles 2, 5, 8, 10, 15, 16, 18, 20, 23, 37 and 41 of the Regulations of the Board of Directors Regulations were amended in 2021 to adapt to the Good Governance Recommendations and Law 5/2021, of 12 April, which amends the consolidated text of the Spanish Corporate Enterprises Act.

C.1.3 Specify the procedures for selection, appointment, re-election and removal of directors. List the competent bodies, steps to follow and criteria applied in each procedure.

Proposals for the selection, appointment or re-election of directors submitted by the Board of Directors to shareholders at the Annual General Meeting and decisions on appointments adopted by the Board using the powers of co-option vested in it by law are based on a recommendation or report by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee shall endeavour to ensure that candidates are selected from among persons recognised for their solvency, competence and experience (Article 20 of the Board Regulations). For re-elections, it will assess the quality of the directors' work and dedication to discharging their duties (Article 21 of the Board Regulations).

Directors will cease to hold office once their period of tenure has expired and when decided by the Annual General Meeting or the Board of Directors by virtue of the powers vested in them by law or as mandated by the Company bylaws. Directors must also tender their resignation to the Board of Directors when any of the grounds for resignation outlined in the Board Regulations arise, always based on a report by the Nomination and Remuneration Committee.

C.1.3 Explain to what extent the annual evaluation of the Board has given rise to significant changes in its internal organisation and in the procedures applicable to its activities:

Description of amendment(s)

The annual revaluation carried out in 2021 did not give rise to any significant change in the internal organisation or procedures and work continued internally so that the decision-making process would remain effective and satisfactory.

Describe the evaluation process and the areas evaluated by the Board of Directors with or without the help of an external advisor, regarding the functioning and composition of the Board and its committees and any other area or aspect that has been evaluated.

Description of the evaluation process and areas evaluated

The evaluation process entailed directors filling out a questionnaire on the structure and functioning, responsibilities and effectiveness, and the performance of the Board, the chairperson, the secretary and Board committees, as well as the Remuneration Policy.

The findings from the questionnaire are set out in a report submitted to the Board of Directors for its analysis.

C.1.3 Provide details, for years in which the evaluation was carried out with the help of an external advisor, of the business relationships that the external advisor or company in its group maintains with the company or any company in its group.

The Company did not engage external advisors to perform the evaluation in 2021.

C.1.3 Indicate the cases in which directors are obliged to resign.

Article 23 of the Board Regulations states that directors must tender their resignation to the Board and, if the latter sees it fit, resign in the following cases:

- a) Proprietary directors, if the shareholder they represent disposed of its entire shareholding. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter number should be reduced accordingly.
- b) Executive directors, when they no longer hold the executive positions to which their appointment as director was associated.
- c) All directors, when any of the conflicts of interest or prohibitions set out by the legislation in force arise or they have interests that go against those of the Company.
- d) All directors, when they are severely reprimanded by the Nomination and Remuneration Committee as a result of a breach of their director duties.
- e) All directors, when their remaining on the Board may jeopardise the Company's interests, or when the reasons for which they were appointed cease to exist.

Article 23.3 of the Board Regulations states that directors must inform the Board of any circumstances, whether or not related to their actions in the Company itself, that might harm the company's standing and reputation, tendering their resignation where appropriate.

C.1.3 Are qualified majorities other than those established by law required for any particular kind of decision?

☐ Yes
☒ No

If so, describe the differences.

C.1.3 Explain whether there are any specific requirements, other than those relating to directors, for being appointed as chairman of the Board of Directors.

☐ Yes
☒ No

C.1.3 Indicate whether the articles of incorporation or Board regulations establish any limit as to the age of directors:

☐ Yes
☒ No

C.1.3 Indicate whether the articles of incorporation or Board regulations establish any term limits for independent directors other than those required by law or any other additional requirements that are stricter than those provided by law:

[] Yes
[✓] No

C.1.3 Indicate whether the articles of incorporation or Board regulations establish specific rules for appointing other directors as proxy to vote in Board meetings, if so the procedure for doing so and, in particular, the maximum number of proxies that a director may hold, as well as whether any limit has been established regarding the categories of director to whom votes may be delegated beyond the limits imposed by law. If so, briefly describe these rules.

Article 18 of the Regulations of the Board of Directors states that directors who cannot attend Board meetings shall endeavour to grant a proxy to another member of the Board of Directors of the same category and provide the relevant instructions. It also says that external directors may only delegate their representation to another external director.

C.1.3 Indicate the number of meetings held by the Board of Directors during the year. Also indicate, if applicable, the number of times the Board met without the chairman being present. Meetings where the chairman gave specific proxy instructions are to be counted as attended.

Number of Board meetings	8
Number of board meetings held without the chairman's presence	0

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

Number of meetings	0
--------------------	---

Indicate the number of meetings held by each Board committee during the year:

Number of meetings held by the AUDIT AND COMPLIANCE COMMITTEE	10
Number of meetings held by the NOMINATION AND REMUNERATION COMMITTEE	7
Number of meetings held by the GUARANTEE COMMITTEE	22

The chairman did not attend the meeting when the Board evaluated his performance as chairman.

C.1.3 Indicate the number of meetings held by the Board of Directors during the year with member attendance data.

Number of meetings at which at least 80% of the directors were present in person	8
Attendance in person as a % of total votes during the year	75.00

Number of meetings with attendance in person or proxies given with specific instructions, by all directors	8
Votes cast in person and by proxies with specific instructions, as a % of total votes during the year	100.00

C.1.3 Indicate whether the individual and consolidated financial statements submitted to the Board for issue are certified in advance:

☒ Yes
☐ No

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

Name	Position
TOMAS RUIZ GONZALEZ	CORPORATE GENERAL MANAGER

C.1.3 Explain the mechanisms, if any, established by the Board of Directors to ensure that the financial statements it presents to the General Shareholders' Meeting are prepared in accordance with accounting regulations.

The financial statements, as well as all other periodic financial information or any other information which prudence dictates should be disclosed to the markets, are examined by the Audit and Compliance Committee before they are authorised for issue in a meeting at which the external auditors report on the stage of completion of the audit. The financial statements are examined again at a final meeting at which the external auditors report on their draft auditor's report, in accordance with the Regulations of the Board of Directors. In addition, the Audit and Compliance Committee, at any of its ordinary meetings, may call upon the external auditors to attend, if considered necessary, to be informed about, or clarify, any discrepancy, and provide, as the case may be, additional information to avoid a qualified opinion.

Lastly, the auditors present their draft auditor's report to the Board of Directors in a full board meeting held to authorise the financial statements for issue.

According to Article 42 of the Regulations of the Board of Directors, the Board of Directors will endeavour to prepare the financial statements so that they do not give rise to qualifications by the auditors. The Company has complied with this recommendation since it has been listed on the securities market.

C.1.3 Is the secretary of the Board also a director?

☐ Yes
☒ No

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

Name or company name of the secretary	Representative
JOSE MARÍA DEL CUVILLO PEMÁN	

C.1.3 Indicate the specific mechanisms established by the company to safeguard the independence of the external auditors, and any mechanisms to safeguard the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

One of the Audit and Compliance Committee's functions is to receive information on matters that might compromise the auditors' independence and any other matters related to the financial audit process, and to receive other notifications provided for in auditing laws and technical auditing standards. The committee examines the external auditor's independence.

At an annual meeting, it assesses the external auditor's independence and reviews compliances with requirements regarding conflicts of interest established in Spanish Audit Law 22/2015, of 20 July. The committee considered that this independence had been demonstrated, paying particular to the amount relating to fees for non-audit work. In addition, in accordance with Article 42 of the Board Regulations, the Board shall refrain from proposing the engagement of auditors when the estimated fees exceed 10% of the audit firm's revenue in the previous year.

In addition, at meetings at which the General Economic and Financial Department requests authorisation for the audit firm or other companies in its network to provide non-audit services, the Audit and Compliance Committee reiterates the need to only engage services deemed essential to ensure auditor independence and guarantee compliance with current standards relating to the provision of non-audit services.

On an annual basis, the committee issues a report in which it expresses its opinion on the independence of the Company's and its Group's auditor.

The committee pays special attention to preserving its independence in any process carried to engage financial analysts, investment banks or rating agencies in the ordinary course of the Company's business.

C.1.3 Indicate whether the company changed its external auditor during the year. If so, identify the incoming and outgoing auditors.

☒ Yes
☐ No

Outgoing auditor	Incoming auditor
Deloitte, S.L.	Ernst & Young, S.L.

Annual General Meeting held on 15 June 2020, EY was appointed auditor for 2021, 2022 and 2023.

If there were any disagreements with the outgoing auditor, explain their content:

☐ Yes
☒ No

C.1.3 Indicate whether the audit firm performs any non-audit work for the company and/or its group and, if so, state the amount of fees it received for such work and express this amount as a percentage of the total fees invoiced to the company and/or its group for audit work:

☒ Yes
☐ No

	Company	Group companies	Total
Amount invoiced for non-audit services (thousand euros)	76	120	196
Amount invoiced for non-audit work/Amount for audit work (in %)	10.15	14.94	12.63

C.1.3 Indicate whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, indicate the reasons given to shareholders at the general meeting by the chairman of the audit committee to explain the content and extent of the qualified opinion or reservations.

☐ Yes
☒ No

C.1.3 Indicate the number of consecutive years for which the current audit firm has been auditing the company's individual and/or consolidated financial statements. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	1	1

	Individual	Consolidated
Number of years audited by the current audit firm/number of years in which the company has been audited (%)	0.03	0.03

C.1.3 Indicate whether there is a procedure for directors to be sure of having the information necessary to prepare the meetings of the governing bodies with sufficient time; provide details if applicable:

☒ Yes
☐ No

Details of the procedure

The required documentation and information is subject to analysis or approval at each meeting of the Board of Directors and Board committees, along with the minutes of each meeting, and made available to directors sufficiently in advance through the digital platform to which directors have exclusive, individual access.

C.1.3 Indicate whether the company has established rules obliging directors to inform the Board of any circumstances, whether or not related to their actions in the company itself, that might harm the company's standing and reputation, tendering their resignation where appropriate. If so, provide details:

☒ Yes
☐ No

Explain the rules

Article 23.3 of the Board Regulations states that directors must inform the Board of any circumstances, whether or not related to their actions in the Company itself, that might harm the company's standing and reputation, tendering their resignation where appropriate. In particular, directors must inform the Board of any criminal proceedings in which they appear as suspects. The Board will examine the case and decide, based on a report from the Nomination and Remuneration Committee, whether or not any measure must be adopted, and disclose this in the annual corporate governance report, unless there are special reasons not to do so.

C.1.3 Indicate whether, apart from such special circumstances as may have arisen and been duly minuted, the Board of Directors has been notified or has otherwise become aware of any situation affecting a director, whether or not related to his or her actions in the company itself, that might harm the company's standing and reputation:

[] Yes
[✓] No

C.1.3 Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.

Pursuant to the terms and conditions of the "EUR 487,266,804 Split Coupon Senior Secured Notes", effective in 2021, the Company entered into an agreement regarding transactions of existing shareholders or third parties that may control OHLA Group. Moreover, the terms and conditions agreed by the Company and its main financial creditors in 2021 for the Company's refinancing included covenants regarding change of control that could trigger early maturities.

C.1.3 Identify individually as regards directors, and in aggregate form in other cases, and provide details of any agreements between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal without due cause or termination of employment as a result of a takeover bid or any other type of transaction.

Number of beneficiaries	9
Type of beneficiary	Description of agreement
1 EXECUTIVE CHAIRMAN, 8 SENIOR EXECUTIVES	TERMINATION BENEFIT: CHIEF EXECUTIVE OFFICER: 2 years' salary. SENIOR EXECUTIVES: in accordance with each employment contract, the bylaw-stipulated amount, with a minimum of one year's salary or a fixed amount. NON-COMPETE AGREEMENT: CHIEF EXECUTIVE OFFICER: one year, for one year's salary. SENIOR EXECUTIVES: in accordance with each employment contract, with one or two years' salary depending on the duration of the agreement or a fixed amount.

Indicate whether, beyond the cases established by legislation, these agreements have to be communicated and/or authorised by the governing bodies of the company or its group. If so, specify the procedures, the cases concerned and the nature of the bodies responsible for their approval or communication:

	Board of Directors	General Shareholders' Meeting
Body authorising the clauses	✓	
	Yes	No
Are these clauses notified to the General Shareholders' Meeting?		✓

C.2. Committees of the Board of Directors

C.2.3 Provide details of all committees of the Board of Directors, their members, and the proportion of executive, proprietary, independent and other external directors forming them:

AUDIT AND COMPLIANCE COMMITTEE		
Name	Position	Category
REYES CALDERON CUADRADO	MEMBER	Independent
CESAR CAÑEDO-ARGÜELLES TORREJON	MEMBER	Independent
JULIO MAURICIO MARTIN AMODIO HERRERA	MEMBER	Proprietary
FRANCISCO JOSE GARCÍA MARTIN	CHAIRMAN	Independent
LUIS FERNANDO AMODIO GIOMBINI	MEMBER	Proprietary

% of executive directors	0.00
% of proprietary directors	40.00
% of independent directors	60.00
% of other external directors	0.00

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

See section H.1.

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

Name of directors with experience	FRANCISCO JOSE GARCÍA MARTIN
Date of appointment of the chairperson	29/07/2021

NOMINATION AND REMUNERATION COMMITTEE		
Name	Position	Category
REYES CALDERON CUADRADO	CHAIRMAN	Independent
JUAN ANTONIO SANTAMERA SÁNCHEZ	MEMBER	Independent
LUIS FERNANDO MARTIN AMODIO HERRERA	MEMBER	Proprietary
JUAN VILLAR-MIR DE FUENTES	MEMBER	Proprietary
FRANCISCO JOSE GARCÍA MARTIN	MEMBER	Independent

% of executive directors	0.00
% of proprietary directors	40.00
% of independent directors	60.00
% of other external directors	0.00

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

See section H.1.

GUARANTEE COMMITTEE		
Name	Position	Category
CARMEN DE ANDRES CONDE	CHAIRMAN	Independent
JOSE ANTONIO FERNANDEZ GALLAR	MEMBER	Executive

% of executive directors	50.00
% of proprietary directors	0.00
% of independent directors	50.00
% of other external directors	0.00

Members besides Carmen de Andrés Conde, chairperson of this committee, and José Antonio Fernández Gallar include:

- The Corporate General Manager: Tomás Ruiz González, as member.
- The Chief Financial Officer: José María Sagardoy Llonis, as member.
- The General Manager of the Legal Department: José María del Cuvillo Pemán, as member.
- The Chief Risk and Internal Control Officer: José Zurrón Balaña, as member.
- And the Finance and Treasury Manager Ignacio Martínez Estéban, Ignacio Martínez Esteban, acting as secretary.

Explain the functions delegated or assigned to this committee, other than those that have already been described in Section C.1.9, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The Guarantee Committee was set up as a Board committee via a resolution of the Board of Directors on 15 June 2020, on the recommendation of the Nomination and Remuneration Committee.

It meets every two months as called by its chairperson. Extraordinary meetings are held as required by the senior officers of the business divisions.

The Guarantee Committee's functions entail:

1. Controlling and overseeing trends in the Group's guarantee facilities.
2. Assessing and approving, or rejecting, requests for new bank guarantees for OHLA Group, irrespective of the type, business or subsidiary submitting the request or the geographical area.

C.2.3 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors							
	2021		2020		2019		2018	
	Number	%	Number	%	Number	%	Number	%
AUDIT AND COMPLIANCE COMMITTEE	1	20.00	2	40.00	1	33.00	1	33.00
NOMINATION AND REMUNERATION COMMITTEE	1	20.00	1	20.00	2	40.00	1	33.00
GUARANTEE COMMITTEE	1	14.30	1	16.66	0	0.00	0	0.00

No information on the Guarantee Committee is disclosed for 2019 and 2018 since it was set up by the Board of Directors in 2020.

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

The regulations of the Audit and Compliance and Nomination and Remuneration Committees are established in the Regulations of the Board of Directors, the updated version of which is available on the Company's website: www.ohl.es (path: [https://ohla-group.com/en/shareholder-and-investor-information/corporate-governance/Board committees](https://ohla-group.com/en/shareholder-and-investor-information/corporate-governance/Board%20committees)).

There were no amendments to the regulations governing the Board committees in 2021.

Each year, the Audit and Compliance Committee and the Nomination and Remuneration Committee approve their Annual Activity Report, which is published on the website when the Annual General Meeting is called.

D. RELATED PARTY AND INTRAGROUP TRANSACTIONS

- D.1** Explain, where appropriate, the procedure and competent bodies relating to the approval of transactions with related and intragroup parties, indicating the criteria and general internal rules of the entity that regulate the abstention obligations of the affected director or shareholders. Detail the internal information and periodic control procedures established by the company in relation to those related party transactions whose approval has been delegated by the board of directors.

In 2016, the Company's Board of Directors approved rules implementing the provisions of the Regulations of the Board of Directors, in which the procedures and controls for the transactions that the Company or any of the Group companies wish to perform with the directors or significant shareholders, or with their respective related parties, were reinforced and detailed. The results were revised in 2021.

Transactions affected by this procedure include all transfers of resources, services, rights or obligations, irrespective of whether or not they are for consideration, performed by any of the parties referred to in the preceding paragraph with the Company or with any Group company.

Related party transactions carried out by the Company, as provided for in Law 5/2021 amending the Spanish Corporate Enterprises Act, must first be authorised by General Meeting or the Company's Board of Directors and based on favourable report from the Nomination and Remuneration Committee. The Board of Directors will ensure that transactions with the respective related parties are advantageous for the Company, are timely, are carried out on an arm's length basis, and respect the principle of equal treatment of shareholders who are in the same position. Breach of the provisions and obligations established in the Group's internal rules and regulations in this respect could be considered an infringement by those at whom they are directed, who have executed and authorised them, and who are required to disclose them, but have failed to do so.

Pursuant to Article 260 of the Spanish Corporate Enterprises Act, the Company will disclose significant transactions between the Company and related third parties in the notes to the financial statements, indicating the nature, relationship, amount and any other information related to the transaction needed to determine the Company's financial position. Moreover, pursuant to Order EHA/3050/2004, of 15 September, as an issuer of securities admitted to trading on official secondary securities markets, it will provide all the information on related party transactions determined by the half-yearly financial reports, without prejudice to the public announcement by the Company, in accordance with article 529 univocities of the Spanish Corporate Enterprises Act, of related party transactions carried out or that reach (i) 5 percent of total assets and (ii) 2.5 percent of total annual revenue.

- D.2** Give individual details of operations that are significant due to their amount or of importance due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or who are represented on the board of directors of the company, indicating which has been the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against by the majority of the independents:

	Name or company name of the shareholder or any of its subsidiaries	% shareholding	Name or company name of the company or entity within its group	Amount (thousands of euros)	Approving body	Identity of the significant shareholder or director who has abstained	The proposal to the board, if applicable, has been approved by the board without a vote against by the majority of independents
(1)	ENÉRGYA VM GESTION DE ENERGIA, S.L.U.	7.10	AVALORA TECNOLOGIAS DE LA INFORMACIÓN, S.A.U.	56	Board of Directors	Proprietary directors representing the interests of Grupo Villar Mir, S.A.U.	NO

	Name or company name of the shareholder or any of its subsidiaries	% shareholding	Name or company name of the company or entity within its group	Amount (thousands of euros)	Approving body	Identity of the significant shareholder or director who has abstained	The proposal to the board, if applicable, has been approved by the board without a vote against by the majority of independents
(2)	ESPACIO CALEIDO, S.A.	7.10	OBRASCON HUARTE LAIN, S.A.	7,729	Board of Directors	Proprietary directors representing the interests of Grupo Villar Mir, S.A.U.	NO
(3)	ESPACIO INFORMATION TECHNOLOGY, S.A.	7.10	AVALORA TECNOLOGIAS DE LA INFORMACIÓN, S.A.U.	425	Board of Directors	Proprietary directors representing the interests of Grupo Villar Mir, S.A.U.	NO
(4)	ESPACIO LIVING HOMES, S.L.	7.10	OBRASCON HUARTE LAIN, S.A.	7,958	Board of Directors	Proprietary directors representing the interests of Grupo Villar Mir, S.A.U.	NO
(5)	PREFABRICADOS Y TRANSPORTES PRET, S.A. DE C.V.	7.10	PACADAR, S.A.U.	240	Board of Directors	Proprietary directors representing the interests of Grupo Villar Mir, S.A.U.	NO
(6)	ESPACIO CALEIDO, S.A.	7.10	OHL SERVICIOS-INGESAN, S.A.U.	2	Board of Directors	Proprietary directors representing the interests of Grupo Villar Mir, S.A.U.	NO
(7)	ESPACIO INFORMATION TECHNOLOGY, S.A.	7.10	OHL SERVICIOS-INGESAN, S.A.U.	14	Board of Directors	Proprietary directors representing the interests of Grupo Villar Mir, S.A.U.	NO

	Name or company name of the shareholder or any of its subsidiaries	% shareholding	Name or company name of the company or entity within its group	Amount (thousands of euros)	Approving body	Identity of the significant shareholder or director who has abstained	The proposal to the board, if applicable, has been approved by the board without a vote against by the majority of independents
(8)	VILLAR MIR ENERGÍA, S.L.U.	7.10	OHL SERVICIOS-INGESAN, S.A.U.	27	Board of Directors	Proprietary directors representing the interests of Grupo Villar Mir, S.A.U.	NO
(9)	ENÉRGYA VM GESTION DE ENERGIA, S.L.U.	7.10	AGRUPACIÓN GUINOVART OBRAS Y SERVICIOS HISPANIA, S.A.U.	1	Board of Directors	Proprietary directors representing the interests of Grupo Villar Mir, S.A.U.	NO
(10)	ENÉRGYA VM GESTION DE ENERGIA, S.L.U.	7.10	CONSTRUCCIONES ADOLFO SOBRINO, S.A.U.	3	Board of Directors	Proprietary directors representing the interests of Grupo Villar Mir, S.A.U.	NO
(11)	ENÉRGYA VM GESTION DE ENERGIA, S.L.U.	7.10	ASFALTOS Y CONSTRUCCIONES ELSAN, S.A.U.	4	Board of Directors	Proprietary directors representing the interests of Grupo Villar Mir, S.A.U.	NO
(12)	ENÉRGYA VM GESTION DE ENERGIA, S.L.U.	7.10	OHL SERVICIOS-INGESAN, S.A.U.	13	Board of Directors	Proprietary directors representing the interests of Grupo Villar Mir, S.A.U.	NO
(13)	ENÉRGYA VM GESTION DE ENERGIA, S.L.U.	7.10	CHEMTROL-PROYECTOS Y SISTEMAS, S.L.U.	15	Board of Directors	Proprietary directors representing the interests of Grupo Villar Mir, S.A.U.	NO
(14)	ENÉRGYA VM GESTION DE ENERGIA, S.L.U.	7.10	OBRASCON HUARTE LAIN, S.A.	53	Board of Directors	Proprietary directors representing the interests of Grupo Villar Mir, S.A.U.	NO

	Name or company name of the shareholder or any of its subsidiaries	% shareholding	Name or company name of the company or entity within its group	Amount (thousands of euros)	Approving body	Identity of the significant shareholder or director who has abstained	The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents
(15)	ENÉRGYA VM GESTION DE ENERGIA, S.L.U.	7.10	PACADAR, S.A.U.	224	Board of Directors	Proprietary directors representing the interests of Grupo Villar Mir, S.A.U.	NO
(16)	ESPACIO INFORMATION TECHNOLOGY, S.A.	7.10	PACADAR, S.A.U.	67	Board of Directors	Proprietary directors representing the interests of Grupo Villar Mir, S.A.U.	NO
(17)	GRUPO FERROATLÁNTICA, S.A.U.	7.10	PACADAR, S.A.U.	1	Board of Directors	Proprietary directors representing the interests of Grupo Villar Mir, S.A.U.	NO
(18)	PROMOCIONES Y PROPIEDADES INMOBILIARIAS ESPACIO, S.L.U.	7.10	OBRASCON HUARTE LAIN, DESARROLLOS, S.A.U.	65	Board of Directors	Proprietary directors representing the interests of Grupo Villar Mir, S.A.U.	NO
(19)	ESPACIO INFORMATION TECHNOLOGY, S.A.	7.10	OBRASCON HUARTE LAIN, S.A.	2,825	Board of Directors	Proprietary directors representing the interests of Grupo Villar Mir, S.A.U.	NO
(20)	GRUPO VILLAR MIR, S.A.U.	7.10	OBRASCON HUARTE LAIN, S.A.	53,769	Board of Directors	Proprietary directors representing the interests of Grupo Villar Mir, S.A.U.	NO

	Name or company name of the shareholder or any of its subsidiaries	% shareholding	Name or company name of the company or entity within its group	Amount (thousands of euros)	Approving body	Identity of the significant shareholder or director who has abstained	The proposal to the board, if applicable, has been approved by the board without a vote against by the majority of independents
(21)	GRUPO VILLAR MIR, S.A.U.	7.10	OBRASCON HUARTE LAIN, DESARROLLOS, S.A.U.	1,600	Board of Directors	Proprietary directors representing the interests of Grupo Villar Mir, S.A.U.	NO

	Name or company name of the shareholder or any of its subsidiaries	Nature of the relationship	Type of operation and other information required for its evaluation
(1)	ENÉRGYA VM GESTION DE ENERGIA, S.L.U.	Contractual	Revenue
(2)	ESPACIO CALEIDO, S.A.	Contractual	Revenue
(3)	ESPACIO INFORMATION TECHNOLOGY, S.A.	Contractual	Revenue EUR 12 thousand / Cost of sales EUR 413 thousand
(4)	ESPACIO LIVING HOMES, S.L.	Contractual	Revenue
(5)	PREFABRICADOS Y TRANSPORTES PRET, S.A. DE C.V.	Contractual	Revenue
(6)	ESPACIO CALEIDO, S.A.	Contractual	Other operating income
(7)	ESPACIO INFORMATION TECHNOLOGY, S.A.	Contractual	Other operating income
(8)	VILLAR MIR ENERGÍA, S.L.U.	Contractual	Other operating income
(9)	ENÉRGYA VM GESTION DE ENERGIA, S.L.U.	Contractual	Other operating expenses
(10)	ENÉRGYA VM GESTION DE ENERGIA, S.L.U.	Contractual	Other operating expenses

	Name or company name of the shareholder or any of its subsidiaries	Nature of the relationship	Type of operation and other information required for its evaluation
(11)	ENÉRGYA VM GESTION DE ENERGIA, S.L.U.	Contractual	Other operating expenses
(12)	ENÉRGYA VM GESTION DE ENERGIA, S.L.U.	Contractual	Other operating expenses
(13)	ENÉRGYA VM GESTION DE ENERGIA, S.L.U.	Contractual	Other operating expenses
(14)	ENÉRGYA VM GESTION DE ENERGIA, S.L.U.	Contractual	Other operating expenses
(15)	ENÉRGYA VM GESTION DE ENERGIA, S.L.U.	Contractual	Other operating expenses
(16)	ESPACIO INFORMATION TECHNOLOGY, S.A.	Contractual	Other operating expenses
(17)	GRUPO FERROATLÁNTICA, S.A.U.	Contractual	Other operating expenses
(18)	PROMOCIONES Y PROPIEDADES INMOBILIARIAS ESPACIO, S.L.U.	Contractual	Other operating expenses
(19)	ESPACIO INFORMATION TECHNOLOGY, S.A.	Contractual	Management or partnership agreements EUR 2,421 thousand / Purchases of intangible assets EUR 404 thousand
(20)	GRUPO VILLAR MIR, S.A.U.	Contractual	Repayment or cancellation of loans granted
(21)	GRUPO VILLAR MIR, S.A.U.	Contractual	Repayment or cancellation of loans granted

The related party transactions reported above are related to INMOBILIARIA ESPACIO, S.A., which holds 7.0970% of the shares, and to the shareholders of the concerted action (through Forjar Capital, S.L.U. and Solid Rock Capital, S.L.U.), which hold 25.9650%.

All the transactions were carried out in the ordinary course of the Group's businesses and on an arm's length basis.

D.3 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the administrators or managers of the company, including those operations carried out with entities that the administrator or manager controls or controls jointly, indicating the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

	Name or company name of the administrators or managers or their controlled or jointly controlled entities	Name or company name of the company or entity within its group	Relationship	Amount (thousands of euros)	Approving body	Identity of the significant shareholder or director who has abstained	The proposal to the board, if applicable, has been approved by the board without a vote against by the majority of independents
(1)	CESAR CAÑEDO-ARGÜELLES TORREJON	INSE RAIL, S.L.	Management or partnership agreements	22	Board of Directors	César Cañedo-Argüelles Torrejon	NO
(2)	LUIS FERNANDO MARTIN AMODIO HERRERA	JETFLIGHT SERVICES, S.A. DE C.V.	Contractual	58	Board of Directors	Proprietary directors representing the interests of Solid Rock Capital, S.L.U. and Forjar Capital, S.L.U.	NO

	Name or company name of the administrators or managers or their controlled or jointly controlled entities	Nature of the operation and other information necessary for its evaluation
(1)	CESAR CAÑEDO-ARGÜELLES TORREJON	Contractual
(2)	LUIS FERNANDO MARTIN AMODIO HERRERA	Other operating expenses

The related party transaction with JETFLIGHT SERVICES, S.A. DE C.V. is related to three proprietary directors: Luis Fernando Martin Amodio Herrera, Julio Mauricio Martin Amodio Herrera and Luis Fernando Amodio Giombini.

- D.4** Report individually on intragroup transactions that are significant due to their amount or relevant due to their subject matter that have been undertaken by the company with its parent company or with other entities belonging to the parent's group, including subsidiaries of the listed company, except where no other related party of the listed company has interests in these subsidiaries or that they are fully owned, directly or indirectly, by the listed company.

In any case, report any intragroup transaction conducted with entities established in countries or territories considered as tax havens:

Company name of the entity within the group	Brief description of the operation and other information necessary for its evaluation	Amount (thousands of euros)
No data		

- D.5** Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties pursuant to the international accounting standards adopted by the EU, which have not been reported in previous sections.

Company name of the related party	Brief description of the operation and other information necessary for its evaluation	Amount (thousands of euros)
No data		

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

The Regulations of the Board Directors establish, among others, as basic obligations arising from the director's duty of loyalty the adoption of the necessary measures to avoid situations in which their interests, either as independent professionals or as employees, may be in conflict with the corporate interests of, and their duties to, the Company and in particular require the director to refrain from:

- Performing transactions with the Company other than ordinary transactions performed under standard conditions for customers and of scant significance, i.e., those where the related information is not necessary to give a true and fair value of the equity, financial position and results of the Company.
- Using the Company name or their position as director to unduly influence the performance of personal transactions.
- Using corporate assets, including the Company's confidential information, for personal ends.
- Exploiting the Company's business opportunities.
- Obtaining benefits or remuneration from third parties other than the Company and its Group associated with the discharge of their position, except merely as a courtesy.
- Performing activities as independent professionals or as employees (current or potential) that involve effectively competing with the Company or that, in any other way, place them in a situation of ongoing conflict with the interests of the Company.

2. These provisions also apply if the beneficiary of the acts or of the prohibited activities is a person related to the director.

3. In any case, directors must notify the Board of Directors of any direct or indirect conflict of interest that they or persons related to them might have with the interests of the Company.

Conflicts of interest in which directors might be involved must be disclosed in the notes to the financial statements.

The Company may waive the prohibitions outlined above in certain cases, authorising a director or a related person to carry out a certain transaction with the Company, to use certain corporate assets, to take advantage of a specific business opportunity, or to obtain a benefit or remuneration from a third party. When the subject matter of the authorisation is exemption from the prohibition on obtaining a benefit or remuneration from third parties or affects a transaction whose value exceeds 10% of the Company's assets, such authorisation must necessarily be agreed upon at the Annual General Meeting. In all other cases, authorisation may be granted by the Board of Directors, provided that the independence of the Board members granting the exemption is guaranteed with respect to the exempt director. It shall also be necessary to ensure the harmless nature of the authorised transaction regarding assets and liabilities and, where appropriate, its performance on an arm's length basis and the transparency of the process. The obligation not to compete with the Company may only be waived in the event that no damage is expected to be caused for the Company or the expected damage is offset by the benefits expected to be obtained as a result of the waiver. The waiver shall be granted by means of an express and separate resolution of the General Meeting. In any event, at the request of any shareholder, the General Meeting shall resolve on the removal of the director carrying on competing activities where the risk of damage to the Company is deemed significant. When use of corporate assets is authorised, the director may be exceptionally exempted from the obligation to pay consideration, but in that case the economic benefit will be considered as indirect remuneration and require authorisation by the Board of Directors, based on a report from the Nomination and Remuneration Committee. If the benefit is received as a shareholder, it will only be authorised if the principle of equal treatment of shareholders is upheld.

The Board will be apprised, in any case, of any economic or commercial relationships that may arise between the director and the Company.

Moreover, the regulation on procedures for related party transactions in force at the Company requires all beneficiaries thereof (directors and senior executives) to be aware of, and comply with, the regulated procedure, and take the appropriate measures to ensure compliance by OHLA and the Group.

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

☐ Yes
☒ No

E. RISK MANAGEMENT AND CONTROL SYSTEMS

E.1 Explain the scope of the company's financial and non-financial risk management and control system, including tax risk.

OHLA Group's Risk Management System works in a comprehensive and ongoing manner, through operational divisions and corporate functional areas, consolidating this management at Group level.

E.2 Identify the bodies within the company responsible for preparing and executing the financial and non-financial risk management and control system, including tax risk.

RESPONSIBILITIES ATTRIBUTED TO THE BOARD OF DIRECTORS:

The Board of Directors is the most senior decision-making body of the Company and, as detailed in Article 5 3b) of its Regulations, it must directly exercise "the policy on risk control and management, including tax risks, and oversight of the internal reporting and control systems".

It performs its work through the Audit and Compliance Committee ("the Audit Committee").

RESPONSIBILITIES ATTRIBUTED TO THE AUDIT COMMITTEE:

The Audit Committee's remit, notwithstanding any duties imposed by law, the General Meeting or the Board of Directors, includes the following, as indicated in Article 23 f) of the Bylaws and Article 15 of the Regulations of the Board of Directors: "supervise the effectiveness of internal control, the Company's internal audit services and risk management systems, and review the appointment and replacement of their officers and discuss with the auditors of the financial statements the significant weaknesses of the internal control system detected in the performance of the audit".

RESPONSIBILITIES ATTRIBUTED TO THE RISK AND INTERNAL CONTROL DEPARTMENT:

See section F.5 – Supervision of the functioning of the system.

RESPONSIBILITIES ATTRIBUTED TO THE INTERNAL AUDIT DEPARTMENT:

See section F.5 – Supervision of the functioning of the system.

E.3 Indicate the main financial and non-financial risks, including tax risks, as well as those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant and may affect the achievement of business objectives.

The main risks that could affect the achievement of OHLA's objectives are as follows:

- Liquidity risk and access to financial markets: understood as the ability to meet payment obligations or the difficulty in securing guarantees or the necessary financing at the appropriate time and at a reasonable cost.
- Project management risk: defined as the potential breach by a customer of its contractual obligations, e.g. the delay or failure to recognise work performed or a restoration of financial equilibrium that affects profitability.
- Contracting risk: the risk of not identifying market opportunities in time or, after identifying an opportunity, the risk of not defining the bid appropriately due to a lack of resources or qualifications.
- Price volatility and resource scarcity risks: OHLA Group is exposed to the risk of shortages of human resources, subcontractors and suppliers, and certain products in its footprint markets. Moreover, increases in prices of certain cost components, such as raw materials (e.g. bitumen, steel), and energy prices affect the costs of the main supplies of goods and services the Group requires to carry on its operations. There might also be shortages or logistics disruptions that could cause delays in deliveries or the provision of goods and services.
- Market and business environment risks: political unrest or changes in the legal and regulatory environment in countries where OHLA operates can have significant impacts on the Company's ability to achieve its business objectives. Changes in foreign exchange rates and interest rates can affect both OHLA's expected margins on projects and the investment decisions of market agents. Meanwhile, political and territorial disputes among EU Member States add a further element of uncertainty.
- Personnel risk: the ability to satisfy the performance obligations of projects with the right personnel and at the right time.
- Systems and cybersecurity risk: market and business trends, with continuous and rapid changes, require adapting systems to new realities quickly. This poses a risk for the Group if it does not have optimal systems.

Meanwhile, OHLA faces a risk of cyberattacks that could compromise the security and the operations of the Company's assets, potentially affecting the normal course of business operations and causing leaks of sensitive information.

- Litigation and arbitration risk: this is the risk that the outcome of lawsuits or arbitration proceedings related to disputes with customers or suppliers will be rulings against OHLA's interests.
- Risk of measurement of assets and liabilities in the statement of financial position: understood as the risk of a decrease in the value of assets or an increase in the value of liabilities.

Other risks that might affect the achievement of the Company's objectives are as follows:

- Reputational risk: the potential negative impact on OHLA's public image and how it is perceived in the marketplace. This risk refers particularly to the organisation's loss of financial solvency and technical, operational, ethical, social and environmental credibility vis-à-vis its stakeholders.
- Foreign currency risk and local currency depreciation: defined as the adverse trends in the exchange rate of two currencies, over a specific period, with effects on the statement of profit or loss. It also considers the risk of loss of purchasing power in local currency.
- Risk of climate change and natural disasters: given the countries where the bulk of its activity is carried out and the nature of its activities, OHLA Group is subject to the risk of interruption of its business activities as a result of natural disasters, such as earthquakes, hurricanes, floods and extreme weather events.
- Occupational risks: defined as the inadequate management and prevention of risks that may lead to occupational accidents.
- Risks relating to incidents that violate human rights: these are risks affecting workers, suppliers and members of the community that may arise from the construction work and projects carried out by OHLA.

E.4 Indicate whether the entity has risk tolerance levels, including for tax risk.

OHLA Group has a risk tolerance level (i.e. acceptable level of risk) established at corporate level.

It defines risk tolerance as the expression of the acceptable or unacceptable level of risk.

Risk tolerance levels are defined for the main risk areas the Group faces and included in the Risk Management Regulations approved by the Board of Directors. Factors considered in determining the level of risk tolerance include risk-return ratio, the primary risk response approach, and risk response decision-making criteria.

The Group has defined certain situations that, if they arise in the course of a transaction, give rise to an intolerable risk (i.e. red lines). The Board of Directors has approved the level of authorisation within the Group to address these situations.

OHLA Group has zero tolerance for occupational health and safety, regulatory compliance, and reputation and ethics risks. Regarding reputation and ethics, OHL, S.A. has UNE-ISO 37001 (anti-bribery management systems) and UNE 19601 (criminal compliance management systems) certification. It also has an Internal Compliance Control system that demonstrates that the Company operates on the basis of internationally recognised best practices to combat offences within its organisation, in line with the requirements of Spain's Criminal Code.

E.5 Indicate which financial and non-financial risks, including tax risks, have materialised during the year.

SEE SECTION H.1.

E.6 Explain the response and oversight plans for the company's main risks, including tax risks, as well as the procedures followed by the company in order to ensure that the Board of Directors responds to any new challenges that arise.

Controlling and managing the risks to which the Group's operations are subject are part of OHLA's regulatory and operational framework. When applied by the organisation in carrying out its operations, it can:

- Identify the risks that can affect the achievement of objectives and understand the factors that could trigger risk events and their potential consequences.
- Determine the context that will enable OHLA Group to focus its risk management efforts in step with the environment in which it operates and the business it carries out.
- Analyse and assess risks, to understand the magnitude of both the positive aspects and the negative implications of a risk event, and the vulnerability to this risk event (i.e. probability of occurrence based on the current level of control). The assessment of the magnitude (impact) and vulnerability to potential risks enables OHLA Group to prioritise and, therefore respond to, its risks so that the focus is on those that pose the greatest threat to achievement of its objectives.
- Respond to risks, to put the risk treatment or response options into practice and make integrated decisions in light of the business and context so that the responses are aligned with the Group's defined risk tolerance. Treating risk not only aims to minimise the potential damage, but also to maximise the potential growth of opportunities. Risk responses can be classified into the follow types:
 - Reduce: actions aimed at minimising the impact and/or exposure to a risk.
 - Accept: actions aimed at maintaining the risk at acceptable levels.
 - Share: actions aimed at sharing the risk with third parties by taking out insurance, process outsourcing, distributing risk through agreements, or other similar actions.
 - Avoid: actions aimed at eliminating, where possible, the factors giving rise to the risk.
- Follow-up and review: to assess, on an ongoing basis, the effectiveness and relevance of the risk-management decisions taken and to implement the pertinent corrective measures.

F. INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATING TO THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)

Describe the mechanisms forming your company's Internal Control over Financial Reporting (ICFR) system.

F.1 The entity's control environment.

Report on at least the following, describing their principal features:

- F.1.1** The bodies and/or departments that are responsible for: (i) the existence and maintenance of an adequate and effective ICFR system; (ii) its implementation; and (iii) its supervision.

RESPONSIBILITIES ATTRIBUTED TO THE BOARD OF DIRECTORS:

The Board of Directors is the most senior decision-making body of the Company and, as provided for in Article 5 3b) of the Board Regulations, its responsibilities include "approval of general corporate policies and strategies and of the Company's basic organisation and, in particular, the policy on risk control and management, including tax risks, and oversight of the internal reporting and control systems".

The Board of Directors has a supervisory role regarding the Internal Control over Financial Reporting (ICFR) system, understanding the risks relating to the Group's financial reporting objectives and the controls established by the Board to mitigate them.

It performs its oversight work through the Audit and Compliance Committee ("the Audit Committee") and the Internal Audit Department.

RESPONSIBILITIES ATTRIBUTED TO THE AUDIT COMMITTEE:

The Audit Committee's remit, notwithstanding any duties imposed by law, the General Meeting or the Board of Directors, includes the following responsibilities according to Article 23 f) of the Bylaws and Article 15 of the Regulations of the Board of Directors:

1. Supervising the effectiveness of the Company's internal control, internal audit services and risk management systems, and reviewing the appointment and replacement of their officers and discussing with the auditors of the financial statements the significant weaknesses of the internal control system detected in the performance of the audit.
2. Overseeing the financial reporting preparation and presentation process and reviewing the appointment and replacement of the persons responsible.
3. Reviewing the Company's financial statements, monitoring compliance with legal requirements and the correct application of generally accepted accounting principles, and reporting on proposals for changes in accounting principles and policies put forward by management.

RESPONSIBILITIES ATTRIBUTED TO MANAGEMENT:

The General Economic and Financial Department has overall responsibility for the design, implementation and maintenance of the internal controls of the Group's ICFR system to ensure the quality of the information. This responsibility is outlined in the Functions Handbook and the Group's Financial Reporting System Oversight Model.

The ICFR system of each company and/or department is the responsibility of their most senior manager and Economic and Financial Manager.

The Risk and Internal Control Department works together with the General Economic and Financial Department in assessing the impact of reported incidents and monitoring implementation of the action plans to resolve them. This responsibility is outlined in the Financial Reporting System Maintenance and Reporting Instructions.

OHLA Group's Internal Audit Department checks the reliability of the risk management and internal control systems and the quality of information and, in particular, reviews the ICFR system and the adequacy of the controls in place. This responsibility is included in the Internal Audit Charter approved by the Board of Directors, in the Group's Functions Handbook and in its Financial Reporting System Oversight Model.

F.1.2 Indicate whether the following exist, especially in relation to the drawing up of financial information:

- Departments and/or mechanisms in charge of: the design and review of the organisational structure; (ii) clear definition of lines of responsibility and authority with an appropriate distribution of tasks and functions; and (iii) ensuring that adequate procedures exist for their proper dissemination throughout the entity.

The Board of Directors' policy is to delegate the normal management of the Company to the executive bodies and the management team, and focus its efforts on defining the business and organisational policy and discharging its general oversight function.

The Group's Chief Executive Officer is responsible for designing and reviewing the organisational structure, and proposing any changes to the Group's basic organisational chart.

The General Organisation and Corporate Resources Department is responsible for implementing improvements to the Group's organic structure, proposing structural optimisation and efficiency measures, and defining the reporting lines and domains of competency of the Group's basic structure.

The Chief Executive Officer is responsible for approving the basic organisational charts of the General Departments under his or her authority, and for proposing to the Board of Directors the Group's model and organic structure, and its functioning.

The Nomination and Remuneration Committee's basic responsibilities include proposing to the Board of Directors the annual remuneration system and amounts paid to the members of the Management Committee, and the criteria for the remuneration of the Group's other management staff.

The Group has basic and detailed organisational charts covering the entire organisation, which are available to all Group employees.

It also has a Basic Functions Handbook, approved by the Board based on a report by the Nomination and Remuneration Committee and updated in 2021, which describes the reporting line, composition and basic functions of each governance body, the structure of the Group and its operating divisions. The Handbook is available to Group employees on the corporate Intranet.

The Organisational Chart and the Functions handbook are updated periodically and when circumstances dictate.

- Code of conduct, the body approving this, degree of dissemination and instruction, principles and values covered (stating whether there is specific mention of record keeping and preparation of financial information), body charged with analysing breaches and proposing corrective actions and sanctions.

SEE SECTION H.1.

- Whistleblower channel allowing notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, indicating whether this channel is confidential.

OHLA Group has a whistleblower channel (the "Ethics Channel") governed by an internal procedure published in the Company's body of regulations.

The Ethics Canal is available to all OHLA personnel and stakeholders wishing to ask any questions or report, on good faith, any conduct that could imply, by action or omission, irregularities, breaches or infringements of the rules and principles of action outlined in the Code of Ethics, and other regulations or procedures that make up the Company's internal rules and regulations, or are against the law.

The Compliance Department is responsible for receiving and processing the complaints and consultations received through the Ethics Channel, which is available in Spanish and English on the corporate Intranet, the Group's website (<https://www.canaletico.ohla-group.com>), or by post (OHLA Group Ethics Channel - Compliance Department: Pº Castellana, 259 D. Torre Espacio, 28046 Madrid. Therefore, it is widely accessible.

The procedure of the Group's Ethics Channel provides, *inter alia*, specifies how to process complaints to ensure confidentiality, fair treatment and the absence of retaliation: notification, analysis, investigation and resolution. Before the Audit Committee examines a complaint, the Compliance Department collates the information it deems necessary to form an opinion about whether a matter or substance exists that would enable it to determine whether or not to initiate an investigation. This phase ends with a decision by the Ethics Channel Manager (Compliance Department) on whether to accept the complaint for processing, which must be approved by the Audit Committee. Where there is a conflict of interest, a proposal to reject the complaint or reasons of urgency, the complaint must be reported to the Audit Committee.

OHLA Group allows complaints to be reported anonymously. However, to be accepted for processing, sufficient evidence of the reported facts must be provided so that the investigation can focus on specific facts.

Once the investigation is concluded, the Compliance Department informs the Audit Committee of the conclusions of the reports carried out in this stage and proposes the adoption of the measures it deems necessary for the definitive resolution of the matter.

In 2021, a total of 30 communications of potential breaches of the Code of Ethics (as well as various queries) were received. Of these, 25 were made through the Ethics Channel and the other nine through other channels. Of the complaints, 15 complaints were investigated and 15 either dismissed or referred to other areas or departments as they did not represent violations of the Code of Ethics.

All complaints accepted were or are being duly investigated and the consultations answered, in line with the internal procedures in place. At year-end, five were still being investigated.

- Training and periodic refresher programmes for staff involved in the preparation and revision of financial information, as well as assessment of the ICFR (Internal Control System for Financial Information), that covers at least accounting rules, audits, internal control and risk management.

For training and periodic refresher courses for staff involved in the preparation and review of the financial information, topics related to economic and financial improvements and updates have been included in the Group's training catalogue.

Meanwhile, all personnel responsible for the Group's financial reporting have access to a digital archive of all ICFR system regulations, the Group's Accounting Policies Handbook and the other accounting legislation used generally. All of internal regulations regarding financial reporting and financial reporting processes are available on the Group's Intranet.

F.2 Assessment of risks in financial reporting.

Report on at least the following:

F.2.1 The main characteristics of the risk identification process, including risks of error and fraud, as regards:

- Whether the process exists and is documented:

See section H.1.

- Whether the process covers all the objectives of financial reporting, (existence and occurrence; completeness; valuation; presentation; disclosure and comparability; and rights and obligations), whether it is updated and if so how often.

See section H.1.

- The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex corporate structures or special purpose vehicles.

See section H.1.

Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.

See section H.1.

The governing body within the company that supervises the process.

See section H.1.

F.3 Control activities.

Report on whether the company has at least the following, describing their main characteristics:

F.3.1 Review and authorisation procedures for financial information published by the stock markets and a description of the ICFR, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including financial closing procedures and the specific review of judgements, estimates, valuations and relevant forecasts.

The Group has a detailed procedure for disclosing financial information to third parties, so that both the preparation and dissemination of such information have the utmost guarantees.

The Group's General Economic and Financial Department is charge of preparing the Group's financial information.

Before disclosure to the markets, the Board of Directors must approve this financial information, based on a favourable report by the Audit Committee, analysing it and requesting any clarifications it deems necessary, both internally and from the Group's external auditor.

These activities are performed for the interim, quarterly and half-yearly financial reporting, as well as for the annual reporting. Half-yearly and annual reporting is subject to approval by the Company's Board of Directors.

The procedure for disclosing financial information to third parties also governs how to act regarding other issues, such as:

- Inside information
- Financial information for other securities markets
- Financial information for analysts and investors, financial institutions and rating agencies
- Statistics
- Tenders and bids
- Financial information required in agreements

Individuals in charge of preparing, authorising and disclosing public financial information are established for each case.

Documentation on flows of activities and controls

A basic step to ensuring the reliability of the information is the analysis of critical processes and subprocesses affecting the preparation of such information. The aim is to facilitate the risk identification described and the implementation of controls. In this connection, the work comprises the following steps:

1. Identifying the critical processes, and the sub-processes comprising each one of them, which play a part, directly or indirectly, in the generation of the financial information for the companies included in the scope.
2. Describing the flow of activities using process and sub-process flowcharts.
3. Identifying key control activities that mitigate the identified risks that might affect the generation of financial information, identifying the person in charge of control, the frequency of the activity, the type of control (detective or preventive), the type of execution (manual or automatic) and the related supporting documentation.

The activity flow documentation compiled in the course of the processes and sub-processes is available to all employees on the Group's intranet.

The documented processes include the accounting close, reporting and consolidation process, taking into account the specific review of the significant judgements and estimates made.

The Group has a governance, risk and compliance (GRC) IT tool that supports its ICFR system structure and serves as a database for all the material processes and sub-processes of the Group companies. This allows for integrated reporting and oversight of the ICFR system for all material processes and sub-processes of the Group companies within its scope

The Group's General Economic and Financial Department, supported by the various divisions, is responsible for updating processes and activities. It reports to the Audit Committee regularly on the stage of completion of the work performed in relation to the ICFR system and the improvement processes implemented.

F.3.2 Internal IT control policies and procedures (access security, control of changes, system operation, operational continuity and segregation of duties, among others) which support significant processes within the company relating to the preparation and publication of financial information.

OHLA's ICFR model envisages the IT processes that include the environment, architecture and infrastructure of the information technologies, as well as the applications related to transactions that directly affect the Company's main processes and, accordingly, the financial reporting and accounting close processes.

The Group's Information Systems Department is responsible for the information systems. Its duties include defining and monitoring the security policies and standards for applications and infrastructure that support the internal control model within the area of information technologies.

In relation to the internal control framework of the information systems, areas considered priority areas relate to application security and access control, data protection, developments of applications in response to the Group's needs, and the ability to recover from a security incident that could affect business operations.

Within these areas, the following items relating to the applications supporting the financial reporting system are considered to be particularly relevant:

- Physical security of the data processing centres.
- Management of the demand for developments and functional changes.
- Management of IT development flow.
- Management of cybersecurity risks.
- Management of incidents.
- Management of continuity of economic processes.

In addition, in 2021 actions were taken to set up control, monitoring and reporting of the IT systems that support business processes with an impact on the financial reporting, including:

In infrastructure:

- Continued rollout and review of data processing centres (DPC) of the headquarters, in a bid to enhance monitoring of end-to-end traffic so as to achieve a better diagnosis of networks.
- Start of deployment of probes at several facilities and construction sites to gather information on availability of communications for timely detection of connection, speed or other incidents.
- Continuation of the migration of all Group computers to Windows 10 for increased security.
- Kick-off of an Active Directory unification project, to have a corporate-wide set of users and computers with the same policies throughout the Group, allowing for better segmentation of user rights.
- Implementation of a third back-up copy in the cloud of existing infrastructure in the DPC so a back-up copy is available that does not rely on a physical instance.

In applications:

- Completion of the architecture definition required for centralised data collection and processing in the data management initiative.
- Further development of the data management initiative to have dashboards and indicators at different levels of management in the following areas and/or processes: Construction project record (operational and aggregated), HR indicators and general services and indicators of bids presented.
- Implementation of an international aggregate dashboard in GCONS, which aggregates all data of companies operating in OHLA Group's Construction business, including information and indicators for cash generated, cash flow and EBITDA, with the aim of managing and displaying aggregated data.
- Continued rollout of the invoice approval process for construction work areas in Latin America. This project aims to make the process more time efficient and automate controls in the invoice management process.

In IT governance:

- Review and update of all regulations of the Corporate IT Systems Department.
- Review and optimisation of categories and sub-categories of incidents handled using the Group's management tool at corporate and at each local level.
- Implementation of an incident management process through the Group's services management tool for local incidents in organisational units in Latin America.

- Start of optimisation of the corporate services catalogue of the Information Systems Department using the Group's services management tool to enhance user searches and browsing.

In IT security:

- Continued rollout of the data protection measures, including equipment internationally to apply security settings using encryption and automatically distributing security updates.
- Deployment of a data protection system to address the growing threat of ransomware and to safeguard data in the event of a data loss incident.
- Implementation of a two-factor authentication security mechanism for access to internal applications and the network environment.
- Implementation of communications, infrastructure and systems usage monitoring to detect anomalies and incidents that could affect business operations.
- Implementation of a disaster recovery system to restore operations in the event of a serious incident that affects normal operation.

F.3.3 Internal control policies and procedures for overseeing the management of activities subcontracted to third parties, as well as of those aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect financial statements.

The Group has internal control procedures in place aimed at overseeing the information included in the financial statements of temporary business associations (UTES) and joint ventures (JVs) in which it holds an interest.

This procedure distinguishes between UTES managed by the Group and those that are not. For managed UTES, since the information is managed in the Group's systems, the same controls and accounting policies followed for the rest of the Group are applied.

When the Group is not responsible for management of the UTES/joint ventures/consortia, information review and uniformity processes are carried out, where necessary for inclusion in the Group's financial statements, and the basic economic and financial criteria are set by mutual agreement with the partners. In both cases, review work is also performed through the Group's representatives on the management committees.

For valuations requested from independent experts, the criteria used are analysed to verify their suitability and the valuations are discussed in detail. Where reports are not deemed to be conclusive or controversial aspects arise, additional opinions are requested for their clarification. Where valuations are based on estimates by the Group's various divisions, the assumptions used and their reasonableness are verified by the General Economic and Financial Department.

For other significant judgements, estimates and projections, a detailed review is conducted. Particular attention is paid to the criteria used in the medium- and long-term projections performed by the Group's various subsidiaries / divisions and whether they are consistent in respect of all the parameters used.

F.4 Information and communication.

Report on whether the company has at least the following, describing their main characteristics:

- F.4.1 A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.

ACCOUNTING POLICIES HANDBOOK:

The Group has an Accounting Policies Handbook designed to summarise the Group's general accounting principles, measurement bases and general accounting policies and the specific accounting policies of each division. Compliance with the handbook is mandatory for all OHLA Group companies.

The Group's General Economic and Financial Department is responsible for the internal application of the accounting policies.

In both cases, the General Economic and Financial Department informs the Audit Committee of any updates before they are made.

For matters not detailed in the Accounting Policies Handbook, International Financial Reporting Standards (IFRSs) are applied.

RESPONSIBILITIES OF THE AUDIT COMMITTEE:

According to Article 15 l) of the Company's Board Regulations, the basic responsibility of the Audit Committee is as follows: "Reviewing the Company's financial statements, monitoring compliance with legal requirements and the correct application of generally accepted accounting principles, and reporting on proposals for changes in accounting principles and policies put forward by management."

The Audit Committee actively discharges this responsibility by being informed of the accounting updates proposed by the Group's General Economic and Financial Department, and developments in accounting legislation, in the process of being approved by the IASB, that may affect the Group.

This information is also discussed with the Group's auditors in regular meetings held with the Audit Committee.

In addition, the reports issued by Internal Audit and also received by the Audit Committee usually address the review of the proper application of the accounting principles within the areas or review projects as part of their planned engagements.

F.4.2 Mechanisms for capturing and preparing financial information in standardised formats for application and use by all units of the entity or group, and support its main financial statements and notes, as well as disclosures concerning ICFR.

The Group has a procedure in place, managed by the Group's General Economic and Financial Department, for obtaining periodic financial information from all divisions. It describes the financial reporting models that Group subsidiaries must send regularly, indicating the persons responsible for their preparation and update.

This procedure includes:

- The Group's accounting close timetable.
- A mandatory standardised monthly financial reporting model, which in most cases includes traceability of the information from the IT system and detailed instructions for its completion.
- A standardised annual financial reporting model for preparation of the notes to the Group's financial statements, with detailed instructions for its completion.
- Internal system for sending corporate information.

Any significant change in this procedure is reported to the Audit Committee.

ICFR SYSTEM MAINTENANCE AND REPORTING

An ICFR system maintenance and reporting procedure is in place for internal control purposes aimed at periodically reporting on its functioning.

The persons responsible for updating and maintaining the ICFR system at the companies included within the ICFR system scope must keep each process up to date, based on a specified assignment of responsibilities.

Similarly, a half-yearly reporting procedures is in place to facilitate internal knowledge regarding the degree of compliance of the ICFR system.

The Reporting Model is submitted to the Group's General Economic and Financial Department by the economic and financial head of each subsidiary on a half-yearly basis. In a bid to achieve continuous improvement, all changes and incidents reported by each subsidiary are evaluated by the General Economic and Financial Department so that the ICFR system is kept up to date and in step with the applicable circumstances.

In 2021, so as to comply with the ESEF Regulation, the General Economic and Financial Department implemented an IT tool for XBRL labelling of the consolidated financial statements and the notes to the annual financial statements with a view to publication of the financial statement in XHTML format. The financial statements will eventually be published on the Group's website in that format. This was done by the Group voluntarily in 2020.

F.5 Supervision of the functioning of the system.

Report on at least the following, describing their principal features:

- F.5.1 The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function one of the responsibilities of which is to provide support to the committee in its task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible prepares the assessment reports on its results, whether the company has an action plan describing possible corrective measures, and whether its impact on financial reporting is considered.

INTERNAL AUDIT DEPARTMENT:

The Board of Directors instigated the creation of the Group's Internal Audit Department. The aim was to have an independent and objective assurance, internal control and consultation service that supported the organisation in effectively discharging its responsibilities, executing its strategy and achieving its objectives.

The Internal Audit Department is part of OHLA Group's organisation, but not an executive body. It operates in accordance with the policies established by the Board of Directors through its Audit Committee.

"The Internal Audit Department reports to the Audit Committee and its basic functions, as outlined in the Internal Audit Charter, are as follows:

- Reviewing the accuracy, reliability, quality and completeness of the records and the financial and operating information. This entailed checking the reliability and effectiveness of the internal control and risk management systems and related processes, and, in particular, reviewing the IFRC system and the adequacy of the controls in place.
- Providing information to the Board of Directors, through the Audit Committee, to facilitate its potential assessment regarding the adequate and efficient use of the Group's resources.
- Overseeing that risk management is aligned with OHLA Group's policies and Code of Ethics.
- Verifying the existence and status of assets and checking that the measures to protect their integrity are suitable.
- Verifying that rules, procedures and processes are in place to govern the main activities appropriately and allow for the correct measurement of their economy and efficiency.
- Assessing the degree of compliance with the rules, instructions and procedures established within the Group. This includes verifying compliance with relevant legislation and, specifically, the correct operation of compliance systems in place within the organisation, e.g. the crime prevention and anti-corruption systems.
- Proposing the implementation, amendments, reviews or adaptations of processes and internal regulations that are necessary to improve operations.
- Reviewing OHLA Group's newly issued internal regulations or their amendments before their definitive approval.
- Maintaining coordinated relationships with the work performed by the external auditor as a complementary, and not a subsidiary or substitute, activity.
- Issuing recommendations to help correct anomalies or shortcomings detected in the course of the work and monitoring their implementation.
- Preparing and presenting the proposed Annual Internal Audit Plan and the internal audit activity report to the Audit and Compliance Committee.
- Performing any specific task entrusted to it by the Audit Committee.
- Keeping an up-to-date inventory of fraud risks and the associated controls and testing the effectiveness of those controls on a rotating annual review basis.
- Conducting and coordinating investigations into potential irregularities reported through the Ethics Channel or uncovered during audits.
- Attending as a guest to various internal Group committees' meetings to learn about the activities performed, monitoring recommendations and contributing value.

All these functions are discharged exclusively by the members of the Internal Audit Department and not combined with other duties."

RISK AND INTERNAL CONTROL DEPARTMENT:

The Group has a Risk and Internal Control Department, which reports to the Audit Committee, to promote risk and internal control management. Its main functions are as follows:

- To coordinate, guide and support the strategic, operational, organisational and regulatory actions related to risk management across the entire Group.

- To establish the methodologies and tools for preparing the Risk Map, and to identify and provide warnings regarding changes in the likelihood and/or impacts of the identified risks.
- To lead the process of identifying and assessing risks that may arise during the performance of OHLA's activities by preparing and periodically updating the Risk Map.
- To define, implement and update, with the involvement of the various businesses, the risk management procedures deemed appropriate at Group level.
- To perform ad hoc reviews and assessments of the Group's risk exposure associated with transactions identified as significant or exceptional.
- To prepare the appropriate reports on OHLA's risk position to be reported to the Chief Executive Officer, the Audit Committee and/or the Board of Directors of OHLA.
- To perform appropriate risk management policy training and dissemination activities at Group level.
- To prepare action proposals that reduce the level of, or exposure to, certain types of risks and minimise their impact.
- To prepare a country risk report for presenting bids in countries classified within Group 2 and/or 3 according to the Group's classification.
- To prepare, document and maintain the Internal Control System, compliance with which by the various OHLA Group business areas ensures mitigation of operational and financial reporting risks.
- To identify and communicate the internal control deficiencies detected.
- To prepare and present to the Chief Executive Officer and Audit Committee the annual risk and internal control planning proposal and periodically report on its execution.

ACTIVITIES OF THE AUDIT AND COMPLIANCE COMMITTEE IN 2021:

The Audit Committee's main function is to serve as support to the Board of Directors in overseeing and supervising the functioning of the Group. Its main duties are to:

- Oversee, periodically, the financial information preparation and presentation process.
- Oversee the effectiveness of internal control, internal audit services and the risk management systems.
- Guarantee the external auditor's independence and ascertain its opinion on the significant weaknesses of the internal control system.

The Audit Committee reviews all public financial information submitted by the Group to the CNMV before its approval by the Board of Directors and after publication and gathers all the explanations it deems fit from the Group's General Economic and Financial Department or from any other responsible party.

At its meetings, it reviews all the reports issued by the Internal Audit Department on the Group's subsidiaries regarding projects executed directly or with non-controlling interests and compliance with internal regulations, and any other reports requested by the Committee, as well as those issued by the Internal Risk and Control Department, in relation to the main weaknesses identified and recommendations proposed.

The content of the Internal Audit Department's Annual Plan, which is approved annually by the Audit Committee, is defined based on OHLA Group's general and specific objectives and the risks that may threaten achievement of those objectives, prioritising matters that require particular attention in each functional area. Therefore, it includes a selection from each area of processes or activities that:

- Are a priority in the Group's strategy and risk management.
- Are associated with the possible existence of contingencies or serious breaches for the Group.
- Have previously given rise to a particular problem or indicate a potential anomaly.
- Form part of significant changes in the year or are newly implemented.
- Have not been audited within a reasonable period of time.
- Are of interest to the Group's Board of Directors or management.

In planning its activities, Internal Audit pays special attention to the Risk Map, considering the possible impact of those risks on the processes.

In 2021, audits were performed in the Construction, Industrial, Services and Development activities covering the following processes:

- Construction work and industrial projects.
- Obtainment of indicators and alerts on specific parameters
- Data quality (relevant management data)
- Data processing and control of indirect costs
- Pacadar's statement of financial position
- Achievements of variable remuneration targets
- Anti-bribery management systems.
- Crime prevention system.
- Internal Control over Financial Reporting (ICFR) system.
- Dissemination and awareness of the Code of Ethics
- Anti-Money Laundering system
- Off-site purchases
- Statement of internal regulations at US subsidiaries
- Use of DBEs in the US

Although organisation-wide work was performed in several additional geographical areas, the review of construction or industrial projects was performed in the following countries:

- Colombia
- Chile
- US
- Slovakia
- Spain
- Norway
- Panama
- Peru
- UK
- Czech Republic

As for oversight the ICFR system in accordance with the multi-year rotation plan, in 2021 the implementation and effectiveness of controls was audited through the review of a sample of controls at companies representing the majority of the Group's revenue. No deficiencies were detected as a result of the internal audit work.

Internal Audit, which has a specialised fraud prevention and investigation unit, also performed actions in this area on an ongoing basis throughout the year.

In 2021, work continued to verify compliance with human rights matters and support for the significant environmental parameters used by the Group in sustainability-related reports.

For all the weaknesses described in the reports prepared, the appropriate corrective measures were taken. Significant recommendations are regularly monitored at Management Committee meetings.

The actions taken are included in the Annual Internal Audit Report submitted to the Audit Committee.

Internal Audit also oversees the implementation of any new internal policy or regulation, as well as any amendment to existing regulations or policies, ensuring consistency and compliance with policies established by the Board of Directors.

- F.5.2 Whether there is a discussion procedure whereby the auditor (as defined in the Spanish Technical Audit Standards), the internal auditor and other experts can report to senior management and the audit committee or directors of the company any significant weaknesses in internal control identified during the review of the annual financial statements or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses detected.

Article 15 of the Company's Board Regulations includes the following responsibilities of the Audit Committee:

Section 2c): establish appropriate relations with external auditors to receive information on matters that might compromise the auditors' independence and any other matters related to the financial audit process, and to receive other notifications provided for in auditing laws and technical auditing standards.

Section 2i): supervise the effectiveness of the Company's internal controls and risk management systems, and discuss with the auditor any significant weaknesses in the internal control system that may have been detected over the course of the audit, without compromising its independence. To this end, and where appropriate, it may submit recommendations or proposals to the Board of Directors and the corresponding time frame for follow-up activities.

These responsibilities are performed actively, through regular meetings the Audit Committee holds with the Group's external auditors and with the department managers, and with the Group's Chief Financial Officer, Risk and Internal Control Director, Internal Audit Director and Chief Compliance Officer, who are all permanently invited to attend all of the Audit Committee's meetings.

This way, based on an annual schedule, the Audit Committee calls the heads of each of area in advance to attend in person and give a specific presentation to the committee members on how they manage risk in their respective areas.

The Audit Committee holds meetings with the external auditors at least every six months and annually to be informed of internal control issues detected in the course of the audit which, where applicable, are corrected by updating the affected policies or rules and the controls defined in the Internal Control System. In 2021, the external auditor attended four Audit Committee meetings.

The Audit Committee receives reports on all actions of the Internal Audit Department, the Risk and Internal Control Department and the Compliance Department, and a report on the weaknesses detected and monitoring of compliance with all the significant recommendations made in the performance of its work.

The three departments are in constant communication with the Audit Committee regarding those functions, particularly of preparing and keeping up to date:

- The annual engagement plan.
- The Department's annual budget.
- The reports on each assignment performed.
- The Department's Organisational and Procedural Rules.

The aim is for the Audit Committee to monitor all the activities performed as an effective measure for developing and complying with its oversight responsibilities.

F.6 Other relevant information.

Not applicable.

F.7 External auditor's report.

Report:

F.7.1 Whether the ICFR information sent to the markets has been subjected to review by the external auditor, in which case the entity should include the corresponding report as an attachment. If not, reasons why should be given.

The Group engaged an external auditor to prepare a review report on the ICFR system information described in this document, attached as an Appendix, in line with Guidelines on the Auditor's Report relating to the Information on the ICFR system of Listed Companies, published by the CNMV on its website.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's degree of compliance with recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company's conduct. General explanations are not acceptable.

1. That the articles of incorporation of listed companies should not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of its shares on the market.

Complies [☒] Explain [☐]

2. That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:

- a) The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.
- b) The mechanisms in place to resolve any conflicts of interest that may arise.

Complies [☐] Complies partially [☐] Explain [☐] Not applicable [☒]

3. That, during the ordinary General Shareholders' Meeting, as a complement to the distribution of the written annual corporate governance report, the chairman of the Board of Directors should inform shareholders orally, in sufficient detail, of the most significant aspects of the company's corporate governance, and in particular:

- a) Changes that have occurred since the last General Shareholders' Meeting.
- b) Specific reasons why the company has not followed one or more of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.

Complies [☒] Complies partially [☐] Explain [☐]

4. That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders. And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.

And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate (communication media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

Complies [X] Complies partially [] Explain []

5. That the Board of Directors should not submit to the General Shareholders' Meeting any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of pre-emptive rights in an amount exceeding 20% of the capital at the time of delegation.

And that whenever the Board of Directors approves any issue of shares or convertible securities with the exclusion of pre-emptive rights, the company should immediately publish the reports referred to by company law on its website.

Complies [X] Complies partially [] Explain []

6. That listed companies that prepare the reports listed below, whether under a legal obligation or voluntarily, should publish them on their website with sufficient time before the General Shareholders' Meeting, even if their publication is not mandatory:

- a) Report on the auditor's independence.
- b) Reports on the workings of the audit and nomination and remuneration committees.
- c) Report by the audit committee on related party transactions.

Complies [X] Complies partially [] Explain []

7. That the company should transmit in real time, through its website, the proceedings of the General Shareholders' Meetings.

And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

Complies [X] Complies partially [] Explain []

8. That the audit committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals.

Complies [X] Complies partially [] Explain []

9. That the company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies [X] Complies partially [] Explain []

10. That when a duly authenticated shareholder has exercised his or her right to complete the agenda or to make new proposals for resolutions in advance of the General Shareholders' Meeting, the company:

- a) Should immediately distribute such complementary points and new proposals for resolutions.
- b) Should publish the attendance, proxy and remote voting card specimen with the necessary changes such that the new agenda items and alternative proposals can be voted on in the same terms as those proposed by the Board of Directors.
- c) Should submit all these points or alternative proposals to a vote and apply the same voting rules to them as to those formulated by the Board of Directors including, in particular, assumptions or default positions regarding votes for or against.
- d) That after the General Shareholders' Meeting, a breakdown of the voting on said additions or alternative proposals be communicated.

Complies [] Complies partially [] Explain [] Not applicable [X]

11. That, if the company intends to pay premiums for attending the General Shareholders' Meeting, it should establish in advance a general policy on such premiums and this policy should be stable.

Complies [] Complies partially [] Explain [] Not applicable [X]

12. That the Board of Directors should perform its functions with a unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximising the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and conducting itself on the basis of good faith, ethics and a respect for commonly accepted best practices, it should seek to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders that may be affected, as well as the impact of its corporate activities on the communities in which it operates and on the environment.

Complies [X] Complies partially [] Explain []

13. That the Board of Directors should be of an appropriate size to perform its duties effectively and in a collegial manner, which makes it advisable for it to have between five and fifteen members.

Complies [X] Explain []

14. That the Board of Directors should approve a policy aimed at favouring an appropriate composition of the Board and that:

- a) Is concrete and verifiable.
- b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and
- c) Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.

That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the nomination committee published upon calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.

The nomination committee will annually verify compliance with this policy and explain its findings in the annual corporate governance report.

Complies [X] Complies partially [] Explain []

15. That proprietary and independent directors should constitute a substantial majority of the Board of Directors and that the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less 30% prior to that date.

Complies []

Complies partially [X]

Explain []

When a vacancy on the Board of Directors arises, the Board specifically ensures that, on filling it, the selection procedures are not afflicted by bias hindering the appointment of women directors and deliberately seek women who could potentially be candidates for the post.

At year-end, the number of female directors of the Company represented 20% of the total members of the Board of Directors, following the resignation of Silvia Villar-Mir on 29 July 2021.

16. That the number of proprietary directors as a percentage of the total number of non-executive directors not be greater than the proportion of the company's share capital represented by those directors and the rest of the capital.

This criterion may be relaxed:

- a) In large-cap companies where very few shareholdings are legally considered significant.
- b) In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.

Complies [X]

Explain []

17. That the number of independent directors should represent at least half of the total number of directors.

That, however, when the company does not have a high level of market capitalisation or in the event that it is a large-cap company with one shareholder or a group of shareholders acting in concert who together control more than 30% of the company's share capital, the number of independent directors should represent at least one third of the total number of directors.

Complies [X]

Explain []

18. That companies should publish the following information on its directors on their website, and keep it up to date:
- a) Professional profile and biography.
 - b) Any other Boards to which the directors belong, regardless of whether or not the companies are listed, as well as any other remunerated activities engaged in, regardless of type.
 - c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.
 - d) Date of their first appointment as a director of the company's Board of Directors, and any subsequent re-elections.
 - e) Company shares and share options that they own.
- Complies [X] Complies partially [] Explain []
19. That the annual corporate governance report, after verification by the nomination committee, should explain the reasons for the appointment of any proprietary directors at the proposal of shareholders whose holding is less than 3%. It should also explain, if applicable, why formal requests from shareholders for presence on the Board were not honoured, when their shareholding was equal to or exceeded that of other shareholders whose proposal for proprietary directors was honoured.
- Complies [] Complies partially [] Explain [] Not applicable [X]
20. That proprietary directors representing significant shareholders should resign from the Board when the shareholder they represent disposes of its entire shareholding. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors.
- Complies [X] Complies partially [] Explain [] Not applicable []

21. That the Board of Directors should not propose the dismissal of any independent director before the completion of the director's term provided for in the articles of incorporation unless the Board of Directors finds just cause and a prior report has been prepared by the nomination committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties inherent to his or her post as a director, fails to complete the tasks inherent to his or her post, or is affected by any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or other similar corporate transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of application of the proportionate representation criterion provided in Recommendation 16.

Complies [X] Explain []

22. That companies should establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which affect them, whether or not related to their actions in the company itself, and which may harm the company's standing and reputation, and in particular requiring them to inform the Board of any criminal proceedings in which they appear as suspects or defendants, as well as of how the legal proceedings subsequently unfold.

And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the nomination and remuneration committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented.

Complies [X] Complies partially [] Explain []

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies to the secretary of the Board of Directors, even if he or she is not a director.

Complies [] Complies partially [] Explain [] Not applicable [X]

24. That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.

And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

Complies [X] Complies partially [] Explain [] Not applicable []

25. That the nomination committee should make sure that non-executive directors have sufficient time available in order to properly perform their duties.

And that the Board regulations establish the maximum number of company Boards on which directors may sit.

Complies [X] Complies partially [] Explain []

26. That the Board of Directors meet frequently enough to be able to effectively perform its duties, and at least eight times per year, following a schedule of dates and agendas established at the beginning of the year and allowing each director individually to propose other items that do not originally appear on the agenda.

Complies [X] Complies partially [] Explain []

27. That director absences occur only when absolutely necessary and be quantified in the annual corporate governance report. And when absences do occur, that the director appoint a proxy with instructions.

Complies [X] Complies partially [] Explain []

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes at the request of the director expressing them.

Complies [] Complies partially [] Explain [] Not applicable [X]

29. That the company should establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies [X] Complies partially [] Explain []

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances make this advisable.

Complies ☒ [X]

Explain ☐ []

Not applicable ☐ []

31. That the agenda for meetings clearly states those matters about which the Board of Directors are to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, under exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.

Complies ☒ [X]

Complies partially ☐ []

Explain ☐ []

32. That directors be periodically informed of changes in shareholding and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies ☒ [X]

Complies partially ☐ []

Explain ☐ []

33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out his duties required by law and the Articles of Association, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances so dictate.

Complies ☒ [X]

Complies partially ☐ []

Explain ☐ []

34. That when there is a coordinating director, the articles of incorporation or Board regulations should confer upon him or her the following powers in addition to those conferred by law: to chair the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; to reflect the concerns of non-executive directors; to liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and to coordinate a succession plan for the chairman.

Complies ☐ []

Complies partially ☐ []

Explain ☐ []

Not applicable ☒ [X]

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account such recommendations regarding good governance contained in this Good Governance Code as may be applicable to the company.

Complies ☒ [X]

Explain ☐ []

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:
- a) The quality and efficiency of the Board of Directors' work.
 - b) The workings and composition of its committees.
 - c) Diversity in the composition and skills of the Board of Directors.
 - d) Performance of the chairman of the Board of Directors and of the chief executive officer of the company.
 - e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the nomination committee.

Every three years, the Board of Directors will rely for its evaluation upon the assistance of an external advisor, whose independence shall be verified by the nomination committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group must be specified in the annual corporate governance report.

The process and the areas evaluated must be described in the annual corporate governance report.

Complies []

Complies partially [X]

Explain []

The Company carried out the evaluation internally without the assistance of any external adviser, mainly due to the implementation of a strict cost containment policy that affects the engagement of external advisers.

37. That if there is an executive committee, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board.

Complies []

Complies partially []

Explain []

Not applicable [X]

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies []

Complies partially []

Explain []

Not applicable [X]

39. That the members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.

Complies [X]

Complies partially []

Explain []

40. That under the supervision of the audit committee, there should be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.

Complies [X]

Complies partially []

Explain []

41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.

Complies [X]

Complies partially []

Explain []

Not applicable []

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1. With regard to information systems and internal control:
 - a) Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group - including operational , technological, legal, social, environmental, political and reputational risk, or risk related to corruption - reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.
 - b) Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit; proposing the budget for this service; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.
 - c) Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.
 - d) Generally ensuring that internal control policies and systems are effectively applied in practice.
2. With regard to the external auditor:
 - a) In the event that the external auditor resigns, examining the circumstances leading to such resignation.
 - b) Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.
 - c) Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.
 - d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks.
 - e) Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence.

Complies [X]

Complies partially []

Explain []

43. That the audit committee be able to require the presence of any employee or manager of the company, even stipulating that he or she appear without the presence of any other member of management.

Complies [X] Complies partially [] Explain []

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draw up a prior report to the Board of Directors on the economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies [X] Complies partially [] Explain [] Not applicable []

45. That the risk management and control policy identify or determine, as a minimum:

- a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks and risks relating to corruption) which the company faces, including among the financial or economic risks contingent liabilities and other off-balance sheet risks.
- b) A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.
- c) The level of risk that the company considers to be acceptable.
- d) Measures in place to mitigate the impact of the risks identified in the event that they should materialised.
- e) Internal control and information systems to be used in order to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies [X] Complies partially [] Explain []

46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal risk control and management function should exist, performed by an internal unit or department of the company which is expressly charged with the following responsibilities:

- a) Ensuring the proper functioning of the risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks affecting the company.
- b) Actively participating in drawing up the risk strategy and in important decisions regarding risk management.
- c) Ensuring that the risk management and control systems adequately mitigate risks as defined by the policy laid down by the Board of Directors.

Complies [X] Complies partially [] Explain []

47. That in designating the members of the nomination and remuneration committee – or of the nomination committee and the remuneration committee if they are separate – care be taken to ensure that they have the knowledge, aptitudes and experience appropriate to the functions that they are called upon to perform and that the majority of said members are independent directors.

Complies [X] Complies partially [] Explain []

48. That large-cap companies have separate nomination and remuneration committees.

Complies [] Explain [] Not applicable [X]

49. That the nomination committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director be able to ask the nomination committee to consider potential candidates that he or she considers suitable to fill a vacancy on the Board of Directors.

Complies [X] Complies partially [] Explain []

50. That the remuneration committee exercise its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

- a) Proposing the basic conditions of employment for senior management to the Board of Directors.
- b) Verifying compliance with the company's remuneration policy.
- c) Periodically reviewing the remuneration policy applied to directors and senior managers, including share-based remuneration systems and their application, as well as ensuring that their individual remuneration is proportional to that received by the company's other directors and senior managers.
- d) Making sure that potential conflicts of interest do not undermine the independence of external advice given to the committee.
- e) Verifying the information on remuneration of directors and senior managers contained in the various corporate documents, including the annual report on director remuneration.

Complies [X] Complies partially [] Explain []

51. That the remuneration committee should consult with the chairman and the chief executive of the company, especially on matters relating to executive directors and senior management.

Complies [X] Complies partially [] Explain []

52. That the rules regarding the composition and workings of the supervision and control committees should appear in the regulations of the Board of Directors and that they should be consistent with those applying to legally mandatory committees in accordance with the foregoing recommendations, including:
- a) That they be composed exclusively of non-executive directors, with a majority of independent directors.
 - b) That their chairpersons be independent directors.
 - c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and require them to render account of their activities and of the work performed in the first plenary session of the Board of Directors held after each committee meeting.
 - d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.
 - e) That their meetings be recorded and their minutes be made available to all directors.

Complies [☐] Complies partially [☒] Explain [☐] Not applicable [☐]

The Board of Directors considers that the duties attributed to the Guarantee Committee suffice.

53. That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the nomination committee, a specialised committee on sustainability or corporate social responsibility or such other specialised committee as the Board of Directors, in the exercise of its powers of self-organisation, may have decided to create. And that such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.

Complies [☒] Complies partially [☐] Explain [☐]

54. The minimum functions referred to in the foregoing recommendation are the following:

- a) Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.
- b) Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.
- c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.
- d) Supervision of the company's environmental and social practices to ensure that they are in alignment with the established strategy and policy.
- e) Supervision and evaluation of the way in which relations with the various stakeholders are handled.

Complies [X] Complies partially [] Explain []

55. That environmental and social sustainability policies identify and include at least the following:

- a) The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct-
- b) Means or systems for monitoring compliance with these policies, their associated risks, and management.
- c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.
- d) Channels of communication, participation and dialogue with stakeholders.
- e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies [X] Complies partially [] Explain []

56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgement of non-executive directors.

Complies [X] Explain []

57. That only executive directors should receive variable remuneration linked to corporate results and personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments referenced to the share price and long-term savings plans such as pension plans, retirement schemes or other provident schemes.

Consideration may be given to delivering shares to non-executive directors as remuneration providing this is conditional upon their holding them until they cease to be directors. The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition.

Complies [X] Complies partially [] Explain []

58. That as regards variable remuneration, remuneration policies should incorporate the necessary limits and technical safeguards to ensure that such remuneration is in line with the professional performance of its beneficiaries and not based solely on general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

- a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk incurred to achieve a given result.
- b) Promote the sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with the company's rules and internal operating procedures and with its risk management and control policies.
- c) Are based on balancing the attainment of short-, medium- and long-term objectives, so as to allow remuneration of continuous performance over a period long enough to be able to assess its contribution to the sustainable creation of value, such that the elements used to measure performance are not associated only with one-off, occasional or extraordinary events.

Complies [X] Complies partially [] Explain [] Not applicable []

59. That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Complies [] Complies partially [X] Explain [] Not applicable []

The annual variable remuneration of the Company's executive directors is linked to the achievement of certain annual targets, the degree of fulfilment of which is determined by the Board of Directors on a recommendation by the Nomination and Remuneration Committee.

According to the Director Remuneration Policy approved by the Annual General Meeting, payment of the Annual Variable Remuneration shall be linked to the achievement of specific business objectives.

60. That remuneration related to company results should take into account any reservations that might appear in the external auditor's report and that would diminish said results.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

61. That a material portion of executive directors' variable remuneration be linked to the delivery of shares or financial instruments referenced to the share price.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

62. That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.

An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the nomination and remuneration committee, to deal with such extraordinary situations as may arise and so require.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

63. That contractual arrangements should include a clause allowing the company to demand reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

64. That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.

For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.

Complies [X]

Complies partially []

Explain []

Not applicable []

H. FURTHER INFORMATION OF INTEREST

1. If there is any significant aspect regarding corporate governance in the company or other companies in the group that has not been included in other sections of this report, but which it is necessary to include in order to provide a more comprehensive and reasoned picture of the structure and governance practices in the company or its group, describe them briefly below.
2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not repetitive.

Specifically, indicate whether the company is subject to any corporate governance legislation other than that of Spain and, if so, include any information required under this legislation that differs from the data required in this report.

3. The company may also indicate whether it has voluntarily subscribed to other ethical or best practice codes, whether international, sector-based, or other. In such case, name the code in question and the date on which the company subscribed to it. Specific mention must be made as to whether the company adheres to the Code of Good Tax Practices of 20 July 2010:

A.5 IF APPLICABLE, INDICATE ANY COMMERCIAL, CONTRACTUAL OR CORPORATE RELATIONSHIPS THAT EXIST BETWEEN SIGNIFICANT SHAREHOLDERS AND THE COMPANY AND/OR ITS GROUP, UNLESS THEY ARE INSIGNIFICANT OR ARISE IN THE ORDINARY COURSE OF BUSINESS:

The main terms of the agreement are as follows:

- (i) the dation in payment of all of the shares of Pacadar owned by GVM to the Company in partial payment of the account payable by GVM to OHL up to an amount equal to the value allocated to the Pacadar shares, taking into account the valuation reports issued by two independent experts;
- (ii) the dation in payment of the shares of Alse Park, S.L. representing 32.5% of its share capital owned by GVM to the Company in partial payment of the account payable owed by GVM to OHL up to an amount equal to the value allocated to the Alse Park shares, taking into account the valuation report issued by an independent expert;
- (iii) the acknowledgement by GVM of a debt of EUR 45,850,415 to OHL following the dation in payment of the Pacadar shares and the Alse Park shares, divided into the following tranches: (i) a tranche of EUR 22,000,000 maturing at five years and secured by a pledge on shares of Espacio Information Technology, S.A.; (ii) a tranche of EUR 11,000,000 maturing at two years and secured by a pledge on certain rights of GVM; and (iii) a tranche of EUR 12,850,415 maturing at five years, payment of which is contingent on the stock market value of the investment held by GVM in Ferroglobe PLC or on its sale at a specified price; and;
- (iv) the release of GVM by the Company from its obligations as joint and several guarantor of the account payable by Pacadar to OHL.

Regarding this operation, all the transactions envisaged for complete executive of the dation in payment and debt acknowledgement agreement were carried out.

C.2 BOARD COMMITTEES.

The Statement of Financial Position Adequacy Committee discharged its main function as the Company reached a compromise agreement (Lock Up Agreement) with its main shareholders and the group of note holders representing 57.3% to support the Company's recapitalisation and the renegotiation of certain Group borrowings, as disclosed in an Inside Information notice dated 21 January 2021. Members of this committee included directors José Antonio Fernández Gallar and Luis Fernando Martín Amodio Herrera, and director at that time Silvia Villar-Mir de Fuentes and Juan José Nieto Bueso. As speaker was Chief Financial Officer José María Sagardoy Llonis, and as secretary, the Secretary of the Board of Directors, and non-director, José María del Cuvillo Pemán.

C.2.1. AUDIT AND COMPLIANCE COMMITTEE.

FUNCTIONS, RULES AND PROCEDURES FOR THE ORGANISATION AND FUNCTIONING OF THE AUDIT AND COMPLIANCE COMMITTEE: The functions entrusted to the Audit and Compliance Committee and the procedures and rules governing its organisation and operation are set out in Article 15 of the Regulations of the Board of Directors: "Article 15. The Audit and Compliance Committee. 1. The number of members of the Audit Committee shall not be less than three or more than seven, and shall be determined by the Board of Directors. All the members of the Audit Committee must be directors who are not executives of the Company and do not have a contractual relationship other than that by which they are appointed. The majority must be independent directors. The members of the Audit Committee shall be independent directors and especially the chairperson shall be appointed taking into consideration their knowledge and experience in matters relating to accounting, auditing and risk management, including both financial and non-financial risks.

Without prejudice to the provisions of the law and the Company's bylaws, the Audit Committee shall have the powers and be governed by the rules of operation set out below. 2. Without prejudice to other tasks assigned to it by law, the Bylaws, the Annual General Meeting or the Board of Directors, the Audit and Compliance Committee shall have the following basic responsibilities: a) To report to the Annual General Meeting on any issues raised at it by shareholders in matters within its competence and, in particular, on the outcome of the audit, explaining how it has contributed to the integrity of the financial information and the duties performed by the Audit and Compliance's in this process; b) To lay before the Board of Directors proposals for the selection, appointment and replacement of the auditor, the terms of the engagement, the scope of the professional mandate, guaranteeing that the fees paid to the external auditor for its work does not compromise its quality or independence, and, where applicable, the external auditor's revocation or non-renewal, and to regularly receive from the external auditor information on the audit plan and its execution, in addition to preserving its independence in the exercise of its duties. In the event of resignation by the external auditor, to examine the reasons behind it; c) To establish appropriate relations with external auditors to receive information on matters that might compromise the auditors' independence and any other matters related to the financial audit process, and to receive other notifications provided for in auditing laws and technical auditing standards; d) To receive, in all cases, an annual statement from the external auditors confirming their independence from the Company or directly or indirectly related entities, in addition to detailed information on an individual basis about any additional services of any kind provided to, and the related fees received from, these entities by the auditors or by persons or entities related to them, pursuant to the law. To ensure that the external auditor holds an annual meeting with the Board of Directors in full in order to make a report regarding the engagement performed and the development of the company's accounting situation and risks; e) To make sure that the Company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof; f) To ensure that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence; g) To issue on an annual basis, prior to the issuance of the audit report on the financial statements, a reporting containing an opinion regarding whether the independence of auditors and audit firms has been compromised. This report must be contain, in all cases, a reasoned evaluation of the provisions of each additional service referenced in the previous point, considering each service individually and jointly, separate to the statutory audit and in relation to the system of independence and regulations governing auditing activities; h) To ensure fulfilment of the audit engagement, endeavouring that the auditor's opinion on the financial statements and the content of the audit report are drafted clearly and precisely; i) To supervise the effectiveness of the Company's internal controls and risk management systems, and discuss with the auditor any significant weaknesses in the internal control system that may have been detected over the course of the audit, without compromising its independence. To this end, and where appropriate, it may submit recommendations or proposals to the Board of Directors and the corresponding time frame for follow-up activities; j) To supervise and evaluate the processes for the preparation and the completeness of the financial and non-financial information, as well as the financial and non-financial risk control and management systems relating to the Company and the Group, including operational, technological, legal, social, environmental, political, or reputational risks, or risk related to corruption. To review the appointment and replacement of the persons responsible; k) To ensure the independence of the unit charged with the internal audit function; propose the selection, appointment, re-election and dismissal of the head of internal audit; propose the budget for this service; approve or propose its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); to receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports; l) To review the Company's financial statements, monitoring compliance with legal requirements and the correct application of generally accepted accounting principles, and report on proposals for changes in accounting principles and policies put forward by management; m) To review issue prospectuses and periodic financial information that must be disclosed by the Board to the markets and its supervisory bodies; n) To ensure that internal control policies and systems are effectively applied in practice; o) To inform the Board of Directors in advance of any related party transactions that must be approved by the General Meeting or the Board of Directors, and oversee the internal procedure in place at the Company for those transactions whose approval has been delegated; p) To establish and supervise a mechanism that allows employees and other persons related to the Company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the Company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported; q) Inform the Board of Directors, with prior notice, about all matters foreseen in law, the Bylaws and the Regulations of the Board of Directors; in particular those regarding: 1) the financial information and the management report, which shall include, where appropriate, the mandatory non-financial statement the Company must disclose periodically, 2) the creation or acquisition of ownership interests in special purpose vehicles or entities domiciled in countries or territories considered to be tax havens, 3) proposals for amendments to the Regulations of the Board of Directors.

3. The Audit Committee shall appoint a chairperson from among its members who must be an independent director. In the absence of the chairperson, the oldest independent director shall chair the meeting. The chairperson's term of office shall be a maximum of four years, and he or she may be re-elected after a period of one year has elapsed since leaving office. The secretary of the Board of Directors, and in his or her absence the deputy secretary of the Board of Directors, will act as secretary. Minutes shall be taken of the resolutions adopted at each meeting, which shall be reported to the Board in plenary session.

4. The Audit Committee shall meet periodically as required and at least four times a year. One meeting must necessarily be devoted to evaluating the efficiency of, and compliance with, the Company's rules and procedures of governance and preparing the information that the Board of Directors must approve and include in its annual public documentation. It will be convened by the chairperson, who must call the meeting at the behest of the chairperson of the Board of Directors or of two members of the Committee itself. Committee meetings shall be quorate when at least a majority of its members are present or represented. Resolutions shall be adopted by an absolute majority of the members attending the meeting. Voting in writing and without a meeting shall only be permitted when none of the members object to such procedure. 5. Any member of the management team or of the Company's personnel who is required to do so shall be obliged to attend the meetings of the Audit Committee and to cooperate with it and provide it with the information available to that member. The Committee may also request the auditor's attendance at the meetings. 6. To better discharge its duties, the Audit and Compliance Committee may seek the advice of external professionals, whose engagement shall be up to the Board of Directors. The Board may not refuse the engagement without a reasoned explanation based on the Company's interests."

MAIN ACTIONS IN 2021:

- Reporting to the Board of Directors on the budget for the year and monitoring budget compliance.
- Monitoring the Company's financial and cash position throughout the year.
- Analysing progress of the Group's significant transactions and financing in the year, especially the financial restructuring process agreed with the Group's main creditors, which was concluded on 25 June 2021, and the terms of the share capital increases approved by shareholders at the General Meeting held on 26 March 2021.
- Monitoring the implementation of the corporate restructuring (Hive Down) agreed under the framework of the Group's financial refinancing with its main bank creditors on 25 June 2021.
- Reviewing and analysing, prior to the Board meeting, the main interim periodic (quarterly and half-yearly) economic and financial indicators, duly providing a favourable report for presentation to the markets and their supervisory bodies.
- Reviewing and approving the 2020 tax report, the tax policies applied during the year, and the incidents arising and the tax management tools used during the year.
- Reviewing the Internal Control over Financial Reporting (ICFR) system.
- Reviewing the financial and non-financial reporting requirements issued by the CNMV and related responses issued by Company management.
- Reviewing the external auditors' work.
- Reviewing the economic terms and conditions of the engagement of the audit firm of the Company's and Group's financial statements.
- Analysing the external auditor's independence and reviewing compliance with requirements regarding conflicts of interest established in Spanish Audit Law 22/2015, of 20 July, considering such independence to be demonstrated.
- Approving non-audit services provided by the external auditor to the Company or Group subsidiaries, previously reported by the General Economic and Financial Department with respect to their nature, circumstances and amounts.
- Analysing and reviewing the reports by Internal Audit in 2021 on the various projects selected and cross-cutting aspects of the various activities, their outcome, conclusions and, where applicable, recommendations to Company management.
- Reviewing and approving the Internal Audit Department's Annual Report for 2020 and the 2021 Internal Audit Plan, including the budget for the year.
- Reviewing and approving the Compliance Department's Annual Report for 2020 and of the Compliance Department's Annual Plan for 2021, including the budget for the year.
- Analysing and processing complaints reported by the Compliance Department received through the Ethics Channel in 2021.
- Following up on investigations coordinated by the Compliance Department at the request of the Committee itself.
- Supervising the work plan drawn up for renewing ISO 37001 certification (anti-bribery management systems) and UNE 19601 certification (criminal risk compliance management system), obtained in 2019.
- Monitoring the project for implementing the compliance system regarding competition adapted to the guidelines issued by the Spanish competition watchdog (CNMC).
- Reviewing and approving the Risk and Internal Control Department's Annual Report for 2020 and the Risk and Internal Control Department's Annual Plan for 2021, including the budget for the year.
- Updating the Risk Map and OHLA Group's financial and non-financial risks.
- Analysing the Group's related party transactions.
- Revising the Regulations of the Board of Directors to adapt to the current wording of the Spanish Corporate Enterprises Act and certain good governance recommendations.
- Performing the Committee's annual self-assessment.
- Preparing the Committee's annual activity report.

C.2.1. NOMINATION AND REMUNERATION COMMITTEE.

FUNCTIONS, RULES AND PROCEDURES FOR THE ORGANISATION AND FUNCTIONING OF THE NOMINATION AND REMUNERATION COMMITTEE: The functions, rules and procedures for the organisation and functioning of the committee are set out in Article 16 of the Regulations of the Board of Directors: "Article 16. Nomination and Remuneration Committee. 1. The Board of Directors shall designate from among its members a Nomination and Remuneration Committee. The number of members of the Nomination and Remuneration Committee shall not be less than three or more than seven, and shall be determined by the Board of Directors. All Nomination and Remuneration Committee members must be directors who are not executives of the Company and do not have a contractual relationship other than that by which they are appointed, and at least two of them shall be independent. Efforts shall be made to appoint members with the appropriate knowledge, skills and experience to discharge their responsibilities. The chairperson of the Nomination and Remuneration Committee shall be appointed from among the independent directors who are members. The Nomination and Remuneration Committee shall have the powers and be governed by the rules of operation set out below. 2. Without prejudice to any other functions assigned by law, the Bylaws or the Board, the Nomination and Remuneration Committee shall have at least the following functions:

a) Evaluating the competencies, knowledge and experience necessary for the Board of Directors. For this purpose, it shall define the functions and skills required for candidates to cover each vacancy and shall evaluate the time and dedication necessary to perform their duties effectively; b) Setting a target for representation for the least represented gender on the Board, and drawing up guidelines on how to achieve this objective; c) Submitting to the Board of Directors proposals for the appointment of independent directors for their nomination by co-option or for their submission to the Annual General Meeting decision, in addition to proposals for the re-election or dismissal of said directors by the Annual General Meeting; d) Informing of any proposals for appointment of all other directors for nomination by co-option or for their submission to the Annual General Meeting's decision, in addition to proposals for the re-election or dismissal of said directors by the Annual General Meeting; e) Proposing to the Board the members that must form part of each Committee; f) Reporting the proposals for appointment and removal of senior executives and the basic conditions of their contracts; g) Examining and organising the succession of the chairperson of the Board of Directors and the Company's chief executive and, if necessary, submitting proposals to the Board of Directors for such succession to occur in an orderly and planned manner; h) Proposing to the Board of Directors the remuneration policy for directors and general managers or those who carry out their senior management functions reporting directly to the Board, Executive Committees or Chief Executive Officers, as well as the individual remuneration and other contractual conditions of executive directors and the criteria for the rest of the Group's senior management, ensuring that they are observed; i) Reviewing, periodically, the remuneration programmes, assessing their suitability and performance; j) Monitoring remuneration transparency; k) Reporting on transactions that give rise or may give rise to a conflict of interest and, in general, on the matters included in chapter IX of these Regulations; l) Considering suggestions made to the chairperson by members of the Board, senior executives or the Company's shareholders; ll) Reporting to the plenary session of the Board on the proposal of appointment and removal of the Board of Directors' Secretary and Deputy Secretary; m) Reporting, annually, to the plenary session of the Board on the evaluation of the chairperson of the Board's performance; n) Evaluating and reviewing, periodically, the Company's environmental and social performance with a view to reviewing the effectiveness of the sustainability policy, and compliance with related objectives, reporting annually to the Board on the implementation and monitoring of that policy in the Group; o) Reviewing the regulations and practices of the Company relating to corporate governance, by proposing any amendments it deems appropriate so that they are in line with the standards, recommendations and best practices in this matter; p) Reviewing, periodically, the remuneration policy applied to directors and senior executives, including share-based remuneration schemes and their implementation, as well as ensuring that individual remuneration is proportionate to amounts paid to other of the Company's directors and senior executives; q) Overseeing that any conflicts of interest do not damage the independence of external advice provided to the Committee; and r) Verifying the information on director and senior executive remuneration contained in the various corporate documents, including the Annual Report on Director Remuneration.

3. The Nomination and Remuneration Committee shall meet whenever the Board or its chairperson requests that a report be issued or a proposal be adopted and, in any case, whenever it is deemed necessary for the proper performance of its functions. In any case, it shall meet to draw up the specific report on the Company's proposed remuneration policy to be submitted to the General Meeting. Independently of this, it shall meet at least three times a year. One of these meetings shall be devoted to determining the director remuneration that the Board of Directors must approve by implementing the Company's remuneration policy, and preparing the information to be included in the annual public documentation. It will be convened by the chairperson, who must call the meeting at the behest of the chairperson of the Board of Directors or of any member of the Committee itself. 4. The Committee shall appoint a chairperson from among its members who must be an independent director. In the absence of the chairperson, the oldest independent director shall chair the meeting. The secretary of the Board of Directors, and in his or her absence the deputy secretary of the Board of Directors, will act as secretary. Minutes shall be taken of the resolutions adopted at each meeting, which shall be reported to the Board in plenary session. 5. Any member of the management team or of the Company's personnel who is required to do so shall be obliged to attend the meetings of the Committee and to cooperate with it and provide it with the information available to that member. The Committee may also request the auditor's attendance at the meetings. 6. To better discharge its functions, the Nomination and Remuneration Committee may seek the advice of external professionals, to which end the provisions of Article 26 of these Regulations shall apply".

MAIN ACTIONS IN 2021:

- Reporting the ratification and appointment of proprietary directors to the Board of Directors, understanding that they meet the profile and skills required to discharge their office, evaluating and reporting favourably on their suitability.
- Proposing the re-election and appointment of independent directors and reporting favourably on their suitability to the Board of Directors.
- Analysing and reporting favourable on the chairperson's proposal to modify the deputy chairmen of the Board.
- Reviewing the factors for distributing the maximum annual remuneration approved by the General Meeting for external directors, and reporting favourably on a new distribution scheme for 2021.
- Analysing and reporting to the Board of Directors the proposal for the Chief Executive Officer's variable remuneration, assessing, where applicable, achievement of objectives and criteria.
- Reporting on the amendments to the Bylaws, the Regulations of the Board of Directors and the General Shareholders' Meeting Regulations to adapt the texts to Law 5/2021, of 12 April, amending the Spanish Corporate Enterprises Act and other financial regulations, mainly with respect to the organisation of Board Committees, the conduct of general shareholders' meetings and other technical improvements, which were approved by the Board of Directors and the Annual General Meeting.
- Informing the Board of Directors about the 2020 Annual Remuneration on Director Remuneration Report, verifying that the current Remuneration Policy was applied correctly.
- Reporting to the Board of Directors on the proposed amendment of the Director Remuneration Policy, which was subsequently approved at the Annual General Meeting held on 29 June 2021.
- Analysing and reporting to the Board of Directors on the proposed variable remuneration of OHLA Group senior executives.
- Reporting on the proposed termination of the employment relationship and the terms of settlement of senior executives who stepped down during the year.
- Reporting on proposed appointments of members of senior management and proposing to the Board of Directors the basic terms of their employment contracts.
- Reporting favourably to the Board of Directors on the Functions Handbook based on the Group's current organisational flow chart.
- Analysing the degree of compliance with global reporting initiative (GRI) sustainability standards and approving measures to enhance and standardise how this information is monitored and reported in all countries where the Group has operations.
- Reporting non-financial information to the Board of Directors for its approval and the authorisation for issue of the Group's 2020 Consolidated Management Report.
- Performing the Committee's annual self-assessment.
- Approving the Committee's annual activity report.

E.5 INDICATE WHICH RISKS HAVE MATERIALISED DURING THE YEAR.

The main risks materialising in 2021, which affected the Group in different ways, were as follows:

1. Update of the Covid-19 impact

The pandemic began in 2020 and had an unprecedented impact across the globe, negatively affecting all economic indicators. Case counts dropped in the first half of 2021, but began rising again in the second and early 2022, driven by the Omicron variant.

As a result, a return to normality is unlikely in the near term, with virtually all countries imposing restriction to reduce the spread of infection.

Against this backdrop, the economy began recovering at the beginning of 2021 driven primarily by private consumption, but slowed in the year's second half, with the Mediterranean countries recovering least in the year.

OHLA Group-specific disclosures:

i. Impact on construction/project execution

Activity was more normal in 2021, although some countries continued to suffer from delays in receiving supplies and/or labour issues due to travel bans/mobility problems.

Delays in order intake in late 2020 pushed back the start of production in the related projects in 2021. This impacted sales, which were down slightly (-1.8%) from 2020, with Construction hit hardest (-4.9% vs. 2020).

ii. Market and business environment impact

Project tendering is picking back up or back to normal in most of the Group's geographies, which sustained considerable cutbacks/delays during the pandemic. This situation enabled the Group to sign major contracts in the US, North and South Latin America, and the Czech Republic in the fourth quarter of 2020 and more so in 2021. The Group's order intake rose 33.9% in 2021 to EUR 3,696,675 thousand.

iii. Employment impacts

The Group implemented employee furlough schemes (ERTE in Spanish) in Spain in 2020, but lifted them towards the end of the year. This situation was back to normal in 2021, although the spike in Covid-19 cases prevented all staff from going to their workplace in person as usual. Remote working measures largely mitigated this effect, as long as workers did not have to take sick leave.

iv. Impact on liquidity position

Despite the difficulties in markets, the Group successfully carried out a major debt restructuring operation in 2021. This, coupled with a capital increase, strengthened its statement of financial position, shoring up its liquidity position (see point 2 below).

This, alongside more active working capital management and increased sources of funding and guarantees, helped avoid the adverse effects arising from Covid-19-related or other problems in operations and achieve the business plan targets.

v. Impact on the measurement of assets and liabilities in the statement of financial position

In 2021, operations of the Canalejas Project took longer to return to normal because of the pandemic, delaying operating income and outstanding investments (e.g. in shopping centres and other) and requiring the Group to recognise an additional impairment for the year.

The tests carried out at the end of the year did not show any indications of impairment in the rest of the Group's assets.

Nevertheless, the Group's management and directors will continue to monitor the pandemic in all the geographical areas of operations and its potential impacts if a surge in the pandemic undermines the current situation, reflecting this in 2022.

2. Litigation and arbitration risk

Regarding the lawsuit brought by Autopista Eje Aeropuerto Concesionaria Española, S.A. over State Liabilities, a ruling by Supreme Court of 3 February 22 set out the criteria that must be considered in the calculation. Although Spanish Ministry of Development has yet to determine a definitive amount, the Group, based on its best estimate, thinks that recovery of the investment is highly unlikely.

As a result, it recognised an impairment loss at 31 December 2021 of EUR 18,587 thousand on the profit participating loan granted to Aeropistas, S.L., which owns all of the shares of Autopista Eje Aeropuerto Concesionaria Española, S.A.

Both companies have filed for insolvency proceedings.

3. Liquidity risk

The deterioration of the Group's financial position caused by both external and internal factors became evident in 2020, stemming primarily from:

- a) Difficulties renewing the Group's guarantee facilities
- b) Impossibility of refinancing the Notes under economically viable terms and conditions
- c) Impact of Covid-19
- d) Downgrades to the Group's credit rating
- e) Losses due to internal factors on loss-making projects

This situation prompted the directors to begin an in-depth assessment of the situation in 2020 and decide to embark on a restructuring (the "Restructuring"), which was formalised on 20 January 2021 in a Lock-Up Agreement among the parties. The main features of the Restructuring were:

- 1) Capital reduction
- 2) Investment commitments and cash capital increases
- 3) Amendments to terms and conditions of the Notes

The Restructuring (see Note 2.5 to the annual consolidated financial statements for further details) was completed on 28 June 2021 and considerably changed the Group's liquidity, which in addition was further strengthened by:

- The disposal of the investments in Nuevo Hospital de Toledo, S.A. and Mantholedo, S.A.U. in 2021.
- The disposal of Old War Office in 2021, with part of the sale proceeds received during the year and the remainder expected to be received in 2022.
- The sale of Sociedad Concesionaria Aguas de Navarra, S.A. and Navarra Gestión del Agua, S.A., also in 2021.
- Approval to extend the maturity of the bridge financing agreement (ICO) to 30 October 2024 (from 30 October 2021).
- Renewal of the guarantee facilities of the Multiproduct Syndicated Facilities Agreement until 30 June 2022.
- Arrangement of a syndicated revolving guarantee facility on 12 August 2021 for up to EUR 150,000 thousand, of which EUR 75,000 thousand are committed by banks and EUR 30,000 thousand are undrawn. This guarantee facility is backed by CESCE for 60% of the total amount.

As a result, the Group's liquidity position at 31 December 2021, comprising cash and cash equivalents and current financial assets, stood at EUR 842,236 thousand, of which the Group has received a total of EUR 160,155 thousand (see Note 3.6 to the annual consolidated financial statements), broken down as follows:

- EUR 507,455 thousand of cash and cash equivalents, of which EUR 147,543 thousand relate to the Group's interests in temporary business associations or joint ventures (Spanish UTEs). There is also EUR 7,990 thousand of restricted cash related to other guarantees.
- EUR 334,781 thousand of current financial assets, which include a restricted deposit of EUR 140,000 thousand as collateral for the guarantee facilities of the Multiproduct Syndicated Facilities Agreement and EUR 50,830 thousand as performance bonds for certain projects being carried out in the US.

The Group also has EUR 27,051 thousand of drawable credit lines and discount facilities.

The Group's financial situation improved considerably and its liquidity risk decreased by implementing all these measures and monitoring the business plan, particularly focusing on cash generation of the businesses and improvement in working capital.

Nevertheless, the directors and the management team continue to monitor the Group's liquidity position closely.

F.1.2 B) CODE OF CONDUCT, THE BODY APPROVING THIS, DEGREE OF DISSEMINATION AND INSTRUCTION, PRINCIPLES AND VALUES COVERED (STATING WHETHER THERE IS SPECIFIC MENTION OF RECORD KEEPING AND PREPARATION OF FINANCIAL INFORMATION), BODY CHARGED WITH ANALYSING BREACHES AND PROPOSING CORRECTIVE ACTIONS AND SANCTIONS.

Code of Conduct, approving body and date of update.

OHLA Group has a Code of Ethics approved by the Board of Directors that expressly states its values, principles and conduct guidelines that must guide the professional behaviour of everyone in the Group.

The Code applies to all members of the Board of Directors, executive staff and all Group employees. It will remain in force until the Board of Directors decides not to approve its update, review or repeal.

Any alleged breach of the Code shall be investigated and could result in legal or disciplinary proceedings.

Anti-Corruption Policy, Crime Prevention Policy and Antitrust Policy.

The Group has an Anti-Corruption Policy that articulates the commitment expressed in the Code of Ethics to combat corruption and bribery anywhere in the world. This policy reflects the Group's zero tolerance stances towards any form of corruption and must be adhered to by all Group employees.

The Group also has a Crime Prevention System, which is updated when and as necessary to adapt to any organisational or legislative changes that may occur.

Since 2019, and after submitting the system to an external audit, the Group obtained ISO 37001 (Anti-Bribery Management Systems) and UNE 19601 (Criminal Risk Compliance Management System) certifications, which were renewed during the year.

In 2021, OHLA Group implemented an antitrust programme to comply with CNMC guidelines. As a result, in November 2021 the Board of Directors approved the Antitrust Compliance Policy. This policy reinforces OHLA's firm commitment to ensuring free competition in the marketplace and that all Group personnel abide by constitutional principles, laws and other regulations of competition law.

Principle on information transparency and accuracy.

The Code of Ethics is the main channel for developing the Group's corporate values:

- Professional ethics, integrity, honesty, loyalty, effectiveness and responsibility vis-à-vis our stakeholders, in all actions of the Group, while strictly abiding by the law.
- Will to succeed and continuous improvement in professional performance, while striving at all times for excellence.
- Transparency in the dissemination of information, which must be adequate, accurate, verifiable and complete.
- Creation of value with a permanent quest for sustainable profitability and growth.
- Constant promotion of committed quality, innovation, safety and respect for the environment.

Based on the core principle of behaviour required of all the Group's personnel of respect for the law, a key guideline of conduct in the relationship with the market is information transparency and accuracy.

In this vein, the Code of Ethics specifies that: "OHLA undertakes to transmit complete and truthful information on Group companies that allows shareholders, analysts and other stakeholders to reach an objective opinion on the Group. Similarly, OHLA undertakes to cooperate with the supervisory or inspection bodies or entities in any way it may be required to facilitate administrative oversight. The Group's employees shall ensure that all financially significant transactions carried out on the Company's behalf are included clearly and accurately in the appropriate accounting records, so as to present fairly the transactions carried out. Accounting principles and standards must be followed strictly, preparing complete and accurate financial reports. Suitable internal procedures and controls must be implemented to ensure that financial and accounting reporting complies with the law, regulations and the requirements arising from the Group's listing on the stock markets. Any conduct aimed at avoiding tax obligations or obtaining profit at the expense of the tax authorities, the social security system or similar bodies is expressly forbidden."

Audit Committee.

Article 23 f.10) of the Company's Bylaws included as a responsibility of the Audit Committee: "Examine compliance with the Internal Rules of Conduct in Securities Markets, the Regulations of the Board of Directors, the Regulations of the General Shareholders' Meeting, the Code of Ethics of OHLA Group and, in general, the Company's rules of governance, and make the required proposals for improving them."

The Group's Code of Ethics itself states that "any doubt, criticism or suggestion aimed at improvement must be made known to the Audit and Compliance Committee, which is the competent body for ensuring compliance with the Code and to promote both its dissemination and specific training for its correct application".

Compliance Department.

Given its importance, it should be noted that the Company has had a Compliance Department since 2013, created pursuant to an agreement by the Board of Directors based on a recommendation by the Audit Committee. The Compliance Department falls under the Secretary of the Board of Directors and reports to the Audit Committee.

The main functions of this department, according to its Basic Functions Handbook, are as follows:

- Identifying legal risks, especially those that arise from the criminal liability of legal persons or entail reputational risks or infringe on free market competition.
- Promoting implementation of the processes necessary to avoid legal breaches related to criminal or reputational, or antitrust risks, and minimising the cases of criminal liability at the Company, thereby actively contributing to preventing, detecting and stopping criminal or anti-competitive behaviour.
- Promoting a clear organisational culture, shared by all Group employees at all levels, that helps avoid conduct that could give rise to any criminal liability or anti-competitive sanctions on the Company, its executives and directors.
- Overseeing the correct application of the Crime Prevention and Antitrust compliance programme.
- Establishing, in an objective and demonstrable manner, control and oversight measures aimed at avoiding this conduct by employees, at all levels, and proposing the disciplinary measures that would be taken if this conduct were to take place.
- Ensuring that there is a Set of Rules, Policies and Regulations that reasonably guarantee the reliability of the financial information, and compliance with the laws, regulations and policies that apply to the Group.

- Informing, periodically, the Secretary of the Board and the Audit Committee on execution of the Annual Action Plan with regard to its management and the actions carried out in the areas of Crime Prevention and Antitrust.
- Establishing measures to prevent criminal acts in the following areas:
 - Anti-corruption: crimes of private corruption, bribery and corruption in international trade transactions.
 - Antitrust: any act that infringes on free market competition, by disseminating the values and principles of the Compliance Policy and Guidelines regarding competition and, therefore, the Antitrust Compliance Programme.
 - Cybercrimes: hacking crimes, disclosure of trade secrets and similar offences.
 - Control over the preparation of financial information: investor fraud crimes.
 - Market abuse and share price manipulation.
 - Non-compliance with Spain's Personal Data Protection Law (Ley Orgánica de Protección de Datos or "LOPD") and the privacy protection regulations.
 - Money-laundering.
 - Fraud to obtain government grants and aid.
 - Offences against natural resources and the environment.
 - Workplace harassment.
- Enforcing the Code of Ethics and proposing modifications to adapt to amendments to the legal framework prevailing at any given time, ensuring the dissemination and awareness of the Code within the Group.
- Proposing the approval of the internal regulations implementing the Code of Ethics, which include a disciplinary system for breaches.
- Processing complaints received via the Ethics Channel.
- Promoting and overseeing activities to raise awareness about the Code of Ethics and understanding the Group's crime prevention and antitrust control system.

Overseeing the communication, distribution and training plan on the Code of Ethics, the Anti-corruption Policy and the Crime Prevention Policy.

Everyone at OHLA Group must know and understand the content of the Code of Ethics. To promote knowledge of the Code, the Group carries out a variety of communication, training and dissemination initiatives.

The main initiatives include:

- Making the Code of Ethics available on the corporate Intranet and OHLA Group's website (path: <https://www.ohla-group.com/en/ethics-and-integrity-2/ethics-and-integrity-policies/>) in Spanish and English.
- Including an additional clause in work contracts requiring knowledge of, understanding and compliance with the Code of Ethics, the Anti-corruption Policy and the Crime Prevention Policy.
- Designing specific training and communication actions for all Group personnel.
- Disclosing the Code to relevant third parties: commercial agreements between OHLA Group and third parties include clauses mentioning the existence of OHLA Group's Code of Ethics, Anti-Corruption Policy and Crime Prevention Policy, and the obligation to comply with them in the provision of services to OHLA Group.

The course on the Code of Ethics and the Anti-corruption Policy was mandatory. By the end of December 2021, a total of 4,103 people and taken the course, broken down as follows:

Country / Number of people trained

Spain / 2,712

Mexico / 357

Chile / 210

Colombia / 128

Peru / 137

US / 539

Other / 20

Total / 4,103

In addition, a total of 1,690 people received training on the Crime Prevention System and 127 employees on Antitrust.

The Corporate Resources Department is responsible for distributing and raising awareness about the Code of Ethics, the Anti-Corruption Policy and the Crime Prevention Policy, while Group's Internal Audit Department is tasked with oversight.

Following a multi-year rotation plan, the Audit Committee receives a report from OHLA Group's Internal Audit Department on degree of dissemination and training on the Code of Ethics, the Anti-corruption Policy and the Crime Prevention Policy.

F.2. ASSESSMENT OF RISKS IN FINANCIAL REPORTING.

F.2.1. The main characteristics of the risk identification process, including risks of error and fraud, as regards:

Whether the process exists and is documented.

Whether the process covers all the objectives of financial reporting, (existence and occurrence; completeness; valuation; presentation; disclosure and comparability; and rights and obligations), whether it is updated and if so how often.

The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex corporate structures or special purpose vehicles.

Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) to the extent that they affect the financial statements.

The governing body within the company that supervises the process.

The strategic objectives regarding risk management and control are geared towards:

- Delivering the Group's strategic and operating objectives.
- Protecting the Group's reputation, safeguarding its legal certainty and ensuring its sustainability.
- Protecting the security of shareholders' equity.
- Protecting the interests of other stakeholders in the organisation's performance.
- Enhancing OHLA Group's level of innovation, competitiveness and trust.

To achieve these objectives, the following guiding principles for controlling and managing risks and opportunities are in place:

- Act in accordance with the law at all times, and with the values and standards set out in the Code of Ethics and the Group's regulatory framework.
- Act in accordance with the level of the risk tolerance defined by the Group.
- Embed risk and opportunity control and management into the Group's business processes and its strategic and operational decision-making.
- Manage the information generated regarding risks in a manner that is transparent, proportionate and appropriate, and communicate this information on a timely basis.
- Establish and maintain a risk-aware culture.
- Incorporate risk control and management best practices and recommendations.

Risk management is the responsibility of all OHLA Group employees. Each employee must understand the risks relating to their area of responsibility and manage them within the action framework defined in the Risk Control and Management Policy. They must also know the established tolerance limits.

Each business or functional unit is responsible for controlling and managing the risks that affect the performance of its respective operations and for reporting any such risks as soon as they are detected or proven.

Documentation of the processes that may materially affect financial reporting is subject to ongoing monitoring and improvement.

An important part of this monitoring and improvement process is updating the scope of the Internal Control over Financial Reporting System (ICFR system) to determine, within the Group, the relevant companies, and also to identify the significant operating or support processes for such companies and their associated risks. All of this is based on the materiality and risk factors inherent to each division.

This scope is determined based on qualitative and quantitative materiality criteria to identify relevant areas and critical processes with a significant impact on financial reporting, relevant items of the financial statements and of financial information in general, and the most significant transactions, as well as material companies, considering the existing degree of centralisation/decentralisation.

Based on the scope determined at any given time and on the processes involved in generating financial information, risks that may affect the information are identified, covering all financial reporting objectives (existence and occurrence; completeness; valuation; rights and obligations; and submission and reporting) and taking into account the various risk categories described previously to the extent that they affect financial reporting.

The scope of the ICFR system is reviewed at least annually before the financial reporting schedule of subsidiaries is determined, and whenever a new company with a significant impact is included or excluded from the Group's scope of consolidation. In this regard, the Group has a scope of consolidation identification process, whereby the Group's Corporate Economic and Administrative Division updates the scope considering notifications of changes received based on the defined procedure. In 2021, one new company was included within the scope of the ICFR system.

The Group's General Economic and Financial Department is responsible for maintaining the scope and financial information risk identification process, and is also charged with informing external and internal audit of any changes in the scope.

ADHERENCE TO THE CODE OF GOOD TAX PRACTICES.

The Company hereby states that by resolution of the Board of Directors on 12 May 2015, OHL Group adopted the Spanish Code of Good Tax Practices with the Spanish Ministry of Economy and Finance, and endorses those principles.

This Annual Corporate Governance Report was approved by the Board of Directors of the company in its meeting held on:

[31/03/2022]

Indicate whether any director voted against or abstained from approving this report.

[] Yes
[✓] No

Auditor's Report on the "Information relating to the
system of Internal Control over Financial Reporting
(ICFR)" of OBRASCÓN HUARTE LAIN, S.A. for 2021

(Free translation from the original in Spanish)

AUDITOR'S REPORT ON THE "INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)"

To the directors of Obrascón Huarte Lain, S.A.

At the request of the Board of Directors of Obrascón Huarte Lain, S.A. (the "Entity") and in accordance with our proposal dated 8 February 2022, we have applied certain procedures to the accompanying "ICFR-related information" of Obrascón Huarte Lain, S.A. for 2021, which summarises the Entity's internal control procedures in respect of its annual financial reporting.

The Directors are responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system, and for making improvements to that system, and preparing and establishing the content of the accompanying ICFR-related information.

It should be noted that irrespective of the quality of the design and effectiveness of the internal control system adopted by the Entity in relation to its annual financial reporting, it can only provide reasonable, rather than absolute assurance with respect to the objectives pursued, due to the inherent limitations to any internal control system.

In the course of our financial statement audit work and in keeping with Spain's Technical Auditing Standards, the sole purpose of our assessment of the Entity's internal control system was to establish the scope, nature, and timing of the Entity's financial statement audit procedures. Accordingly, our internal control assessment, performed in connection with the financial statement audit, was not sufficiently broad in scope to enable us to issue a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we exclusively applied the specific procedures described below and indicated in the Guidelines on the Auditors' report relating to information on the Internal Control over Financial Reporting in Listed Companies, published by the Spanish National Securities Market Commission (CNMV) on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Given that the scope of the abovementioned procedures performed was limited and substantially less than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or its design or operating effectiveness, in relation to the Entity's annual financial reporting for 2021 described in the accompanying ICFR-related information. As a result, had we applied additional procedures to those established by the Guidelines mentioned above or had we performed an audit or a review of the internal control over regulated annual financial reporting, other matters might have been come to our attention that would have been reported to you.

Furthermore, since this special engagement neither constitutes a financial statement audit nor is it subject to prevailing audit regulations in Spain, we do not express an audit opinion in the terms provided for in those regulations.

The procedures performed were as follows:

1. Reading and understanding the ICFR-related information prepared by the Entity – disclosures included in the Management Report – and assessing whether such information addresses all the reporting requirements following the minimum content detailed in section F relating to the description of the ICFR system in the Annual Corporate Governance Report template established in CNMV Circular 5/2013 of 12 June 2013, and subsequent amendments, the most recent of which is CNMV Circular 3/2021, of 28 September (the "CNMV Circulars").
2. Making inquiries of personnel responsible for preparing the information detailed in point 1 above to: (i) obtain an understanding of the process following in its preparation; (ii) obtain information that allows us to assess whether the terminology used is adapted to the reference framework definitions; and (iii) obtain information on whether the control procedures described are in place and in use by the Entity.
3. Reviewing the explanatory documentation supporting the information detailed in point 1 above, including primarily documents directly made available to those responsible for describing the ICFR system. This documentation includes reports prepared by the Internal Audit Department, senior management, and other internal and external experts in their role supporting the Audit and Compliance Committee.
4. Comparing the information detailed in point 1 above with our knowledge of the Entity's ICFR system obtained through the procedures applied during our audit of the annual financial statements.
5. Reading the minutes of the meetings of the Board of Directors, the Audit and Compliance Committee, and other Entity committees to evaluate the consistency between the ICFR system matters addressed and the information detailed in point 1 above.
6. Obtaining a representation letter in connection with the work performed, duly signed by those responsible for preparing and authorising for issue the information detailed in point 1 above.

As a result of the procedures applied to the ICFR-related information, no inconsistencies or incidents have come to our attention which might affect it.

This report was prepared exclusively within the framework of the requirements stipulated in article 540 of the consolidated text of the Spanish Corporate Enterprises Act (*texto refundido la Ley de Sociedades de Capital*) and CNMV Circulars on ICFR system description in Annual Corporate Governance Reports.

ERNST & YOUNG, S.L.

(Signed on the original Spanish version)

José Enrique Quijada Casillas

4 April 2022

Annual report on director remuneration

ISSUER IDENTIFICATION DETAILS

Year end-date:

[31/12/2021]

TAX ID (CIF)

[A-48010573]

Company name:

[**OBRASCON HUARTE LAIN, S.A.**]

Registered office:

[PASEO DE LA CASTELLANA, 259 D, TORRE ESPACIO MADRID]

A. REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR

- A.1.1** Explain the current director remuneration policy applicable to the year in progress. To the extent that it is relevant, certain information may be included in relation to the remuneration policy approved by the General Shareholders' Meeting, provided that these references are clear, specific and concrete.

Such specific determinations for the current year as the board may have made in accordance with the contracts signed with the executive directors and with the remuneration policy approved by the General Shareholders' Meeting must be described, as regards directors' remuneration both in their capacity as such and for executive functions carried out.

In any case, the following aspects must be reported, as a minimum:

- a) Description of the procedures and company bodies involved in determining, approving and applying the remuneration policy and its terms and conditions.
- b) Indicate and, where applicable, explain whether comparable companies have been taken into account in order to establish the company's remuneration policy.
- c) Information on whether any external advisors took part in this process and, if so, their identity
- d) Procedures set forth in the current remuneration policy for directors in order to apply temporary exceptions to the policy, conditions under which those exceptions can be used and components that may be subject to exceptions according to the policy.

The remuneration policy applicable to directors of Obrascón Huarte Lain, S.A. ("OHLA" or the "Company") in 2022 is the policy approved by shareholders at the General Meeting held on 15 June 2020 with 98.671% of votes in favour and amended at the General Meeting held on 29 June 2021 with 99.232% of votes in favour (the "Remuneration Policy" or the "Policy"). For the purposes of this report, the Remuneration Policy approved by shareholders at the General Meeting is applicable as of 1 January 2020 and until a new remuneration policy, where applicable, is approved.

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee (the "NRC"), is expected to submit for approval at the 2022 Annual General Meeting a new remuneration policy for Company directors aligned with the requirements of Law 5/2021, of 12 April, which amends the revised text of the Corporate Enterprises Act (the "Corporate Enterprises Act"), approved by Legislative Royal Decree 1/2010, of 2 July, and other financial regulations, as regards the encouragement of long-term shareholder engagement in listed companies ("Law 5/2021") and good corporate governance practices. If approved by shareholders at OHLA's General Meeting, the new policy will be applicable as of the date of its approval by the 2020 Annual General Meeting and for the next three years, i.e. until 31 December 2025, replacing and rendering without effect, for 2022, the Remuneration Policy of the Company's Directors for the 2020-2022 period.

The general principles guiding the Remuneration Policy of OHLA directors are as follows:

- It is transparent in respect of disclosures on director remuneration.
- The amount of remuneration is determined based on a principle of prudence and is sufficiently high to compensate directors for their dedication, qualifications and responsibility without comprising their duty of loyalty.
- It respects the corporate governance principles and recommendations undertaken by the Company and those outlined in its Code of Ethics.
- Remuneration of directors for discharging their general directorship duties, i.e. those in their capacity as such, without considering any remuneration to which the director may be entitled for carrying out executive duties comprises a fixed amount for attending meetings and for membership of the Board of Directors and of Board committees (including the payment of expenses incurred by non-executive directors who are not residents in the region where the Company's registered office is located). It does not include any variable components.

The scheme for directors who discharge executive functions in the Company, in addition to principles of transparency, prudence and compliance with corporate governance recommendations, is also based on the following general principles and guidelines:

- It takes in account market trends and is devised in accordance with the Company's strategic focus, and is effective in attracting, motivating and retaining the best people.
- It is aligned with the objectives of OHLA shareholders.

- The remuneration system is compatible with appropriate and effective risk management, in line with the Company's approved risk management policy.
- It has an appropriate and efficient balance between fixed and variable components based on the responsibilities, dedication and achievement of targets by directors who perform executive functions.
- The remuneration of directors who perform executive functions is designed with a medium- and long-term view so as to encourage directors' performance in strategic terms.

Based on the above, the Remuneration Policy includes the principles and guidelines described above, which are consistent with the Company's corporate governance policy. It is geared towards generating value for the Company and aligning interests of shareholders with prudent risk management, and full respect for the good corporate governance recommendations assumed.

CONTINUES IN SECTION D OF THIS REPORT

A.1.2 Relative importance of variable remuneration items vis-à-vis fixed remuneration (remuneration mix) and the criteria and objectives taken into consideration in their determination and to ensure an appropriate balance between the fixed and variable components of the remuneration. In particular, indicate the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and to align it with the long-term objectives, values and interests of the company, which will include, as the case may be, mention of the measures taken to ensure that the long-term results of the company are taken into account in the remuneration policy, the measures adopted in relation to those categories of personnel whose professional activities have a material impact on the risk profile of the company and measures in place to avoid conflicts of interest.

Furthermore, indicate whether the company has established any period for the accrual or vesting of certain variable remuneration items, in cash, shares or other financial instruments, any deferral period in the payment of amounts or delivery of accrued and vested financial instruments, or whether any clause has been agreed reducing the deferred remuneration not yet vested or obliging the director to return remuneration received, when such remuneration has been based on figures that have since been clearly shown to be inaccurate.

RELATIVE IMPORTANCE OF VARIABLE REMUNERATION ITEMS VIS-À-VIS FIXED REMUNERATION (remuneration mix).

As provided for in the Remuneration Policy, the remuneration of External Directors (or Non-executive Directors) does not include any variable components. Therefore, only Executive Directors are eligible to participate in variable remuneration schemes. This complies with Recommendation 57 of the Good Governance Code of Listed Companies ("GGCLC") of the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores or "CNMV"), as revised in June 2020, which states that variable remuneration should be confined to executive directors.

Specifically, the Chief Executive Officer's remuneration scheme has a variable component aimed at aligning remuneration with OHLA's and its shareholders' objectives and encouraging performance in strategic terms.

The Company's aim is to design remuneration packages that are aligned with market trends so as to attract, motivate and retain the best people, while linking remuneration to the Company's and the Group's results and targets.

In accordance with the Policy and the terms of his or her contract, the variable remuneration scheme of the Chief Executive Officer may include three variable components: (i) annual variable remuneration, (ii) multi-year variable remuneration, and (iii) extraordinary variable remuneration. This scheme has an appropriate and efficient balance between fixed and variable components based on responsibilities, dedication and achievement of strategic targets. However, the relative importance of the Chief Executive Officer's variable remuneration could, depending on the level of achievement of performance targets for the accrual of variable remuneration, become relatively more important than the fixed remuneration components.

The Chief Executive Officer's variable remuneration is linked to the achievement of a combination of specific, predetermined and quantifiable economic-financial, industrial and operational targets of the Company, the related division or business unit, which must be aligned with the interests of shareholders. The Chief Executive Officer's individual performance may also be evaluated and a weighting may be assigned to other corporate governance and corporate social responsibility targets.

Specifically, in determining the relative importance of variable components vis-à-vis fixed components ("remuneration mix"), the following are taken into account:

- Fixed cash remuneration for 2022 of EUR 1,200,000.
- Annual variable remuneration of EUR 1,200,000 for a level of achievement of 100% of the predetermined targets. This amount may be increased to a maximum of 140% for performance which is exceptional and above target. In this case, the maximum amount would be EUR 1,680,000.

According to the Remuneration Policy, OHLA's current Chief Executive Officer could earn the total remuneration shown below. The possible outcomes and assumptions are based on:

Chief Executive Officer

Fixed remuneration * EUR 1,200,000

Annual variable remuneration 100% target: fixed remuneration

Maximum: 140% target Fixed remuneration

* Represents the gross annual amount for 2022 (excluding potential increases in subsequent years in accordance with the Remuneration Policy). No fixed remuneration in kind is included for these purposes.

Therefore, regarding the "Remuneration Mix", the Chief Executive Officer's annual "target" variable remuneration is equal to half of his total annual remuneration (i.e. sum of annual fixed remuneration and short-term variable remuneration, excluding amounts of remuneration in kind) and the "maximum annual" variable remuneration 58% of the Chief Executive Officer's total annual remuneration.

The Chief Executive Officer may also receive multi-year variable remuneration, if approved by shareholders at the General Meeting. The related resolution at the Meeting must specify the maximum number of shares that the Chief Executive Officer may receive for participation in that remuneration scheme. The scheme may include a deferral period for delivery of the shares, so that the shares are received in instalments over time.

At the General Meeting held on 28 May 2019, shareholders approved a multi-year variable share-based remuneration plan that included the possibility of granting the Chief Executive Officer variable remuneration linked to his minimum contract term in the Company, and to the achievement of the targets set by the Board of Directors.

However, at its meeting held in November 2019, OHLA's Board of Directors agreed to suspend the multi-year variable share-based remuneration plan. As at the date of preparation of this Report, the suspension was still in effect. Therefore, as at the date of preparation of this report, the Chief Executive Officer did not participate in any multi-year variable remuneration system.

The Policy also states that Chief Executive Officer may be eligible for extraordinary variable remuneration if, in the opinion of the Board of Directors, the Executive Directors have played a decisive role in transactions that are significant or transformational for OHLA Group and the results of which have a major and positive impact on the Company and its shareholders. According to the Remuneration Policy, it is up to the Board of Directors, based on a recommendation by the NRC, to establish the terms and conditions of any such remuneration.

ACTIONS TAKEN BY THE COMPANY IN RELATION TO THE REMUNERATION SYSTEM TO REDUCE EXPOSURE TO EXCESSIVE RISKS AND ALIGN IT WITH THE LONG-TERM OBJECTIVES, VALUES AND INTERESTS OF THE COMPANY, ACCRUAL PERIOD AND DEFERRAL OF PAYMENT.

The Remuneration Policy's remuneration principles comply with the Corporate Enterprises Act and are aligned with the principles and recommendations regarding director remuneration included in the GGCLC regarding the Company's size and importance, economic situation, comparability, profitability and sustainability, and the avoidance of excessive risk-taking and not rewarding poor performance.

In this respect, OHLA applies the following practices:

- Engage external advice where necessary.
- Review market trends periodically.
- Establish clawback arrangements for variable remuneration.
- Link payment of a significant portion of remuneration to the Company's economic-financial performance.

OHLA has the following measures in place for determining appropriate risk management and promoting sustainability of OHLA's earnings in relation to annual variable remuneration:

- There is no entitlement to guaranteed short-term variable remuneration, since there is a minimum threshold for achievement of targets below which this remuneration is not paid.
- There is a cap on annual variable remuneration.
- The amount of annual variable remuneration is contingent on the level of achievement of targets determined annually based on a recommendation by the NRC and approved by OHLA's Board of Directors.
- Annual variable remuneration of executive directors is tied to certain performance indicators, including achievement of specific, predetermined and quantifiable economic-financial, industrial and operating targets for the Company, division or related business unit under the responsibility of each executive director, where applicable. These targets are aligned with the interests of OHLA shareholders and the Company's strategic plan.
- The portion of annual variable remuneration linked to the results of the Company or one or more of its divisions should bear in mind any qualifications stated in the external auditor's report that reduce their amount.
- Included is a related clawback arrangement, which enables OHLA to demand reimbursement of the variable components of remuneration when payment was not in accordance with the performance conditions or when payment was made on the basis of data that have subsequently been clearly shown to have been inaccurate.
- If exceptional events occur, due to circumstances within or outside the Company, the NRC may submit a proposal to the Board of Directors to adjust the variable remuneration.

MEASURES IN PLACE TO AVOID CONFLICTS OF INTEREST.

Article 31 of the Board Regulations establish, among others, as basic obligations arising from the director's duty of loyalty the adoption of the necessary measures to avoid situations in which their interests, either as independent professionals or as employees, may be in conflict with the corporate interests of, and their duties to, the Company.

Specifically, Article 32 of the Board Regulations lists the acts that directors must refrain from carrying out, in compliance with the duty to avoid situations of conflict of interest. These provisions also apply if the beneficiary of the acts or of the prohibited activities is a person related to the director.

In any case, directors must notify the Board of Directors of any direct or indirect conflict of interest that they or persons related to them might have with the interests of the Company. Conflicts of interest in which directors might be involved must be disclosed in the notes to the financial statements.

A.1.3 Amount and nature of fixed components that are due to be accrued during the year by directors in their capacity as such.

The General Shareholders' Meeting is responsible for determining the annual remuneration that may be paid by the Company to all of directors in their capacity as such. The Board of Directors is responsible for distributing the amount among the various directors as, when and in the proportion it sees fit, and may reduce the amount if and when it considers this to be advisable.

For 2021, the current Remuneration Policy sets a Maximum Annual Remuneration of EUR 1,400,000, which may be distributed among External Directors, based on the objective factors stipulated by the Company (e.g. membership of the Board, membership of a Board committee, chairmanship of a Board committee). The Company intends to submit a proposal for the amendment of this limit to EUR 1,550,000 at the 2022 Annual General Meeting.

The breakdown of the Maximum Annual Remuneration for 2022 based on the criteria approved by the Board of Directors at its meeting held on 15 June 2020 is as follows:

- a) For membership of the Board of Directors: EUR 110,000 per year.
- b) For membership of a Board committee: EUR 20,000 per year.
- c) For chairmanship of the Audit and Compliance Committee: EUR 35,000 per year.
- d) For chairmanship of the NRC: EUR 25,000 per year.
- e) For chairmanship of the Guarantee Committee: EUR 25,000 per year.
- g) For holding the post of Independent Coordinating Director: EUR 15,000 per year.

External Directors are also entitled to the remuneration in kind set out in sub-section A.1.5. of this report as fixed components of their remuneration.

Lastly, External Directors residing outside the region where the Company's registered office is located shall receive travel allowances for expenses incurred in discharging their duties.

According to the Company's Bylaws, the remuneration received by External Directors is compatible with, and independent of, the remuneration received by Executive Directors, during the term of the Policy, the Maximum Annual Remuneration will only be distributed among External Directors who do not perform executive functions in the Company.

A.1.4 Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.

Executive Directors receive fixed annual cash remuneration for performing executive functions within the Company. The Board of Directors, on a recommendation by the NRC, establishes the amount of Executive Director's fixed remuneration based on the level of responsibility and professional career at OHLA, and may review this amount periodically.

The Chief Executive Officer's fixed annual cash remuneration remains unchanged during the period covered by the Policy, unless the Board of Directors, on a recommendation by the NRC, resolves to update the amount. Accordingly, this remuneration for 2022 amounts to EUR 1,200,000.

The Chief Executive Officer is also entitled to the benefits stipulated in sub-section A.1.5 below.

A.1.5 Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favour of the director.

The Remuneration Policy provides for certain remuneration in kind as follows:

- For all directors:

- Third-party liability insurance:

In accordance with the Corporate Bylaws, the Company may take out insurance policies for all directors covering third-party liability from the discharge of their duties under standard market terms and conditions bearing in mind the Company's own circumstances.

- For Executive Directors:

- Health insurance:

The Chief Executive Officer and family members are beneficiaries of a health insurance policy. The terms depend on the policy taken out at any given time, with OHLA bearing the entire cost.

- Contributions to life and accident insurance:

The Chief Executive Officer is beneficiary of life and accident insurance as part of a mixed group insurance policy taken out from an insurance company. The cost of the policy is borne by the Company.

A.1.6 Amount and nature of variable components, differentiating between those established in the short and long terms.

Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration for the current year, explaining the extent to which these parameters are related to performance, both of the director and of the company, and to its risk profile, and the methodology, necessary period and techniques envisaged to be able to determine the effective degree of compliance, at the end of the year, with the parameters used in the design of the variable remuneration, explaining the criteria and factors applied in regard to the time required and methods of verifying that the performance or any other conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.

Indicate the range, in monetary terms, of the different variable components according to the degree of fulfilment of the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.

The Chief Executive Officer is the only director whose remuneration scheme includes a variable component.

Annual variable remuneration:

As explained in sub-section A.1.2 above, as at the date of preparation of this report, the Chief Executive Officer was part of an annual variable remuneration scheme linked to the achievement of specific, predetermined and quantifiable targets aligned with the interests of OHLA shareholders and the Company's strategic plan. This does not make him ineligible to participate in other variable remuneration systems included in the Policy.

The Chief Executive Officer's annual variable remuneration represents a percentage of his fixed annual remuneration, calculated based on the achievement of a combination of predetermined and quantifiable quantitative and qualitative targets. This remuneration may be paid in cash or shares.

The Board of Directors, on a recommendation by the NRC, sets the targets each year and evaluates the level of achievement after the end of the year.

The parameters used by OHLA to calculate the annual variable remuneration for 2022 included certain specific economic-financial, industrial and operating targets for the Company, the division or the business unit under the responsibility of the Chief Executive Officer. Individual performance may also be evaluated and a weighting assigned to other corporate governance and corporate social responsibility targets.

The terms and conditions of the Chief Executive Officer's variable remuneration scheme are reviewed annually by the NRC, taking into account the Company's strategy and business situation. This review is subsequently submitted for approval by the Board of Directors.

For 2022, quantitative targets had a weighting of 60% and qualitative targets 40%. The quantitative targets and their weighting were as follows:

Order intake target, 15% weighting.

EBITDA target, 20% weighting.

Cash generation target, 25% weighting.

Other individual criteria may also be considered.

The level of achievement of the targets will be determined according to the weightings that at any given time are established by the Board of Directors on a recommendation by the NRC.

Payment of the annual variable remuneration deferred for one year. Therefore, annual variable remuneration for 2022 will be paid, if applicable, in 2023.

If exceptional events occur, due either to circumstances within or outside the Company, the NRC may submit a proposal to the Board of Directors to adjust the variable remuneration.

The portion of annual variable remuneration whose payment is linked to results of the Company or one or more of its divisions should bear in mind any qualifications stated in the external auditor's report that reduce their amount.

Lastly, the annual variable remuneration scheme includes a clawback arrangement, which enables OHLA to demand reimbursement of the variable components of remuneration when payment was not in accordance with the performance conditions or when payment was made on the basis of data subsequently shown to have been inaccurate.

The Board of Directors, based on a report by the NRC, shall determine whether or not such circumstances have occurred and any variable remuneration that must be returned.

Multi-year variable remuneration:

According to the Policy, the Chief Executive Officer may participate in multi-year remuneration systems whose parameters may be linked, in addition to his or her continuing employment in the Group, to the achievement of the Company's strategic objectives sustainably over time.

As at the date of preparation of this report, the Chief Executive Officer did not participate in any multi-year variable remuneration system as provided for in sub-section A.1.2.

Extraordinary variable remuneration:

Executives Directors may receiveable extraordinary variable remuneration if, in the opinion of the Board of Directors, they have played a decisive role in transactions that are significant or transformational for OHLA Group and the results of which have a major and positive impact on the Company and its shareholders. It is up to the Board of Directors, based on a recommendation by the NRC, to establish the terms and conditions of any such remuneration.

The clawback arrangement for annual variable remuneration described shall not apply to the extraordinary variable remuneration under the terms of the Policy.

A.1.7 Main characteristics of long-term savings systems. Among other information, indicate the contingencies covered by the scheme, whether it is a defined contribution or a defined benefit scheme, the annual contribution that has to be made to defined contribution schemes, the benefits to which directors are entitled in the case of defined benefit schemes, the vesting conditions of the economic rights of directors and their compatibility with any other type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, in the terms provided, between the company and the director.

Indicate whether the accrual or vesting of any of the long-term savings plans is linked to the attainment of certain objectives or parameters relating to the director's short- or long-term performance.

As at the date of preparation of this report, the Company did not have any long-term savings plans for directors.

A.1.8 Any type of payment or severance pay for early termination or dismissal of the director, or deriving from the termination of the contractual relation, in the terms provided, between the company and the director, whether voluntary resignation by the director or dismissal of the director by the company, as well as any type of agreement reached, such as exclusivity, post-contractual non-competition, permanence or loyalty, which entitle the director to any type of remuneration.

PAYMENTS OR INDEMNIFICATIONS FOR EARLY TERMINATION OR DISMISSAL DERIVING FROM THE TERMINATION OF THE CONTRACTUAL RELATIONSHIP, IN THE TERMS PROVIDED, BETWEEN THE COMPANY AND THE DIRECTOR, IN THE DIRECTOR'S CAPACITY AS SUCH, WHETHER AT THE COMPANY'S OR THE DIRECTOR'S INITIATIVE.

The Remuneration Policy does not provide for any indemnifications for External Directors for termination of their duties as director.

According to the Chief Executive Officer's contract, the Company or the Chief Executive Officer may unilaterally terminate the Chief Executive Officer's contract by giving at least three months' notice in writing to the other party. In the event of full or partial breach of the notice period, the party that has taken the decision to terminate the contract shall pay the other party an amount equal to EUR 100,000 for each month of notice not given, or the proportional part thereof in the event of incomplete months.

The Chief Executive Officer shall be entitled to additional severance pay for an amount equal to two years of fixed remuneration at the date of termination of his contract, if the termination is decided by the Company without just cause, or breach by the Chief Executive Officer of his obligations and duties in the discharge of his functions, including those provided for specifically in his contract.

PACTS OR AGREEMENT ON EXCLUSIVITY, POST-CONTRACTUAL NON-COMPETITION AND MINIMUM CONTRACT TERMS OR LOYALTY THAT ENTITLE THE DIRECTOR TO ANY TYPE OF REMUNERATION.

The Chief Executive Officer's contract includes such pacts, as explained in sub-section A.1.9 of this report.

A.1.9 Indicate the conditions that the contracts of executive directors performing senior management functions should contain. Among other things, information must be provided on the duration, limits on amounts of indemnification, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to signing bonuses, as well as compensation or golden parachute clauses for early termination of the contractual relationship between the company and the executive director. Include, among others, the pacts or agreement on non-competition, exclusivity, minimum contract terms and loyalty, and post-contractual non-competition, unless these have been explained in the previous section.

CONDITIONS THAT THE CONTRACTS OF EXECUTIVE DIRECTORS PERFORMING SENIOR MANAGEMENT FUNCTIONS SHOULD CONTAIN.

According to the Corporate Enterprises Act and the Company's internal rules and regulations, the Board of Directors, on a recommendation by the NRC, shall approve the basic terms of Executive Directors' contracts (including any remuneration or severance pay in the event of dismissal) for performing executive duties.

The basic terms and conditions of the Chief Executive Officer's contract, which are standard for this type of contract, are as follows:

- Duration: the duration of the Chief Executive Officer's contract is tied to his tenure as director.

- Exclusivity: the Chief Executive Officer shall provide services on a full-time basis to OHLA and may not provide services to any third parties, whether or not they are competitors of OHLA, during the term of the contract.

In this regard, without previous and express authorisation by the Board of Directors, the Chief Executive Officer shall refrain from engaging, directly or indirectly, in any professional activity outside the scope of the OHLA Group, for third parties or for his own account, even if such activity does not compete with those of any Group company.

- Confidentiality: the contract includes a confidentiality clause whereby the Chief Executive Officer undertakes not to disclose, and to prevent unauthorised third parties from learning about, any of the business plans, procedures, methods, information, commercial or industrial data, know-how and technical documents belonging to the Group relating to its operations that, by their nature, are considered confidential either because they are in his possession or because he has had access to them by reason of his post.

To this end, the Chief Executive Officer shall exercise this diligence both while rendering his services and after his relationship with the Company ends.

- Notice period: there is a three-month notice period in the event of termination of the employment relations under the terms explained in sub-section A.1.8 above.

- Severance pay: the contract provides for entitlement to the severance pay provided for in sub-section A.1.8 above.

- Post-contractual non-competition: a post-contractual non-competition agreement may be triggered upon cessation of the post of Chief Executive Officer for a period of up to one year.

The Chief Executive Officer's contract provides for the possibility that the Board of Directors may impose on the Chief Executive Officer the obligation of comply with a post-contractual non-competition obligation when stepping down from or leaving office, for a stipulated period of one year as of that date. If the Board of Directors decides to activate this post-contractual non-competition obligation, the Chief Executive Officer will be entitled to receive, upon termination of the contract, an amount of EUR 2,880,000 (equal to one year of total maximum remuneration provided for in his contract for performance above the targets established in the variable remuneration system).

If the Chief Executive Officer breaches the post-contractual non-competition obligation, the contract requires him to reimburse the Company for amounts received under the post-contractual non-competition arrangement and to indemnify the Company an amount equal to 25% of the remuneration received, without prejudice to the right to claim any damages that may arise directly or indirectly from the breach of this clause.

In any event, the Board of Directors shall review the terms and conditions of Executive Directors' contracts periodically and make the changes it deems necessary, if any, within the framework of the Remuneration Policy and other internal rules and regulations.

A.1.10 The nature and estimated amount of any other supplementary remuneration that will be accrued by directors in the current year in consideration for services rendered other than those inherent in their position.

There is no provision for OHLA directors to accrue any other supplementary remuneration.

A.1.11 Other items of remuneration such as any deriving from the company's granting the director advances, loans or guarantees or any other remuneration.

There is no provision for granting advances, loans, guarantees or any other remuneration, although the Chief Executive Officer's contract includes the possibility of requesting advances on his variable remuneration.

A.1.12 The nature and estimated amount of any other planned supplementary remuneration to be accrued by directors in the current year that is not included in the foregoing sections, whether paid by the company or by another group company.

There is no provision by any Group company to remunerate any members of the Board of Directors.

A.2. Explain any significant change in the remuneration policy applicable in the current year resulting from:

- a) A new policy or an amendment to a policy already approved by the General Meeting.
- b) Significant changes in the specific determinations established by the board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.
- c) Proposals that the Board of Directors has agreed to submit to the general shareholders' meeting to which this annual report will be submitted and for which it is proposed that they be applicable to the current year.

The Board of Directors, on the recommendation of the NRC, plans to submit, to vote at the next Annual General Meeting, a proposal for a new Director Remuneration Policy for the Company applicable from the date of approval by the 2022 Annual General Meeting until 31 December 2025. The Policy, if approved by the General Shareholders' Meeting, would be effective immediately and replace and render without effect for 2022 the Company's Director Remuneration Policy for the 2020-2022 period, which was approved at General Shareholders' Meeting held on 15 June 2020 and amended at the General Shareholders' Meeting held on 29 June 2021.

The new Remuneration Policy will be a continuation of the previous one and maintain its underlying principles, but would be warranted for the following reasons: (i) expiration of the 2020-2022 Remuneration Policy, (ii) adaptation of the current Corporate Enterprises Act after the amendments introduced by Law 5/2021, in accordance with best market practices and the latest corporate governance recommendations regarding director remuneration, and (iii) updating of the Maximum Annual Remuneration receivable by directors in their capacity as such and the criteria for distribution.

A.3. Identify the direct link to the document containing the company's current remuneration policy, which must be available on the company's website.

https://media.ohla-group.com/wp-content/uploads/2022/02/01095042/Politica-de-Remuneraciones-de-Consejeros_2021.pdf

- A.4.** Explain, taking into account the data provided in Section B.4, how account has been taken of the voting of shareholders at the General Shareholders' Meeting to which the annual report on remuneration for the previous year was submitted on a consultative basis.

Of votes cast at the General Shareholders' Meeting held on 29 June 2021 on the resolution regarding the annual report on director remuneration for the previous year, under the terms provided for in section B.4 of this report, 98.693% were in favour.

In the Board of Directors' opinion, the remuneration practices in that report have the approval of a large number of shareholders and are in line with practices of the companies in the industry in which the Company operates. Therefore, it decided to uphold the same practices.

B. OVERALL SUMMARY OF HOW REMUNERATION POLICY WAS APPLIED DURING THE YEAR LAST ENDED

- B.1.1** Explain the process followed to apply the remuneration policy and determine the individual remuneration contained in Section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the Board of Directors and the identity and role of any external advisors whose services may have been used in the process of applying the remuneration policy in the year last ended.

As explained in section A.1.1, the Remuneration Policy approved at the General Shareholders' Meeting held on 15 June 2020 and amended at the General Shareholders' Meeting held on 29 June 2021 was applied throughout all of 2021.

Specifically, the process followed to apply the Remuneration Policy in 2021 and determine the individual remuneration contained in Section C of this report was as follows:

- External Directors: the individual remuneration of Executive Directors is detailed in section B.5 of this report.
- Executive Directors: as provided for in the Chief Executive Officer's contract and the Remuneration Policy, the Chief Executive Officer accrued the remuneration detailed in section B.6 of this report in 2021.

The main actions, business transacted and decisions taken by the NRC and the Board of Directors in exercise of the authority described in section A.1.1 were as follows:

- The NRC conducted a review of the remuneration system for Executive Directors. It submitted a report to the Board of Directors justifying approval of a new Policy to (i) amend the amount of remuneration of external directors for members on the various Board committees, (ii) include express provision for the payment of travel allowances for expenses incurred by directors residing outside the region where the Company's registered office is located in performing their duties as directors and (iii) amend section 8 regarding the addition of new executive directors.
- The Board of Directors approved the report and subsequently submitted it to deliberation and voting at the OHLA 2021 Annual General Meeting.
- The NRC submitted a proposal for the 2021 annual variable remuneration of the Chief Executive Officer based on targets, the weighting of metrics, and the scale applicable to the achievement of each. All were approved by the Board of Directors at its meeting held on 25 March 2021, based on a favourable report by the NRC.
- The NRC assessed, and issued a favourable report on, the 2020 Annual Report on Director Remuneration, which was subsequently approved by the Board of Directors.

The NRC held seven meetings in 2021, at which it adopted those decisions, along with others. In 2021, the Company engaged Pérez Llorca to provide external advice on matters involving remuneration.

- B.1.2** Explain any deviation from the procedure established for the application of the remuneration policy that has occurred during the year.

There was no deviation from the procedure established for the application of the Remuneration Policy in 2021.

- B.1.3** Indicate whether any temporary exception has been applied to the remuneration policy and, if so, explain the exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the entity believes that these exceptions have been necessary to serve the long-term interests and sustainability of the company as a whole or ensure its viability. Similarly, quantify the impact that the application of these exceptions has had on the remuneration of each director over the year.

No temporary exceptions were applied to the Remuneration Policy in force in 2021.

- B.2.** Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks, aligning it with the long-term objectives, values and interests of the company, including a reference to the measures adopted to ensure that the long-term results of the company have been taken into consideration in the remuneration accrued. Ensure that an appropriate balance has been attained between the fixed and variable components of the remuneration, the measures adopted in relation to those categories of personnel whose professional activities have a material effect on the company's risk profile and the measures in place to avoid any possible conflicts of interest.

As explained in section A.1.1 of this report, OHLA takes the following actions to reduce exposure to excessive risks:

- The NRC reviews market trends on a regular basis and oversees compliance with the Company's Remuneration Policy.
- There are clawback arrangements which enable OHLA to demand reimbursement of the variable components of remuneration when payment of the annual and multi-year remuneration was not in accordance with the performance conditions or when payments were made based on data subsequently shown to have been inaccurate.
- The annual variable remuneration is paid after the authorisation for issue of the relevant financial statements and after having determined the level of achievement of financial targets.
- Any qualifications or reservations that appear in the external auditor's report are taken into account for the portion of annual variable remuneration linked to the Company's results.
- There is no guaranteed variable remuneration, since there is a minimum threshold for achievement of targets below which this remuneration is not paid.
- Moreover, if exceptional events occur, due to circumstances within or outside the Company, the NRC may propose adjustments to the variable remuneration to the Board of Directors.

Meanwhile, measures taken to ensure that the long-term results of OHLA are taken into account in the Remuneration Policy are:

- The Chief Executive Officer's remuneration includes the following components: (i) fixed remuneration (cash and in kind), (ii) annual variable remuneration and (iii) multi-year variable remuneration (currently suspended). The Chief Executive Officer is also entitled to receive extraordinary variable remuneration in certain situations.
 - The annual variable remuneration of the Chief Executive Officer aims to foster his commitment to the Company and its strategic plan, linking his remuneration to the interests of shareholders and the sustainable achievement of strategic targets so that it is aligned with best practices in remuneration.
 - Indeed, in 2021, the Chief Executive Officer made contributed actively to the completion of all the planned transactions planned in the recapitalisation and renegotiation of certain borrowings of the Company's group, including the capital increases.
- He also made a decisive contribution to the Group's sustainability by rolling out a variety of specific projects and plans.
- According to the Company's Bylaws, directors may be remunerated through the delivery of shares, share options or remuneration linked to the share price provided that application of any of these remuneration schemes is first approved at the General Shareholders' Meeting.

The relative importance of the Chief Executive Officer's variable remuneration could, depending on the level of achievement of performance targets for the accrual of variable remuneration, become relatively more important than the fixed remuneration components.

Regarding the necessary measures to avoid situations of conflict of interest by directors, the Regulations of the Board of Directors, in line with the Corporate Enterprises Act, sets out certain obligations arising from directors' duty of loyalty related to avoiding situations of conflict of interest. The Board Regulations also include, among the NRC's responsibilities, ensuring that potential conflicts of interest do not compromise the independence of external advice provided to the committee.

- B.3.** Explain how the remuneration accrued and consolidated over the financial the year complies with the provisions of the current remuneration policy and, in particular, how it contributes to the company's long-term and sustainable performance.

Furthermore, report on the relationship between the remuneration obtained by the directors and the results or other performance measures of the company in the short and long term, explaining, if applicable, how variations in the company's performance have influenced changes in directors' remuneration,

including any accrued remuneration payment of which has been deferred, and how such remuneration contributes to the short- and long-term results of the company.

In compliance with the 2020-2022 Remuneration Policy, the remuneration accrued by directors in 2021 was as follows:

External Directors:

The amounts stipulated in the Remuneration Policy and described in section B.5 of this report for membership and/or chairmanship of the Board of Directors and Board committees.

The total amount of attendance fees for all external directors in 2021 was EUR 1,391 thousand.

Travel allowances paid to external directors for discharging their functions amounted to EUR 155 thousand.

Remuneration of External Directors in 2021, which was exclusively fixed, exceeded the Maximum Annual Remuneration threshold (EUR 1,400 thousand) and amounted to EUR 1,546 thousand, including travel allowances for external directors resident outside Madrid. The Board of Directors and Board committees had more business to address than usual in 2021 due to the completion of the Group's financial restructuring during the year. Because of this activity, several directors residing outside Madrid had to make more trips than originally planned. This, coupled with the payment of attendance fees to members of the Statement of Financial Position Adequacy Monitoring Committee, led to the payment of EUR 146 thousand above the Maximum Annual Remuneration approved at the General Shareholders' Meeting. In the opinion of the Company's Board of Directors, this remuneration was in the Company's long-term interests and contributed to its sustainability and ensuring its viability.

The Board of Directors plans to submit a new Director Remuneration Policy with a higher Maximum Annual Remuneration for approval at the next Annual General Meeting.

Chief Executive Officer:

- A fixed component of EUR 1,200,000.
- A cash amount for annual variable remuneration, detailed in section B.7, which will be paid in 2022.
- The life and accident insurance premium, the health insurance premium and other benefits paid by OHLA as described in section B.14 of this report.

Variable remuneration systems include measures that take into account the Company's results, such as:

- It includes scales of achievement defined for each target based on the Company results. Any deviation in the Company's performance will affect the level of achievement of targets and directly affect the amount of variable remuneration, if any, to which the Chief Executive Officer is entitled. Section A.1.2 provides more details on the thresholds for achievement of targets established by the Company for the variable remuneration systems.
- There is no minimum Annual Variable Remuneration from 2020 and beyond.
- Variable remuneration shall only accrue when the Board of Directors, on a recommendation by the NRC, has evaluated the level of achievement of the financial targets and after the date of authorisation for issue of the financial statements.
- The Chief Executive Officer's variable remuneration is subject to an arrangement which, if triggered, would enable the NRC to demand reimbursement of the variable components of remuneration when payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.
- If exceptional events occur, due to circumstances within or outside the Company, the NRC may submit a proposal to the Board of Directors to apply certain adjustments to the variable remuneration.
- The portion of variable remuneration linked to results of the Company or one or more of its divisions should bear in mind any qualifications stated in the external auditor's report that reduce their amount.

B.4. Report on the result of the consultative vote at the General Shareholders' Meeting on remuneration in the previous year, indicating the number of votes in favour, votes against, abstentions and blank ballots:

	Number	% of total
Votes cast	90,665,861	31.64

	Number	% of votes cast
Votes against	1,178,689	1.30
Votes in favour	89,480,780	98.69
Blank ballots		0.00

	Number	% of votes cast
Abstentions	6,392	0.01

Observations

B.5. Explain how the fixed components accrued and vested during the year by the directors in their capacity as such were determined, their relative proportion with regard to each director and how they changed with respect to the previous year.

The amount of individual remuneration accrued by external directors in 2021, including remuneration for membership and/or chairmanship of the Board of Directors and Board committees, was distributed in accordance with following criteria agreed by the Board of Directors at its meeting held on 15 June 2020:

For membership of the Board of Directors: EUR 110,000;
For membership of a committee: EUR 20,000;
For chairmanship of the Audit Committee: EUR 35,000;
For chairmanship of the NRC: EUR 25,000;
For chairmanship of the Guarantee Committee: EUR 25,000;
For chairmanship of the Statement of Financial Position Adequacy Monitoring Committee: EUR 15,000;
For the post of independent coordinating director: EUR 15,000;
Travel allowances.

In accordance with the above, the total amount accrued by all external directors in 2021 in their capacity as such amounted to EUR 1,546 thousand, including EUR 155 thousand of travel allowances for expenses incurred by external directors residing outside the region where the Company's registered office is located.

The proportion of remuneration of each external director in their capacity as such to their total remuneration in 2021 is as follows:

Director / Annual remuneration (EUR thousand) / Proportion vis-à-vis total remuneration (%)

Luis Fernando Martín Amodio Herrera / 150 / 10.78
Julio Mauricio Martín Amodio Herrera / 130 / 9.35
Juan Villar-Mir de Fuentes / 130 / 9.35
Carmen de Andrés Conde / 167 / 12.01
César Cañedo-Argüelles Torrejón / 130 / 9.35
Francisco García Martín / 77 / 5.54
Juan Antonio Santamera Sánchez / 130 / 9.35
Juan José Nieto Bueso / 152 / 10.93
Luis Fernando Amodio Giombini / 54 / 3.88 Reyes
Calderón Cuadrado / 175 / 12.58 Silvia Villar-Mir de Fuentes / 96 / 6.90

Total remuneration paid in 2021 amounted to EUR 1,546 thousand, marking an increase of EUR 313 thousand from the total amount paid in 2020.

B.6. Explain how the salaries accrued and vested by each of the executive directors over the past financial year for the performance of management duties were determined, and how they changed with respect to the previous year.

The Chief Executive Officers fixed annual remuneration was EUR 1,200,000 in cash.

In 2021, the Chief Executive Officer was entitled to certain corporate benefits: payment of health and life insurance premiums. For these items, an amount of EUR 28,244 was attributed to the Chief Executive Officer in 2021.

As in 2020, OHLA did not make any contributions to a pension scheme on behalf of the Chief Executive Officer in 2021.

This was EUR 135,387 higher than the 2020 fixed remuneration.

Moreover, in accordance the Corporate Bylaws, the Company may take out insurance policies for the Chief Executive Officer covering third-party liability from the discharge of his or her duties under standard market terms and conditions bearing in mind the Company's own circumstances.

B.7. Explain the nature and the main characteristics of the variable components of the remuneration systems accrued and vested in the year last ended.

In particular:

- a) Identify each of the remuneration plans that determined the different types of variable remuneration accrued by each of the directors in the year last ended, including information on their scope, date of approval, date of implementation, any vesting conditions that apply, periods of accrual and validity, criteria used to evaluate performance and how this affected the establishment of the variable amount accrued, as well as the measurement criteria used and the time needed to be able to adequately measure all the conditions and criteria stipulated, explaining the criteria and factors applied in regard to the time required and the methods of verifying that the performance or any other kind of conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.
- b) In the case of share options and other financial instruments, the general characteristics of each plan must include information on the conditions both for acquiring unconditional ownership (vesting) of these options or financial instruments and for exercising them, including the exercise price and period.
- c) Each director that is a beneficiary of remunerations systems or plans that include variable remuneration, and his or her category (executive director, external proprietary director, external independent director or other external director).
- d) Information is to be provided on any periods for accrual, vesting or deferment of payment of vested amounts applied and/or the periods for retention/unavailability of shares or other financial instruments, if any.

Explain the short-term variable components of the remuneration systems:

As stipulated in the Remuneration Policy, only the Chief Executive Officer participated in a variable remuneration system in 2021.

The Chief Executive Officer's variable remuneration includes the following variable components:

- (i) Annual variable remuneration.
- (ii) Multi-year variable remuneration.

The Board of Directors, on a recommendation by the NRC, agreed to pay the Chief Executive Officer annual variable remuneration of EUR 1,385,168 under the terms provided in his contract.

Explain the long-term variable components of the remuneration systems:

According to the Remuneration Policy, the Chief Executive Officer may be included in any multi-year variable remuneration systems approved by the Board of Directors.

At the General Meeting held on 28 May 2019, shareholders approved a multi-year variable share-based remuneration plan that included the possibility of granting the Chief Executive Officer variable remuneration linked to his minimum contract term in the Company, and to the achievement of the targets set by the Board of Directors. However, at its meeting held in November 2019, OHLA's Board of Directors agreed to suspend the system. Therefore, in 2021, the Chief Executive Officer did not receive any remuneration or earn any rights in respect of this system.

B.8. Indicate whether certain variable components have been reduced or clawed back when, in the former case, payment of non-vested amounts has been deferred or, in the latter case, they have vested and been paid, on the basis of data that have subsequently been clearly shown to be inaccurate. Describe the amounts reduced or clawed back through the application of the "malus" (reduction) or clawback clauses, why they were implemented and the years to which they refer.

Although the Chief Executive Officer's variable remuneration is subject to clawback arrangements, there was no demand for the return of variable components in 2021 since no variable remuneration was accrued or paid based on data that had subsequently been clearly shown to be inaccurate and no payment had been made that was not in accordance with certain performance conditions.

B.9. Explain the main characteristics of the long-term savings schemes where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefit, whether financed in whole or in part by the company or through internal or external contributions, indicating the type of plan, whether it is a defined contribution or defined benefit plan, the contingencies covered, the conditions on which the economic rights vest in favour of the directors and their compatibility with any type of indemnification for early termination or cessation of the contractual relationship between the company and the director.

The Company did not make any contribution to long-term saving schemes in 2021.

B.10. Explain, where applicable, the indemnification or any other type of payment deriving from the early cessation, whether at the company's or the director's initiative, or from the termination of the contract in the terms provided therein, accrued and/or received by directors during the year last ended.

No indemnification or severance pay or any other type of payment deriving from early cessation or termination of contracts was paid during the year last ended.

B.11. Indicate whether there have been any significant changes in the contracts of persons exercising senior management functions, such as executive directors, and, if so, explain them. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless these have already been explained in Section A.1.

There were no changes in the executive director's contracts in 2021.

B.12. Explain any supplementary remuneration accrued by directors in consideration of the provision of services other than those inherent in their position.

No supplementary remuneration was accrued by directors in consideration of the provision of services other than those inherent in their position.

B.13. Explain any remuneration deriving from advances, loans or guarantees granted, indicating the interest rate, their key characteristics and any amounts returned, as well as the obligations assumed on their behalf by way of guarantee.

No remuneration accrued deriving from advances, loans or guarantees.

B.14. Itemise the remuneration in kind accrued by the directors during the year, briefly explaining the nature of the various salary components.

The Chief Executive Officer is beneficiary of life and accident insurance as part of a mixed group insurance policy taken out from an insurance company. The annual premium in 2021 was EUR 10,484.28. This cost is borne by the Company and the current coverage of the sum insured is EUR 2,400,000. During 2021, the Company was reimbursed EUR 11,206 on its with-profits life insurance policy for little or no claims.

In addition, health insurance premiums paid on behalf of the Chief Executive Officer in 2021 amounted to EUR 6,553.40.

Moreover, in accordance the Corporate Bylaws, the Company took out an insurance policy for the Chief Executive Officer covering third-party liability from the discharge of his duties as part of a policy taken to cover the liabilities of the Group's directors and managers, under standard market terms and conditions bearing in mind the Company's own circumstances.

B.15. Explain the remuneration accrued by any director by virtue of payments made by the listed company to a third company in which the director provides services when these payments seek to remunerate the director's services to the company.

No remuneration was paid to any member of the Board of Director for providing services to a third company.

B.16. Explain and detail the amounts accrued in the year in relation to any other remuneration concept other than that set forth above, whatever its nature or the group entity that pays it, including all benefits in any form, such as when it is considered a related-party transaction or, especially, when it significantly affects the true image of the total remuneration accrued by the director. Explain the amount granted or pending payment, the nature of the consideration received and the reasons for those that would have been considered, if applicable, that do not constitute remuneration to the director or in consideration for the performance of their executive functions and whether or not has been considered appropriate to be included among the amounts accrued under the "Other concepts" heading in Section C.

No other remuneration components than those described in this report were paid to members of the Board of Directors in the year ended 31 December 2021.

C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Period of accrual in 2021
LUIS FERNANDO MARTIN AMODIO HERRERA	Chairperson Proprietary	From 01/01/2021 to 31/12/2021
JULIO MAURICIO MARTIN AMODIO HERRERA	Deputy chairperson Proprietary	From 01/01/2021 to 31/12/2021
JUAN VILLAR-MIR DE FUENTES	Deputy chairperson Proprietary	From 01/01/2021 to 31/12/2021
JOSE ANTONIO FERNANDEZ GALLAR	Chief Executive Officer	From 01/01/2021 to 31/12/2021
CARMEN DE ANDRES CONDE	Independent Director	From 01/01/2021 to 31/12/2021
CESAR CAÑEDO-ARGÜELLES TORREJON	Independent Director	From 01/01/2021 to 31/12/2021
FRANCISCO JOSE GARCIA MARTIN	Independent Director	From 29/07/2021 to 31/12/2021
JUAN ANTONIO SANTAMERA SANCHEZ	Independent Director	From 01/01/2021 to 31/12/2021
JUAN JOSE NIETO BUESO	Independent Director	From 01/01/2021 to 29/07/2021
LUIS FERNANDO AMODIO GIOMBINI	Proprietary Director	From 29/07/2021 to 31/12/2021
REYES CALDERON CUADRADO	Independent Director	From 01/01/2021 to 31/12/2021
SILVIA VILLAR-MIR DE FUENTES	Proprietary Director	From 01/01/2021 to 29/07/2021

C.1. Complete the following tables regarding the individual remuneration of each director (including remuneration received for performing executive duties) accrued during the year.

a) Remuneration from the reporting company:

i) Remuneration accruing in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total in 2021	Total in 2020
LUIS FERNANDO MARTIN AMODIO HERRERA		150						76	226	92
JULIO MAURICIO MARTIN AMODIO HERRERA		130						79	209	70
JUAN VILLAR-MIR DE FUENTES		130							130	125
JOSE ANTONIO FERNANDEZ GALLAR	1,200				1,385			28	2,613	2,234
CARMEN DE ANDRES CONDE		167							167	148
CESAR CAÑEDO-ARGÜELLES TORREJON		130							130	125
FRANCISCO JOSE GARCIA MARTIN		77							77	
JUAN ANTONIO SANTAMERA SANCHEZ		130							130	125
JUAN JOSE NIETO BUESO		152							152	175
LUIS FERNANDO AMODIO GIOMBINI		54							54	
REYES CALDERON CUADRADO		175							175	152
SILVIA VILLAR-MIR DE FUENTES		96							96	116

Observations

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ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments.

Name	Name of plan	Financial instruments at start of 2021		Financial instruments granted during 2021		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/ vested shares	Price of vested shares	EBITDA from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
LUIS FERNANDO MARTIN AMODIO HERRERA	Plan							0.00				
JULIO MAURICIO MARTIN AMODIO HERRERA	Plan							0.00				
JUAN VILLAR- MIR DE FUENTES	Plan							0.00				
JOSE ANTONIO FERNANDEZ GALLAR	Plan							0.00				
CARMEN DE ANDRES CONDE	Plan							0.00				
CESAR CAÑEDO-ARGÜELLES TORREJON	Plan							0.00				
FRANCISCO JOSE GARCIA MARTIN	Plan							0.00				
JUAN ANTONIO SANTAMERA SANCHEZ	Plan							0.00				
JUAN JOSE NIETO BUESO	Plan							0.00				
LUIS FERNANDO AMODIO GIOMBINI	Plan							0.00				

Name	Name of plan	Financial instruments at start of 2021		Financial instruments granted during 2021		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares	EBITDA from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
REYES CALDERON CUADRADO	Plan							0.00				
SILVIA VILLAR- MIR DE FUENTES	Plan							0.00				

Observations

iii) Long-term saving schemes

Name	Remuneration from vesting of rights to savings schemes
LUIS FERNANDO MARTIN AMODIO HERRERA	
JULIO MAURICIO MARTIN AMODIO HERRERA	
JUAN VILLAR-MIR DE FUENTES	
JOSE ANTONIO FERNANDEZ GALLAR	
CARMEN DE ANDRES CONDE	
CESAR CAÑEDO-ARGÜELLES TORREJON	
FRANCISCO JOSE GARCIA MARTIN	

Name	Remuneration from vesting of rights to savings schemes
JUAN ANTONIO SANTAMERA SANCHEZ	
JUAN JOSE NIETO BUESO	
LUIS FERNANDO AMODIO GIOMBINI	
REYES CALDERON CUADRADO	
SILVIA VILLAR-MIR DE FUENTES	

Name	Contribution for the year by the company (thousands of euros)				Amount of accrued funds (thousands of euros)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Savings schemes with vested economic rights		Savings schemes with non-vested economic rights	
	2021	2020	2021	2020	2021	2020	2021	2020
LUIS FERNANDO MARTIN AMODIO HERRERA								
JULIO MAURICIO MARTIN AMODIO HERRERA								
JUAN VILLAR-MIR DE FUENTES								
JOSE ANTONIO FERNANDEZ GALLAR								
CARMEN DE ANDRES CONDE								
CESAR CAÑEDO-ARGÜELLES TORREJON								

Name	Contribution for the year by the company (thousands of euros)				Amount of accrued funds (thousands of euros)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Savings schemes with vested economic rights		Savings schemes with non-vested economic rights	
	2021	2020	2021	2020	2021	2020	2021	2020
FRANCISCO JOSE GARCIA MARTIN								
JUAN ANTONIO SANTAMERA SANCHEZ								
JUAN JOSE NIETO BUESO								
LUIS FERNANDO AMODIO GIOMBINI								
REYES CALDERON CUADRADO								
SILVIA VILLAR-MIR DE FUENTES								

Observations

iv) Details of other items

Name	Item	Amount of remuneration
LUIS FERNANDO MARTIN AMODIO HERRERA	Travel and accommodation allowances for expenses incurred in the discharge of duties	76
JULIO MAURICIO MARTIN AMODIO HERRERA	Travel and accommodation allowances for expenses incurred in the discharge of duties	79
JUAN VILLAR-MIR DE FUENTES	Item	

ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

Name	Item	Amount of remuneration
JOSE ANTONIO FERNANDEZ GALLAR	Life and health insurance	28
CARMEN DE ANDRES CONDE	Item	
CESAR CAÑEDO-ARGÜELLES TORREJON	Item	
FRANCISCO JOSE GARCIA MARTIN	Item	
JUAN ANTONIO SANTAMERA SANCHEZ	Item	
JUAN JOSE NIETO BUESO	Item	
LUIS FERNANDO AMODIO GIOMBINI	Item	
REYES CALDERON CUADRADO	Item	
SILVIA VILLAR-MIR DE FUENTES	Item	

Observations

b) Remuneration of directors of the listed company for seats on the boards of other subsidiary companies:

i) Remuneration accruing in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total in 2021	Total in 2020
LUIS FERNANDO MARTIN AMODIO HERRERA										
JULIO MAURICIO MARTIN AMODIO HERRERA										
JUAN VILLAR-MIR DE FUENTES										

ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total in 2021	Total in 2020
JOSE ANTONIO FERNANDEZ GALLAR										
CARMEN DE ANDRES CONDE										
CESAR CAÑEDO-ARGÜELLES TORREJON										
FRANCISCO JOSE GARCIA MARTIN										
JUAN ANTONIO SANTAMERA SANCHEZ										
JUAN JOSE NIETO BUESO										
LUIS FERNANDO AMODIO GIOMBINI										
REYES CALDERON CUADRADO										
SILVIA VILLAR-MIR DE FUENTES										

Observations

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ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments.

Name	Name of plan	Financial instruments at start of 2021		Financial instruments granted during 2021		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares	EBITDA from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
LUIS FERNANDO MARTIN AMODIO HERRERA	Plan							0.00				
JULIO MAURICIO MARTIN AMODIO HERRERA	Plan							0.00				
JUAN VILLAR- MIR DE FUENTES	Plan							0.00				
JOSE ANTONIO FERNANDEZ GALLAR	Plan							0.00				
CARMEN DE ANDRES CONDE	Plan							0.00				
CESAR CAÑEDO-ARGÜELLES TORREJON	Plan							0.00				

ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

Name	Name of plan	Financial instruments at start of 2021		Financial instruments granted during 2021		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of 2021	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/vested shares	Price of vested shares	EBITDA from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
FRANCISCO JOSE GARCIA MARTIN	Plan							0.00				
JUAN ANTONIO SANTAMERA SANCHEZ	Plan							0.00				
JUAN JOSE NIETO BUESO	Plan							0.00				
LUIS FERNANDO AMODIO GIOMBINI	Plan							0.00				
REYES CALDERON CUADRADO	Plan							0.00				
SILVIA VILLAR- MIR DE FUENTES	Plan							0.00				

Observations

iii) Long-term saving schemes

Name	Remuneration from vesting of rights to savings schemes
LUIS FERNANDO MARTIN AMODIO HERRERA	
JULIO MAURICIO MARTIN AMODIO HERRERA	
JUAN VILLAR-MIR DE FUENTES	
JOSE ANTONIO FERNANDEZ GALLAR	
CARMEN DE ANDRES CONDE	
CESAR CAÑEDO-ARGÜELLES TORREJON	
FRANCISCO JOSE GARCIA MARTIN	
JUAN ANTONIO SANTAMERA SANCHEZ	
JUAN JOSE NIETO BUESO	
LUIS FERNANDO AMODIO GIOMBINI	
REYES CALDERON CUADRADO	
SILVIA VILLAR-MIR DE FUENTES	

Name	Contribution for the year by the company (thousands of euros)				Amount of accrued funds (thousands of euros)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Savings schemes with vested economic rights		Savings schemes with non-vested economic rights	
	2021	2020	2021	2020	2021	2020	2021	2020
LUIS FERNANDO MARTIN AMODIO HERRERA								
JULIO MAURICIO MARTIN AMODIO HERRERA								
JUAN VILLAR-MIR DE FUENTES								
JOSE ANTONIO FERNANDEZ GALLAR								
CARMEN DE ANDRES CONDE								
CESAR CAÑEDO-ARGÜELLES TORREJON								
FRANCISCO JOSE GARCIA MARTIN								
JUAN ANTONIO SANTAMERA SANCHEZ								
JUAN JOSE NIETO BUESO								
LUIS FERNANDO AMODIO GIOMBINI								
REYES CALDERON CUADRADO								

Name	Contribution for the year by the company (thousands of euros)				Amount of accrued funds (thousands of euros)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Savings schemes with vested economic rights		Savings schemes with non-vested economic rights	
	2021	2020	2021	2020	2021	2020	2021	2020
SILVIA VILLAR-MIR DE FUENTES								

Observations

iv) Details of other items

Name	Item	Amount of remuneration
LUIS FERNANDO MARTIN AMODIO HERRERA	Item	
JULIO MAURICIO MARTIN AMODIO HERRERA	Item	
JUAN VILLAR-MIR DE FUENTES	Item	
JOSE ANTONIO FERNANDEZ GALLAR	Item	
CARMEN DE ANDRES CONDE	Item	
CESAR CAÑEDO-ARGÜELLES TORREJON	Item	
FRANCISCO JOSE GARCIA MARTIN	Item	
JUAN ANTONIO SANTAMERA SANCHEZ	Item	
JUAN JOSE NIETO BUESO	Item	
LUIS FERNANDO AMODIO GIOMBINI	Item	
REYES CALDERON CUADRADO	Item	

Name	Item	Amount of remuneration
SILVIA VILLAR-MIR DE FUENTES	Item	

Observations

[]

c) Summary of remuneration (thousands of euros):

This summary must include the amounts corresponding to all the remuneration items included in this report that have accrued to each director, in thousands of euros.

Name	Remuneration accruing in the Company					Remuneration accruing in group companies					
	Total cash remuneration	EBITDA from vested shares or financial instruments	Remuneration by way of saving systems	Other items of remuneration	Total in 2021, company	Total cash remuneration	EBITDA from vested shares or financial instruments	Remuneration by way of saving systems	Other items of remuneration	Total in 2021, group	Total in 2021, company + group
LUIS FERNANDO MARTIN AMODIO HERRERA	226				226						226
JULIO MAURICIO MARTIN AMODIO HERRERA	209				209						209
JUAN VILLAR-MIR DE FUENTES	130				130						130
JOSE ANTONIO FERNANDEZ GALLAR	2,613				2,613						2,613

ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

Name	Remuneration accruing in the Company					Remuneration accruing in group companies					Total in 2021, company + group
	Total cash remuneration	EBITDA from vested shares or financial instruments	Remuneration by way of saving systems	Other items of remuneration	Total in 2021, company	Total cash remuneration	EBITDA from vested shares or financial instruments	Remuneration by way of saving systems	Other items of remuneration	Total in 2021, group	
CARMEN DE ANDRES CONDE	167				167						167
CESAR CAÑEDO-ARGÜELLES TORREJON	130				130						130
FRANCISCO JOSE GARCIA MARTIN	77				77						77
JUAN ANTONIO SANTAMERA SANCHEZ	130				130						130
JUAN JOSE NIETO BUESO	152				152						152
LUIS FERNANDO AMODIO GIOMBINI	54				54						54
REYES CALDERON CUADRADO	175				175						175
SILVIA VILLAR-MIR DE FUENTES	96				96						96
TOTAL	4,159				4,159						4,159

Observations

C.2 Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results of the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries that are not directors of the listed company.

	Total amounts accrued and % annual variation								
	2021	% variation 2021/2020	2020	% variation 2020/2019	2019	% variation 2019/2018	2018	% variation 2018/2017	2017
Executive directors									
JOSE ANTONIO FERNANDEZ GALLAR	2,613	16.97	2,234	-15.25	2,636	99.85	1,319	-	0
External directors									
LUIS FERNANDO MARTIN AMODIO HERRERA	226	145.65	92	-	0	-	0	-	0
JULIO MAURICIO MARTIN AMODIO HERRERA	209	198.57	70	-	0	-	0	-	0
JUAN VILLAR-MIR DE FUENTES	130	4.00	125	-3.85	130	0.00	130	-	0
CARMEN DE ANDRES CONDE	167	12.84	148	-1.33	150	100.00	75	-	0
CESAR CAÑEDO-ARGÜELLES TORREJON	130	4.00	125	-3.85	130	100.00	65	-	0

ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

	Total amounts accrued and % annual variation								
	2021	% variation 2021/2020	2020	% variation 2020/2019	2019	% variation 2019/2018	2018	% variation 2018/2017	2017
FRANCISCO JOSE GARCIA MARTIN	77	-	0	-	0	-	0	-	0
JUAN ANTONIO SANTAMERA SANCHEZ	130	4.00	125	-3.85	130	0.00	130	-	0
JUAN JOSE NIETO BUESO	152	-13.14	175	9.38	160	-34.16	243	97.56	123
LUIS FERNANDO AMODIO GIOMBINI	54	-	0	-	0	-	0	-	0
REYES CALDERON CUADRADO	175	15.13	152	8.57	140	-40.43	235	78.03	132
SILVIA VILLAR-MIR DEFUENTES	96	-17.24	116	5.45	110	0.00	110	-	0
Consolidated results of the company									
	42,384	-	-127,121	-19.32	-106,534	89.01	-969,548	-331.26	-224,815
Average employee remuneration									
	27	-3.57	28	-3.45	29	26.09	23	-8.00	25
Observations									

D. OTHER INFORMATION OF INTEREST

If there are any significant issues relating to directors' remuneration that it has not been possible to include in the foregoing sections of this report, but which it is necessary to include in order to provide more comprehensive and reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

A.1 SPECIFIC DETERMINATIONS FOR THE CURRENT YEAR AS REGARDS DIRECTORS' REMUNERATION BOTH IN THEIR CAPACITY AS SUCH AND FOR EXECUTION FUNCTIONS CARRIED OUT.

In accordance with the Company Bylaws and the Regulations of the Board of Directors in force, the Remuneration Policy makes a distinction between (i) remuneration for the performance of general director duties, i.e., those inherent to the position of director, excluding any remuneration that may correspond to the performance of executive duties (i.e. proprietary, independent and other external directors, the "External Directors"), (ii) remuneration for directors who perform executive duties (the "Executive Directors") and (iii) remuneration for membership of a Board committees.

As for such specific determinations, remuneration of External Directors for performing executive duties and for membership of OHLA's NRC and Board of Directors is set out in the OHLA director remuneration scheme for 2022 and following years, in line with the general principles explained previously:

*For External Directors in their capacity as such:

According to Article 28 of the OHLA Regulations of the Board of Directors (the "Board Regulations"), both the Board of Directors and the NRC shall take such measures as within their power to ensure that the remuneration of External Directors is sufficient to compensate them for, and encourage, their dedication, but no so high as to compromise their independent judgement. Specifically, the remuneration system for External Directors is as follows:

- i) External Directors shall be paid a fixed annual amount for membership on the Board of Directors and, where applicable, additional fixed remuneration for membership of or chairing Board committees (the "Committees"). External Directors residing outside the region where the Company's registered office is located shall also be entitled to additional remuneration comprising payment of travel allowances for expenses incurred. Lastly, the independent coordinating director (the "Coordinating Director"), if one is appointed, shall receive an additional cash amount to compensate him or her for the extra dedication required for the position.
 - ii) According to the Policy and Article 24 (c) of the OHLA Bylaws (the "Bylaws"), External Directors may be remunerated through the delivery of shares, share options or remuneration linked to the share price provided that application of any of these remuneration schemes is first approved at the General Shareholders' Meeting. No remuneration of this kind has been approved for External Directors by shareholders at a General Meeting.
 - iii) In accordance with the Bylaws, the Company may take out insurance policies for all directors covering third-party liability from the discharge of their duties under standard market terms and conditions bearing in mind the Company's own circumstances.
- Under the Remuneration Policy applicable to the 2020-2022 period, according to Article 24 of OHLA's Bylaws the maximum remuneration payable by the Company to External Directors (the "Maximum Annual Remuneration") as approved at the General Shareholders' Meeting of 15 June 2020 is EUR 1,400,000. This amount shall remain in effect until the Board of Directors submits a proposal for a change to the General Shareholders' Meeting and such proposal is approved.

In effect, the policy to be submitted for approval at the 2022 General Shareholders' Meeting includes an increase in the Maximum Annual Remuneration to EUR 1,550,000. If approved, this amount shall remain in effect until the Board of Directors submits another proposal for a change to the General Shareholders' Meeting and such additional proposal is approved.

In any event, this remuneration shall only be distributed among OHLA External Directors, irrespective of the remuneration of members of the Board of Directors who perform executive duties.

* For Executive Directors:

As at the date of preparation of this report, José Antonio Fernández Gallar (the "Chief Executive Officer") was the Company's sole Executive Director, appointed to this position on 28 June 2018 under the following terms and conditions of his contract.

Remuneration of the Company's Chief Executive Officer includes the following remuneration items: (i) fixed remuneration in cash, (ii) fixed remuneration in kind, (iii) annual and multi-year variable remuneration, (iv) extraordinary remuneration and (v) severance and post-contractual non-competition arrangements. The Chief Executive Officer shall not be entitled to receive remuneration applicable to the other directors or fees for attending the meetings of the Board of Directors. Therefore, his remuneration shall be limited to the aforementioned items.

According to the Policy and Article 24 of the Bylaws, Executive Directors may be remunerated through the delivery of shares, share options or remuneration linked to the share price provided that application of any of these remuneration schemes is first approved at the General Shareholders' Meeting. Specifically, at the General Meeting held on 28 May 2019, shareholders approved a multi-year variable share-based remuneration plan that included the possibility of granting the Chief Executive Officer variable remuneration linked to his minimum contract term in the Company, and to the achievement of the targets set by the Board of Directors.

However, at its meeting held in November 2019, OHLA's Board of Directors agreed to suspend the multi-year variable share-based remuneration plan. As at the date of preparation of the Annual Report on Director Remuneration (the "Report"), the suspension was still in effect. If the Company reinstates the rights of the plan after the date of publication of this Report, the related disclosure will be included in the Annual Report on Director Remuneration next year.

The Executive Director's contract shall state the remuneration items finally included in his remuneration scheme and they shall be those outlined in the Remuneration Policy.

The Executive Director's remuneration is regulated in detail in his contract approved by the Board of Directors in accordance with Articles 249 and 529 octodecies of the Corporate Enterprises Act on his appointment. His contract is in compliance with the Remuneration Policy, which states there must be a maximum annual remuneration, which shall be increased by the variable remuneration in shares that, where applicable, the Company's Executive Directors may be entitled to receive for participation in multi-year variable remuneration schemes subject to approval at the Company's General Shareholders' Meeting, and any severance to which he may be entitled in certain cases of termination, under the terms set out in his contract.

DESCRIPTION OF THE PROCEDURES AND COMPANY BODIES INVOLVED IN DETERMINING, APPROVING AND APPLYING THE REMUNERATION POLICY AND ITS TERMS AND CONDITIONS.

The Company's main bodies involved in determining, reviewing and applying the Remuneration Policy are as follows:

- General Shareholders' Meeting

According to Article 24 of the Company's Bylaws and Article 25 of the Regulations of the General Shareholders' Meeting, the Remuneration Policy shall be approved by the General Shareholders' Meeting and applied for a maximum period of three years, with approval included as a separate item on the meeting agenda. However, proposals for new director remuneration policies must be submitted to the General Shareholders' Meeting prior to the end of the final year of application of the previous policy. The General Shareholders' Meeting may decide that the new policy shall be applicable from the date of approval and for the ensuing three years.

Approval of the Remuneration Policy, unless given via an ad hoc resolution at the General Shareholders' Meeting, shall serve as means of establishing the annual maximum remuneration of directors for performing their general duties (Maximum Annual Remuneration) and for performing executive duties.

Approval of director remuneration must also be given by the General Shareholders' Meeting when it includes the delivery of shares, share options or remuneration linked to the share price.

- Board of Directors

According to Article 24 of the Company's Bylaws, Article 25 of the Regulations of the General Shareholders' Meeting and Articles 5, 16, 27 and 28 of the Regulations of the Board of Directors, the Board of Directors shall:

- i. propose the Remuneration Policy to the General Shareholders' Meeting;
- ii. take decisions regarding director remuneration, within the framework of the Bylaws and, where applicable, the Remuneration Policy approved by the General Shareholders' Meeting;
- iii. distribute the amount of remuneration it sees fit to directors in their capacity as such, individually, within the annual maximum remuneration approved by the General Shareholders' Meeting, based on a report by the NRC;
- iv. take, together with the NRC, all measures to ensure that remuneration of external directors is sufficient to compensate them for, and encourage, their dedication, but no so high as to compromise their independent judgement;
- v. approve, where executive functions are attributed to a member of the Board of Directors, the contract between the director and the Company. This contract, which must be in compliance with the Remuneration Policy and the Bylaws, shall detail all items for which the director may receive remuneration for performing executive duties;
- vi. determine the individual remuneration of each director for performing executive duties within the framework of the Remuneration Policy and as provided for in their contract, based on a report from the NRC;
- vii. prepare and publish an annual report on director remuneration, which shall be submitted to a consultative vote at the General Shareholders' Meeting as a separate item on the agenda.

- Nomination and Remuneration Committee

According to Article 16 of the Board Regulations, the NRC's duties shall include:

- i. proposing to the Board of Directors the remuneration policy for directors and general managers or those who carry out their senior management functions reporting directly to the Board, Executive Committees or Chief Executive Officers, as well as the individual remuneration and other contractual conditions of executive directors and the criteria for the rest of the Group's senior management, ensuring that they are observed;
- ii. reviewing, periodically, the remuneration programmes, assessing their appropriateness and performance;
- iii. monitoring remuneration transparency;

- iv. reviewing, periodically, the remuneration policy applied to directors and senior executives, including share-based remuneration schemes and their implementation, as well as ensuring that individual remuneration is proportionate to amounts paid to other of the Company's directors and senior executives.
- v. verifying the information on director and senior executive remuneration contained in the various corporate documents, including the Annual Report on Director Remuneration.

The NRC shall comprise no fewer than three and no more than seven External Directors, of whom at least two shall be independent, appointed based on their knowledge, skills and experience for discharging their responsibilities

As at the date of preparation of this Report, the RNC was composed of the following:

Director // Position // Type

Reyes Calderón Cuadrado Chairman Independent

Luis Fernando Martín Amodio Herrera Member Proprietary

Francisco García Martín Member Independent

Juan Villar-Mir de Fuentes Director Member Proprietary

Juan Antonio Santamera Sánchez Member Independent

The secretary of the Board of Directors, and in his or her absence the deputy secretary of the Board of Directors, will act as secretary of the NRC.

OHLA's RNC shall meet at least three times a year. It shall also meet whenever the Board or its chairperson requests that a report be issued or a proposal be adopted and, in any case, whenever it is deemed necessary for the proper performance of its functions.

In 2022, and up to the date of preparation of this Report, the RNC had held three meetings.

COMPARABLE COMPANIES TAKEN INTO ACCOUNT TO ESTABLISH THE COMPANY'S REMUNERATION POLICY

The Board of Directors shall ensure that the remuneration of its members is competitive in comparison with remuneration for performing similar functions in peer or comparable companies, based in all cases on the general principles underlying the Remuneration Policy.

The general principles underpinning OHLA's Remuneration Policy take into account market trends and is devised in accordance with the Company's strategic focus, and is effective in attracting, motivating and retaining the best people so as to be aligned with the remuneration offered by comparable companies.

INFORMATION ON WHETHER ANY EXTERNAL ADVISORS TOOK PART IN THIS PROCESS AND, IF SO, THEIR IDENTITY.

In preparing the new Remuneration Policy that will be submitted for approval at the 2022 General Shareholders' Meeting, OHLA received specialist advice from Garrigues, which also provided advice to the Company on the preparation of this Report.

PROCEDURES SET FORTH IN THE CURRENT REMUNERATION POLICY FOR DIRECTORS IN ORDER TO APPLY TEMPORARY EXCEPTIONS TO THE POLICY, CONDITIONS UNDER WHICH THOSE EXCEPTIONS CAN BE USED AND COMPONENTS THAT MAY BE SUBJECT TO EXCEPTIONS ACCORDING TO THE POLICY

There were no deviations from the procedure for applying the Remuneration Policy and no temporary exceptions to the policy were applied or limits exceeded.

This annual remuneration report has been approved by the Board of Directors of the company on:

[31/03/2022]

Indicate whether any directors voted against or abstained from voting on approval of this Report.

[] Yes

[☒] No

STATEMENT OF RESPONSIBILITY AND AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS AND MANAGEMENT REPORT

The directors hereby state that, to the best of their knowledge, the separate financial statements and management report for the year ended 31 December 2021 have been prepared in accordance with the applicable accounting principles and give a true and fair view of the equity, financial position and results of Obrascón Huarte Lain, S.A.

The Board of Directors, at its meeting held on 31 March 2022, authorised for issue these separate financial statements and management report with a view to their assurance by the auditors and subsequent approval at the General Shareholders' Meeting.

These separate financial statements (comprising the statement of financial position, statement of profit or loss, statement of changes in equity, statement of cash flows, notes to the financial statements and appendices thereto) and the separate management report are signed by the following Company directors.

Luis Fernando Martín
Amodio Herrera

Julio Mauricio Martín
Amodio Herrera

Juan Villar-Mir de Fuentes

José Antonio Fernández
Gallar

Carmen de Andrés Conde

César Cañedo-Arguelles
Torrejón

Francisco García Martín

Juan Antonio Santamera
Sánchez

Luis Fernando Amodio
Giombini

Reyes Calderón Cuadrado