

Obrascón Huarte Lain, S.A.

**Financial Statements for the year
ended 31 December 2020 and
Directors' Report, together with
Independent Auditor's Report**

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 25). In the event of a discrepancy, the Spanish language version prevails.

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 25). In the event of a discrepancy, the Spanish language version prevails.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Shareholders of Obrascón Huarte Lain, S.A.,

Opinion

We have audited the financial statements of Obrascón Huarte Lain, S.A. (the Company), which comprise the balance sheet as at 31 December 2020, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2020, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2.1 to the financial statements) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations 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 pertaining to independence, that are relevant to our audit of the financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

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

Material Uncertainty Related to Going Concern

As indicated in Notes 8.4 and 24 to the accompanying financial statements for 2020, the Company is in the process of performing various transactions aimed at strengthening its equity structure, refinancing its main financial obligations and increasing its available resources. In addition, as indicated in Note 8.4, the Company expects to divest certain non-strategic assets in the coming months, which would bolster its liquidity position.

The Company trusts that the successful conclusion of the aforementioned transactions, together with the financial control measures adopted and the available financial resources, will enable it to overcome the constraints caused by the decline in its liquidity position in recent years and to implement its business plan, which envisages increases in project profitability, recurring contracting of future business projects, optimisation of the Company's working capital management and an improvement in its financial position.

As indicated in Notes 8.4 and 24, the Company is on schedule with respect to the achievement of the various milestones, although delays in the completion of the aforementioned transactions, as well as failures to achieve the objectives envisaged in the above-mentioned plan, which could arise from the effects of the health crisis, among other reasons, are significantly affecting the Company's ability to meet its future financial obligations, which means that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

As indicated in Note 8.1 to the accompanying financial statements, the Company has non-current financial assets amounting to EUR 204 million associated with the investment in the concession operator Cercanías Móstoles - Navalcarnero, S.A., in liquidation. In this regard, the evolution of the main events that have occurred in relation to the liquidation process is disclosed in Note 15.3.2, including the latest judgments handed down in the Company's favour. In this connection, the recoverability of the aforementioned investment depends on the outcome of the aforementioned process and its impact on the realisation of the Company's economic rights associated with the aforementioned concession operator.

Also, Note 15.3.2 to the accompanying financial statements refers to the arbitration process in which the Company is involved in relation to the Sidra Hospital (Qatar) project. In this regard, although Note 15.3.2 indicates that partial awards have been given, the arbitration as a whole has not yet been resolved.

In this context, at the reporting date there were several uncertainties that could affect the ultimate outcome of the two matters indicated above and, therefore, the estimates made by the Company's directors could be significantly modified in the future. 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 opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Recognition of revenue from long-term contracts and of amounts to be billed for work performed

Description

The Company uses the percentage of completion method to recognise revenue from long-term construction contracts.

This revenue recognition method was a key matter in our audit since it affects the valuation of the amounts to be billed for work performed (totalling EUR 115 million at 31 December 2020) and a very significant amount of total revenue, and requires Company management to make significant estimates relating mainly to the expected outcome of the contract, the amount of costs yet to be incurred, the measurement of the work completed in the period and the probability of recovering the amounts of claims and modifications to the initial contract. It should be noted in this connection that the Company recognises contract modifications and claims when it has received approval for them from the customer. Also, if the parties have agreed to a modification but the related price has yet to be determined, the corresponding revenue is recognised for an amount in relation to which it is highly probable that a significant change therein will not occur when the uncertainty associated therewith is resolved.

These judgements and estimates are made by the persons in charge of performing the construction work, are subsequently reviewed at the various levels of the organisation, and are submitted to controls designed to ensure the consistency and reasonableness of the criteria applied. In this connection, the construction project budgets, contract variations and claims or damage caused affecting the judgements and estimates must be very closely monitored.

Procedures applied in the audit

Our audit procedures included a detailed analysis of a selection of projects, based on qualitative and quantitative factors, in order to evaluate the reasonableness of the assumptions and hypotheses used by the Company. For this purpose, we held meetings with technical personnel of the Company and involved our internal infrastructure project specialists in order to evaluate, for certain significant projects, both the reasonableness of the assumptions and hypotheses used in updating the estimated costs, and the consistency of the stage of completion in relation to the actual units of work completed. We also reviewed the estimates made by the Company in 2019 with respect to the actual data for the contracts in 2020.

As regards the amounts to be billed for work performed, we analysed whether the recognition of revenue from work in progress that has not been approved by the end customer is appropriate in light of the applicable accounting framework. To this end, and in order to obtain evidence about the recoverability of the collection rights arising from contract modifications and claims, we evaluated the internal and external evidence provided by management. With respect to a selection of contracts based on qualitative and quantitative factors, we analysed the reasonableness of the most significant positions.

Lastly, we verified that the notes to the accompanying financial statements included the related disclosures required by the financial reporting framework. In this regard, the disclosures in Notes 4.10, 11 and 20.1 to the financial statements in connection with this matter are in conformity with those required by the applicable accounting regulations.

Recoverable amount of loans to related parties

Description

As described in Note 8.2 to the accompanying financial statements for 2020, on 27 December 2020 the Company entered into a dation in payment and debt acknowledgement agreement with related companies which owed a total of EUR 130 million. At 31 December 2020, the performance of the aforementioned agreement was subject to compliance with certain conditions precedent, which were met on 24 February 2021 (see Note 24 to the accompanying financial statements for 2020).

Pursuant to the terms of the agreement, the parties agreed that the borrower would provide the lender with certain assets in lieu of payment in order to settle the aforementioned debts, and that the remaining debt would be refinanced on a long-term basis.

The determination, at 31 December 2020, of the recoverable amount of the loans to related companies, based mainly on the fair value of the assets received as partial payment of the debt, was considered to be a key matter in our audit, since it required significant judgements to be made by the Company's directors, which led to the recognition of an impairment loss of EUR 36 million.

Procedures applied in the audit

Our audit procedures included obtaining and reviewing the terms of the agreement entered into with the borrowers, and checking whether they were consistent with the estimates made by the Company's directors in relation to the recoverable amount of the loans to related companies at 31 December 2020.

In this connection, we obtained the appraisal reports prepared by independent third parties used by the Company's directors to determine the value of the assets to be received in payment, and we evaluated the capability, competence and objectivity of those third parties and the clerical accuracy of the calculations made.

We also evaluated the methodology and key assumptions used in the appraisal reports, to which end we involved our internal valuation experts.

Lastly, we verified that Notes 8.2 and 24 to the accompanying financial statements for 2020 included the disclosures required by the financial reporting framework applicable to the Company in relation to this matter.

Other Information: Directors' Report

The other information comprises only the directors' report for 2020, the preparation of which is the responsibility of the Company's directors and which does not form part of the financial statements.

Our audit opinion on the financial statements does not cover the directors' report. Our responsibility relating to the directors' report, in accordance with the audit regulations in force, consists of:

- a) Solely checking that the non-financial information statement and certain information included in the Annual Corporate Governance Report, to which the Spanish Audit Law refers, have been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.
- b) Evaluating and reporting on whether the other information included in the directors' report is consistent with the financial statements, based on the knowledge of the entity obtained in the audit of those financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the directors' report are in conformity with the 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 observed that the information described in section a) above was furnished as provided for in the applicable legislation and that the other information in the directors' report was consistent with that contained in the financial statements for 2020 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and Audit Committee of the Company for the Financial Statements

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

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

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

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 the audit regulations in force 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.

A further description of our responsibilities for the audit of the financial statements is included in Appendix I to this auditor's report. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

We have examined the digital file in European Single Electronic Format (ESEF) of Obrascón Huarte Lain, S.A. for 2020, which comprises an XHTML file including the financial statements for 2020, which will form part of the annual financial report.

The directors of Obrascón Huarte Lain, S.A. are responsible for presenting the annual financial report for 2020 in accordance with the format requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation").

Our responsibility is to examine the digital file prepared by the Company's directors, in accordance with the audit regulations in force in Spain. Those regulations require that we plan and perform our audit procedures in order to ascertain whether the content of the financial statements included in the aforementioned file corresponds in full to that of the financial statements that we have audited, and whether those financial statements were formatted, in all material respects, in accordance with the requirements established in the ESEF Regulation.

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

Additional Report to the Audit Committee

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit committee dated 25 March 2021.

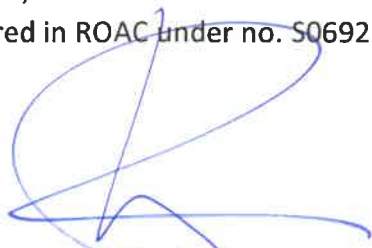
Engagement Period

The Annual General Meeting held on 15 June 2020 appointed us as auditors for a period of one year from the year ended 31 December 2019.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the financial statements uninterrupted since the year ended 31 December 1988, taking into account the content of Article 17.8 of Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities.

DELOITTE, S.L.

Registered in ROAC under no. S0692



Antonio Sánchez-Covisa Martín-González

Registered in ROAC under no. 21.251

26 March 2021

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with the audit regulations in force 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the 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 entity's audit and control committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the entity's audit and control committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

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

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



OBRASCÓN HUARTE LAIN, S.A.

Financial statements and
directors' report for 2020

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Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

Thousands of euros

OBRASCÓN HUARTE LAIN, S.A.

Balance sheets as at 31 December 2020 and 31 December 2019

| Assets | Notes | 31/12/20 | 31/12/19 |
|--------------------------------------------------------------------------|--------------------------|------------------|------------------|
| Non-current assets | | | |
| Intangible assets | 5 | | |
| Development expenditure | | 1,836 | 3,510 |
| Patents, licences, trademarks and similar items | | 13 | 14 |
| Computer software | | 3,011 | 3,397 |
| Other intangible assets | | 264 | 502 |
| | | 5,124 | 7,423 |
| Property, plant and equipment | 6 | | |
| Land and buildings | | 730 | 683 |
| Machinery and plant | | 3,377 | 4,392 |
| Other fixtures, tools and furniture | | 3,814 | 5,066 |
| Investments in concessions | | 36 | 36 |
| Other items of property, plant and equipment | | 1,742 | 4,078 |
| Property, plant and equipment in the course of construction and advances | | 168 | - |
| | | 9,867 | 14,255 |
| Investment property | | | |
| Land | | 4 | 13 |
| Buildings | | 803 | 868 |
| | | 807 | 881 |
| Non-current investments in Group companies and associates | 8.3.1 | | |
| Equity instruments | | 883,363 | 328,180 |
| Loans to companies | | 359,165 | 70,488 |
| | | 1,242,528 | 398,668 |
| Non-current financial assets | | | |
| Equity instruments | 8.1 | 59,924 | 59,924 |
| Loans to third parties | 8.1 | 162,745 | 162,745 |
| Debt securities | 8.1 | 279 | 305 |
| Other financial assets | 8.1 | 4,904 | 5,099 |
| | | 227,852 | 228,073 |
| Deferred tax assets | 18.5 | 46,042 | 73,798 |
| TOTAL NON-CURRENT ASSETS | | 1,532,220 | 723,098 |
| Current assets | | | |
| Inventories | 10 | | |
| Raw materials and other supplies | | 12,319 | 17,016 |
| Auxiliary shop projects and site installations | | 18,245 | 17,287 |
| Advances to suppliers and subcontractors | | 8,578 | 11,601 |
| | | 39,142 | 45,904 |
| Trade and other receivables | | | |
| Trade receivables for sales and services | 11 | 251,603 | 264,820 |
| Trade receivables from Group companies | 12.1 | 26,011 | 35,865 |
| Trade receivables from associates | 12.2 | 19,865 | 31,186 |
| Sundry accounts receivable | | 23,626 | 24,240 |
| Employee receivables | | 419 | 451 |
| Current tax assets | 18.1 | 28,604 | 26,360 |
| Other accounts receivable from public authorities | 18.1 | 7,273 | 12,317 |
| | | 357,401 | 395,239 |
| Current investments in Group companies and associates | 8.3.2 & 8.3.3 | | |
| Loans to companies | | 123,032 | 1,032,371 |
| Other financial assets | | 61,562 | 52,900 |
| | | 184,594 | 1,085,271 |
| Current financial assets | | | |
| Equity instruments | 8.2 | 3 | 3 |
| Loans to companies | 8.2 | 96,456 | 122,603 |
| Derivatives | 8.2 & 9 | - | 16 |
| Other financial assets | 8.2 | 146,524 | 159,596 |
| | | 242,983 | 282,218 |
| Current prepayments and accrued income | | 13,403 | 16,305 |
| Cash and cash equivalents | 13 | | |
| Cash | | 151,291 | 197,630 |
| Cash equivalents | | 3,038 | 34,490 |
| | | 154,329 | 232,120 |
| TOTAL CURRENT ASSETS | | 991,852 | 2,057,057 |
| TOTAL ASSETS | | 2,524,072 | 2,780,155 |

Note: the accompanying Notes 1 to 25 and Appendices I to V are an integral part of the balance sheet as at 31 December 2020.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

Thousands of euros

OBRASCÓN HUARTE LAIN, S.A.

Balance sheets as at 31 December 2020 and 31 December 2019

| Equity and liabilities | Notes | 31/12/20 | 31/12/19 |
|-----------------------------------------------------------|-------|------------------|------------------|
| Equity | | | |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | | | |
| Registered share capital | 14.1 | 171,929 | 171,929 |
| Share premium | 14.3 | 1,265,300 | 1,265,300 |
| Reserves | | | |
| Legal and bylaw reserves | 14.2 | 34,386 | 34,386 |
| Other reserves | 14.4 | 26,340 | 26,579 |
| (Treasury shares) | 14.6 | (406) | (535) |
| Prior years' losses | | (604,321) | (544,435) |
| Loss for the year | 3 | (205,203) | (59,886) |
| TOTAL SHAREHOLDERS' EQUITY | | 688,025 | 893,338 |
| GRANTS, DONATIONS AND LEGACIES RECEIVED | 14.7 | 441 | 609 |
| TOTAL EQUITY | | 688,466 | 893,947 |
| Non-current liabilities | | | |
| Long-term provisions | 15.1 | | |
| Other provisions | | 30,051 | 31,083 |
| | | 30,051 | 31,083 |
| Non-current payables | | | |
| Debt instruments and other marketable securities | 16.1 | 589,636 | 587,887 |
| Bank borrowings | 16.1 | 1,563 | 63 |
| Other financial liabilities | 16.1 | 2,617 | 2,692 |
| | | 593,816 | 590,642 |
| Deferred tax liabilities | 18.6 | 4,381 | 6,899 |
| TOTAL NON-CURRENT LIABILITIES | | 628,248 | 628,624 |
| Current liabilities | | | |
| Short-term provisions | 15.1 | 160,928 | 164,678 |
| Current payables | | | |
| Debt instruments and other marketable securities | 16.1 | 8,804 | 83,691 |
| Bank borrowings | 16.1 | 97,152 | 2,886 |
| Derivatives | 9 | - | 180 |
| Other financial liabilities | 16.1 | 3,308 | 11,077 |
| | | 109,264 | 97,834 |
| Current payables to Group companies and associates | 16.2 | 365,822 | 341,246 |
| Trade and other payables | | | |
| Payables for purchases and services | | 254,224 | 327,227 |
| Notes payable | | 34,702 | 32,586 |
| Trade payables to Group companies | 17.2 | 15,826 | 17,700 |
| Trade payables to associates | 17.2 | 34,866 | 23,270 |
| Remuneration payable | | 12,220 | 5,138 |
| Current tax liabilities | 18.1 | 2,546 | 15,670 |
| Other accounts payable to public authorities | 18.1 | 33,861 | 24,714 |
| Customer advances | 11 | 183,099 | 207,521 |
| | | 571,344 | 653,826 |
| TOTAL CURRENT LIABILITIES | | 1,207,358 | 1,257,584 |
| TOTAL EQUITY AND LIABILITIES | | 2,524,072 | 2,780,155 |

Note: the accompanying Notes 1 to 25 and Appendices I to V are an integral part of the balance sheet as at 31 December 2020.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

Thousands of euros

OBRASCÓN HUARTE LAIN, S.A.

Statements of profit or loss for the years ended 31 December 2020 and 2019

| | Notes | 2020 | 2019 |
|----------------------------------------------------------------------------------------|-----------------------|------------------|------------------|
| Revenue: | 20.1 | | |
| Sales | | 497,677 | 632,900 |
| Sales at UTEs (based on % of ownership) | | 104,228 | 242,882 |
| | | 601,905 | 875,782 |
| Change in inventories of auxiliary shops and site facilities | | 958 | (1,008) |
| Procurements: | 20.2 | | |
| Cost of construction materials and machinery spare parts used | | (83,454) | (109,141) |
| Work performed by other companies | | (324,036) | (447,407) |
| Inventory write-downs | | 495 | - |
| Other operating income: | | | |
| Non-core and other current operating income | | 41,019 | 48,645 |
| Income-related grants transferred to profit or loss | | 416 | 659 |
| Staff costs: | | | |
| Wages, salaries and similar expenses | | (133,676) | (144,900) |
| Employee benefit costs | | (21,938) | (24,924) |
| Other operating expenses: | | | |
| Outside services | | (122,780) | (161,983) |
| Taxes other than income tax | | (6,355) | (5,873) |
| Losses on and write-down of trade receivables and changes in provisions for commercial | 20.3 | (1,152) | (51,709) |
| Other current operating expenses | 20.4 | (3,883) | (13,488) |
| Depreciation and amortisation charge | 4.4, 5 & 6 | (7,505) | (11,097) |
| Excessive provisions | 15.1 | 3,435 | 233,674 |
| Impairment and gains or losses on disposals of non-current assets | | | |
| Gains or losses on disposals and other | 5 & 6 | 996 | 5,302 |
| I. PROFIT (LOSS) FROM OPERATIONS | | (55,555) | 192,532 |
| Finance income: | | | |
| From investments in equity instruments: | | | |
| Group companies and associates | 21.1 | - | 79,464 |
| Third parties | 20.5 | 9 | 6 |
| From marketable securities and other financial instruments: | | | |
| Group companies and associates | 21.1 | 30,754 | 67,485 |
| Third parties | 20.5 | 8,644 | 10,700 |
| Finance costs: | | | |
| On debts to Group companies and associates | 21.1 | (14,890) | (20,847) |
| On debts to third parties | 20.5 | (44,575) | (46,318) |
| Change in fair value of financial instruments | | | |
| Held-for-trading financial assets/liabilities and other | | (1,358) | 679 |
| Exchange differences | | 16,233 | (25,679) |
| Impairment and gains or losses on disposals of financial instruments | | | |
| Impairment and other losses | 20.6 | (131,044) | (305,517) |
| Gains or losses on disposals and other | 20.6 | - | (1,848) |
| II. FINANCIAL LOSS | | (136,227) | (241,875) |
| III. LOSS BEFORE TAX (I+II) | | (191,782) | (49,343) |
| Income tax | 18.2 | (13,421) | (10,543) |
| IV. LOSS FOR THE YEAR | | (205,203) | (59,886) |

Note: the accompanying Notes 1 to 25 and Appendices I to V are an integral part of the statement of profit or loss for 2020.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

Thousands of euros

OBRASCÓN HUARTE LAIN, S.A.

Statements of changes in equity for the years ended 31 December 2020 and 2019

A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

| | 2020 | 2019 |
|----------------------------------------------------------------------|------------------|-----------------|
| LOSS FOR THE YEAR (per statement of profit or loss) | (205,203) | (59,886) |
| INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY: | - | 22 |
| Arising from revaluation of financial instruments: | | |
| a) Available-for-sale financial assets | - | - |
| b) Other income/(expenses) | - | - |
| Arising from cash flow hedges | - | - |
| Grants, donations and legacies received | - | 30 |
| Arising from actuarial gains and losses and other adjustments | - | - |
| Other income and expenses recognised directly in equity | - | - |
| Tax effect | - | (8) |
| TRANSFERS TO PROFIT OR LOSS: | (168) | (343) |
| Arising from revaluation of financial instruments: | | |
| a) Available-for-sale financial assets | - | - |
| b) Other income/(expenses) | - | - |
| Arising from cash flow hedges | - | - |
| Grants, donations and legacies received | (224) | (458) |
| Other income and expenses recognised directly in equity | - | - |
| Tax effect | 56 | 115 |
| TOTAL RECOGNISED INCOME/(EXPENSE) | (205,371) | (60,207) |

Note: the accompanying Notes 1 to 25 and Appendices I to V are an integral part of the statement of changes in equity for 2020.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

Thousands of euros

OBRASCÓN HUARTE LAIN, S.A.
Statements of changes in equity for the years ended 31 December 2020 and 2019

B) STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

| | Shareholders' equity | | | | | | | Grants, donations and legacies received | Total equity |
|----------------------------------------------------|----------------------|------------------|---------------|-------------------|---------------------|----------------------------|------------------|-----------------------------------------|----------------|
| | Share capital | Share premium | Reserves | (Treasury shares) | Prior years' losses | Profit (loss) for the year | Interim dividend | | |
| Ending balance at 31/12/18 | 171,929 | 1,265,300 | 38,439 | (370) | (804,975) | 382,824 | (99,867) | 930 | 954,210 |
| Total recognised income/(expense) | - | - | - | - | - | (59,886) | - | (321) | (60,207) |
| Transactions with shareholders or owners | - | - | 109 | (165) | - | - | - | - | (56) |
| Capital increases/(reductions) | - | - | - | - | - | - | - | - | - |
| Conversion of financial liabilities into equity | - | - | - | - | - | - | - | - | - |
| Dividends paid | - | - | - | - | - | - | - | - | - |
| Treasury share transactions (net) | - | - | 109 | (165) | - | - | - | - | (56) |
| Increases/(decreases) due to business combinations | - | - | - | - | - | - | - | - | - |
| Other transactions with shareholders or owners | - | - | - | - | - | - | - | - | - |
| Other changes in equity | - | - | 22,417 | - | 260,540 | (382,824) | 99,867 | - | - |
| Ending balance at 31/12/19 | 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 shareholders or owners | - | - | (249) | 129 | - | - | - | - | (120) |
| Capital increases/(reductions) | - | - | - | - | - | - | - | - | - |
| Conversion of financial liabilities into equity | - | - | - | - | - | - | - | - | - |
| Dividends paid | - | - | - | - | - | - | - | - | - |
| Treasury share transactions (net) | - | - | (249) | 129 | - | - | - | - | (120) |
| Increases/(decreases) due to business combinations | - | - | - | - | - | - | - | - | - |
| Other transactions with shareholders or owners | - | - | - | - | - | - | - | - | - |
| Other changes in equity | - | - | 10 | - | (59,886) | 59,886 | - | - | 10 |
| Ending balance at 31/12/20 | 171,929 | 1,265,300 | 60,726 | (406) | (604,321) | (205,203) | - | 441 | 688,466 |

Note: the accompanying Notes 1 to 25 and Appendices I to V are an integral part of the statement of changes in equity for 2020.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

Thousands of euros

OBRASCÓN HUARTE LAIN, S.A.

Statements of cash flows for the years ended 31 December 2020 and 2019

| | 2020 | 2019 |
|-------------------------------------------------------------------------------|------------------|------------------|
| A) CASH FLOWS FROM OPERATING ACTIVITIES (1+2+3+4) | (100,688) | (221,359) |
| 1. Loss before tax | (191,782) | (49,343) |
| 2. Adjustments to loss | 142,137 | 68,974 |
| (+) Depreciation and amortisation charge | 7,505 | 11,097 |
| (+/-) Other (net) adjustments to loss (Note 23.3) | 134,632 | 57,877 |
| 3. Changes in working capital | (29,866) | (303,556) |
| 4. Other cash flows from operating activities: | (21,177) | 62,566 |
| (-) Interest paid | (61,109) | (67,232) |
| (+) Dividends received | 9 | 79,470 |
| (+) Interest received | 16,721 | 71,246 |
| (+/-) Income tax paid | (1,830) | (4,062) |
| (+/-) Other amounts received/(paid) relating to operating activities | 25,032 | (16,856) |
| B) CASH FLOWS FROM INVESTING ACTIVITIES (1+2) | 389 | (32,993) |
| 1. Payments due to investment: | (2,914) | (38,476) |
| (-) Group companies, associates and business units | (59) | (35,248) |
| (-) Property, plant and equipment, intangible assets and investment property | (2,150) | (2,156) |
| (-) Other financial assets | (705) | (1,072) |
| 2. Proceeds from disposal: | 3,303 | 5,483 |
| (+) Group companies, associates and business units | 901 | - |
| (+) Property, plant and equipment, intangible assets and investment property | 2,402 | 5,483 |
| C) CASH FLOWS FROM FINANCING ACTIVITIES (1+2+3) | 22,508 | (9,380) |
| 1. Proceeds and (payments) relating to equity instruments: | (120) | (26) |
| (-) Acquisition | (18,728) | (34,321) |
| (+) Disposal | 18,608 | 34,265 |
| (+) Grants | - | 30 |
| 2. Proceeds and (payments) relating to financial liability instruments | 22,628 | (9,354) |
| (+) Proceeds from issue | 100,766 | 911 |
| (-) Repayment and redemption | (78,138) | (10,265) |
| 3. Dividends and returns on other equity instruments paid | - | - |
| D) EFFECT OF FOREIGN EXCHANGE RATE CHANGES | - | - |
| E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D) | (77,791) | (263,732) |
| F) CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 232,120 | 495,852 |
| G) CASH AND CASH EQUIVALENTS AT END OF YEAR (E+F) | 154,329 | 232,120 |

Note: the accompanying Notes 1 to 25 and Appendices I to V are an integral part of the statement of cash flows for 2020.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.

OBRASCÓN HUARTE LAIN, S.A.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1.- COMPANY ACTIVITIES

Obrascón Huarte Lain, S.A., formerly Sociedad General de Obras y Construcciones Obrascón, S.A., was incorporated on 15 May 1911 and its registered office is located in Madrid, at Paseo de la Castellana, 259-D.

Its company object and its business activity consist mainly of the construction of all manner of civil engineering works and buildings for public agencies and private customers. In addition, its company object includes the provision of public and private services, the operation of administrative concessions and hotel complexes, and real estate development and the sale of property.

2.- BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Regulatory financial reporting framework applicable to the Company

These financial statements were formally prepared by the directors in accordance with the regulatory financial reporting framework applicable to the Company, which consists of:

- a) The Spanish Commercial Code and all other Spanish corporate law.
- b) The Spanish National Chart of Accounts approved by Royal Decree 1514/2007 and its industry adaptations.
- c) The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish National Chart of Accounts and the relevant secondary legislation.
- d) All other applicable Spanish accounting legislation.

2.2 Fair presentation

The accompanying financial statements, which were obtained from the Company's accounting records and include the unincorporated temporary joint ventures (UTES) in which it has interests, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows for 2020. These financial statements, which were formally prepared by the Company's directors, will be submitted for approval by the shareholders at the Annual General Meeting, and it is considered that they will be approved without any changes. The financial statements for 2019 were approved by the shareholders at the Annual General Meeting held on 15 June 2020.

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

The 2020 consolidated financial statements of Obrascón Huarte Lain, S.A. and Subsidiaries, prepared in accordance with International Financial Reporting Standards as adopted by the European

Union (EU-IFRSs), present consolidated attributable equity of EUR 463,567 thousand and consolidated assets and losses attributable to the Parent of EUR 3,155,036 thousand and EUR (151,221) thousand, respectively.

The consolidated financial statements of the Obrascón Huarte Lain Group for 2020, prepared by the directors, will also be submitted for approval by the shareholders at the Annual General Meeting. The consolidated financial statements for 2019 were approved by the shareholders at the Annual General Meeting held on 15 June 2020.

2.3 Non-obligatory accounting principles applied

No non-obligatory accounting principles were applied.

The directors formally prepared these financial statements taking into account all the obligatory accounting principles and standards with a significant effect hereon. All obligatory accounting principles were applied.

2.4 Key issues in relation to the measurement and estimation of uncertainty

In preparing the accompanying financial statements estimates were made by the Company's directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- 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 Notes 4.3 and 4.5).
- The recognition of construction contract revenue and costs (see Note 4.10).
- The amount of certain provisions (see Notes 4.11 and 15).
- The fair value of certain financial instruments (see Note 9).
- The assessment of possible contingencies relating to employment, tax and legal risks (see Notes 4.12, 15 and 18.7.).
- Financial risk management (see Note 8.4).

Although these estimates were made on the basis of the best information available at 2020 year-end on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively.

3.- PROPOSED ALLOCATION OF LOSS

The allocation of the loss for 2020 that the directors of Obrascón Huarte Lain, S.A. will propose for approval by the shareholders at the Annual General Meeting is as follows:

| | Thousands of euros |
|---------------------|-----------------------|
| 2020 loss | (205,203) |
| Allocation to: | |
| Prior years' losses | (205,203) |

4.- ACCOUNTING POLICIES

The principal accounting policies used by the Company in preparing its financial statements in accordance with the Spanish National Chart of Accounts (2007) and the adaptation for construction companies of the former Spanish National Chart of Accounts (1990), which remains in force in relation to all matters which do not contravene the provisions of the new Spanish National Chart of Accounts, were as follows:

4.1 Intangible assets

As a general rule, intangible assets are recognised initially at acquisition or production cost. They are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses.

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

Development expenditure

The Company capitalises the development expenditure which it incurs during the year when the following conditions are met:

- It is specifically itemised by project and the related costs can be clearly identified.
- There are sound reasons to foresee the technical success and economic and commercial profitability of the related projects.

Assets thus generated are amortised on a straight-line basis over their years of useful life (over a maximum period of five years).

If there are doubts as to the technical success or economic profitability of the related project, the amounts capitalised are recognised directly in profit or loss.

Intellectual property

"Intellectual Property" includes the costs incurred in obtaining intellectual property or the right to use the related items, such as invention patents, utility model certificates, industrial designs and introduction patents, among others.

Intellectual property is measured at acquisition or production cost, based on the development expenditure incurred and capitalised (provided there is a successful outcome), and filed in the appropriate register (accordingly, the intellectual property registration and formalisation costs are added). Research expenditure is not included under any circumstances.

These assets are amortised on a straight-line basis over the related years of useful life, in accordance with the related protection period.

Computer software

"Computer Software" includes mainly the costs incurred in 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 acquisition cost (revalued in accordance with the applicable legislation including Royal Decree-Law 7/1996), less any related accumulated depreciation and impairment losses, as described in Note 4.3.

The costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

Upkeep and maintenance expenses are expensed currently.

In-house work on non-current assets is measured at accumulated cost (external costs plus in-house costs, determined on the basis of in-house materials consumption, direct labour and general manufacturing costs).

The Company depreciates its property, plant and equipment by the straight-line method over the years of estimated useful life of the related assets.

The years of estimated useful life for each group of items of property, plant and equipment are as follows:

| | Years of estimated useful life |
|----------------------------------------------|--------------------------------|
| Buildings | 25-50 |
| Machinery and plant | 8-16 |
| Other fixtures, tools and furniture | 10 |
| Other items of 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 to compare it with the recoverable amount in order to determine if there are any impairment losses.

Recoverable amount is the higher of:

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

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

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

4.4 Investment property

“Investment Property” in the balance sheet reflects the values of the land, buildings and other structures held either to earn rentals or for capital appreciation. In 2020 a depreciation charge of EUR 17 thousand was recognised (2019: EUR 16 thousand).

Investment property is measured as described in Note 4.2 on property, plant and equipment.

4.5 Leases

Leases are classified as finance leases whenever it is deduced that from the terms of the lease substantially all the risks and rewards of ownership of the leased asset are assumed. All other leases are classified as operating leases.

Finance leases

In finance leases in which the Company acts as the lessee, the cost of the leased assets is presented in the balance sheet, based on the nature of the leased asset, and, simultaneously, a liability is recognised for the same amount. This amount is the lower of the fair value of the leased asset and the present value, at the inception of the lease, of the agreed minimum lease payments, including the price of the purchase option when it is reasonably certain that it will be exercised. The minimum lease payments do not include contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor. The total finance charges arising under the lease are allocated to the statement of profit or loss for the year in which they are incurred using the effective interest method. Contingent rent is recognised as an expense for the period in which it is incurred.

Leased assets are depreciated, based on their nature, using similar criteria to those applied to the items of property, plant and equipment that are owned.

Operating leases

Operating leases are deemed to be those in which the lessor grants the lessee the right to use an asset for a specified period of time and, therefore, they are leases for rights of use that do not transfer the risks and rewards incidental to ownership of an asset and are accounted for on the basis of the contractual nature of each transaction.

Expenses resulting from operating leases are charged to income in the year in which they are incurred. A payment or prepayment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

4.6 Financial instruments

4.6.1 Financial assets

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

- a) Loans and receivables: financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.

Initial recognition

Loans and receivables are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs.

Subsequent measurement

Loans and receivables are measured at amortised cost.

- b) Held-to-maturity investments: debt securities with fixed maturity and determinable payments that are traded in an active market and which the Company has the positive intention and ability to hold to the date of maturity.

Initial recognition

Held-to-maturity investments are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs.

Subsequent measurement

Held-to-maturity investments are measured at amortised cost.

- c) Equity investments in Group companies and associates: Group companies are deemed to be those related to the Company as a result of a relationship of control and associates are companies over which the Company exercises significant influence.

Initial recognition

Equity investments in Group companies and associates are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs. In the case of equity investments in Group companies affording control over the subsidiary, since 1 January 2010 the fees paid to legal advisers and other professionals relating to the acquisition of the investment have been recognised directly in profit or loss.

Subsequent measurement

Equity investments in Group companies and associates are measured at cost net, where appropriate, of any accumulated impairment losses. These losses are calculated as the difference between the carrying amount of the investments and their recoverable amount. Recoverable amount is the higher of fair value less costs to sell and the present value of the future cash flows from the investment. Unless there is better evidence of the recoverable

amount, it is based on the value of the equity of the investee, adjusted by the amount of the unrealised gains existing at the date of measurement (including any goodwill).

- d) Available-for-sale financial assets: these include debt securities and equity instruments of other companies that are not classified in any of the aforementioned categories.

Initial recognition

Available-for-sale financial assets are initially recognised at the fair value of the consideration given, plus any directly attributable transaction costs.

Subsequent measurement

Available-for-sale financial assets are measured at fair value and the gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or it is determined that it has become (permanently) impaired, at which time the cumulative gains or losses previously recognised in equity are recognised in the net profit or loss for the year. In this regard, (permanent) impairment is deemed to exist if the market value of the asset has fallen by more than 40% over a period of 18 months without the value having recovered.

At least at each reporting date the Company tests financial assets not measured at fair value through profit or loss for impairment. Objective evidence of impairment is considered to exist when the recoverable amount of the financial asset is lower than its carrying amount. When this occurs, the impairment loss is recognised in the statement of profit or loss.

In particular, the Company calculates valuation adjustments relating to trade and other receivables by recognising impairment on balances of a certain age or on 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.

The Company derecognises a financial asset when the rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership of the financial asset have also been transferred, such as in the case of firm asset sales, factoring of trade receivables in which the Company does not retain any credit or interest rate risk, sales of financial assets under an agreement to repurchase them at fair value and the securitisation of financial assets in which the transferor does not retain any subordinated debt, provide any kind of guarantee or assume any other kind of risk.

However, the Company does not derecognise financial assets, and recognises a financial liability for an amount equal to the consideration received, in transfers of financial assets in which substantially all the risks and rewards of ownership are retained, such as in the case of note and bill discounting, recourse factoring, sales of financial assets subject to an agreement to buy them back at a fixed price or at the selling price plus a lender's return and the securitisation of financial assets in which the transferor retains a subordinated interest or any other kind of guarantee that absorbs substantially all the expected losses.

4.6.2 Financial liabilities

Financial liabilities include accounts payable by the Company that have arisen from the purchase of goods or services in the normal course of the Company's business and those which, not having commercial substance, cannot be classed as derivative financial instruments.

Accounts payable are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

Financial liability instruments are measured at fair value.

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist.

4.6.3 Equity instruments

An equity instrument is a contract that evidences 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 at the proceeds received, net of issue costs.

Treasury shares acquired by the Company during the year are recognised at the value of the consideration paid and are deducted directly from equity. Gains and losses on the acquisition, sale, issue or retirement of treasury shares are recognised directly in equity and in no case are they recognised in profit or loss.

4.6.4 Derivative financial instruments and hedges

In order to mitigate the economic effects of exchange rate fluctuations to which the Company is exposed as a result of its business activities, the Company uses derivative financial instruments, such as foreign currency hedges and equity swaps.

The foreign currency hedges are future exchange commitments, on the basis of which the Company and banks agree to exchange currencies in the future. In relation to the equity swap tied to the Company's share price, the commitment is to pay or receive the result of the change in the share price with respect to the reference price and to pay a floating interest rate.

When the Company arranges a derivative, it does not do so with the intention of settling it early or of trading with it. The Company does not use derivatives for speculative purposes, but rather to mitigate the economic effects of exchange rate fluctuations arising from its foreign trade and financing activities.

Derivatives are recognised on the balance sheet at their fair value in the same way as any other financial assets or liabilities. Only certain derivatives can be considered to qualify for hedge accounting.

As in the case of other financial assets and liabilities, recognition of the fair value of a derivative gives rise to a change in equity when the derivative is considered to qualify for hedge accounting. The change in equity is recognised under "Valuation Adjustments". When the derivative is not considered to qualify for hedge accounting it is recognised directly in profit or loss. The value of a derivative takes into consideration the assessment of credit risk or the risk of counterparty default, which leads to a reduction in the value of the related asset or liability.

The requirements that must be met for a derivative to qualify for hedge accounting are as follows:

- The underlying in relation to which the derivative is arranged to mitigate the economic effects that might arise therefrom as a result of fluctuations in exchange rates, interest rates or both simultaneously must initially be identified.
- When the derivative is arranged, the reason for which it was arranged must be appropriately documented and the hedged risk must be identified.
- It must be demonstrated that the hedge is effective from the date of the arrangement of the derivative to the date of its settlement, i.e., that it meets the objective initially defined. In order to assess this, the effectiveness of the hedge is tested.

In order for derivatives to qualify for hedge accounting, the cumulative balances of "Equity" are transferred to the statement of profit or loss when, and to the extent that, the gains or losses on the hedged risk of the underlying also start to be reflected in the statement of profit or loss.

When the derivative does not qualify for hedge accounting, or the Company voluntarily decides not to apply hedge accounting, changes in fair value are recognised in profit or loss.

4.7 Inventories

Inventories are measured at the lower of acquisition or production cost and net realisable value.

The Company recognises the appropriate write-downs as an expense in the statement of profit or loss when the net realisable value of the inventories is lower than acquisition or production cost.

4.8 Foreign currency transactions

The Company's functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates then prevailing. Any resulting gains or losses are recognised directly in the statement of profit or loss in the year in which they arise.

4.9 Income tax

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

The current income tax expense is the amount payable by the Company as a result of income tax settlements for a given year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carryforwards from prior years effectively offset in the current year reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

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

Deferred tax assets are recognised to the extent that it is considered probable that the Company will have taxable profits in the future against which the deferred tax assets can be utilised.

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

The deferred tax assets recognised 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. Also, unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

At 31 December 2020, the Company was head of the Obrascón Huarte Lain consolidated tax group.

4.10 Revenue and expense recognition

In the construction industry, revenue is calculated using the stage of completion method whereby, in construction projects from which a final profit is expected, the outcome is calculated by applying to

the expected profit the percentage resulting from comparison of the actual costs incurred up to that date with the projected total costs through completion of the project.

The estimates used to calculate the stage of completion only include the effect on the outcome of projects of the margin on certain contract modifications, addenda and settlements when it is highly probable that they will be realisable. An expected loss on a construction contract is recognised as an expense immediately.

Claims against customers arising from litigation or arbitration proceedings are in no case included in the final objective and are only recognised as income when the resolution thereof occurs and if it is favourable.

The Company periodically performs a recoverability analysis of the amounts recognised based on the progress of the negotiations, recognising where applicable the necessary provisions to adjust the balances to their recoverable amount.

"Amounts to Be Billed for Work Performed" represents the difference between the amount of the completed work recognised, including the adjustment to the margin recognised by application of the stage of completion, and the amount of billed completed work through the balance sheet date.

If the amount of production from inception is lower than the amount billed, the difference is recognised under "Customer Advances" on the liability side of the balance sheet.

Late-payment interest which could accrue under the contracts due to delays in the collection of billings or invoices is recognised when it is probable that it will be received and when the amount thereof can be reliably measured, and is recognised as finance income.

The estimated site clearance costs and the expenses which may arise from completion of a project until its definitive settlement are accrued over the construction period on the basis of production volumes, and are recognised under "Short-Term Provisions" on the liability side of the balance sheet. Other expenses are recognised on an accrual basis.

The revenue of the other activities is recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

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 covered by them will have to be settled (see Note 15.1). Contingent liabilities are not recognised in the financial statements, but rather are disclosed (see Note 15.3).

Provisions are classified as current or non-current based on the estimated period of time for meeting the obligations covered by them.

The most significant provisions are as follows:

Provision for taxes

This is an estimate of tax debts, the exact amount of which cannot be determined or whose date of payment is uncertain since this depends on whether certain conditions are met.

Provisions for litigation and third-party liability

These provisions are recognised in order to cater for the possible adverse economic effects that might arise from the litigation and claims against the Company arising from the ordinary course of its operations.

Provision for investees

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

Provision for project completion

This provision is intended to cover the expenses arising from completion of a project until its definitive settlement. The estimated costs in this connection are accrued over the construction period on the basis of production volumes.

Provision for management and other fees

This provision relates to the amount incurred for project management and inspection fees, laboratory, layout and other fees payable at the balance sheet date. The amounts of these fees are established in the related project specifications and in current legislation. The estimated costs in this connection are accrued over the construction period on the basis of production volumes.

Provision for future losses

These provisions are recognised as soon as it becomes evident that the total envisaged expenses to be incurred in a contract exceed total contract revenue and they are included in the estimate of the total budget for the contract.

Other provisions

This relates to prepayment 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 labour agreements in force, the Company is required to pay termination benefits to employees terminated under certain conditions.

“Short-Term Provisions” on the liability side of the balance sheet includes a provision for the liability incurred in this connection for temporary site employees, based on the average remuneration rate and the average years of service (see Note 15.1).

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

4.13 Environmental assets, liabilities and activities

Environmental activities are those the main purpose of which is to prevent, reduce or redress damage to the environment.

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

The Company does not consider environmental assets and expenses to be those related to the aforementioned provision of services 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 acquisition cost and capitalised as an addition to non-current assets in the year in which they are made.

Environmental protection and enhancement expenses 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, litigation in process and outstanding environmental indemnity payments or obligations of undetermined amount not covered by the insurance policies taken out are recorded when the liability or obligation giving rise to the indemnity or payment arises.

4.14 Grants, donations and legacies received

The Company accounts for grants, donations and legacies 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 taken on 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 net of their tax effect, in equity.
- b) Refundable grants: while they are refundable, they are recognised as a liability.
- c) Grants related to income: grants related to income are credited to income when granted, unless their purpose is to finance losses from operations in future years, in which case they are allocated to income in those years. If grants are received to finance specific expenses, they are allocated to income as the related expenses are incurred.

4.15 Joint arrangements

A joint arrangement is an economic activity in which joint control is exercised by two or more physical or legal persons (venturers), which occurs when there is a bylaw or contractual arrangement whereby the venturers agree to share the management of the financial and operating policies and, therefore, strategic decisions require the unanimous consent of all of the venturers.

Joint ventures may occur through the incorporation of a company, an actual joint venture, or through the constitution of joint property entities or UTEs, i.e. joint arrangements.

As is customary in the construction industry, certain construction projects are performed through the grouping of several companies as a UTE.

The main UTEs in which the Company participated at 31 December 2020 are detailed in Appendix I to these notes to the financial statements.


The outcome of construction work performed at UTEs is recognised by the same method as that applied by the Company for its own construction projects, as explained in Note 4.10.

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

In accordance with recognition and measurement standard 20 of the Spanish National Chart of Accounts, the financial statements reflect the effect of the proportionate consolidation of the UTEs in which the Company holds ownership interests at year-end, through the inclusion of its share therein in the various statement of profit or loss and balance sheet headings. These balances, when material, are shown in the following Notes. In addition, the proportional part corresponding to the Company of the related items of the UTEs are included in the statement of changes in equity and the statement of cash flows.

4.16 Current/Non-current classification

Current assets are assets associated with the normal operating cycle, which in general is considered to be one year. Other assets which are expected to mature, be disposed of or be realised within twelve months from the end of the reporting period, financial assets held for trading, except for financial derivatives that will be settled in a period exceeding one year, and cash and cash equivalents



are also deemed to be current assets. Assets that do not meet these requirements are classified as non-current assets.

Similarly, current liabilities are liabilities associated with the normal operating cycle, financial liabilities held for trading, except for financial derivatives that will be settled in a period exceeding one year; and, in general, all obligations that will mature or be extinguished at short term. All other liabilities are classified as non-current liabilities.

4.17 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, which was prepared using the indirect method, reflects the changes in cash flows in the year, classifying them as:

- 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 non-current assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of the equity and borrowings of the Company that are not operating activities.

4.18 Related party transactions

The Company performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Company's directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

5.- INTANGIBLE ASSETS

The changes in "Intangible Assets" in the balance sheet in 2020 and 2019 were as follows:

2020

| | Thousands of euros | | | | | |
|--------------------------------------------|--------------------|----------------------------------|-------------------------|----------------------|--------------|-----------------|
| | Beginning balance | Additions or charge for the year | Disposals or reductions | Exchange differences | Transfers | Ending 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, licences 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 |

2019

| | Thousands of euros | | | | | |
|--------------------------------------------|--------------------|----------------------------------|-------------------------|----------------------|----------------|-----------------|
| | Beginning balance | Additions or charge for the year | Disposals or reductions | Exchange differences | Transfers | Ending balance |
| Development expenditure: | | | | | | |
| Cost | 19,678 | - | (144) | - | - | 19,534 |
| Accumulated amortisation | (14,976) | (1,048) | - | - | - | (16,024) |
| | 4,702 | (1,048) | (144) | - | - | 3,510 |
| Computer software: | | | | | | |
| Cost | 32,459 | 330 | (279) | 13 | 1,266 | 33,789 |
| Accumulated amortisation | (19,726) | (2,191) | 263 | (11) | - | (21,665) |
| Impairment | (8,727) | - | - | - | - | (8,727) |
| | 4,006 | (1,861) | (16) | 2 | 1,266 | 3,397 |
| Patents, licences and trademarks | | | | | | |
| Cost | 169 | 1 | - | - | - | 170 |
| Accumulated amortisation | (155) | (1) | - | - | - | (156) |
| | 14 | - | - | - | - | 14 |
| Other intangible assets in progress | | | | | | |
| Cost | 1,524 | 694 | (450) | - | (1,266) | 502 |
| | 1,524 | 694 | (450) | - | (1,266) | 502 |
| Total: | | | | | | |
| Cost | 53,830 | 1,025 | (873) | 13 | - | 53,995 |
| Accumulated amortisation | (34,857) | (3,240) | 263 | (11) | - | (37,845) |
| Impairment | (8,727) | - | - | - | - | (8,727) |
| Total intangible assets | 10,246 | (2,215) | (610) | 2 | - | 7,423 |

“Development Expenditure” relates to various R&D projects.

The net loss on disposal of intangible asset items in 2020 amounted to EUR 1,105 thousand (2019: net loss of EUR 610 thousand).

At 31 December 2020, the cost and accumulated amortisation included EUR 646 thousand and EUR 605 thousand, respectively, related to UTEs (31 December 2019: EUR 659 thousand and EUR 611 thousand, respectively).

At 31 December 2020, the cost and accumulated amortisation of intangible assets located abroad amounted to EUR 798 thousand and EUR 678 thousand, respectively (31 December 2019: EUR 860 thousand and EUR 713 thousand, respectively).

At 31 December 2020, fully amortised intangible assets in use amounted to EUR 31,357 thousand (31 December 2019: EUR 31,050 thousand).

In 2020 the Company did not receive any Government grants for R&D projects (2019: EUR 30 thousand) (see Note 14.7).

6.- PROPERTY, PLANT AND EQUIPMENT

The changes in “Property, Plant and Equipment” in the balance sheet in 2020 and 2019 were as follows:

2020

| | Thousands of euros | | | | | |
|----------------------------------------------------------------------------------|--------------------|----------------------------------|-------------------------|----------------------|--------------|------------------|
| | Beginning balance | Additions or charge for the year | Disposals or reductions | Exchange differences | Transfers | Ending balance |
| Land and buildings: | | | | | | |
| Cost | 797 | - | - | - | 54 | 851 |
| Accumulated depreciation | (114) | (4) | - | - | (3) | (121) |
| | 683 | (4) | - | - | 51 | 730 |
| Machinery and plant: | | | | | | |
| 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 fixtures, tools 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 items of 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 in the course of construction and advances: | | | | | | |
| 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 |

2019

| | Thousands of euros | | | | | |
|----------------------------------------------------------------------------------|--------------------|----------------------------------|-------------------------|----------------------|--------------|------------------|
| | Beginning balance | Additions or charge for the year | Disposals or reductions | Exchange differences | Transfers | Ending balance |
| Land and buildings: | | | | | | |
| Cost | 797 | - | - | - | - | 797 |
| Accumulated depreciation | (111) | (3) | - | - | - | (114) |
| | 686 | (3) | - | - | - | 683 |
| Machinery and plant: | | | | | | |
| Cost | 89,231 | 686 | (13,724) | 938 | 145 | 77,276 |
| Accumulated depreciation | (82,545) | (3,302) | 13,589 | (481) | (145) | (72,884) |
| | 6,686 | (2,616) | (135) | 457 | - | 4,392 |
| Other fixtures, tools and furniture: | | | | | | |
| Cost | 61,589 | 438 | (2,564) | 637 | (6) | 60,094 |
| Accumulated depreciation | (52,535) | (1,095) | 2,491 | (725) | - | (51,864) |
| Impairment | (3,108) | - | - | (56) | - | (3,164) |
| | 5,946 | (657) | (73) | (144) | (6) | 5,066 |
| Investments in concessions: | | | | | | |
| Cost | 119 | - | - | - | - | 119 |
| Accumulated depreciation | (14) | (1) | - | - | - | (15) |
| Impairment | (68) | - | - | - | - | (68) |
| | 37 | (1) | - | - | - | 36 |
| Other items of property, plant and equipment: | | | | | | |
| Cost | 32,827 | 595 | (6,332) | (131) | 142 | 27,101 |
| Accumulated depreciation | (25,539) | (3,440) | 6,176 | 115 | 145 | (22,543) |
| Impairment | (477) | - | - | (3) | - | (480) |
| | 6,811 | (2,845) | (156) | (19) | 287 | 4,078 |
| Property, plant and equipment in the course of construction and advances: | | | | | | |
| Cost | 372 | - | (91) | - | (281) | - |
| | 372 | - | (91) | - | (281) | - |
| Total: | | | | | | |
| Cost | 184,935 | 1,719 | (22,711) | 1,444 | - | 165,387 |
| Accumulated depreciation | (160,744) | (7,841) | 22,256 | (1,091) | - | (147,420) |
| Impairment | (3,653) | - | - | (59) | - | (3,712) |
| Total property, plant and equipment | 20,538 | (6,122) | (455) | 294 | - | 14,255 |

There were no significant investment commitments in connection with property, plant and equipment in the course of construction and advances.

The net gain on disposal of property, plant and equipment items in 2020 amounted to EUR 2,111 thousand (2019: net gain of EUR 5,912 thousand).

At 31 December 2020, the cost, accumulated depreciation and impairment included EUR 26,545 thousand, EUR 21,637 thousand and EUR 3,014 thousand, respectively, related to UTEs (31 December 2019: EUR 30,238 thousand, EUR 24,874 thousand and EUR 3,301 thousand, respectively).

At 2020 year-end the cost, accumulated depreciation and impairment of property, plant and equipment located abroad amounted to EUR 87,319 thousand, EUR 77,928 thousand and EUR 3,014 thousand, respectively (2019 year-end: EUR 128,697 thousand, EUR 114,648 thousand and EUR 3,301 thousand, respectively).

At 31 December 2020, fully depreciated property, plant and equipment in use amounted to EUR 95,025 thousand (31 December 2019: EUR 109,304 thousand).

As indicated in Note 7, at the end of 2020 the Company did not hold any items of property, plant and equipment under finance leases.

The Company takes out all the insurance policies required to cover the possible risks to which its property, plant and equipment are subject.

7.- LEASES

7.1 Finance leases

At the end of 2020 and 2019 the Company did not have any finance lease arrangements.

7.2 Operating leases

Operating leases are leases that do not transfer substantially all the risks and rewards incidental to ownership.

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

At 31 December 2020 and 2019, the future minimum payments under non-cancellable leases were as follows:

| | Thousands of euros | |
|----------------------------|--------------------|---------------|
| | 2020 | 2019 |
| Within one year | 9,305 | 10,601 |
| Between one and five years | 7,409 | 12,981 |
| After five years | - | - |
| Total | 16,714 | 23,582 |

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

8.- FINANCIAL ASSETS (NON-CURRENT AND CURRENT)

8.1 Non-current financial assets

The detail of "Non-Current Financial Assets" at the end of 2020 and 2019 is as follows:

2020

| Classification | Thousands of euros | | | | |
|-------------------------------------------|-----------------------------------|------------------------|-----------------|------------------------|----------------|
| | Non-current financial instruments | | | | |
| | Equity instruments | Loans to third parties | Debt securities | Other financial assets | Total |
| Held-to-maturity investments | - | - | 279 | - | 279 |
| Available-for-sale financial assets | 59,924 | - | - | - | 59,924 |
| Loans and receivables | - | 162,745 | - | 4,904 | 167,649 |
| Total non-current financial assets | 59,924 | 162,745 | 279 | 4,904 | 227,852 |

2019

| Classification | Thousands of euros | | | | |
|-------------------------------------------|-----------------------------------|------------------------|-----------------|------------------------|----------------|
| | Non-current financial instruments | | | | |
| | Equity instruments | Loans to third parties | Debt securities | Other financial assets | Total |
| Held-to-maturity investments | - | - | 305 | - | 305 |
| Available-for-sale financial assets | 59,924 | - | - | - | 59,924 |
| Loans and receivables | - | 162,745 | - | 5,099 | 167,844 |
| Total non-current financial assets | 59,924 | 162,745 | 305 | 5,099 | 228,073 |

“Equity Instruments” included mainly the investment in Cercanías Móstoles Navacarnero, S.A., a concession operator in liquidation that was acquired by OHL Concesiones, S.A.U. in 2018.

“Loans to Third Parties” included mainly the participating loan of EUR 125,879 thousand granted to Cercanías Móstoles Navacarnero, S.A., a concession operator in liquidation, and EUR 15,865 thousand relating to the costs of the enforcement of guarantees in relation to Cercanías Móstoles Navacarnero, S.A. by the Autonomous Community Government of Madrid, which the Company considers, based on the opinion of its legal advisers, to be recoverable (see Note 15.3.2).

In addition, “Loans to Third Parties” includes a participating loan of EUR 18,587 thousand relating to Aeropistas, S.L. (company in liquidation), the recoverability of which is based on the success of the appeal for judicial review filed by the insolvency practitioners of the investee at the Supreme Court against the resolution adopted by the Spanish Cabinet on 26 April 2019 interpreting certain toll road concession arrangements in connection with the method used for calculating the “Governmental Liability” (Responsabilidad Patrimonial de la Administración). This appeal challenged, inter alia: (1) the infrastructure amortisation method, which the Spanish Cabinet decided must be straight-line amortisation; and (2) the maximum limit of the Government Liability for the M12 toll road concession arrangement granted to Autopista Eje Aeropuerto Concesionaria Española, S.A. which the Spanish Cabinet set at EUR 305,471 thousand.

These loans were acquired in 2018 from OHL Concesiones S.A.U. as a result of the sale of all the share capital thereof.

The estimated detail, by maturity, of “Non-Current Financial Assets” is as follows:

| Classification | Thousands of euros | | | | | |
|-------------------------------------------|--------------------|--------------|------------|----------|----------------|----------------|
| | 2022 | 2023 | 2024 | 2025 | Other | Total |
| Held-to-maturity investments | - | - | - | - | 279 | 279 |
| Available-for-sale financial assets | - | - | - | - | 59,924 | 59,924 |
| Loans and receivables | 3,201 | 1,703 | 500 | - | 162,245 | 167,649 |
| Total non-current financial assets | 3,201 | 1,703 | 500 | - | 222,448 | 227,852 |

Impairment losses:

The changes arising from the impairment losses/reversals recognised in 2020 and 2019 were as follows:

2020

| Classification | Thousands of euros | | |
|-----------------------|----------------------------------------------------|------------------------------------------------------|----------------------------------------------|
| | Accumulated impairment losses at beginning of year | Impairment losses / Reversals recognised in the year | Accumulated impairment losses at end of year |
| Loans and receivables | 4,845 | 264 | 5,109 |

2019

| Classification | Thousands of euros | | |
|-----------------------|----------------------------------------------------|------------------------------------------------------|----------------------------------------------|
| | Accumulated impairment losses at beginning of year | Impairment losses / Reversals recognised in the year | Accumulated impairment losses at end of year |
| Loans and receivables | 4,381 | 464 | 4,845 |

8.2 Current financial assets

The detail of “Current Financial Assets” at the end of 2020 and 2019 is as follows:

2020

| Category | Thousands of euros | | | | |
|---------------------------------------|-------------------------------|--------------------|-------------|------------------------|----------------|
| | Current financial instruments | | | | |
| | Equity instruments | Loans to companies | Derivatives | Other financial assets | Total |
| Held-to-maturity investments | 3 | - | - | - | 3 |
| Loans and receivables | - | 96,456 | - | 146,524 | 242,980 |
| Derivatives | - | - | - | - | - |
| Total current financial assets | 3 | 96,456 | - | 146,524 | 242,983 |

2019

| Category | Thousands of euros | | | | |
|---------------------------------------|-------------------------------|--------------------|-------------|------------------------|----------------|
| | Current financial instruments | | | | |
| | Equity instruments | Loans to companies | Derivatives | Other financial assets | Total |
| Held-to-maturity investments | 3 | - | - | 2,003 | 2,006 |
| Loans and receivables | - | 122,603 | - | 157,593 | 280,196 |
| Derivatives | - | - | 16 | - | 16 |
| Total current financial assets | 3 | 122,603 | 16 | 159,596 | 282,218 |


“Loans to Companies” included mainly the following loans to related companies:

- A nominal amount of EUR 91,611 thousand (2019: EUR 88,150 thousand) relating to an account receivable from Grupo Villar Mir, S.A.U. (“GVM”).
- A nominal amount of EUR 38,874 thousand (2019: EUR 37,547 thousand) relating to an account receivable from Pacadar, S.A., which bears annual interest at 5%.

In 2019 the Company entered into a Settlement Agreement with GVM and Pacadar, S.A. as a result of the negotiations held with a view to ensuring the full recovery of the loans granted, which led, on the one hand, to the extension of the maturities until 30 September 2020 and, on the other, to the reinforcement of the economic terms and conditions and the terms and conditions relating to the collateral provided to the Company, including a security interest in all the shares of Pacadar, S.A.

Prior to the maturity of the debt, the parties initiated negotiations with GVM, which included the grant of successive extensions to the initial maturity, and an agreement was reached regarding the debt repayment terms on 6 December 2020, which was formalised in a dation in payment (debt discharged by transfer in lieu of payment) and debt acknowledgement agreement executed on 27 December 2020 by the Company, GVM and Inmobiliaria Espacio, S.A.U., and novated on 5 January 2021. The effectiveness of the agreement was subject to the obtainment of certain authorisations, including a waiver by the Company’s creditor banks, which at 31 December 2020 had not yet been received. All the conditions precedent to which the aforementioned agreement was subject were satisfied on 24 February 2021.

The main terms of the agreement are as follows:

- 
- I. The dation in payment of all the shares of Pacadar, whose sole shareholder was GVM. The amount assigned to these shares was determined on the basis of valuation reports issued by two independent valuers.
 - II. The dation in payment of shares of Alse Park, S.L. representing 32.5% of its share capital owned by GVM. The value assigned to these shares was determined on the basis of a valuation report issued by an independent valuer.
 - III. The acknowledgement by GVM of a debt of EUR 45,850 thousand payable to the Company divided into the following tranches: (i) a tranche of EUR 22,000 thousand maturing on 27 December 2025 and secured by a security interest in shares of Espacio Information Technology, S.A.; (ii) a tranche of EUR 11,000 thousand maturing on 24 December 2022 and secured by certain collection rights of GVM; (iii) a tranche of EUR 12,850 thousand maturing on 27 December 2025, payment of which is contingent on the market value of the investment held by GVM in Ferroglobe PLC or on its sale at a specified price.
 - IV. The release of GVM by the Company from its obligations as joint and several guarantor of the account payable by Pacadar to the Company arising under the Settlement Agreement.
 - V. The termination of the Settlement Agreement.

In 2020 the Company estimated the recoverable amount of the debt acknowledged by GVM taking into account the fair value of the existing guarantees.

As a result of this estimation, the Company recognised an impairment loss of EUR 35,596 thousand at 31 December 2020 (see Note 20.6).

As a result of the foregoing, the Company's directors consider that the recoverable amount of the loans approximates their carrying amount.

Also, "Other Financial Assets" included EUR 140,000 thousand (2019: EUR 140,000 thousand) relating to a deposit provided to secure the guarantee lines for the multi-product syndicated financing agreement. This facility, initially arranged in December 2016, has been novated several times and currently matures on 30 June 2021, provided that certain contractual conditions are met.

"Other Financial Assets" included term deposits (held-to-maturity investments) and short-term deposits.

8.3 Investments in Group companies and associates

8.3.1 Non-current investments in Group companies and associates

The changes in 2020 and 2019 in "Non-Current Investments in Group Companies and Associates" were as follows:

2020

| | Thousands of euros | | | |
|------------------------------------------------------------------------|--------------------|----------------------------------|-------------------------|--------------------|
| | Beginning balance | Additions or charge for the year | Disposals or reductions | Ending balance |
| Equity instruments of Group companies: | | | | |
| Cost | 1,693,816 | 631,882 | (8,914) | 2,316,784 |
| Impairment | (1,375,645) | (81,326) | 10,989 | (1,445,982) |
| Capital payments payable | (132) | 3 | - | (129) |
| | 318,039 | 550,559 | 2,075 | 870,673 |
| Equity instruments of associates: | | | | |
| Cost | 21,722 | - | - | 21,722 |
| Impairment | (11,570) | (409) | 2,958 | (9,021) |
| Capital payments payable | (11) | - | - | (11) |
| | 10,141 | (409) | 2,958 | 12,690 |
| Loans to Group companies: | | | | |
| Cost | 215,958 | 308,020 | (901) | 523,077 |
| Impairment | (158,041) | (20,354) | 894 | (177,501) |
| | 57,917 | 287,666 | (7) | 345,576 |
| Loans to associates: | | | | |
| Cost | 12,571 | 11,209 | (10,191) | 13,589 |
| | 12,571 | 11,209 | (10,191) | 13,589 |
| Total: | | | | |
| Cost | 1,944,067 | 951,111 | (20,006) | 2,875,172 |
| Impairment | (1,545,256) | (102,089) | 14,841 | (1,632,504) |
| Capital payments payable | (143) | 3 | - | (140) |
| Total non-current investments in Group companies and associates | 398,668 | 849,025 | (5,165) | 1,242,528 |

2019

| | Thousands of euros | | | |
|------------------------------------------------------------------------|--------------------|----------------------------------|-------------------------|--------------------|
| | Beginning balance | Additions or charge for the year | Disposals or reductions | Ending balance |
| Equity instruments of Group companies: | | | | |
| Cost | 1,340,875 | 352,941 | - | 1,693,816 |
| Impairment | (1,134,776) | (240,869) | - | (1,375,645) |
| Capital payments payable | (140) | 8 | - | (132) |
| | 205,959 | 112,080 | - | 318,039 |
| Equity instruments of associates: | | | | |
| Cost | 19,961 | 1,761 | - | 21,722 |
| Impairment | (11,570) | - | - | (11,570) |
| Capital payments payable | (11) | - | - | (11) |
| | 8,380 | 1,761 | - | 10,141 |
| Loans to Group companies: | | | | |
| Cost | 112,471 | 103,487 | - | 215,958 |
| Impairment | (97,857) | (60,184) | - | (158,041) |
| | 14,614 | 43,303 | - | 57,917 |
| Loans to associates: | | | | |
| Cost | 6,664 | 5,907 | - | 12,571 |
| | 6,664 | 5,907 | - | 12,571 |
| Total: | | | | |
| Cost | 1,479,971 | 464,096 | - | 1,944,067 |
| Impairment | (1,244,203) | (301,053) | - | (1,545,256) |
| Capital payments payable | (151) | 8 | - | (143) |
| Total non-current investments in Group companies and associates | 235,617 | 163,051 | - | 398,668 |

The main addition in 2020, recognised under “Equity Instruments of Group Companies”, was the shareholder contribution of EUR 620,594 thousand to the equity of OHL Construcción Internacional, S.L.U. through the non-monetary contribution of the loan granted in prior years.

The main impairment losses on equity instruments in 2020 related to OHL Construcción Internacional, S.L.U. and OHL Desarrollos, S.L. and amounted to EUR 60,954 thousand and EUR 19,707 thousand, respectively. They were recognised to adjust the carrying amount thereof to their fair value.

In the case of OHL Construcción Internacional, S.L.U., in order to assess the recoverable amount the Company used the cash flow projections for this business, on the basis of the updated budgets of each of the construction backlogs for the investees of OHL Construcción Internacional, S.L.U. This assessment was performed by discounting the expected cash flows for the shareholder, using a discount rate based on a risk-free interest rate of the country in which the Company operates, taking as a reference the rate of a local bond adjusted by a risk premium for the activity and taking into account the leverage of the business carried on. Following this analysis, it was concluded that it was necessary to recognise additional valuation adjustments of EUR 60,954 thousand for the investee.

The Company also assessed the fair value of its ownership interest in OHL Desarrollos, S.A. To carry out this analysis, the Company used the underlying carrying amount of the investee, which takes into account the updated fair value of the underlying assets in which it has ownership interests (mainly

the Canalejas Project and Old War Office). Following this analysis, it was concluded that it was necessary to recognise additional valuation adjustments of EUR 19,707 thousand for the investee.

The equity of the Group companies is detailed in Appendix II -which is an integral part of this note-, and was obtained from the financial statements of the respective companies at 31 December 2020, the most significant of which were audited.

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.

The detail of “Non-Current Loans to Group Companies and Associates”, net of allowances, at 31 December 2020 and 2019 is as follows:

| Company | Thousands of euros | |
|------------------------------------------------|--------------------|---------------|
| | 2020 | 2019 |
| Loans to Group companies: | | |
| OHL Desarrollos, S.A. | 287,509 | - |
| OHL Industrial, S.L. | 46,385 | 46,385 |
| Sociedad Concesionaria Aguas de Navarra, S.L. | 5,421 | 5,834 |
| Asfaltos y Construcciones Elsan, S.A. | 5,000 | 5,000 |
| Mantohledo, S.A. | 962 | 68 |
| Tenedora de Participaciones Tecnológicas, S.A. | 299 | 630 |
| Total loans to Group companies | 345,576 | 57,917 |
| Loans to associates: | | |
| Nuevo Hospital de Toledo, S.A. | 13,589 | 12,571 |
| Total loans to associates | 13,589 | 12,571 |

The main increase relates to the conversion to a participating loan of the short-term loan of EUR 307,532 thousand granted to OHL Desarrollos, S.A., on which an impairment loss of EUR 20,023 thousand was recognised in 2020, in order to adjust its carrying amount to its fair value in accordance with the aforementioned criteria.

The average interest rate applied to non-current loans to Group companies and associates in 2020 was 12 % and finance income amounted to EUR 2,466 thousand.

8.3.2 Current investments in Group companies

The detail of “Current Investments in Group Companies” at 31 December 2020 and 2019 is as follows:

2020

| Company | Thousands of euros | | |
|-------------------------------------------------------------|--------------------|------------------------|----------------|
| | 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 de 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 |

2019

| Company | Thousands of euros | | |
|-------------------------------------------------------------|--------------------|------------------------|------------------|
| | Loans | Other financial assets | Total |
| Obrascón Huarte Lain, Construcción Internacional, S.L. | 660,586 | - | 660,586 |
| Obrascón Huarte Lain Desarrollos, S.A. | 295,520 | - | 295,520 |
| OHL Servicios - Ingesán, S.A.U. | 39,420 | 37 | 39,457 |
| OHL Colombia, S.A.S. | 12,323 | 83 | 12,406 |
| Tenedora de Participaciones Tecnológicas, S.A. | 6,299 | - | 6,299 |
| Agrupación Guinovart Obras y Servicios Hispania, S.A. | 5,637 | - | 5,637 |
| OHL Construction Pacific PTY Ltda. | - | 5,321 | 5,321 |
| Constructora e Inmobiliaria Huarte, Ltda. | 4,731 | - | 4,731 |
| OHL Infrastructure, INC | - | 3,351 | 3,351 |
| Asfaltos y Construcciones Elsan, S.A. | 1,948 | 4 | 1,952 |
| Construcciones Colombianas OHL, S.A.S. | 623 | 583 | 1,206 |
| EyM Instalaciones, S.A. | 1,151 | - | 1,151 |
| OHL Uruguay, S.A. | 878 | 206 | 1,084 |
| Vacua, S.A. | - | 1,034 | 1,034 |
| OHL Industrial, S.L. | 715 | 3 | 718 |
| Sociedad Concesionaria Centro de Justicia de Santiago, S.A. | - | 674 | 674 |
| OHL Industrial Chile, S.A. | 527 | - | 527 |
| Consorcio OHL AIA, S.A. | - | 439 | 439 |
| OHL Industrial Mining & Cement, S.A. | 412 | - | 412 |
| Less than EUR 300 thousand | 759 | 134 | 893 |
| TOTAL | 1,031,529 | 11,869 | 1,043,398 |

"Loans" includes financial contributions, interest and receivables due to the tax effect.

Noteworthy in 2020 was the decrease recognised at OHL Construcción Internacional, S.L. as a result of the Company's contribution of the loan to equity, as shareholder, and the decrease recognised at OHL Desarrollos, S.A. due to the conversion of the short-term loan to a participating loan.

The average interest rate applied in 2020 to the financial contributions included under "Loans" was 4.18% (2019: 4.76%). The finance income arising from the financial contributions in 2020 amounted to EUR 28,288 thousand (2019: EUR 65,846 thousand).

The other balances included in "Other Financial Assets" and relating to the Company's normal operations did not earn interest.

8.3.3 Current investments in associates

The detail of "Current Investments in Associates" and the investments in the UTEs at 31 December 2020 and 2019, after proportionate consolidation of their balance sheets and the corresponding eliminations, is as follows:

| 2020 | | | |
|----------------------------------------------------------|--------------------|------------------------|---------------|
| Entity | Thousands of euros | | |
| | 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 |

In 2020 the financial contributions presented under "Loans" earned average interest of 4.15% (2019: 4.41%).

| 2019 | | | |
|----------------------------------------------------------|--------------------|------------------------|---------------|
| Entity | Thousands of euros | | |
| | Loans | Other financial assets | Total |
| UTE Hospital Sidra. Qatar | - | 26,510 | 26,510 |
| UTE Estaciones Metro Doha. Qatar | - | 6,163 | 6,163 |
| UTE Rizzani OHL (JV2). Kuwait | - | 4,421 | 4,421 |
| Consorcio Rio Piura. Peru | - | 1,022 | 1,022 |
| UTE Rizzani OHL Boodai Trevi (JV4). Kuwait | - | 943 | 943 |
| UTE Angiozar. Spain | - | 688 | 688 |
| Consorcio Español Alta Velocidad Meca Medina, S.A. Spain | 687 | - | 687 |
| UTE Centro Botín. Spain | - | 359 | 359 |
| Less than EUR 300 thousand | 155 | 925 | 1,080 |
| Total current investments in associates | 842 | 41,031 | 41,873 |

The other balances included in "Other Financial Assets" and relating to the Company's normal operations did not earn interest.

8.4 Risk management policy

Risk management, as a strategic objective of the Company, focuses on the implementation and maintenance of a reliable risk management system to be used as a management tool at all decision-making levels.

This system develops and implements a common set of processes, risk categories, and management tools and techniques in order to:

- Identify and manage risks at Company level.
- Implement integrated reporting, enabling the identification and follow-up of key risks.
- Align levels of risk tolerance with Group aims.
- Improve risk-related information and communications.
- Improve risk-response decisions.
- Integrate risk management into the decision-making process.
- Reduce the Company's vulnerability to adverse events.
- Establish and maintain a culture of raising risk awareness.
- Increase the confidence and assurance of the Board of Directors and of stakeholders that material risks are being managed and communicated on a timely basis.

The framework of the Company's risk management process represents how the Group manages risk. Each functional area and division is responsible for adopting and applying the risk management framework and policies in accordance with the following principles:

- Risk management is included in the main business processes such as planning or operational processes to ensure consistent risk analysis in decision-making.
- The Company analyses and defines its ability to reduce, accept, share or avoid risks. This definition is aligned with and supports the Group's strategic and operational objectives and its declaration on risk tolerance.
- All the Company's risks are identified, prioritised and evaluated, based on risk assessments and potential exposure, by appropriate personnel in the organisation.
- Each functional area and division is responsible for adopting and following the Company' Risk Management System. The risks identified are analysed in all divisions and are added together to ensure the adoption of a coordinated response to the most common risks within the Group.
- Each functional area and division carries out periodic reviews of its risk listing in order to update the status of existing risks and to identify emerging risks.
- Each functional area and division supports a culture of transparency, awareness-raising and open dialogue on risk. The Company's Risk Management programme supports and helps facilitate regular debates on risk, corporate risk awareness and communication, and ongoing training on risk management.
- It is the responsibility of each division to proactively disseminate information on significant current or potential risks in a timely manner, and to ensure that risk management information is provided to the corresponding division management, the corporate risk management function or others as deemed appropriate.
- The OHL Group provides the necessary tools and resources to facilitate risk reporting, monitoring and measurement.

The OHL Group's risk management policy is reviewed annually to ensure that it remains in line with the interests of the Group and its stakeholders.

The OHL Group's Audit and Compliance Committee has the ultimate responsibility for ensuring that the commitments contained in the risk management policy are up to date and fulfilled on an ongoing basis.

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

- i) Financial risk
- ii) Market and environment risk
- iii) Procurement risk
- iv) Construction work/project performance risk
- v) Environmental risks

i. Financial risk

Financial risks affect mainly the obtainment of the necessary financing when required and at a reasonable cost and the maximisation of the available financial resources. The most significant risks are as follows:

- Interest rate risk.
- Foreign currency risk.
- Credit risk.
- Liquidity risk (see Note 8.4.1).

Interest rate risk

Interest rate fluctuations change the future flows from assets and liabilities tied to floating interest rates.

The Company finances its operations using fixed- or floating-rate financial products and, based on estimates of the trend in interest rates and of debt structure targets, it either performs hedging transactions by arranging derivatives to mitigate these risks, also conducting a sensitivity analysis in this connection, or it arranges fixed-rate financing.

No derivative financial instruments had been designated as hedges of the Company's total debt at 31 December 2020, and bank borrowings tied to fixed interest rates, associated with bond issues, represented 85.84%.

The sensitivity of the Company's earnings to an interest rate increase of 0.5%, without taking into consideration bank borrowings tied to fixed interest rates, would have an impact of EUR 494 thousand on the Company's pre-tax loss.

Foreign currency risk

Foreign currency risk management is centralised and various hedging mechanisms are applied to minimise the impact of the changes in foreign currencies against the euro.

The foreign currency risks basically arise on:

- Debt denominated in foreign currencies arranged by the Company or its branches abroad.
- Payments to be made in international markets for procurements or non-current assets.
- Payments receivable from projects tied to currencies other than the Company's functional currency or that of its branches.
- Investments in foreign subsidiaries.

The Company arranges currency derivatives and currency forwards to hedge significant future transactions and cash flows, in keeping with acceptable risk limits.

Also, the net assets stemming from 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 the foreign currency risks of financial instruments for the main currencies in which the Company operates simulated a 10% increase in the foreign currency per euro exchange rate with respect to the rates applicable at 31 December 2020 and 2019. The net impact on profit or loss was as follows:

| (Expense) / Income Currency | Thousands of euros | |
|--------------------------------|--------------------|-----------------|
| | Profit / (Loss) | |
| | 2020 | 2019 |
| Norwegian krone | (1,493) | (2,884) |
| Algerian dinar | 90 | (830) |
| Kuwaiti dinar | (1,136) | (1,895) |
| US dollar | (3,616) | (2,054) |
| Argentine peso | (44) | (51) |
| Chilean peso | (4,808) | (743) |
| Mexican peso | (5,900) | (6,506) |
| Saudi Arabian riyal | (1,134) | (727) |
| Qatari riyal | (1,487) | (1,602) |
| Peruvian nuevo sol | (524) | (1,370) |
| Polish zloty | (21) | (47) |
| Total | (20,073) | (18,709) |

If a sensitivity analysis were performed using the assumption of a 10% decrease in the foreign currency per euro exchange rate with respect to the rates applicable at 31 December 2020 and 2019, the net impact on profit or loss would be as follows:

| (Expense) / Income Currency | Thousands of euros | |
|--------------------------------|--------------------|---------------|
| | Profit / (Loss) | |
| | 2020 | 2019 |
| Norwegian krone | 1,358 | 2,622 |
| Algerian dinar | (82) | 755 |
| Kuwaiti dinar | 1,033 | 1,722 |
| US dollar | 3,287 | 1,867 |
| Argentine peso | 40 | 47 |
| Chilean peso | 4,371 | 676 |
| Mexican peso | 5,364 | 5,915 |
| Saudi Arabian riyal | 1,031 | 661 |
| Qatari riyal | 1,352 | 1,457 |
| Peruvian nuevo sol | 476 | 1,245 |
| Polish zloty | 19 | 43 |
| Total | 18,249 | 17,010 |

Credit risk

Credit risk is the probability that a counterparty to a contract does not meet its contractual obligations, giving rise to a loss.

The Company has adopted a policy of only trading with solvent third parties and obtaining sufficient guarantees to mitigate the risk of financial loss in the event of non-compliance. The Company obtains information on its counterparty through independent company valuation agencies, other public sources of financial information or its own relationships with customers and third parties.

The Company's financial assets exposed to credit risk are:

- Non-current financial assets.
- Hedging instruments.
- Trade and other receivables.

- Current financial assets.
- Financial assets included in “Cash and Cash Equivalents”.

The balances of these items constitute the Company's total exposure to credit risk.

The credit risk of financial hedging instruments with a positive fair value is limited by the Company, since derivatives are arranged with highly solvent banks with high credit ratings and no single counterparty concentrates significant levels of total credit risk.

The balances of trade receivables for sales and services are made up of a high number of customers from various industries and geographical areas.

In all cases, customers are assessed prior to entering into contracts. This assessment includes a solvency study. Over the course of the contract term, changes in debt are monitored on a constant basis and the recoverable amounts are reviewed, and valuation adjustments are recognised whenever necessary.

ii. Market and environment risk

The Company operates in diverse geographical markets and, accordingly, is subject to differing government regulations that can affect its activities and economic results. The fact that its businesses are mostly located in countries with stable socio-economic and regulatory conditions minimises these risks.

iii. Procurement risk

The Company is exposed to the price risk of certain commodities, such as raw materials (e.g., bitumen, steel, etc.), which can affect the prices of the main supplies of the goods and services that the Company requires to carry on its operations. Delays can also occur in deliveries, and certain products may be more scarce in the geographic markets where the Company operates.

iv. Construction work/project performance risk

Delays or cost overruns may arise in the performance of the Company's construction work/projects as a result of certain of the aforementioned risks and technical problems that may arise. This may also cause claims against the Company's customers and litigation.

v. Environmental risks

The Company analyses environmental, geotechnical and archaeological risks in the tender phase, along with all the associated issues (significant or protected areas, water, soil, past activities in the soil, archaeology, etc.), and specifies the necessary preventive measures to be adopted during construction, operation and maintenance.

8.4.1 Principal risks and uncertainties faced by the Company: COVID-19

The pandemic that emerged at the beginning of 2020 has evolved towards the worst of the predicted scenarios, having an unprecedented effect on the world, especially Europe and, in particular, the southern countries to varying degrees.

After a reaction from the European institutions that led to the major European Council agreement of July 2020 approving a financing deal for all Member States worth EUR 750,000 million in grants and loans, since the summer that initial impulse has been waning and the actions involving European funds have been increasingly directed towards investment projects, meaning that the Member States are now relying, almost exclusively, on grants.

In this context, the Company, with its worldwide presence, is observing the evolution of the pandemic with concern, but the unequal global effect in the various geographical areas in which it operates has partially offset the adverse effects worldwide. However, the Company considers that the consequences for its operations are uncertain and will depend largely on the evolution and spread of the pandemic in the coming months.

Nonetheless, based on the best available information on the possible economic, social and employment-related impacts that this pandemic has had on OHL to date, and although it is not possible to complete a definitive assessment due to the uncertainty of the consequences of the pandemic in the medium term, an analysis of its effects on, and consequences for, the Company in 2020 was conducted.

The main impacts are as follows:

1) Construction work/project performance risk

The consequences of the covid-19 pandemic, while global, did not affect the various territories in which the Company operates, whether directly or through its subsidiaries, in the same way:

- i. **South LatAm (Chile):** the impact was significant due to the fact that, since the national health alert was decreed, the effects of the pandemic developed unequally and worsened as the curfew was maintained. This affected the Company's projects, as rotating shifts had to be introduced, supplies were significantly affected and staff were unable to access the centres due to the situation.
- ii. **LatAm Norte (Peru):** the impact of the pandemic was significant, with a slowdown in project production and, in certain cases such as Peru, work was halted.
- iii. **Spain:** the impact on activities in Spain was significant. Although there were supply problems, only 57% of all projects could be performed with a certain level of normality. Activity has been gradually returning to normal since September.

The covid-19 pandemic impacted EBITDA and EBIT to the greatest extent due to partial or total stoppages, which meant that the direct and indirect costs incurred could not be passed on to the Company's various customers.

This entire analysis was conducted on the basis of a detailed study of the Company's contracts with its customers, which for the most part do not include force majeure clauses and, therefore, do not involve immediate compensation for the event that occurred. However, future negotiations may give rise to compensation, and the related income would be recognised when it is highly probable that it will be converted into cash.

2) Market and environment risk

In the period from mid-March 2020 to 31 December 2020, tendering activity decreased in most countries, which resulted in a lower level of new contracts up until the reporting date.

Thus, new construction contracts in 2020 amounted to EUR 325,044 thousand and the backlog to EUR 1,272,167 thousand (2019: EUR 1,551,928 thousand) (see Note 20.8).

However, should the measures being established worldwide to reactivate the economy give rise to greater investment activity, this difference will foreseeably be recovered in 2021.

3) Occupational risk

One of the Company's main concerns in this period was to ensure the safety of all the Company's employees and, in this connection, preventive measures were adopted at all its workplaces, with remote working encouraged to the extent possible. This remote working experience, which is new to our industry, tested the organisation's ability to face this adverse scenario and was very positive in all respects.

Of particular note is the situation in Spain, where on 23 March 2020 Company management communicated its decision to initiate a furlough-type arrangement (Spanish ERTE) to collectively suspend employment contracts and reduce working hours, due to objective causes of an economic, organisational and production-related nature.

For this purpose, a period of consultation was held with workers' representatives and the principal trade unions and an agreement was reached in relation to the ERTE, the main terms of which were as follows:

- Temporary layoffs and reduction of working hours (between 30% and 70%) in the period from 15 April 2020 to 14 July 2020, inclusive.
- Persons affected: all workers -both core and production personnel- at the affected workplaces (the overwhelming majority, except for those at which an "essential" activity was carried out), with 790 workers potentially affected by temporary layoffs (affecting up to 565 employment contracts) and working hour reductions (of between 30% and 70% of working hours, and affecting up to 225 employment contracts).
- Establishment of the criteria to determine who was or was not affected, differentiating between core and production personnel.
- Agreement to top up unemployment benefit.

As a result of the improvement in production rates and the gradual recovery of activity, the ERTE was concluded early on 1 July 2020; in total, 460 workers were affected, at various levels, to various extents and for differing amounts of time.

4) Liquidity risk

The general situation in the markets caused an increase in liquidity constraints in the economy, as well as a contraction of the credit market, a situation to which the Company has not been immune. This has, in turn, led to a certain degree of cash consumption in recent years to attend to loss-making projects with reduced available liquidity levels.

At 31 December 2020, the Company had a working capital deficiency of EUR 215,506 thousand, and its liquidity position at that date was represented by "Cash and Cash Equivalents" and "Other Current Financial Assets" totalling EUR 300,853 thousand, the detail being as follows:

- **Cash and cash equivalents amounting to EUR 154,329 thousand**, including EUR 52,349 thousand relating to UTEs in which the OHL, S.A. has interests, which are initially earmarked for the construction projects that it carries out.
- **Other current financial assets amounting to EUR 146,524 thousand**, including a restricted deposit of EUR 140,000 thousand to secure the multi-product syndicated financing agreement.

In addition, the Company has **arranged credit facilities amounting to EUR 35,000 thousand**, relating to the final tranche of the State (ICO)-backed financing facility of EUR 140,000 thousand, arranged on 30 April 2020, with a limit of EUR 130,331 thousand following the novation signed on

13 October 2020 after an early repayment had been made (see Note 16.1). This amount can only be drawn down upon fulfilment of a series of contractual conditions.

The Company also expects to partially bolster its liquidity position using the cash flows from the divestments of Hospital de Toledo, S.A. and Mantohledo, S.A.U., amounting to EUR 76,130 thousand, which were reported to the market on 23 November 2020.

In the first quarter of 2020 OHL redeemed the bond issued in 2012 with an outstanding balance of EUR 73,305 thousand.

In view of the Company's current liquidity position, the directors carried out a transaction **to strengthen the Company's balance sheet, which involved reinforcing the Company's capital structure by capitalising a portion of the current bond issues and performing shareholder injections.**

In this connection, as reported to the market on 21 January 2021 (see Note 24), a process was initiated whereby Forjar Capital, S.L.U. and Solid Rock Capital, S.L.U. (jointly, the "Amodio Shareholders"), Grupo Villar Mir, S.A.U. (GVM) and a group of current OHL bondholders entered into **a lock-up agreement to support a transaction to recapitalise and renegotiate certain financial debt of the Company.**

The transaction includes the renegotiation of the terms of the current bond issues (bonds maturing in 2022, amounting to EUR 400,000 thousand, and bonds maturing in 2023, amounting to EUR 325,000 thousand), the principal amount outstanding of which is EUR 592,888 thousand, and which is subject to a scheme of arrangement, requiring court approval under UK law.

The amendment of the terms of the bonds consists of:

- i. **The capitalisation of a portion of the bond principal.**
- ii. **The partial write-off of the bonds.**
- iii. **The issue of new bonds, up to a maximum of EUR 488,300 thousand**, to be issued at an issue price of 100% bearing interest at 5.1% (payable on a half-yearly basis on 15 March and 15 September each year), and which will accrue annual payment-in-kind (PIK) interest of 1.5% up to (but not including) 15 September 2023, from which time it will increase to 4.65%. 50% of the principal will mature on 31 March 2025, and the remainder (which may be reduced by redemption or repurchases) will mature on 31 March 2026. These new bonds are guaranteed by certain subsidiaries jointly representing 46.62% of the Group's current net sales and by certain security interests, including security interests in shares, etc.

For these purposes, bondholders may choose between:

- **Option 1:** receiving, for every EUR 1,000 of bond principal, EUR 880 of the principal amount of new bonds plus EUR 20 of new bonds as a lock-up fee; or
- **Option 2:** up to 38.25% of the principal amount of their bonds for every EUR 1,000 of principal, EUR 680 of the principal amount of new bonds and EUR 300 of **new shares at EUR 0.74 per share** ("Bond Capitalisation"), and, if applicable, EUR 20 of new bonds as a lock-up fee. With respect to 61.75% of the bond principal, these bondholders will receive Option 1 instruments, and, if applicable, EUR 20 of new bonds as a lock-up fee.

On 10 February 2021, it was reported to the market that the Company had obtained the backing of bondholders representing 93% of the principal amount of the bonds for the restructuring thereof, and that more than 75% had opted for Option 1 (see Note 24).

Another basic pillar of the transaction is the injection of equity into the Company by means of:

- i. **A capital increase** (“the Rights Issue”) recognising shareholders’ pre-emption rights, amounting to EUR 35,000 thousand, which will be submitted for approval by the shareholders at the Extraordinary General Meeting called for 25 and 26 March 2021.
- ii. **A Private Placement**, addressed exclusively to the Amodio Shareholders and to Tyrus Capital Event, S.à r.l and/or Tyrus Capital Opportunities, S.à r.l (jointly, “Tyrus”) for the purpose of fulfilling the investment commitments assumed by these entities in the context of the transaction, as described below, to the extent that they could not be realised in full in the Rights Issue.

Within the framework of the lock-up agreement, the Amodio shareholders jointly undertook to inject funds into the Company, amounting to a joint total effective amount of EUR 37,000 thousand, while Tyrus undertook to inject a total effective amount of EUR 5,000 thousand. Ensuring that these investment commitments are honoured in full which, besides having been undertaken by the creditors, is essential for the Company, **since it would entail a total liquidity injection of EUR 42,000 thousand, required the Rights Issue to be supplemented by the aforementioned Private Placement.**

Thus, in order to ensure that the investment commitments are honoured in full, it is necessary to combine the two options, namely, the Rights Issue and the Private Placement, these being fully interrelated and complementary transactions.

The main terms and conditions of the Private Placement are as follows:

- a) The maximum amount will be executed if all the shares to be issued in the increase (barring those corresponding to the Amodio Shareholders) are allocated to shareholders and/or acquirers of rights in respect of the Rights Issue.
- b) The new shares arising from the Private Placement **will be issued at an issue price of EUR 0.36 per share**, equal to the price at which the Rights Issue will be performed.
- c) The Private Placement will be addressed exclusively to the Amodio Shareholders and Tyrus.
- d) The new shares will carry the same voting and dividend rights as the shares currently outstanding.
- e) The pre-emption rights of the Company’s shareholders will be totally excluded in this increase.
- f) The Company bylaws will be amended to reflect the resulting share capital figure.

With respect to the bondholders, the deadline established for achieving 75% bondholder accession was 30 November, and failure to do so would lead to the mandatory repayment of the amount drawn down against the ICO loan. However, the banks agreed to extend this deadline until 28 February 2021. On 10 February 2021, the Company reported the achievement of the accession of holders of 93% of the bond principal and, accordingly, the date of repayment of the amounts drawn down against the ICO loan is as agreed in the initial terms and conditions, i.e., 30 October 2021.

As a result of the measures outlined above and the degree of achievement thereof, which are in line with the envisaged plan and detailed in Note 24, together with the plans to divest other non-strategic assets and secure new financing facilities (guarantees and reverse factoring facilities), the Company's directors trust that they will overcome the current liquidity constraints and continue to implement their business plan, **which will enable the Company to continue with its activities, meet all of its obligations and bolster its equity and financial position.**

In this connection, the Company's directors consider that the Group's business plan for 2021 and subsequent years, which is based on:

- Obtaining gross margins of between 6% and 7% and recovering levels of profitability in projects.
- Contract vs. project management, strictly controlling and endeavouring to optimise the Group's production costs and overheads, and paying particular attention to loss-making projects.
- Obtaining levels of new contracts that allow it to cover its backlog, ensuring that the Group's activities grow/are maintained, and actively managing the capacity of guarantee and bonding lines.
- Cash basis criteria in decision-making and focusing on the generation of cash flow from projects, continuously monitoring working capital.
- Divestments of non-strategic assets (Hospital de Toledo and the Owo Project).
- Promoting concession activity through Senda Infraestructuras.

Should contribute towards turning a corner after 2020 and starting to see a substantial improvement in the Group's operations and results.

However, there are circumstances that could give rise to uncertainties with respect to the achievement of the business plan for 2021 and, accordingly, may cause variances therefrom (non-achievement of expected levels of new contracts, unforeseen circumstantial working capital shortfalls, etc.), with the main uncertainty being the impact of the covid-19 health crisis on business activities. This crisis should abate, and the directors will continuously monitor its evolution.


5) Risk of measurement of assets and liabilities recognised in the balance sheet

A change in the future estimates of the Company's new contracts, fixed and variable costs and borrowing costs could have an adverse impact on the carrying amount of certain assets and on the need to recognise certain provisions or other types of liabilities.

In this regard, the Company carried out a study and assessment of the assumptions in the economic models of its main assets.

In relation to the Canalejas Project, as it is a unique asset, once the hotel opened in September 2020, as well as some luxury restaurants, and with the opening of the shopping centre scheduled for either 2021 or 2022, the recoverable amount of the financial investment was reassessed. Due to the delay in opening and other factors, the investment has been greater than initially envisaged, as a result of which, given the current circumstances of lower occupancy and despite a notable increase in occupancy being forecast for 2021 (due to the luxury status of this establishment), it was considered necessary to recognise an impairment loss of EUR 25,600 thousand, which is considered to be a direct consequence of the pandemic that is affecting the real estate and tourism industries in Spain.

In 2021 the Company will continue to exhaustively monitor the projected business plan in order to reassess the recoverable amount of this important asset.



With respect to the financial interest in the Old War Office, at 31 December 2019 the Company recognised an adjustment of EUR (47,600) thousand to its carrying amount, based on the enhanced estimates of the fair value of the project based on offers received for the ownership interest held by the Group. At the reporting date there was no indication that these offers were outside the market range and, accordingly, the carrying amount was left unchanged.

As a result of the foregoing, a significant impairment loss was recognised on the Company's investment in OHL Desarrollos, S.A. (See Note 8.3.1).

Based on the best information available to date, no indications of impairment of the rest of the Company's fixed and operating assets had been identified at 2020 year-end, except as indicated in Note 18.5.

9.- DERIVATIVE FINANCIAL INSTRUMENTS

In order to mitigate the economic effects of exchange rate fluctuations to which the Company is exposed as a result of its business activities, the Company uses derivative financial instruments, such as foreign currency hedges.

The arrangement of derivatives for speculative purposes is not allowed by the Company.

No collection risks are expected to arise in relation to the amounts that the banks have undertaken to pay to the Company in the future on the basis of the derivatives arranged, since the banks with which they were arranged are highly solvent.

The derivatives arranged by the Company are basically measured by discounting the future cash flows in accordance with the contractual and market conditions at the date of measurement.

The main criteria relating to derivatives are described in Note 4.6.

Foreign currency derivatives

The Company arranges currency forwards in order to avoid the economic impact that exchange rate fluctuations might have on payment obligations and collection rights in foreign currencies.

No currency forwards had been arranged at 31 December 2020.

Following is a detail of the outstanding currency forwards at 31 December 2019, indicating, on the one hand, the nominal amounts in euros of the currency forwards, i.e. the amounts that the Company and the banks have agreed to exchange in euros for paying or receiving certain amounts in foreign currencies, classified by maturity, and, on the other, the fair values of the currency forwards, grouped together as other financial assets or liabilities, and their impact, net of taxes, on equity. Also indicated is the range of exchange rates and the nominal amounts in foreign currency arranged.

| | Thousands of euros | | | | | | Foreign currency per euro | Nominal amount in thousands of foreign currency (on arrangement date) |
|------------------------------------------------------------------------------------------|--------------------------------------|--------------------|--------------------|------------------------|-----------------------|----------------------------------------------|---------------------------|-----------------------------------------------------------------------|
| | Nominal amount (on arrangement date) | Maturity | | Fair value included in | | Impact on profit or loss (net of tax effect) | Range of exchange rates | |
| | | Up to three months | After three months | Asset derivatives | Liability derivatives | | | |
| Derivatives not considered as hedges for accounting purposes at the Company's discretion | | | | | | | | |
| Future US dollar sales against euros | 2,018 | 2,018 | - | - | (180) | (135) | 1.1147 | 2,250 |
| Future US dollar purchases against euros | 21,749 | 21,749 | - | 16 | - | 12 | 1.1147 | 24,244 |
| Total | 23,767 | 23,767 | - | 16 | (180) | (123) | | |

Interest rate derivatives

At 31 December 2020, the Company had not arranged any interest rate swaps.

10.- INVENTORIES

The detail of "Inventories" at 31 December 2020 and 2019 is as follows:

2020

| | Thousands of euros | | |
|------------------------------------------------|--------------------|-------------------|---------------|
| | Gross balance | Impairment losses | 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 |

2019

| | Thousands of euros | | |
|------------------------------------------------|--------------------|-------------------|---------------|
| | Gross balance | Impairment losses | Net balance |
| Raw materials and other supplies | 17,510 | (494) | 17,016 |
| Auxiliary shop projects and site installations | 17,287 | - | 17,287 |
| Advances to suppliers and subcontractors | 11,601 | - | 11,601 |
| Total inventories | 46,398 | (494) | 45,904 |

At 31 December 2020, EUR 21,988 thousand of the total net balance of "Inventories" related to UTEs (31 December 2019: EUR 22,199 thousand).

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

There were no indications of impairment of the Company's inventories at 31 December 2020.

11.- TRADE RECEIVABLES FOR SALES AND SERVICES AND CUSTOMER ADVANCES

The detail of "Trade Receivables for Sales and Services" and "Customer Advances" at 31 December 2020 and 2019 is as follows:

| | Thousands of euros | |
|-----------------------------------------------------|--------------------|----------------|
| | 2020 | 2019 |
| Trade receivables for sales and services: | | |
| Amounts to be billed for work or services performed | 114,651 | 143,297 |
| Progress billings | 158,580 | 151,605 |
| Trade notes receivable | 1,068 | 1,139 |
| Retentions | 35,527 | 26,988 |
| Subtotal | 309,826 | 323,029 |
| Provisions | (58,223) | (58,209) |
| Total net of provisions | 251,603 | 264,820 |
| Customer advances | (183,099) | (207,521) |
| Total, net | 68,504 | 57,299 |

In 2020 trade bills amounting to EUR 21,693 thousand corresponding to this balance sheet heading were traded at banks (2019: EUR 0).

At 31 December 2020, the balance of trade receivables was net of EUR 9,861 thousand (31 December 2019: EUR 22,804 thousand) relating to the accounts receivable from customers 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.

At 31 December 2020, EUR 3,468 thousand of the net balance of "Trade Receivables for Sales and Services" and "Customer Advances" relate to UTEs (31 December 2019: EUR (10,015) thousand).

Most of the balances of retentions are recovered, as is standard practice, at completion and delivery of the work/projects.

The detail of "Trade Receivables for Sales and Services", by type of customer, at 31 December 2020 and 2019 is as follows:

| Type of customer | Thousands of euros | |
|---------------------------------|--------------------|----------------|
| | 2020 | 2019 |
| Spain: | 179,648 | 168,033 |
| Public sector: | 55,396 | 53,033 |
| Central government | 11,064 | 4,749 |
| Autonomous community government | 22,074 | 23,346 |
| Local government | 4,696 | 3,639 |
| Other agencies | 17,562 | 21,299 |
| Private sector | 124,252 | 115,000 |
| Abroad: | 130,178 | 154,996 |
| Public sector | 80,297 | 81,039 |
| Private sector | 49,881 | 73,957 |
| Total | 309,826 | 323,029 |

At 31 December 2020, 44% (EUR 135,693 thousand) of the balance of "Trade Receivables for Sales and Services" related to the public sector and 56% (EUR 174,133 thousand) to the private sector (31 December 2019: 42% and 58%, respectively).

Of the balance of "Progress Billings Receivable" and "Trade Notes Receivable", totalling EUR 159,648 thousand at 31 December 2020 (31 December 2019: EUR 152,744 thousand), 33% (EUR 52,706 thousand) relates to the public sector and 67% (EUR 106,942 thousand) to the private sector (31 December 2019: 33% and 67%, respectively).

The detail of the aging of these balances at 31 December 2020 is as follows:

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

The detail of the aging of these balances at 31 December 2019 is as follows:

| | Thousands of euros | | |
|--------------------|--------------------|----------------|----------------|
| | Type of customer | | |
| | Public | Private | Total |
| 0–90 days | 18,485 | 33,388 | 51,873 |
| 91–180 days | 1,563 | 3,751 | 5,314 |
| 181–360 days | 83 | 1,215 | 1,298 |
| More than 360 days | 30,450 | 63,809 | 94,259 |
| Total | 50,581 | 102,163 | 152,744 |

"Trade Receivables for Sales and Services – Amounts to Be Billed for Work or Services Performed" includes both the balances relating to delays in billing work performed and the balances relating to work performed the billing of which the Company considers to be highly probable. Consequently, the Company does not recognise amounts that are 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 under no circumstances recognises claims made against customers as revenue until they are approved.

The changes in provisions in 2020 and 2019 were as follows:

| | Thousands of euros | |
|-----------------------|--------------------|-----------------|
| | 2020 | 2019 |
| Beginning balance | (58,209) | (58,236) |
| Provisions recognised | (54) | - |
| Provisions used | 40 | 27 |
| Ending balance | (58,223) | (58,209) |

There were no significant changes in 2020. At 31 December 2020 and 2019, the balance of provisions related in full to doubtful receivables associated with unpaid progress billings.

To determine the amount of these allowances for doubtful debts, estimates are made taking into account any failure to meet contractual payment obligations and the probability of default, analysing each contract and each customer.

Other supplementary information on construction contracts and other contracts under which the related revenue and costs are recognised by reference to the stage of completion.

Contract revenue associated with construction contracts and certain services contracts is recognised by reference to the stage of completion in accordance with the criteria established in Note 4.10.

As indicated in that Note, the difference between the revenue recognised and the amounts actually billed to the customer is analysed systematically on a contract-by-contract basis. If the amount billed is lower than the revenue recognised, the difference is recognised as an asset under “Trade and Other Receivables - Trade Receivables for Sales and Services - Amounts to Be Billed for Work Performed”, whereas if the amount of revenue recognised is lower than the amount billed, a liability is recognised under “Trade and Other Payables - Customer Advances - Amounts Billed in Advance for Construction Work”.

Also, in certain construction contracts advances are agreed upon that are paid by the customer when work commences on the contract, the balance of which is offset against the various progress billings as the contract work is performed. This balance is recognised under “Trade and Other Payables” on the liability side of the balance sheet.

Also, in certain contracts the customer retains a portion of the price to be paid in each progress billing to guarantee the satisfaction of certain obligations under the contract. These retentions are not reimbursed until the contract is definitively settled. These balances are recognised under “Trade and Other Receivables” on the asset side of the balance sheet.

The detail of the amounts recognised in this connection at 31 December 2020 and 2019 is as follows:

| | Thousands of euros | | | |
|----------------------------------------------|--------------------|-----------------|----------------|-----------------|
| | 2020 | 2019 | Difference | % change |
| Amounts to be billed for work performed, net | 114,651 | 143,297 | (28,646) | (19.99%) |
| Customer advances | (183,099) | (207,521) | 24,422 | (11.77%) |
| Construction contracts, net | (68,448) | (64,224) | (4,224) | 6.58% |
| Retentions | 35,527 | 26,988 | 8,539 | 31.64% |
| Net advances and retentions | (32,921) | (37,236) | 4,315 | (11.59%) |

12.- TRADE RECEIVABLES FROM GROUP COMPANIES AND ASSOCIATES

12.1 Trade receivables from Group companies

The detail, by company, of “Trade Receivables from Group Companies” at 31 December 2020 and 2019 is as follows:

| Company | Thousands of euros | |
|----------------------------------------------------------|--------------------|---------------|
| | 2020 | 2019 |
| Sociedad Concesionaria Aguas Navarra, S.A. | 7,735 | 5,719 |
| OHL Construction Canada, Inc. | 5,338 | 5,780 |
| EYM Instalaciones, S.A. | 3,131 | 3,051 |
| OHL Ireland Construction and Engineering Limited | 1,570 | 1,180 |
| OHL Arabia, LLC | 1,330 | 782 |
| OHL USA, Inc. | 525 | 6,869 |
| Constructora de Proyectos Viales de México, S.A. de C.V. | 113 | 7,545 |
| Less than EUR 1,000 thousand in both years | 6,269 | 4,939 |
| Total trade receivables from Group companies | 26,011 | 35,865 |

The foregoing balances do not earn interest and relate to balances arising in the normal course of the Company's business.

12.2 Trade receivables from associates

"Trade Receivables from Associates" includes the trade receivables from associates and the trade receivables at 31 December 2020 and 2019 resulting from the UTEs, after the proportionate consolidation of their balance sheets and the related eliminations.

The detail of "Trade Receivables from Associates" is as follows:

| Company | Thousands of euros | |
|------------------------------------------------|--------------------|---------------|
| | 2020 | 2019 |
| Centro Canalejas Madrid, S.L. Spain | 7,242 | 24,615 |
| Constructora Vespucio Oriente, S.A. Chile | 5,638 | 125 |
| Nuevo Hospital de Toledo, S.A. Spain | 3,695 | 3,626 |
| Whitehall Residences Limited. UK | 1,800 | 1,231 |
| UTE Rizzani OHL Boodai Trevi (JV4). Kuwait | 1,127 | 1,130 |
| Less than EUR 1,000 thousand in both years | 363 | 459 |
| Total trade receivables from associates | 19,865 | 31,186 |

The foregoing balances do not earn interest and relate to balances arising in the normal course of the Company's business.

13.- CASH AND CASH EQUIVALENTS

"Cash and Cash Equivalents" relates to the Company's fully liquid assets and includes cash on hand and at banks and short-term bank deposits with an original maturity of three months or less. At 31 December 2020, EUR 52,349 thousand of the total balance of "Cash and Cash Equivalents" related to UTEs (31 December 2019: EUR 69,346 thousand).

These balances are not restricted as to their use and are not subject to a risk of changes in value.

14.- EQUITY AND SHAREHOLDERS' EQUITY

14.1 Share capital

At 31 December 2020, the share capital amounted to EUR 171,928,973.40, represented by 286,548,289 fully subscribed and paid bearer shares of EUR 0.60 par value each and all of the same class and series. The shares are listed on the Madrid and Barcelona stock exchanges and are traded on the Spanish Stock Market Interconnection System.

The detail of the companies with a direct or indirect ownership interest of 3% or more in the share capital of the Company at 31 December 2020 is as follows:

| Company | % of ownership |
|-------------------------------------------|----------------|
| Inmobiliaria Espacio, S.A. | 14.641 |
| Luis Fernando Martín Amodio | 8.000 |
| Julio Mauricio Martín Amodio | 8.000 |
| Simon Davies | 4.995 |
| Sand Grove Opportunities Master Fund Ltd. | 3.949 |

14.2 Legal reserve

Under the Spanish Limited Liability Companies Law, the Company must transfer 10% of net profit for each year to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

Until the legal reserve exceeds the indicated 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 provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

At year-end the legal reserve had reached the legally required minimum.

14.3 Share premium

The Spanish Limited Liability Companies Law expressly permits the use of the share premium account balance to increase the capital of the entities at which it is recognised and does not establish any specific restrictions as to its use.

14.4 Other reserves

At 31 December 2020, "Other Reserves" included voluntary reserves amounting to EUR 15,067 thousand, the reserve for retired capital amounting to EUR 11,182 thousand and the reserve for the adjustment of share capital to euros amounting to EUR 91 thousand.

The reserve for retired capital is the result of the capital reductions carried out through the retirement of treasury shares in 2006, 2009 and 2018 and was set up pursuant to current legislation safeguarding the guarantee provided by equity vis-à-vis third parties. This reserve is restricted as to its use and may only be used if the same requirements as those stipulated for capital reductions are met, i.e. the shareholders at the Annual General Meeting must decide on its use.

14.5 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 balances of this heading. Consequently, at the end of 2020 EUR 1,836 thousand of the Company's "Share Premium" and "Other Reserves" were restricted (see Note 5).

14.6 Treasury shares

At 2020 year-end the Company held 600,867 treasury shares with a total value of EUR 406 thousand.

The changes in treasury shares in 2020 and 2019 were as follows:

| | No. of shares | Thousands of euros |
|------------------------------------|----------------|--------------------|
| Balance at 31 December 2018 | 511,811 | 370 |
| Purchases | 33,379,697 | 34,321 |
| Sales | (33,376,471) | (34,156) |
| 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 |

14.7 Grants

The information on the grants received by the Company in 2020 and 2019, which form part of equity, and on the amounts taken to income in this connection is as follows:

2020

| Grantor | Private sector/Level of government | Thousands of euros | | | |
|---------------------------------------------------------|------------------------------------|--------------------|----------|------------------------|----------------|
| | | Beginning balance | Increase | Amount taken to income | Ending balance |
| Spanish Centre for Industrial Technological Development | National government | 343 | - | (117) | 226 |
| European Commission | Other agencies | 411 | - | (87) | 324 |
| Extremadura Autonomous Community Government | Local government | 58 | - | (20) | 38 |
| Tax effect | | (203) | - | 56 | (147) |
| Total grants | | 609 | - | (168) | 441 |

2019

| Grantor | Private sector/Level of government | Thousands of euros | | | |
|---------------------------------------------------------|------------------------------------|--------------------|-----------|------------------------|----------------|
| | | Beginning balance | Increase | Amount taken to income | Ending balance |
| Spanish Centre for Industrial Technological Development | National government | 502 | - | (159) | 343 |
| European Commission | Other agencies | 655 | 30 | (274) | 411 |
| Extremadura Autonomous Community Government | Local government | 78 | - | (20) | 58 |
| Tax effect | | (310) | (8) | 115 | (203) |
| Total grants | | 930 | 22 | (343) | 609 |

At the end of 2020 and 2019 the Company had met all the requirements for receiving and using the aforementioned grants.

15.- PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES

15.1 Provisions

The detail of the provisions in the balance sheets as at 31 December 2020 and 2019 is as follows:

| Long-term provisions | Thousands of euros | | | |
|-----------------------------------|-----------------------------|--------------|----------------|-----------------------------|
| | Balance at 31 December 2019 | Increase | Decrease | Balance at 31 December 2020 |
| Provisions for taxes | 2,567 | - | - | 2,567 |
| Provisions for investees | 28,516 | 2,403 | (3,435) | 27,484 |
| Total long-term provisions | 31,083 | 2,403 | (3,435) | 30,051 |

The provisions for investees include the amount of the losses of Group companies and associates from the date at which their carrying amount was equal to zero, as described in Appendix II. The increases in these provisions are recognised under "Other Current Operating Expenses" and the decreases are recognised under "Excessive Provisions" in the statement of profit or loss (see Note 20.4).

| Short-term provisions | Thousands of euros | | | |
|------------------------------------------|-----------------------------|---------------|-----------------|-----------------------------|
| | Balance at 31 December 2019 | Increase | Decrease | Balance at 31 December 2020 |
| Termination benefits | 5,121 | - | (397) | 4,724 |
| Project completion | 30,211 | 3,189 | (7,458) | 25,942 |
| Provisions for management and other fees | 2,862 | 2,028 | (971) | 3,919 |
| Other provisions | 126,484 | 11,003 | (11,144) | 126,343 |
| Total short-term provisions | 164,678 | 16,220 | (19,970) | 160,928 |

Of the total short-term provisions at 31 December 2020, EUR 72,598 thousand related to UTEs (31 December 2019: EUR 78,206 thousand).

"Other Provisions" include provisions for future losses on contracts and provisions relating to the Company's normal operations, in respect of various items such as guarantees and deposits, insurance, taxes, third-party liability and others corresponding to numerous contracts.

15.2 Contingent assets

There were no contingent assets at 31 December 2020.

15.3 Contingent liabilities

15.3.1. Guarantee commitments to third parties

At 31 December 2020, the Company had provided guarantees totalling EUR 3,286,254 thousand (31 December 2019: EUR 3,275,368 thousand), the detail being as follows:

| Type | Thousands of euros | |
|---------------------------------------------------------|--------------------|------------------|
| | 2020 | 2019 |
| Completion bonds and guarantees for project bids | 1,422,237 | 1,559,027 |
| Definitive guarantees | 1,361,444 | 1,436,994 |
| Provisional guarantees | 60,793 | 122,033 |
| Personal guarantees | 1,864,017 | 1,716,341 |
| Total | 3,286,254 | 3,275,368 |

Completion bonds and guarantees for project bids were provided, as is standard practice in the industry, 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 2020 and 2019 is as follows:

| 2020 | Thousands of euros | |
|----------------------------|--------------------------------------------------|---------------------|
| | Completion bonds and guarantees for project bids | Personal guarantees |
| 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 |

| 2019 | Thousands of euros | |
|----------------------------|--------------------------------------------------|---------------------|
| | Completion bonds and guarantees for project bids | Personal guarantees |
| Obrascón Huarte Lain, S.A. | 711,293 | 212 |
| Group companies | 751,937 | 1,715,064 |
| Associates | 95,797 | 1,065 |
| Total | 1,559,027 | 1,716,341 |

The Company also has secondary liability for the obligations of the subcontractors to the social security system with respect to their site employees.

The Company's directors do not expect any additional liabilities to arise in connection with these guarantees that might affect the 2020 financial statements.

15.3.2. Litigation

At the end of 2020 the Company was involved in certain ongoing proceedings that arose in the ordinary course of its operations.

The most significant lawsuits of the Company relating to the Construction Division are as follows:

- In 2014 the Company reported that as a consequence of the **contract for the Design and Construction of the Sidra Medical Research Centre (Doha, Qatar), Qatar Foundation for Education, Science and Community Development (QF)** and the joint venture (JV) between the Company and Contrack Cyprus Ltd. (55% - 45%, respectively) had initiated arbitration proceedings on 30 July 2014, at the International Chamber of Commerce.

The claims and counterclaims of the parties at the date of authorisation for issue of these financial statements are, on the one hand, the JV's claim for reimbursement of the amount of the enforced guarantees (QAR 880 million, EUR 195.5 million), the settlement of the unpaid contract variations carried out that had already been acknowledged in the partial award (QAR 182 million, EUR 40.4 million), the acknowledgement and settlement of the unpaid contract variations carried out for which no arbitral award has been yet been given (QAR 76 million, EUR 16.9 million) and the settlement of the construction prolongation costs in line with the prolongation period already recognised in the partial award (QAR 322 million, EUR 71.5 million). On the other hand, QF is claiming the acknowledgement of termination costs in excess of the outstanding contract price to be applied (QAR 3,636 million, EUR 807.7 million), the acknowledgement of defect repair costs (QAR 124 million, EUR 27.5 million) and the acknowledgement of contractual penalties for delay on the part of the contractor JV (QAR 792 million, EUR 175.9 million).

Both the legitimacy and the amounts of the items included in each claim are subject to the decision of the arbitral tribunal. To date, the following items have been quantified: (i) the amount of the guarantee enforced against the JV (QAR 880 million, EUR 195.5 million), which is fixed and in any case functions as a collection right in the JV's favour; (ii) the amount of the unpaid contract variations carried out for which an arbitral award has been given (QAR 182 million, EUR 40.4 million), which is also fixed and functions as a collection right in the JV's favour; and (iii) the amount relating to defect repair costs (QAR 124 million, EUR 27.5 million), which is also fixed and functions as a collection right in favour of QF.

Although there is no payment order, one will be issued, where appropriate, once all the claims and counterclaims have been determined.

However, based on updated third-party legal reports and the interpretations thereof made by management of the Company and the potential timing of the handing down of the related judgment, the Company's directors reassessed the various arbitral award scenarios as a whole and concluded that, despite the current levels of uncertainty with regard to the proceedings, further losses are not likely to arise for the Company.

- On 7 February 2017, Rizzani de Eccher, SpA, Trevi, SpA and Obrascón Huarte Lain, S.A. initiated an arbitration proceeding to protect an investment against the State of Kuwait at the International Centre for Settlement of Investment Disputes (ICSID) in relation to the **“Construction, Completion and Maintenance of Roads, Overpasses, Sanitary and Storm Water Drains, as well as other Services for Jamal Abdul Nasser Street” contract**. OHL holds a 50% ownership interest in the construction joint venture. This arbitration proceeding was initiated under the international treaties for the reciprocal protection of investments entered into by the State of Kuwait with Spain and Italy and as a result of the breach thereof by the State of Kuwait through its obstructive, abusive and arbitrary actions, to the detriment of the foreign investors, in the performance of that contract.

The joint venture submitted its claim quantifying the economic compensation to which the claimants are entitled at KWD 88.2 million (EUR 236.4 million) or, alternatively, KWD 76.6 million (EUR 205.3 million), plus (in any case) KWD 2.3 million (EUR 6.2 million), based on the assessment performed by external consultants. The State of Kuwait answered the claim and submitted a counterclaim quantified at KWD 26 million (EUR 69.7 million). The Company's directors, based on third-party reports and the interpretations thereof made by the Company's legal advisers, consider that it is unlikely that the resolution of the arbitration will result in a loss for the Company.

- On 13 December 2017, Samsung C&T Corporation, Obrascón Huarte Lain, S.A. and Qatar Building Company filed a request for arbitration at the International Chamber of Commerce against Qatar Railways Company. The claim arose from the **“Design & Build Package 5 - Major Stations - Doha Metro Project” contract**. OHL holds a 30% ownership interest in the construction joint venture. The joint venture is claiming an amount initially estimated at QAR 1,500 million (EUR 333.2 million). Qatar Rail answered the claim and submitted an initial counterclaim, quantified at QAR 1,000 million (EUR 222.1 million). The arbitral tribunal declined jurisdiction, since it did not meet the requirements agreed upon in the arbitration clause at the time when the arbitration petition was filed, following which the Joint Venture filed a fresh request for arbitration, claiming an amount initially estimated at QAR 1,400 million (EUR 311 million). Qatar Rail submitted a counterclaim initially estimated at QAR 860 million (EUR 191 million).
- After having been stayed for a period of time, leave for consideration was granted to the claim brought by Obrascón Huarte Lain, S.A. against the Polish company PGB, S.A. in which OHL sought from PGB PLN 191.5 million (EUR 42 million) as a result of the liability of PGB as member of the **construction consortium for the Slowackiego IV project, in Gdansk (Poland)**. The proceeding is still at the preliminary phase.
- The Company filed a claim for arbitration against Anesrif (Algerian National Agency for the Planning and Implementation of Railway Investments) in relation to the **Annaba railway line** construction contract. The Company is claiming EUR 200 million, based on professional valuers' reports. Anesrif has filed a counterclaim for EUR 56.9 million.

The most significant lawsuits relating to financial investments in companies in liquidation are:

- In December 2019 a response was filed to the claim in proceeding 882/2019 heard by Madrid Court of First Instance No. 10, in relation to the claim against OHL brought by the funds **TDA 2015-1 Fondo de Titulización, TDA 2017-2 Fondo de Titulización, Bothar Fondo de Titulización and Kommunalkredit Austria, Ag**, which alleged, as creditors, that the borrower had certain obligations contained in the Sponsor Agreement entered into by the latter as part of the financing of the arrangement of the concession operator which is now in liquidation, **Autopista Eje Aeropuerto Concesionaria Española, S.A.U.** The economic amount of the claim is EUR 212,433 thousand, consisting of a subordinated loan, or contribution to equity, or an equivalent amount in a capital increase, or indemnity for damage and losses, plus EUR 70,869 thousand relating to late payment interest.

The directors, based on the legal opinions of their advisers, do not consider that this claim can prevail.

- In relation to the insolvency proceeding involving Autopista Eje Aeropuerto Concesionaria Española, S.A.U. and Aeropistas, S.L.U.:

The court order of 13 October 2015 rejected the arrangement proposals submitted and, consequently, ordered the commencement of the liquidation phase, with the legal effects that this entails, including, among others, and in accordance with case law of the Supreme Court's Chamber for Jurisdictional Conflicts, the termination of the concession arrangement.

On 4 October 2019, the court described the company's insolvency proceedings as "fortuitous".

Lastly, with respect to the termination of the concession arrangement, the Ministry of Public Works terminated this arrangement on 14 July 2018, as a preliminary formality to the settlement of the arrangement.

In parallel, a proceeding related to appeal for judicial review 210/2018 commenced at the Supreme Court. This appeal has no fixed amount, and will only contend whether the date of termination of the arrangement must be the date on which the Ministry terminated the arrangement (indicated above) or the date of the liquidation order issued in the insolvency proceeding (13/10/15) and whether, in this case, the State had three months from that date to settle the arrangement and, therefore, owes late-payment interest from then, as well as what the applicable interest rate would be. This appeal has now been resolved in judgment no. 783/2020, handed down on 17 June 2020, in which the petitions set out in the appeal were found to be "premature". These petitions will be determined in the appeal described below.


In October 2019 appeal for judicial review 276/2019 was filed by the insolvency practitioners of Autopista Eje Aeropuerto Concesionaria Española S.A. at the Third Chamber of the Spanish Supreme Court against the resolution adopted by the Spanish Cabinet on 26 April 2019 interpreting certain toll road concession arrangements in connection with the method used for calculating the "Governmental Liability" ("RPA"). This appeal challenged, inter alia:

- The infrastructure amortisation method, which the Spanish Cabinet decided must be straight-line amortisation.
- The amount to be paid for compulsory purchases.
- The amount to be paid for modifications and/or additional work.

In February 2020 the concession operator in liquidation was notified by the authorities of the preliminary amount of the settlement, which it was considered could amount to zero. In response to this document, in March 2020 the concession operator filed pleadings and documentation evidencing that the amount of the investment in the construction work exceeded EUR 400 million and that the compulsory purchase expense amounted to EUR 179 million. The Government recently issued a final ruling on this administrative proceeding, upholding its position whereby the RPA for this project could amount to zero. The company appealed this decision and asked the Supreme Court to extend its subject-matter (appeal 276/2019) to an economic quantification thereof after appropriately determining the criteria for calculating its value. This subject-matter extension request does not limit the lodging of other appeals in the event that it were not accepted.

In this connection, the Company's directors consider that, in view of the information provided by their external advisers, all of the aforementioned appeals, as well as those that could be filed in the future, based on the procedural progress being made, the net investment, with a carrying amount of EUR 19 million, will be recovered.

- In relation to the concession operator **Cercanías Móstoles Navalcarnero, S.A. (CEMONASA)**, the initiation of the ordinary voluntary insolvency proceedings of Cercanías Móstoles Navalcarnero, S.A. was published in the Spanish Official State Gazette on 16 August 2016.



On 15 March 2017, Madrid Commercial Court No. 1 ordered the liquidation of Cercanías Móstoles Navalcarnero, S.A., opening the liquidation phase, declaring the dissolution of the company, the removal of its directors and their substitution by the insolvency practitioners.

Lastly, on 2 November 2017 Madrid Commercial Court No. 1 approved the company's liquidation plan within the aforementioned insolvency proceeding, which led to the continuation of the legal actions making it possible for the company to recover the RPA, as well as such items admissible under law, and the filing of such new appeals as might be required for the same purpose.

On 20 June 2017, as a result of the imposition of a penalty on the company, the Autonomous Community Government of Madrid ("CAM") enforced the guarantees that OHL, S.A. and OHL Concesiones, S.A.U. had provided to secure performance of their obligations under that concession operator's concession arrangement. The guarantees enforced amounted to EUR 15,865 thousand. This enforcement prompted OHL, S.A. to lodge an appeal for judicial review at the Madrid High Court on the grounds that the enforcement was inadmissible. On 31 October 2019, a judgment was handed down by the Madrid High Court in relation to appeal No. 231/16 lodged by CEMONASA against the penalty, adjudging the resolution under which the penalty was imposed to be null and void. A cassation appeal was lodged against this judgment by CAM. However, this cassation appeal was refused leave to proceed on 13 November 2020 and, therefore, the judgment in CEMONASA's favour regarding the imposition of the penalty is now final.

Also, on 21 July 2017 the concession operator was notified of the order issued by CAM's Regional Minister for Transport, Housing and Infrastructure declaring the termination of the concession arrangement, the attachment of the guarantee and the obligation to pay compensation for damage and losses to the grantor for an amount to be determined in the corresponding adversarial procedure. The concession operator lodged an appeal for reconsideration against this order, which was dismissed by CAM on 10 October 2017 and, accordingly, on 5 December 2017 the company filed an appeal for judicial review against this decision at the Madrid High Court (appeal No. 1129/17). OHL, S.A. had also lodged an appeal for judicial review (no. 1080/2017) based on the same subject-matter. At the date of authorisation for issue of these financial statements, a final judgment had been handed down in respect of each appeal, declaring the initiation of the liquidation phase of the insolvency proceeding in which the concession operator is involved to be a ground for termination of the concession arrangement.

Also, on 8 March 2018 the Madrid High Court handed down a judgment on the appeal for judicial review whereby Cercanías Móstoles Navalcarnero, S.A. applied for the termination of the concession arrangement on grounds attributable to CAM. The judgment ruled against Cercanías Móstoles Navalcarnero, S.A. and, therefore, a cassation appeal was filed at the Supreme Court, which was granted leave for consideration on 25 April 2018. The Supreme Court dismissed the cassation appeal against the aforementioned judgment and, therefore, the judgment was upheld.

Also, on 21 March 2018 the company's insolvency practitioners filed, in accordance with the approved liquidation plan, an appeal for judicial review against the CAM at the Madrid High Court (No. 246/18), requesting the economic settlement of the arrangement since they considered it to be terminated on commencement of the liquidation phase of the insolvency proceeding.

A date is to be set for voting and ruling on this appeal.

On 27 July 2018, and as a result of the termination of the arrangement, CAM initiated a proceeding against CEMONASA to claim damages of EUR 355 million. An appeal for judicial review was lodged at the Madrid High Court (Appeal 1107/18) in this proceeding, in respect of which a final judgment has been handed down in CEMONASA's favour, whereby the latter is not required to pay any damages to CAM.

Lastly, as a result of termination of the arrangement by CAM which gave rise to appeal No. 1129/17, CAM announced the economic settlement of the arrangement on 20 August 2018, valued at EUR 123 million, to be paid to CEMONASA. The company is currently appealing this settlement in the administrative jurisdiction since it considers the amount to be insufficient.

Also, in October 2020 **CEMONASA** brought an administrative proceeding claiming EUR 53 million from CAM for the performance of additional construction work requested by the latter outside the scope of the concession arrangement. Since this claim was deemed dismissed due to administrative silence, the corresponding appeal for judicial review was filed at the Madrid High Court.

In line with the situation described above, the Company considers that, based on opinions of its internal and external legal advisers, the concession arrangement supports the right to recover the net investments and the amounts contributed in the form of a loan to the concession operator, with respect to which no provisions have been recognised.

- The following should be noted in relation to the **Lezo Case**:

- Incidental proceeding 3.

In 2016 the National Appellate Court, through Central Court of Examination No. 6, opened proceeding No. 91/2016 in relation to possible crimes including corruption in business, bribery of public officials, money laundering and organised crime.

In the course of this proceeding, an investigation was carried out by the court against 57 individuals, including six individuals who had at one time belonged to the Company but who at the reporting date did not belong to it.

At the reporting date, we are not aware of any formal accusation having been made against any current or former senior executives or directors of the Company.

- Incidental proceeding 8

In February 2019 the Company became aware of the opening of a new separate incidental proceeding in this case, No. 8. The investigation deals with existence or inexistence of possible acts of bribery of public officials by Company employees for the award of public works in Spain.

Various former employees, current employees and former directors testified in court both as witnesses and as investigated parties.

At the reporting date, no actions had been taken against OHL and, accordingly, OHL does not form part of the proceeding and consequently has limited information on the procedural actions being taken.

The Company is actively cooperating with the authorities and is providing the information requested of it. An internal investigation was also conducted, in accordance with existing procedures, the findings of which were submitted to the court in July 2020.

In procedural terms, the Lezo Case is at the investigation phase.

Additionally, various claims have been filed against the Company by former employees whose employment relationships it had terminated, which are not for significant amounts either taken separately or as a whole.

In addition to the aforementioned litigation, the Company is involved in other minor lawsuits arising from the ordinary course of its operations, none of which are for a significant individual amount.

15.3.3. Other contingent liabilities

The contingent liabilities include the normal liability of construction companies for the performance and completion of construction contracts they have entered into, as well as those entered into by UTEs in which they have interests. There is also a secondary liability for the obligations of their

subcontractors to the social security system with respect to their site employees. No losses are expected to arise for the Company in this connection.

On 10 March 2021, the Technical Secretariat of the Peruvian Commission for the Protection of Competition recommended that the Commission for the Protection of Competition penalise the Company for alleged horizontal agreements and concerted practices in relation to public procurement in Peru from 2002 to 2016. The penalty was initially valued at USD 51 million. The administrative proceeding is currently at the first instance stage and, at the reporting date, no penalty had been imposed against the Company at this administrative instance, and the directors considered that there was insufficient evidence to warrant the recognition of any provisions in this connection at the end of 2020.

16.- NON-CURRENT AND CURRENT PAYABLES

16.1 Financial liabilities

The detail of “Non-Current Payables” at 31 December 2020 and 2019 is as follows:

2020

| Category | Thousands of euros | | | |
|-----------------------------------|--------------------------------------------------|-----------------|-----------------------------|----------------|
| | Non-current financial instruments | | | |
| | Debt instruments and other marketable securities | Bank borrowings | Other financial liabilities | Total |
| Accounts payable | 589,636 | 1,563 | 2,617 | 593,816 |
| Total non-current payables | 589,636 | 1,563 | 2,617 | 593,816 |

2019

| Category | Thousands of euros | | | |
|-----------------------------------|--------------------------------------------------|-----------------|-----------------------------|----------------|
| | Non-current financial instruments | | | |
| | Debt instruments and other marketable securities | Bank borrowings | Other financial liabilities | Total |
| Accounts payable | 587,887 | 63 | 2,692 | 590,642 |
| Total non-current payables | 587,887 | 63 | 2,692 | 590,642 |

EUR 1,948 thousand of total non-current payables related to UTEs at 31 December 2020.

“Non-Current Payables - Debt Instruments and Other Marketable Securities” and “Current Payables - Debt Instruments and Other Marketable Securities” include the outstanding principal and accrued interest at 31 December 2020 of the following long-term bond issues launched in Europe.

- Issue launched in March 2014 for an initial nominal amount of EUR 400,000 thousand, maturing in 2022. The initial interest rate was 4.75%.
- Issue launched in March 2015 for an initial nominal amount of EUR 325,000 thousand, maturing in March 2023 and bearing interest at a fixed rate of 5.50%.

In relation to the corporate bond issue performed in March 2012 maturing in March 2020, the Company paid principal of EUR 73,305 thousand and also paid the related interest.

The amounts (including unmatured accrued interest) and maturities of the bond issues at 31 December 2020 and 2019 were as follows:

| | Thousands of euros | | Year of final maturity | Issue currency | Market price (31/12/20) |
|--------------|--------------------|----------------|------------------------|----------------|-------------------------|
| | 2020 | 2019 | | | |
| 2012 issue | - | 74,887 | 2020 | Euros | - |
| 2014 issue | 326,266 | 325,337 | 2022 | Euros | 60.81 % |
| 2015 issue | 272,174 | 271,354 | 2023 | Euros | 58.82 % |
| Total | 598,440 | 671,578 | | | |

The average interest rate accrued in 2020 on the bond issues was 5.15% (2019: 5.37%).

The Company has certain financial obligations in relation to the 2014 and 2015 issues. The Company's directors, on the basis of the advice received, consider that all these commitments envisaged in the financing agreements were being met at the end of the year.

Obrascón Huarte Lain, S.A.'s bond issues include a sale option clause for the bondholders in the event of a third-party takeover of the Company.

On 21 January 2021, an agreement was reached by the Company's main shareholders and a group of bondholders to support a transaction to recapitalise the Company and renegotiate the terms and conditions of the bonds. This agreement was formalised in a lock-up agreement subject to the fulfilment of certain conditions typical of arrangements of this nature, including obtainment of the consent of the Company's creditor banks (see Notes 8.4 and 24).

The detail of "Current Payables" at 31 December 2020 and 2019 is as follows:

2020

| Category | Thousands of euros | | | | |
|-------------------------------|--------------------------------------------------|-----------------|-------------|-----------------------------|----------------|
| | Current financial instruments | | | | |
| | Debt instruments and other marketable securities | Bank borrowings | Derivatives | Other financial liabilities | Total |
| Accounts payable | 8,804 | 97,152 | - | 3,308 | 109,264 |
| Total current payables | 8,804 | 97,152 | - | 3,308 | 109,264 |

2019

| Category | Thousands of euros | | | | |
|-------------------------------|--------------------------------------------------|-----------------|-------------|-----------------------------|---------------|
| | Current financial instruments | | | | |
| | Debt instruments and other marketable securities | Bank borrowings | Derivatives | Other financial liabilities | Total |
| Accounts payable | 83,691 | 2,886 | 180 | 11,077 | 97,834 |
| Total current payables | 83,691 | 2,886 | 180 | 11,077 | 97,834 |

EUR 710 thousand of total current payables related to UTEs at 31 December 2020 (31 December 2019: EUR 1,081 thousand).

On 30 April 2020, the Company entered into a bridge financing agreement with a limit of EUR 140,000 thousand, which was novated on successive occasions. This agreement is secured by the ICO (Instituto de Crédito Oficial), which covers 70% of the financing, and by the shares of OHL Desarrollos, S.A.

Also, on 4 September 2020 the bondholders approved certain waiver agreements relating to the limitation on providing security interests to other creditors. This waiver of their rights facilitated access to an additional tranche of the ICO loan amounting to EUR 25,331 thousand.

On 13 October 2020, the limit on the total amount of the financing was novated and set at EUR 130,331 thousand, following an early repayment of EUR 9,669 thousand provided for in the agreement.

The interest rate applicable to the amounts drawn down under the bridge financing agreement will be Euribor plus 3.5% until 30 April 2021, and from 1 May 2021 until maturity (30 October 2021) the applicable spread will be 5.5%.

This is a non-renewable credit line with a maturity period of 18 months which includes the option of making early repayments with funds from the Company's potential future divestments.

At 31 December 2020, EUR 95,331 thousand of this financing had been drawn down and the drawability of the other EUR 35,000 thousand was conditional upon compliance with certain contractual conditions, which are expected to be fulfilled in the short term (see Note 8.4.1.).

The detail, by maturity, of "Non-Current Payables" and "Current Payables" is as follows:

| | Thousands of euros | | | | | |
|-----------------------------------------------------------------------------------------|--------------------|--------------|----------------|----------------|-----------|----------------|
| | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
| Debt instruments and other marketable securities | 8,804 | - | 321,791 | 267,845 | - | 598,440 |
| Bank borrowings | 97,152 | 1,529 | 15 | 16 | 3 | 98,715 |
| Subtotal of debt instruments and other marketable securities and bank borrowings | 105,956 | 1,529 | 321,806 | 267,861 | 3 | 697,155 |
| Other financial liabilities | 3,308 | 2,173 | 222 | 190 | 32 | 5,925 |
| Total non-current and current payables | 109,264 | 3,702 | 322,028 | 268,051 | 35 | 703,080 |

At 31 December 2020, the Company had been granted a loan of EUR 63 thousand (31 December 2019: EUR 79 thousand), which is secured by a mortgage on certain investment property.

A 0.5% increase in the interest rates applicable to bank borrowings, without considering borrowings at fixed interest rates, would have an impact of EUR 494 thousand on the Company's loss before tax.

The Company had been granted credit facilities at 31 December 2020 and 2019 with the following limits:

| | Thousands of euros | | | |
|-------------------|--------------------|----------------|--------------|----------------|
| | 2020 | | 2019 | |
| | Limit | Undrawn amount | Limit | Undrawn amount |
| Credit facilities | 135,870 | 35,000 | 3,853 | 1,000 |
| Total | 135,870 | 35,000 | 3,853 | 1,000 |

In 2020 the credit facilities bore average interest at 3.49% (2019: 2.57%).

16.2 Current payables to Group companies and associates

The detail of "Current Payables to Group Companies and Associates" at 31 December 2020 and 2019 is as follows:

2020

| Entity | Thousands of euros | |
|-------------------------------------------------------------|--------------------|---------------|
| | Group companies | Associates |
| | 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 de 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 | - |
| Less than EUR 300 thousand | 877 | - |
| UTE Marmaray. Turkey | - | 18,908 |
| UTE Caldereta Correlejo España | - | 1,156 |
| Less than EUR 300 thousand | - | 1,964 |
| Total | 343,794 | 22,028 |

2019

| Entity | Thousands of euros | |
|-------------------------------------------------------------|--------------------|---------------|
| | Group companies | Associates |
| | Current | Current |
| Constructora de Proyectos Viales de México, S.A. de C.V. | 86,473 | - |
| Agrupación Guinovart Obras y Servicios Hispania, S.A. | 38,543 | - |
| OHL Andina, S.A. | 36,884 | - |
| S.A. Trabajos y Obras (SATO) | 36,678 | - |
| OHL Austral, S.A. | 27,791 | - |
| Construcciones Adolfo Sobrino, S.A. | 17,544 | - |
| Sociedad Concesionaria Centro de Justicia de Santiago, S.A. | 17,426 | - |
| Asfaltos y Construcciones Elsan, S.A. | 14,132 | - |
| OHL Industrial, S.L. | 12,879 | - |
| OHL Arabia, LLC | 7,832 | - |
| Obrascón Huarte Lain, Construcción Internacional, S.L. | 2,352 | - |
| Obrascón Huarte Lain, Desarrollos, S.A. | 2,146 | - |
| Avalora Tecnologías de la Información, S.A. | 2,145 | - |
| OHL Industrial Chile, S.A. | 2,080 | - |
| Constructora TP, S.A.C. | 1,339 | - |
| Mantohledo, S.A.U. | 343 | - |
| Senda Infraestructuras, S.L. | 339 | - |
| Less than EUR 300 thousand | 362 | - |
| UTE Marmaray. Turkey | - | 21,967 |
| UTE Ferrocarril Ankara-Estambul. Turkey | - | 5,086 |
| Constructora Vespucio Oriente, S.A. Chile | - | 1,927 |
| Consorcio Túneles Cerro S. Eduardo. Guayaquil. Ecuador | - | 1,435 |
| UTE Carretera de Panamá. Panama | - | 690 |
| UTE Schofields Road Two. Australia | - | 526 |
| Consorcio Hospital Alajuela. Costa Rica | - | 343 |
| Less than EUR 300 thousand | - | 1,984 |
| Total | 307,288 | 33,958 |

The "Group Companies – Current" column includes mainly loans and payables due to the tax effect.

The borrowing costs incurred on loans in 2020 amounted to EUR 14,890 thousand (2019: EUR 20,847 thousand) (see Note 21.1).

The current financial contributions of Group companies bore average interest at 4.66% in 2020 (2019: 4.76%). The other balances do not bear interest because they relate to trading transactions.

17.- TRADE PAYABLES

17.1 Disclosures on the average period of payment to suppliers. Additional Provision Three, "Disclosure obligation" provided for in 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 Audit Institute (ICAC) Resolution of 29 January 2016 implements the disclosure obligation provided for in Additional Provision Three of the aforementioned 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.

The disclosures on the average period of payment, ratios of transactions settled and transactions not yet settled, and total payments made and outstanding at 31 December 2020 and 2019 are as follows:

| | Days | |
|----------------------------------------|------|------|
| | 2020 | 2019 |
| Average period of payment to suppliers | 81 | 73 |
| Ratio of transactions settled | 82 | 74 |
| Ratio of transactions not yet settled | 73 | 64 |

| | Thousands of euros | |
|----------------------------|--------------------|---------|
| | 2020 | 2019 |
| Total payments made | 232,338 | 355,169 |
| Total payments outstanding | 43,298 | 42,920 |

The average period of payment to suppliers excluding transactions with Group companies is calculated as the quotient whose numerator is the sum of the ratio of transactions settled multiplied by the total amount of the payments made plus the sum of the ratio of transactions not yet settled multiplied by the total amount of outstanding payments, and whose denominator is the result of adding the total amount of the payments made to the total amount of the outstanding payments.

The ratio of transactions settled is the sum of the products of the amount of each transaction multiplied by the number of days elapsed until payment divided by the total amount of the payments made.

The ratio of transactions not yet settled is the sum of the products of the amount of each transaction not yet settled multiplied by the number of days until the last day of the year divided by the total amount of the aforementioned payments.

The Company is implementing measures for the purpose of achieving the statutory ratio of transactions not yet settled, since its ratio exceeds the number of days established by law.

17.2 Trade payables - Group companies and associates

The detail of "Trade Payables - Group Companies and Associates" at 31 December 2020 and 2019 is as follows:

2020

| Entity | Thousands of euros | |
|-----------------------------------------------|--------------------|---------------|
| | Group companies | 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 |

2019

| Entity | Thousands of euros | |
|-----------------------------------------------|--------------------|---------------|
| | Group companies | Associates |
| EyM Instalaciones, S.A. | 12,536 | - |
| EyM Norway, A.S. | 841 | - |
| Sociedad Concesionaria Aguas de Navarra, S.A. | 825 | - |
| Asfaltos y Construcciones Elsan, S.A. | 531 | - |
| Premol, S.A. de C.V. | 424 | - |
| OHL USA, Inc. | 327 | - |
| Less than EUR 300 thousand | 2,216 | - |
| Centro Canalejas Madrid, S.L. Spain | - | 11,783 |
| Constructora Vespucio Oriente, S.A. Chile | - | 9,539 |
| UTE Rizzani OHL Boodai Trevi (JV4). Kuwait | - | 1,914 |
| Less than EUR 1,000 thousand | - | 34 |
| Total | 17,700 | 23,270 |

These balances do not bear interest because they relate to trading transactions.

17.3 Trade and other payables

Certain of the UTEs in which the Company has interests have arranged reverse factoring lines with various banks to facilitate advanced payment to its suppliers, by which means suppliers can exercise their collection rights vis-à-vis the UTEs in which the Company has interests, and receive the amount billed less the discount finance costs and fees applied by the aforementioned banks.

These arrangements do not change the principal terms and conditions of payment to suppliers, such as terms or amounts and, therefore, they retain their classification as trade payables.

At 31 December 2020, the reverse factoring balance under "Trade and Other Payables" was EUR 1,123 thousand (31 December 2019: EUR 11,224 thousand).

18.-TAX MATTERS

18.1 Current tax receivables and payables

The detail of the current tax receivables and payables at 31 December 2020 and 2019 is as follows:

| Tax receivables | Thousands of euros | |
|-----------------------------------------------------------|--------------------|---------------|
| | 2020 | 2019 |
| Current tax assets: | 28,604 | 26,360 |
| Income tax prepayments | 2,044 | 3,675 |
| Withholdings from income from movable capital | 22,477 | 22,024 |
| Tax refunds | 4,083 | 661 |
| Other accounts receivable from public authorities: | 7,273 | 12,317 |
| Sales tax refundable | 3,874 | 8,511 |
| Other tax receivables | 3,393 | 3,799 |
| Social security taxes refundable | 6 | 7 |
| Total | 35,877 | 38,677 |

Tax payables

| | Thousands of euros | |
|------------------------------------------------------|--------------------|---------------|
| | 2020 | 2019 |
| Current tax liabilities: | 2,546 | 15,670 |
| Income tax payable | 2,546 | 15,670 |
| Other accounts payable to public authorities: | 33,861 | 24,714 |
| Sales tax payable | 23,149 | 13,845 |
| Personal income tax withholdings payable | 2,801 | 2,466 |
| Tax on income from movable capital | 816 | 846 |
| Other tax payables | 5,045 | 5,274 |
| Accrued social security taxes payable | 2,050 | 2,283 |
| Total | 36,407 | 40,384 |

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

18.2 Reconciliation of the accounting loss to the taxable profit (tax loss)

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

The income tax benefit in 2020 amounted to EUR 13,421 thousand.

Income tax is calculated on the basis of accounting profit (loss) determined by application of generally accepted accounting principles, which does not necessarily coincide with taxable profit (tax loss).

The reconciliation of the Company's separate accounting loss to its separate taxable profit (tax loss) at 31 December 2020 and 2019 is as follows:

| 2020 | Thousands of euros | | |
|-----------------------------------|--------------------|----------|------------------|
| | Increase | Decrease | Total |
| Accounting 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 | | | 12,989 |

| 2019 | Thousands of euros | | |
|-----------------------------------|--------------------|----------|-----------------|
| | Increase | Decrease | Total |
| Accounting loss before tax | | | (49,343) |
| Permanent differences | 157,648 | 168,150 | (10,502) |
| Temporary differences: | | | |
| Arising in the year | 132 | 20,924 | (20,792) |
| Arising in prior years | 18,452 | 936 | 17,516 |
| Offset of tax losses | | | - |
| Tax loss | | | (63,121) |

The permanent differences in 2020 relate mainly to expenses not considered to be deductible for tax purposes, profits or losses obtained abroad, the recognition and use of provisions for financial instruments and the elimination of dividends.

The temporary differences arose mainly from:

- The profit of UTEs, the recognition of which for tax purposes is deferred one year.
- The recognition and use of provisions not considered to be tax deductible or taxable.
- The depreciation and amortisation charge that was considered to be non-deductible for tax purposes in prior years.

18.3 Detail of the Spanish income tax expense

The detail of the Spanish income tax expense (benefit) at 31 December 2020 and 2019 is as follows:

| | Thousands of euros | |
|---------------------------------------------|--------------------|----------------|
| | 2020 | 2019 |
| Current tax | 2,859 | (4,909) |
| Deferred tax | 20,591 | 819 |
| Positive/negative adjustments to income tax | 1,061 | 451 |
| Total tax benefit | 24,511 | (3,639) |

The deferred tax expense generated relates to the reversal of, and other adjustments to, the deferred taxes in 2020.

18.4 Tax recognised in equity

The detail of the taxes recognised directly in equity at 31 December 2020 and 2019 is as follows:

2020

| | Thousands of euros | | |
|------------------------------------------------|--------------------|----------|-----------|
| | Increase | Decrease | Total |
| Current taxes | | | |
| Total current taxes | | | |
| Deferred taxes | | | |
| Arising in the year: | | | |
| Grants | - | - | - |
| Arising in prior years: | | | |
| Grants | 56 | - | 56 |
| Total deferred taxes | 56 | - | 56 |
| Total tax recognised directly in equity | 56 | - | 56 |

2019

| | Thousands of euros | | |
|------------------------------------------------|--------------------|----------|------------|
| | Increase | Decrease | Total |
| Current taxes | | | |
| Total current taxes | | | |
| Deferred taxes | | | |
| Arising in the year: | | | |
| Grants | - | 8 | (8) |
| Arising in prior years: | | | |
| Grants | 115 | - | 115 |
| Total deferred taxes | 115 | 8 | 107 |
| Total tax recognised directly in equity | 115 | 8 | 107 |

18.5 Deferred tax assets

The detail of “Deferred Tax Assets” at 31 December 2020 and 2019 is as follows:

| | Thousands of euros | |
|-----------------------------------|--------------------|---------------|
| | 2020 | 2019 |
| Deductible temporary differences | 32,670 | 54,110 |
| Unused tax credits and tax relief | 4 | 7 |
| Tax loss carryforwards | 13,368 | 19,681 |
| Total deferred tax assets | 46,042 | 73,798 |

In 2020, as a consequence, inter alia, of the effects of the covid-19 pandemic on the Company's operations and of the balance sheet structure adjustment implemented by the latter (see Note 8.4.1), the Company reassessed the recoverability of the deferred tax assets, based on a long-term business plan, which includes assumptions regarding the volume of operations and expected returns on the basis of its related technical and financial capacities, as well as the expected situation of the markets in which it operates. The reassessment did not disclose any additional risks relating to the recoverability of the outstanding balances at 31 December 2020 within the recovery periods established by Spanish accounting legislation.

At 31 December 2020, the Company had EUR 726,829 thousand in tax loss carryforwards available for offset in future tax returns which, in accordance with the Spanish Income Tax Law, do not have a time limit for offset. These tax loss carryforwards were not recognised for accounting purposes.

At 31 December 2020, the detail of the tax credits available for deduction (not recognised for accounting purposes) in future tax returns filed with the tax authorities is as follows:

| Type of tax credit | Thousands of euros | |
|---------------------------|--------------------|--------------------|
| | Amount | Last year for use: |
| International tax credits | 1,363 | No limit |
| Reinvestment tax credits | 1,203 | 2021 |
| R&D&I tax credits | 7,459 | 2021 |
| Other | 7,953 | 2021 |

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

| | Thousands of euros |
|-----------------------------------------------|--------------------|
| | 2013 |
| Investments in Group companies and associates | 20,060 |

18.6 Deferred tax liabilities

The detail of “Deferred Tax Liabilities” at 31 December 2020 and 2019 is as follows:

| | Thousands of euros | |
|---------------------------------------|--------------------|--------------|
| | 2020 | 2019 |
| Taxable temporary differences | 4,381 | 6,899 |
| Total deferred tax liabilities | 4,381 | 6,899 |

18.7 Years open for review and tax audits

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the statute-of-limitations period has expired.

At 2020 year-end the Company and its UTEs had the tax returns open for review by the tax authorities for all the taxes applicable to them.

In July 2020 the Spanish tax inspectors provided notification of the commencement of a tax audit of the following taxes and periods, in respect of which the requested documentation is now in the process of being submitted.

| | Periods |
|-----------------------------------------------------------------------|-------------|
| Income tax | 2014-2017 |
| VAT | 07/16-12/19 |
| Tax withholdings/pre-payments Personal income tax withholdings | 07/16-12/19 |
| Tax withholdings/pre-payments Movable capital | 07/16-12/19 |
| Personal income tax withholdings Non-resident income tax withholdings | 07/16-12/19 |

The Company's directors consider that the tax returns for all the taxes have been filed correctly and, therefore, even in the event of discrepancies in the interpretation of current tax legislation in relation to the tax treatment afforded to certain transactions, such liabilities as might arise would not have a material effect on the accompanying financial statements.

19.- UTEs

The detail of the sales, assets and liabilities, prior to eliminations, of the UTEs at 31 December 2020 and 2019 is as follows:

| | Thousands of euros | |
|-------------------------|--------------------|---------|
| | 2020 | 2019 |
| Revenue | 104,228 | 242,882 |
| Non-current assets | 5,612 | 5,121 |
| Current assets | 328,725 | 368,077 |
| Non-current liabilities | 1,961 | 1,797 |
| Current liabilities | 323,004 | 356,254 |

Appendix I includes information on the percentage of ownership and revenue relating to the main UTEs in which the Company has interests.

20.- INCOME AND EXPENSES

20.1 Revenue

Obrascón Huarte Lain, S.A.'s revenue in 2020 amounted to EUR 601,905 thousand (2019: EUR 875,782 thousand). The detail by activity, type of customer and geographical market is as follows:

| Business activity | Thousands of euros | |
|---------------------------------------------|--------------------|----------------|
| | 2020 | 2019 |
| Civil engineering work in Spain | 85,757 | 76,573 |
| Roads | 44,094 | 30,450 |
| Hydraulic works | 17,378 | 6,802 |
| Railways | 17,676 | 20,358 |
| Maritime | 435 | 145 |
| Other civil engineering work | 6,174 | 18,818 |
| Building construction in Spain | 148,689 | 277,289 |
| Residential building construction | 22,141 | 27,504 |
| Non resident | 126,548 | 249,785 |
| Other | 2,747 | 2,708 |
| Total construction in Spain | 237,193 | 356,570 |
| International civil engineering work | 293,172 | 386,493 |
| Roads | 140,172 | 115,906 |
| Hydraulic works | 32,834 | 37,842 |
| Railways | 104,359 | 227,868 |
| Maritime and other civil engineering work | 15,807 | 4,877 |
| Building construction abroad | 71,540 | 132,719 |
| Non resident | 71,540 | 132,719 |
| Total construction abroad | 364,712 | 519,212 |
| Total revenue | 601,905 | 875,782 |

| Type of customer | Thousands of euros | |
|---------------------------------|--------------------|----------------|
| | 2020 | 2019 |
| Spain: | | |
| Public-sector customers: | 121,239 | 108,922 |
| Central government | 38,298 | 23,045 |
| Autonomous community government | 42,160 | 45,518 |
| Local government | 18,701 | 12,177 |
| Other agencies | 22,080 | 28,182 |
| Private-sector customers | 115,954 | 247,648 |
| Total Spain | 237,193 | 356,570 |
| Abroad: | | |
| Public-sector customers | 163,475 | 349,416 |
| Private-sector customers | 201,237 | 169,796 |
| Total abroad | 364,712 | 519,212 |
| Total revenue | 601,905 | 875,782 |

| Geographical market | Thousands of euros | |
|----------------------|--------------------|----------------|
| | 2020 | 2019 |
| Spain: | | |
| Spain | 237,193 | 356,570 |
| Total Spain | 237,193 | 356,570 |
| Abroad: | | |
| Chile | 206,287 | 173,134 |
| Peru | 48,144 | 99,650 |
| Rest of the world | 110,281 | 246,428 |
| Total abroad | 364,712 | 519,212 |
| Total revenue | 601,905 | 875,782 |

Of the total revenue at 31 December 2020, EUR 104,228 thousand relate to UTEs (31 December 2019: EUR 242,882 thousand).

The countries in which the Company carries on its 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 currently considered to be local markets and are included under "Rest of the World".

20.2 Procurements

The detail of "Procurements" in the statements of profit or loss for the years ended 31 December 2020 and 2019 is as follows:

| | Thousands of euros | |
|---------------------------------------------------------------------------|--------------------|----------------|
| | 2020 | 2019 |
| Purchases of construction materials and machinery spare parts | 78,306 | 107,109 |
| Change in inventories of construction materials and machinery spare parts | 5,148 | 2,032 |
| Cost of construction materials and machinery spare parts used | 83,454 | 109,141 |
| Work performed by other companies | 324,036 | 447,407 |
| Inventory write-downs | (495) | - |
| Total procurements | 407,490 | 556,548 |

At 31 December 2020, "Procurements" included EUR 45,370 thousand relating to UTEs (31 December 2019: EUR 130,302 thousand).

The detail, by origin, of the purchases made by the Company in 2020 and 2019 is as follows:

| 2020 | Thousands of euros | | |
|------------------|--------------------|--------------|---------|
| | Spain | EU countries | Imports |
| Purchases | 38,925 | 119 | 39,262 |

| 2019 | Thousands of euros | | |
|------------------|--------------------|--------------|---------|
| | Spain | EU countries | Imports |
| Purchases | 48,444 | 6,820 | 51,845 |

20.3 Losses on and write-down of trade receivables and changes in provisions for commercial transactions

The detail of "Losses on and Write-Down of Trade Receivables and Changes in Provisions for Commercial Transactions" is as follows:

| | Thousands of euros | |
|------------------------------------------------------------------------------------------------------------------|--------------------|-----------------|
| | 2020 | 2019 |
| Changes in provisions for and losses on commercial transactions | (3,275) | 27 |
| Changes in short-term provisions | 2,123 | (51,732) |
| Other provisions | - | (4) |
| Total losses on and write-down of trade receivables and changes in provisions for commercial transactions | (1,152) | (51,709) |

The changes in short-term provisions relate to various items detailed in Note 15.1.

20.4 Other current operating expenses

The detail of "Other Current Operating Expenses" is as follows:

| | Thousands of euros | |
|-----------------------------------------------|--------------------|-----------------|
| | 2020 | 2019 |
| Recognition of provisions for investees | (2,403) | (3,727) |
| Current operating expenses and losses | (1,480) | (9,761) |
| Total other current operating expenses | (3,883) | (13,488) |

The recognition of provisions for investees relates to the long-term provisions detailed in Note 15.1.

20.5 Third-party finance income and costs

The detail of third-party finance income and costs in the statement of profit or loss is as follows:

| | Thousands of euros | |
|----------------------------------------------------------------------------------------|--------------------|-----------------|
| | 2020 | 2019 |
| Dividends | 9 | 6 |
| Total finance income from investments in equity instruments | 9 | 6 |
| Interest income on long- and short-term loans | 4,830 | 7,221 |
| Other finance income | 3,814 | 3,479 |
| Total finance income from marketable securities and other financial instruments | 8,644 | 10,700 |
| Interest and costs on bonds and marketable securities | (33,148) | (37,625) |
| Interest on bank borrowings | (3,747) | (949) |
| Other finance costs | (7,680) | (7,744) |
| Total finance costs on debts to third parties | (44,575) | (46,318) |

The interest income on loans relates mainly to the long- and short-term loans detailed in Note 21.2.

Other finance income includes mainly the late-payment interest income described in Note 4.10.

The finance costs on bonds, marketable securities and bank borrowings relate to the financial liabilities of this type described in Note 16.1.

20.6 Impairment and gains or losses on disposals of financial instruments

The detail of "Impairment and Gains or Losses on Disposals of Financial Instruments" in the statement of profit or loss is as follows:

| <u>Impairment and other losses</u> | Thousands of euros | |
|-----------------------------------------------------------------------------|--------------------|------------------|
| | 2020 | 2019 |
| Impairment of equity instruments of Group companies | (81,326) | (240,869) |
| Impairment of equity instruments of associates | (408) | - |
| Impairment of long-term loans to Group companies | (20,354) | (60,184) |
| Impairment of equity instruments of Group companies and associates reversed | 5,505 | - |
| Other impairment and gains and losses | (34,461) | (4,464) |
| Total impairment and other losses | (131,044) | (305,517) |

The impairment of equity instruments of Group companies in 2020 relates mainly to OHL Construcción Internacional, S.L. and OHL Desarrollos, S.A. (see Note 8.3.1.).

The impairment of long-term loans to Group companies relates mainly to OHL Desarrollos, S.A. (see Note 8.3.1.).

"Other Impairment and Gains and Losses" includes an impairment loss of EUR 35,596 thousand on the loan to Grupo Villar Mir, S.A.U. (see Note 8.2).

Gains or losses on disposals and other

| | Thousands of euros | |
|-------------------------------------------------------------------------------|--------------------|----------------|
| | 2020 | 2019 |
| Gains or losses on disposal of non-current assets classified as held for sale | - | (1,848) |
| Total gains or losses on disposals and other | - | (1,848) |

20.7 Transactions and balances in currencies other than the euro

The detail of the main transactions in currencies other than the euro in 2020 and 2019, by currency, for the main operating income and expense items, translated at the average exchange rates, is as follows:

2020

| Currency | Thousands of euros | | | |
|--------------------|--------------------|------------------------|----------------|--------------------------|
| | Revenue | Other operating income | Procurements | 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 pesos | (12) | - | 314 | (133) |
| Qatari riyal | - | - | (3,792) | 6,098 |
| Peruvian nuevo 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 |

2019

| Thousands of euros | | | | |
|--------------------|----------------|------------------------|----------------|--------------------------|
| Currency | Revenue | Other operating income | Procurements | Other operating expenses |
| Norwegian krone | 75,299 | 856 | 59,701 | 8,016 |
| Algerian dinar | 134 | 418 | (1,898) | 1,933 |
| Kuwaiti dinar | 2,199 | 580 | (9,612) | 5,379 |
| Australian dollar | 2,275 | 60 | 2,765 | 66 |
| US dollar | 63,795 | 21 | 16,033 | 21,312 |
| Pound sterling | 8,503 | 195 | 2,094 | 8,419 |
| Turkish lira | - | 222 | 2,969 | 2,554 |
| Argentine peso | - | 99 | - | 212 |
| Chilean peso | 173,134 | 502 | 102,488 | 11,109 |
| Colombian peso | 7,989 | 6 | 6,429 | 1,786 |
| Mexican peso | (792) | 963 | (899) | 4,781 |
| Uruguayan pesos | 51 | - | 62 | 16 |
| Qatari riyal | - | 27 | (6,246) | 462 |
| Peruvian nuevo sol | 35,855 | 3,733 | 15,543 | 12,509 |
| Polish zloty | - | 128 | 630 | 798 |
| Other currencies | - | - | - | 919 |
| Total | 368,442 | 7,810 | 190,059 | 80,271 |

The main balances payable in currencies other than the euro at 31 December 2020 and 2019, by currency and for the main liability items in the balance sheet, translated to euros at the year-end exchange rate, were as follows:

| Thousands of euros | | | | |
|---------------------|----------------|---------------------------|----------------|---------------------------|
| Currency | 2020 | | 2019 | |
| | Trade payables | Other current liabilities | Trade payables | Other current liabilities |
| Norwegian krone | 29,691 | 537 | 46,749 | 576 |
| Algerian dinar | 8,061 | 1,633 | 19,664 | 2,870 |
| Kuwaiti dinar | 28,503 | 26 | 42,003 | - |
| Australian dollar | 519 | - | 331 | 1 |
| US dollar | 72,179 | 31 | 77,558 | (5,048) |
| Vietnamese dong | 2,111 | 116 | 2,292 | 108 |
| Pound sterling | 3,970 | 26 | 9,320 | 39 |
| Turkish lira | 4 | 256 | 524 | 367 |
| Argentine peso | 99 | 746 | 73 | 418 |
| Chilean peso | 80,968 | 54,304 | 61,952 | 51,609 |
| Colombian peso | 8,202 | 2,814 | 5,790 | 196 |
| Mexican peso | 3,696 | 76,473 | 9,184 | 86,785 |
| Uruguayan pesos | 89 | 944 | 72 | - |
| Saudi Arabian riyal | - | 15,124 | - | 9,688 |
| Qatari riyal | 38,628 | - | 43,262 | - |
| Peruvian nuevo sol | 35,865 | 6,261 | 35,658 | 4,472 |
| Polish zloty | 477 | 4 | 985 | 5 |
| Other currencies | 70 | - | 539 | - |
| Total | 313,132 | 159,295 | 355,956 | 152,086 |

The main balances receivable in currencies other than the euro at 31 December 2020 and 2019, by currency and for the main asset items in the balance sheet, translated to euros at the year-end exchange rate, were as follows:

| Currency | Thousands of euros | | | | | |
|--------------------|------------------------------|--------------------------|-----------------------------|------------------------------|--------------------------|-----------------------------|
| | 2020 | | | 2019 | | |
| | Non-current financial assets | Current financial assets | Trade and other receivables | Non-current financial assets | Current financial assets | Trade and other receivables |
| Norwegian krone | 196 | - | 10,119 | 221 | - | 8,651 |
| Algerian dinar | 35 | - | 10,858 | 47 | - | 11,420 |
| Kuwaiti dinar | 38 | - | 13,338 | 67 | - | 16,675 |
| Australian dollar | - | - | 5,797 | - | - | 5,830 |
| US dollar | 280 | 5 | 23,711 | 305 | 2,148 | 42,675 |
| Vietnamese dong | - | - | 1,940 | - | - | 2,096 |
| Pound sterling | - | 985 | 6,835 | - | - | 5,349 |
| Turkish lira | 77 | - | 1,744 | 20 | - | 1,804 |
| Argentine peso | - | - | 258 | - | 4 | (197) |
| Chilean peso | - | - | 71,159 | - | - | 103,651 |
| Colombian peso | - | - | 9,241 | - | - | 2,907 |
| Mexican peso | - | - | 1,497 | - | - | 9,216 |
| Uruguayan pesos | - | - | 290 | - | - | (638) |
| Qatari riyal | 2,695 | - | 16,104 | 2,952 | - | 18,947 |
| Peruvian nuevo sol | - | 308 | 34,837 | - | - | 21,867 |
| Polish zloty | - | - | 207 | - | - | 359 |
| Other currencies | 9 | - | - | 11 | - | 21 |
| Total | 3,330 | 1,298 | 207,935 | 3,623 | 2,152 | 250,633 |

The sensitivity analysis of the foreign currency risks of financial instruments for the main currencies simulated a 10% increase in the foreign currency per euro exchange rate with respect to the rates applicable at 31 December 2020 and 2019, the net impact of which on profit or loss was as follows:

| (Expense) / Income Currency | Thousands of euros | |
|--------------------------------|--------------------|-----------------|
| | Profit / (Loss) | |
| | 2020 | 2019 |
| Norwegian krone | (1,493) | (2,884) |
| Algerian dinar | 90 | (830) |
| Kuwaiti dinar | (1,136) | (1,895) |
| US dollar | (3,616) | (2,054) |
| Argentine peso | (44) | (51) |
| Chilean peso | (4,808) | (743) |
| Mexican peso | (5,900) | (6,506) |
| Saudi Arabian riyal | (1,134) | (727) |
| Qatari riyal | (1,487) | (1,602) |
| Peruvian nuevo sol | (524) | (1,370) |
| Polish zloty | (21) | (47) |
| Total | (20,073) | (18,709) |

If a sensitivity analysis were performed using the assumption of a 10% decrease in the foreign currency per euro exchange rate with respect to the rates applicable at 31 December 2020 and 2019, the net impact on profit or loss would be as follows:

| (Expense) / Income Currency | Thousands of euros | |
|--------------------------------|--------------------|---------------|
| | Profit / (Loss) | |
| | 2020 | 2019 |
| Norwegian krone | 1,358 | 2,622 |
| Algerian dinar | (82) | 755 |
| Kuwaiti dinar | 1,033 | 1,722 |
| US dollar | 3,287 | 1,867 |
| Argentine peso | 40 | 47 |
| Chilean peso | 4,371 | 676 |
| Mexican peso | 5,364 | 5,915 |
| Saudi Arabian riyal | 1,031 | 661 |
| Qatari riyal | 1,352 | 1,457 |
| Peruvian nuevo sol | 476 | 1,245 |
| Polish zloty | 19 | 43 |
| Total | 18,249 | 17,010 |

20.8 Backlog

At 31 December 2020, the Company's backlog amounted to EUR 1,272,167 thousand (31 December 2019: EUR 1,551,928 thousand).

The breakdown of the backlog, by activity and geographical market, is as follows:

| Business activity | Thousands of euros | |
|---------------------------------------------|--------------------|------------------|
| | 2020 | 2019 |
| Civil engineering work in Spain | 422,288 | 406,804 |
| Roads | 229,115 | 203,345 |
| Hydraulic works | 69,070 | 61,187 |
| Railways | 115,506 | 130,376 |
| Maritime | 509 | - |
| Other civil engineering work | 8,088 | 11,896 |
| Building construction in Spain | 221,499 | 245,454 |
| Residential building construction | 15,493 | 37,967 |
| Other buildings | 206,006 | 207,487 |
| Other | 993 | 1,673 |
| Total construction in Spain | 644,780 | 653,931 |
| International civil engineering work | 593,927 | 807,557 |
| Roads | 383,323 | 536,752 |
| Hydraulic works | 45,684 | 42,900 |
| Railways | 164,920 | 208,005 |
| Other civil engineering work | - | 19,900 |
| Building construction abroad | 33,460 | 90,440 |
| Other buildings | 33,460 | 90,440 |
| Total construction abroad | 627,387 | 897,997 |
| Total backlog | 1,272,167 | 1,551,928 |

| Geographical market | Thousands of euros | |
|----------------------|--------------------|------------------|
| | 2020 | 2019 |
| Spain: | | |
| Spain | 644,780 | 653,931 |
| Total Spain | 644,780 | 653,931 |
| Abroad: | | |
| Chile | 247,727 | 543,227 |
| Peru | 189,850 | 149,090 |
| Rest of the world | 189,810 | 205,680 |
| Total abroad | 627,387 | 897,997 |
| Total backlog | 1,272,167 | 1,551,928 |

Of the total backlog at 31 December 2020, EUR 557,214 thousand related to direct construction work and EUR 714,953 thousand to UTEs (31 December 2019: EUR 752,985 thousand and EUR 798,943 thousand, respectively).

Also, at 31 December 2020, EUR 864,042 thousand related to public-sector works and EUR 408,125 thousand to private-sector works (31 December 2019: EUR 796,200 thousand and EUR 755,728 thousand, respectively).

21.- RELATED-PARTY TRANSACTIONS AND BALANCES

21.1 Transactions with Group companies and associates

The detail of the transactions with Group companies in 2020 and 2019 is as follows:

| | Thousands of euros | |
|----------------------------------|--------------------|--------|
| | 2020 | 2019 |
| Revenue | - | (569) |
| Other operating income | 17,185 | 21,005 |
| Finance income | 29,514 | 66,446 |
| Dividends received | - | 79,464 |
| Non-current asset disposals | 89 | 44 |
| Procurements | 519 | 1,942 |
| Other operating expenses | 7,721 | 9,573 |
| Finance costs | 14,890 | 20,830 |
| Non-current asset purchases | 583 | 811 |
| Acquisitions of financial assets | 10,432 | - |

The detail of the dividends received from Group companies in 2019 is as follows:

| Company | 2019 |
|-------------------------------------------------------------|---------------|
| Agrupación Guinovart Obras y Servicios Hispania, S.A. | 50,000 |
| S.A. Trabajos y Obras (SATO) | 20,003 |
| Sociedad Concesionaria Centro de Justicia de Santiago, S.A. | 8,848 |
| Construcciones Adolfo Sobrino, S.A. | 511 |
| Other dividends of less than EUR 200 thousand | 102 |
| Total | 79,464 |

No dividend income was received in 2020.

The detail of the transactions with associates in 2020 and 2019 is as follows:

| | Thousands of euros | |
|-----------------------------|--------------------|---------|
| | 2020 | 2019 |
| Revenue | 17,168 | 106,115 |
| Other operating income | 422 | 2,307 |
| Finance income | 1,240 | 1,039 |
| Non-current asset disposals | 1 | 8 |
| Other operating expenses | 12 | 91 |
| Finance costs | - | 17 |

21.2 Related-party transactions and balances

The detail of the transactions with related companies in 2020 and 2019 is as follows:

| | Thousands of euros | | | |
|----------------------------|--------------------|------------|--------|------------|
| | 2020 | % of total | 2019 | % of total |
| Income and expenses | | | | |
| Revenue | 33,475 | 5.56 | 38,699 | 4.42 |
| Other operating income | 17 | 0.04 | 164 | 0.34 |
| Finance income | 4,534 | 11.51 | 6,686 | 4.24 |
| Procurements | 158 | 0.04 | 218 | 0.04 |
| Outside services | 2,485 | 2.02 | 2,666 | 1.65 |

| Other transactions | Thousands of euros | |
|-----------------------------|--------------------|------|
| | 2020 | 2019 |
| Non-current asset purchases | 477 | 381 |
| Guarantees provided | (41) | 486 |

In addition, at 31 December 2020 the Company had provided guarantees to related entities amounting to EUR 11,837 thousand.

The detail of the transactions indicated above in 2020 is as follows:

| Taxpayer or employer identification number of the related company | Name of the related company | | Thousands of euros |
|-------------------------------------------------------------------|----------------------------------------|--------------------------|--------------------|
| A87287223 | Espacio Caleido, S.A. | Revenue | 28,881 |
| B83962225 | Espacio Living Homes, S.L.U. | Revenue | 4,594 |
| A87287223 | Espacio Caleido, S.A. | Other operating income | 16 |
| B86830536 | Alse Park, S.L. | Other operating income | 1 |
| A82500257 | Grupo Villar Mir, S.A.U. | Finance income | 3,122 |
| A28032829 | Pacadar, S.A.U. | Finance income | 1,412 |
| A28032829 | Pacadar, S.A.U. | Procurements | 158 |
| A80400351 | Espacio Information Technology, S.A.U. | Other operating expenses | 2,332 |
| B83393066 | Energía VM Gestión de Energía, S.L.U. | Other operating expenses | 88 |
| B84996362 | Torre Espacio Gestión, S.L.U. | Other operating expenses | 27 |

| Taxpayer or employer identification number of the related company | Name of the related company | | Thousands of euros |
|-------------------------------------------------------------------|----------------------------------------|-----------------------------|--------------------|
| B86727500 | Torre Espacio Restauración, S.L.U. | Other operating expenses | 14 |
| B80209232 | INSE Rail, S.A. | Other operating expenses | 12 |
| B86830536 | Alse Park, S.L. | Other operating expenses | 12 |
| A80400351 | Espacio Information Technology, S.A.U. | Non-current asset purchases | 477 |
| B86830536 | Alse Park, S.L. | Guarantees provided | (41) |

These transactions, which are performed under a contractual relationship, were carried out on an arm's length basis.

At 31 December 2020 and 2019, the nominal balances with related companies were as follows:

| | Thousands of euros | | | |
|------------------------------------------|--------------------|------------|---------|------------|
| | 2020 | % of total | 2019 | % of total |
| Assets: | | | | |
| Trade receivables for sales and services | 23,752 | 9.44 | 15,761 | 5.95 |
| Other accounts receivable | 3,209 | 13.58 | 3,194 | 13.18 |
| Short-term loans to third parties (*) | 136,992 | 99.96 | 127,303 | 99.76 |
| Liabilities: | | | | |
| Trade payables | 11,149 | 2.36 | 3,759 | 0.66 |
| Other current financial liabilities | 293 | 8.86 | 7 | 0.06 |

(*) See Note 8.2.

21.3 Remuneration of directors and senior executives and conflicts of interest

The remuneration of the Board of Directors is regulated by Article 24 of the bylaws and the Directors' Remuneration Policy approved, as established in Article 529 novodecies of the Spanish Limited Liability Companies Law, by the shareholders at the Annual General Meeting held on 15 June 2020, for 2020 and the following three years, and which established annual maximum remuneration for the non-executive directors, for the performance of their general function as directors, of one million four hundred thousand euros (**EUR 1,400,000**), with the distribution criteria approved by the Board of Directors itself on that same date and which is included in the aforementioned Remuneration Policy, and there are no variable components in the remuneration of the non-executive directors.

In 2020, taking into account the foregoing and the current composition of the Board of Directors and its committees, the annual remuneration for the non-executive directors, for discharging their general function as directors, amounted to **EUR 1,201 thousand**. In 2020, as in prior years, the non-executive directors did not receive any kind of benefits. This fixed remuneration for their functions is compatible with, and independent from, remuneration, termination benefits, pensions and compensation of any kind received by those members of the Board of Directors as a result of the employment relationship with or the rendering of services to the Company.

On this same date, the Company's Board of Directors prepared the Annual Report on Directors' Remuneration, as established in Article 541 of the Spanish Limited Liability Companies Law, with an individualised breakdown of all items earned in 2020 by each director. Following is an individualised detail of the remuneration earned by each director in his or her capacity as such in 2020, excluding the remuneration earned for executive functions subsequently disclosed (in euros):

| Directors | Attendance fees |
|----------------------------------------------------------------------------------------|------------------|
| Luis Fernando Martín Amodio Herrera (<i>non-executive proprietary</i>) (*) | 65,002 |
| Julio Mauricio Fernando Martín Amodio Herrera (<i>non-executive proprietary</i>) (*) | 65,002 |
| Juan Villar-Mir de Fuentes (<i>non-executive proprietary</i>) | 125,482 |
| Silvia Villar-Mir de Fuentes (<i>non-executive proprietary</i>) | 115,962 |
| Carmen de Andrés Conde (<i>non-executive independent</i>) (**) | 147,502 |
| César Cañedo-Argüelles Torrejón (<i>non-executive independent</i>) | 125,482 |
| Javier Goñi del Cacho (<i>non-executive proprietary</i>) (***) | 43,680 |
| Juan Antonio Santamera Sánchez (<i>other non-executive</i>) | 125,482 |
| Juan José Nieto Bueso (<i>non-executive independent</i>) | 174,520 |
| Manuel Garrido Ruano (<i>non-executive proprietary</i>) (****) | 60,480 |
| Reyes Calderón Cuadrado (<i>non-executive independent</i>) | 152,462 |
| | 1,201,056 |

(*) Attendance fees accrued since 15 June 2020, the date on which he was appointed as a director.

(**) Attendance fees accrued since 15 June 2020 as Chair of the Guarantee Committee.

(***) Attendance fees accrued up to 5 May 2020, the date on which he resigned as a director.

(****) Attendance fees accrued up to 4 June 2020, the date on which he resigned as a director.

Additionally, the emoluments earned by the directors include the travel expenses of non-Spanish-resident directors, relating to the discharge of their duties on the Board of Directors. In 2020 these expenses amounted to EUR 33 thousand (2019: EUR 0).

In 2020 the executive director earned total remuneration of EUR 2,234 thousand for his executive functions (2019: EUR 2,600 thousand). In 2020 no other benefits relating to life insurance premiums were paid (2019: EUR 36 thousand) and, as was also the case in 2019, no contributions were made to the employee benefit plan.

No advances or loans have been granted to the Board members.

The members of the Board of Directors and the senior executives are insured by a third-party liability insurance policy which cost EUR 773 thousand in 2020.

Remuneration of senior executives

The remuneration earned by the Company's senior executives in 2020 –excluding those who are also members of the Board of Directors (whose remuneration is detailed above)– amounted to EUR 11,799 thousand (2019: EUR 9,320 thousand), of which EUR 5,159 thousand correspond to variable remuneration (2019: EUR 3,421 thousand).

Conflicts of interest

At 31 December 2020, 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 respect to the Company in 2020.

22.- INFORMATION ON THE ENVIRONMENT

In 2020 the Company incurred environmental expenses amounting to EUR 932 thousand (2019: EUR 814 thousand). At 31 December 2020 and 2019, the Company had not recognised any environmental assets in the balance sheets.

23.- OTHER DISCLOSURES

23.1 Headcount

The average number of employees in 2020 and 2019, by category, was as follows:

| Professional category | Average number of employees | |
|-----------------------|-----------------------------|--------------|
| | 2020 | 2019 |
| Senior executives | 9 | 9 |
| Executives | 30 | 25 |
| Middle managers | 534 | 906 |
| Other line personnel | 887 | 924 |
| Clerical staff | 244 | 391 |
| Manual workers | 2,543 | 2,554 |
| Total | 4,247 | 4,509 |
| Permanent employees | 1,968 | 2,127 |
| Temporary employees | 2,279 | 2,382 |
| Total | 4,247 | 4,509 |

The average number of employees at UTEs in 2020 was 872 (2019: 671 employees).

The average number of employees at the Company with a disability equal to or greater than 33% in 2020 and 2019, by category, was as follows:

| Professional category | 2020 | 2019 |
|-----------------------|-----------|-----------|
| Executives | 1 | - |
| Middle managers | 4 | - |
| Other line personnel | 3 | 3 |
| Clerical staff | 12 | 7 |
| Manual workers | 21 | 13 |
| Total | 41 | 23 |

Also, the average number of employees at UTEs with a disability equal to or greater than 33% in 2020 was 21 (2019: 8).

The number of employees at the end of 2020 and 2019, by gender and professional category, was as follows:

| Professional category | Number of employees at year-end | | | | | |
|-----------------------|---------------------------------|------------|--------------|--------------|------------|--------------|
| | 31/12/20 | | | 31/12/19 | | |
| | Men | Women | Total | Men | Women | Total |
| Senior executives | 9 | - | 9 | 9 | - | 9 |
| Executives | 28 | 1 | 29 | 19 | 2 | 21 |
| Middle managers | 396 | 44 | 440 | 452 | 74 | 526 |
| Other line personnel | 680 | 214 | 894 | 745 | 171 | 916 |
| Clerical staff | 102 | 98 | 200 | 213 | 163 | 376 |
| Manual workers | 1,931 | 214 | 2,145 | 2,490 | 239 | 2,729 |
| Total | 3,146 | 571 | 3,717 | 3,928 | 649 | 4,577 |

The number of temporary employees at UTEs at 31 December 2020 was 714 (31 December 2019: 515 employees).

The Board of Directors is composed of seven men and three women.

23.2 Fees paid to auditors

The fees for financial audit and other services provided by the Company's principal auditor, Deloitte, S.L., or by other firms related to the auditors or by other auditors, were as follows:

| | Thousands of euros | | | | | |
|-----------------------------------------|--------------------|------------|----------------|-----------|--------------|------------|
| | Principal auditor | | Other auditors | | Total | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Audit services | 698 | 574 | 96 | 79 | 794 | 653 |
| Other attest services | 215 | 81 | 4 | 3 | 219 | 84 |
| Total audit and related services | 913 | 655 | 100 | 82 | 1,013 | 737 |
| Tax counselling services | 29 | 23 | 5 | 4 | 34 | 27 |
| Other services | 146 | 43 | 4 | - | 150 | 43 |
| Total professional services | 175 | 66 | 9 | 4 | 184 | 70 |
| Total | 1,088 | 721 | 109 | 86 | 1,197 | 807 |

"Financial Audit Services" includes the fees for professional services performed by the auditor, normally due to Spanish and international regulatory requirements, such as statutory audits, internal control review reports, limited reviews of periodic public information performed at listed companies, etc.

"Other Attest Services" includes the fees for professional services in which some kind of assurance is expressed, but which are not regulated by any mandatory legislation, such as one-off limited reviews, special reports on security placement processes, agreed-upon procedures reports, covenant reports, etc.

"Tax Counselling Services" includes the fees for the provision of services relating to all forms of tax counselling.

"Other Services" includes the fees for the other professional services not included in the above line items which, by nature, are more akin to consultancy or independent third-party services.

23.3 Statement of cash flows

The Company's statement of cash flows was prepared in accordance with the information detailed in Note 4.18. The following aspects are worthy of mention in relation to each of the main sections thereof:

Cash flows from operating activities

"Cash Flows from Operating Activities" in 2020 amounted to EUR (100,688) thousand, and it should be noted that:

"Loss before Tax" for 2020 amounted to EUR (191,782) thousand.

The detail of "Other Adjustments to Loss" is as follows:

| | Thousands of euros | |
|-------------------------------------------------------------------|--------------------|---------------|
| | 2020 | 2019 |
| Changes in provisions and allowances | (375) | (178,238) |
| Financial profit | 136,227 | 241,875 |
| Impairment and gains or losses on disposals of non-current assets | (996) | (5,302) |
| Grants | (224) | (458) |
| Total | 134,632 | 57,877 |

Cash flows from investing activities

"Cash Flows from Investing Activities" amounted to EUR 389 thousand in 2020.

Payments due to investments amounted to EUR (2,914) thousand and relates mainly to investments in property, plant and equipment.

The proceeds from disposal amounting to EUR 3,303 thousand, relates mainly to sales of property, plant and equipment.

Cash flows from financing activities

"Cash Flows from Financing Activities" amounted to EUR 22,508 thousand in 2020 and relates mainly to the decrease in bonds redeemed upon maturity and the increase in bank borrowings.

As a result of the foregoing, cash and cash equivalents at the end of the year amounted to EUR 154,329 thousand, comprising mainly bank balances.

24.- EVENTS AFTER THE REPORTING PERIOD

The detail of the significant events that occurred after 31 December 2020 is provided below.

- **On 21 January 2021**, the commencement of a process to refinance/capitalise the Company by its main bondholders and shareholders was reported to the market. Due to the significance of the agreement, the inside information reported is transcribed in full below:

The Company reports that Forjar Capital, S.L.U. and Solid Rock Capital, S.L.U., controlled by Luis Fernando Martín Amodio Herrera and Julio Mauricio Martín Amodio Herrera ("the Amodio Shareholders") and Grupo Villar Mir, S.A.U. ("GVM" and, together with the Amodio Shareholders, "the Main Shareholders") and a group of holders of the bonds (as defined below) issued by the Company, consisting of Beach Point Capital Management LP, Marathon Asset Management, Melqart Asset Management (UK) Ltd, Sand Grove Capital Management LLP and Searchlight Opportunities Fund GP, L.P., jointly representing 57.3% of the principal amount of the bonds ("the Ad Hoc Group"), have reached an agreement to support a transaction to recapitalise the Company and renegotiate certain of the Group's financial debt ("the Transaction"). The Transaction includes the renegotiation of the terms and conditions of the Company's bond issues identified as: (i) "€400,000,000 4.750% Senior Notes due 2022" (ISIN Code XS1043961439) (of which EUR 323,000,000 of the principal amount are outstanding); and (ii) "€325,000,000 5.50% Senior Notes due 2023" (ISIN Code XS1206510569) (of which EUR 269,900,000 of the principal amount are outstanding ("the Bonds"). The purpose of the Transaction is to improve the Group's financial position and the sustainability of its debt through a gradual reduction of its indebtedness and to reinforce its capital structure.

The agreement reached in respect of the bases of the Transaction was formalised in a lock-up agreement ("the Lock-Up Agreement") regulating, among other matters, the essential terms and conditions of the Transaction, the implementation process to be followed in the coming months and the parties' undertaking to support, facilitate and implement the Transaction. The Lock-Up Agreement is subject to the fulfilment of certain conditions typical of arrangements of this nature, including obtainment of the consent of the Group's creditor banks.

The basic pillars of the Transaction, described in detail below, are as follows: (i) an equity injection into the Company through the performance of (a) a monetary capital increase with shareholder pre-emption rights for a total amount (par value plus share premium) of EUR 35,000,000 (“the Rights Issue”) and (b) a second monetary capital increase with exclusion of pre-emption rights addressed to the Amodio Shareholders and Tyrus Capital Event, S.à r.l. and/or Tyrus Capital Opportunities, S.à r.l. (jointly, “Tyrus”), as detailed below; the Amodio Shareholders have undertaken to invest, through capital increases, a total joint total effective amount (par value plus share premium) of EUR 37,000,000, while Tyrus has undertaken to invest, through capital increases, a total effective amount (par value plus share premium) of EUR 5,000,000; (ii) the renegotiation of the terms of the bonds through a combination of a write-off, the capitalisation of a portion of the bond principal by means of a capital increase through the conversion of loans and the exchange of the surviving bonds following the write-off and capitalisation for newly-issued secured bonds, as described in detail in Section 3 (Amendment of the terms and conditions of the Bonds) (“the New Bonds”); and (iii) the corporate restructuring of the Group, so that a substantial portion of the business is subsequently performed by a newly-created subsidiary that has its registered office in Spain (“New OHL”) and is wholly controlled by the Company, albeit through several Luxembourg intermediary companies, each of which shall be directly or indirectly controlled by the Company (“the Hive-down”).

The main terms and conditions of the Transaction, and the implementation process relating thereto, are described in further detail below:

1. Accession to the Lock-Up Agreement and court approval of the Scheme

As indicated at the beginning, the bases of the Transaction were formally agreed upon in the Lock-Up Agreement entered into by the Key Shareholders and the Ad Hoc Group.

A process of accession will commence, whereby the holders of the Bonds (“Bondholders”) not forming part of the Ad Hoc Group will be invited to accede to the Lock-Up Agreement. The Bondholders that accede to the Lock-Up Agreement will be required to elect for Option 1 or Option 2 (as defined below) upon accession thereto, and will be subject to certain trading restrictions in respect to their Bonds. For this purpose, Lucid Issuer Services Limited was appointed as the calculation agent (“the Calculation Agent”) in relation to the Lock-Up Agreement. For further information on the Transaction and the procedure for acceding to the Lock-Up Agreement, the Bondholders should contact the Calculation Agent via www.lucid-is.com/ohl or by email to ohl@lucid-is.com.

Bondholders wishing to accede to the Lock-Up Agreement should complete and sign a letter of accession (per the model attached to the Lock-Up Agreement), and send it to the Calculation Agent as soon as possible. They should also demonstrate their ownership of the Bonds under separate cover.

All Bondholders acceding to the Lock-Up Agreement by no later than 5 p.m. (London time) on 5 February 2021 (or on any other date determined under the Lock-Up Agreement) (“the Early Accession Deadline”) will be entitled to receive a fee (“the Lock-Up Fee”) in accordance with the terms and conditions of the Lock-Up Agreement in an amount equal to EUR 0.02 per euro of the principal amount of the Bonds of each Bondholder, and which will be payable in New Bonds.

Once the Company has achieved the necessary support from its creditors, it will accede to the Lock-Up Agreement and subsequently request the opening of a court approval procedure under UK law (known as a scheme of arrangement under Part 26 or Part 26A of the UK Companies Act 2006) in order to implement the Transaction (“the Scheme”). Following the approval of the Scheme by the UK court, the terms and conditions thereof will be binding on all of the Bondholders (irrespective of whether or not they voted in favour of the Scheme), and the Transaction will be implemented.

2. Investment Commitment, Rights Issue and Private Placement

The Amodio Shareholders have undertaken to inject a total effective amount of EUR 37,000,000 into the Company (in proportion to the ownership interest held by each of them in the Company's share capital) ("the Amodio Equity Commitment"). The Amodio Equity Commitment will be fulfilled through the subscription of shares issued as a result of the Rights Issue and of the Private Placement (as defined below).

Following approval of the Scheme by the UK court, and subject to approval of the Transaction and the related corporate resolutions by the shareholders of the Company at an Extraordinary General Meeting called for this purpose, it is expected that the Company will carry out the Rights Issue for a total effective amount (par value plus share premium) of EUR 35,000,000, in all cases respecting the pre-emption rights of the Company's existing shareholders. The price at which the shares shall be issued in the Rights Issue will be EUR 0.36 per share.

Prior to the Rights Issue, the Company intends to perform a capital reduction by reducing the par value of its shares.

In addition, Tyrus has undertaken to invest EUR 5,000,000 between the Rights Issue and the Private Placement (as defined below) ("the Tyrus Equity Commitment" and, together with the Amodio Equity Commitment, "the Total Equity Commitment").

In fulfilling the Amodio Equity Commitment, the Amodio Shareholders have undertaken to exercise their pre-emption rights in the Rights Issue during the pre-emption period. Also, the Amodio Shareholders and Tyrus have undertaken to underwrite the Rights Issue in full; the Amodio Shareholders in the proportion resulting from dividing the Amodio Equity Commitment by the Total Equity Commitment (i.e., 88.10%), and Tyrus in the proportion resulting from dividing the Tyrus Equity Commitment by the Total Equity Commitment (i.e., 11.90%).

Following the performance of the Capital Increase with Rights, the Company shall perform a second capital increase without pre-emption rights at a price of EUR 0.36 per share, aimed exclusively at the Amodio Shareholders and Tyrus ("the Private Placement"). The amount of the Private Placement will be the sum of (i) an amount to be subscribed by the Amodio Shareholders equal to the Amodio Equity Commitment reduced by the amount subscribed by the Amodio Shareholders in the Rights Issue; and (ii) an amount to be subscribed by Tyrus equal to the Tyrus Equity Commitment reduced by the amount subscribed by Tyrus in the Rights Issue.

In the event that the Rights Issue is subscribed in full by the shareholders/investors, the maximum amount of the Private Placement will be EUR 36,400,000, of which EUR 31,400,000 will correspond to the Amodio Shareholders and EUR 5,000,000 to Tyrus.

As consideration for their role in the structuring of the Transaction and the Amodio Equity Commitment, the Amodio Shareholders will receive a structuring and equity commitment fee of EUR 1,750,000 ("the Structuring and Commitment Fee"), which will be converted into new shares of the Company by means of a capital increase through the conversion of debt into capital at a price per share equal to that of the Rights Issue.

The aforementioned measures shall be submitted for approval by the shareholders at the Extraordinary General Meeting that the Company intends to call as soon as possible following the request for approval of the Scheme and once all the necessary contractual, corporate and accounting documentation has been prepared.

The terms and conditions of the Rights Issue, the Private Placement and the capitalisation of the Structuring and Commitment Fee will be included in a prospectus ("the Prospectus") that the Company plans to submit to the Spanish National Securities Market Commission (CNMV) for approval once the Scheme has been approved by the UK court.

3. Amendment of the terms and conditions of the Bonds

As indicated previously, the amendment of the Bond terms and conditions consists of: (i) the capitalisation of a portion of the Bond principal; (ii) a partial write-off of the Bonds; and (iii) the issuance of New Bonds.

For these purposes, the Bondholders will be offered the possibility of choosing one of the following options under the Scheme ("the Scheme Election Process"):

- **Option 1:** a Bondholder that selects Option 1 ("an Option 1 Bondholder") will receive, for every EUR 1,000 of Bond principal, EUR 880 of the principal amount of New Bonds ("the Option 1 Instruments") plus, if applicable, EUR 20 of New Bonds as a Lock-Up Fee; or
- **Option 2:** a Bondholder that selects Option 2 ("an Option 2 Bondholder") will receive: (i) up to 38.25% of the principal amount of their Bonds and, for every EUR 1,000 of Bond principal, EUR 680 of the principal amount of New Bonds and EUR 300 of new shares at a price of EUR 0.74 per share ("Bond Capitalisation") ("the Option 2 Instruments") plus, if applicable, EUR 20 of New Bonds as a Lock-Up Fee; and (ii) with respect to the remaining 61.75% of the principal amount of their Bonds, the Option 2 Bondholder will receive Option 1 Instruments plus, if applicable, EUR 20 of New Bonds as a Lock-Up Fee.

The Bonds of Bondholders who fail to communicate their choice between Option 1 and Option 2 within the established period and in accordance with the Scheme Election Process, will be assigned Option 1.

Pursuant to the terms and conditions of the Lock-Up Agreement, the option selected by the Bondholders in the Scheme must be the same as the option chosen when entering into the Lock-Up Agreement.

In this connection, in order to ensure that a minimum amount of the Bonds are subject to Bond Capitalisation, certain members of the Ad Hoc Group have undertaken to elect Option 2 and to backstop the full allocation of Option 2 Instruments in the event that they are not taken up in full in the Scheme Election Process ("the Backstop Providers"). As consideration for the foregoing, the Backstop Providers will be remunerated through payment of a fee ("the Backstop Fee") equal to 5% of the value of the Bond Capitalisation, which will be capitalised at a conversion price of EUR 0.36 into newly issued fully paid ordinary shares of the Company.

If, at the Early Accession Deadline, Bondholders holding at least 75% of the outstanding principal of the Bonds (not including the Bonds held by the Backstop Providers):

- a) have acceded to the Lock-Up Agreement; and
- b) have elected to participate in the Scheme as Option 1 Bondholders,

then, for a period of two business days following the date of the Early Accession Deadline (the "Backstop Deadline"), the Backstop Providers will have the right to submit a notice electing to take up the full allocation of Option 2 Scheme Entitlements (the "Backstop Provider Election Notice").

If the Backstop Providers send a Backstop Provider Election Notice by the Backstop Deadline: (i) the Backstop Providers will be excluded from the Scheme; and (ii) any Bondholders that have selected Option 2 may decide to withdraw from the Lock-Up Agreement with respect to their Bonds within a period of five working days of the Backstop Provider Election Notice. Any such Bondholder who does not opt to withdraw from the Lock-Up Agreement will be considered to be an Option 1 Bondholder.

If the Backstop Providers have not sent a Backstop Provider Election Notice by the Backstop Deadline, such entitlement will immediately cease to exist and no action or notifications will be required from any party.

Capital increases through the conversion of debt into capital relating to the Bond Capitalisation and the Backstop Fee, which must be approved at the Extraordinary General Meeting of the Company scheduled to be called at a later date, will also be included in the Prospectus mentioned in Section 2 above (Equity Commitment, Rights Issue and Private Placement).

As a condition for receiving shares of the Company in a Bond Capitalisation scenario, each Option 2 Bondholder will be required to undertake, for the benefit of the Company's other shareholders, to refrain from voting against the proposals made by the Company's Board of Directors when shareholders meetings are called at any such meetings of the Company, and to refrain from proposing the appointment of a proprietary director, provided that certain conditions are met, for a period of three (3) years following the implementation of the Transaction (which may be extended by a further three (3) years under certain circumstances). These conditions relate to the achievement of certain financial and business development indicators of the Company, its shareholder structure and the composition of its Board of Directors, fulfilment of the Company's obligations under the New Bonds and the absence of any material adverse changes affecting the Company's business, its ability to meet its obligations under the New Bonds and the validity or enforceability of any guarantees.

The aforementioned limitations shall apply to any Option 2 Bondholder group company, but not to third-party buyers, successors or assignees of the shares received under the Transaction.

The aforementioned restrictions on the voting rights of each Option 2 Bondholder (and any company in its group to which the shares received in the Transaction are transferred) are subject to the conclusion of the discussions with the CNMV in terms that are satisfactory for the Company, the Amodio Shareholders and certain members of the Ad Hoc Group.

The main terms and conditions of the New Bonds are as follows:

(i) Issuer

The Issuer of the New Bonds will be New OHL.

(ii) Principal

The total principal of the New Bonds will be determined in accordance with the outcome of the Scheme Election Process and may not exceed EUR 488.3 million. The New Bonds will be issued at an issue price of 100%.

(iii) Interest rate

The New Bonds will bear interest at 5.1%, payable on a half-yearly basis on 15 March and 15 September each year, with the first interest payment date being 15 September 2021.

Also, subject to certain adjustments, the New Bonds will accrue annual payment-in-kind (PIK) interest at 1.5% up to (but not including) 15 September 2023, from which time the interest rate will increase to 4.65%. At each interest payment date, the PIK interest on the New Bonds will be capitalised and added to the aggregate outstanding principal amount of the New Bonds.

(iv)Maturity

50% of the principal of the New Bonds will mature on 31 March 2025 (this amount will be reduced by any redemption or repurchases of the New Bonds up until that date). The remaining principal of the New Bonds will mature on 31 March 2026.

(v)Early redemption

The New Bonds may be redeemed early, whether partially or fully and at any time, at the Issuer's discretion, for the full outstanding principal amount (not including any PIK interest that has not been capitalised at the time of the redemption), together with the accrued interest payable (the uncapitalised PIK interest is payable in cash).

(vi)Guarantees

The New Bonds will be guaranteed, on an unsubordinated basis, by the Company, New HoldCo 1 and New HoldCo 2 (as defined below) and certain subsidiaries of New OHL (together, "the Guarantors"), which will jointly represent 46.62% of the Company's net sales for the nine-month period ended 30 September 2020 ("the Guarantees").

The New Bonds will also be guaranteed by means of security interests ("the Security Interests"), including security interests in shares of New OHL, New HoldCo 1, New HoldCo 2 and certain Guarantors, security interests in certain loans and other rights held by the Company and its subsidiaries, and security interests in certain bank accounts, which will be shared among the New Bonds and other financial creditors of the Company. The Guarantees and Security Interests will be subject to the terms and conditions of an intercreditor agreement with other financial creditors of the Company, and it will take into consideration the personal guarantees and security interests existing in favour of those financial creditors.

(vii)Seniority ranking

The New Bonds will constitute direct, unconditional and unsubordinated obligations of New OHL. The New Bonds will be ranked on an equal footing, without any prioritisation whatsoever among them or with respect to other existing or future unsubordinated debt of New OHL.

(viii)Other terms and conditions

The New Bonds will be subject to other terms and conditions that are typical for bonds of this kind, including covenants. The New Bonds will not include covenants relating to the achievement of financial ratios. In addition, the New Bonds shall envisage an undertaking by New OHL to make an offer to buy back the New Bonds at a repurchase price equal to the full principal amount outstanding at that time in the event of certain circumstances entailing a change of control or certain events of default.

The New Bonds will include an asset sale system that will require the Company, subject to fulfilment of certain prior undertakings, to redeem the New Bonds early in the event that certain assets are sold, and that will regulate the use of the proceeds from the sale of such assets. The New Bonds will also include a system enabling the Company to increase, for a specific period of time (through new guarantee lines or by increasing existing guarantee lines), guarantee lines that can benefit from the same package of guarantees as the New Bonds. Any breach of the

terms and conditions of the guarantee line system will give rise to an increase in the PIK interest on the New Bonds.

4. Hive-down

As indicated previously, a fourth key element of the Transaction consists of the Hive-down, whereby the Company will contribute a substantial portion of OHL's business, in the form of its most significant subsidiaries, to New OHL, the Spanish company that will directly or indirectly carry on most of the Company's current operations in the future.

The Company and New OHL will have two newly-incorporated, Luxembourg-resident intermediary companies ("New HoldCo 1" and "New HoldCo 2").

The Hive-down, which must also be approved by the shareholders at the Extraordinary General Meeting, is a customary measure in financial restructuring processes of this nature, having recently been adopted in similar situations in Spain and other European jurisdictions.

The Hive-down is expected to be implemented once the transactions detailed in sections 1, 2 and 3 above have been completed, and it will be concluded as soon as possible thereafter.

5. Approval

Following the completion and effectiveness of the transactions established in sections 1, 2 and 3 above, the Company will execute a restructuring agreement covering the terms of the Transaction and request judicial approval by the Spanish courts.


The Company will continue to duly report all relevant matters relating to the Transaction.

- **On 10 February 2021**, it was reported to the market that the Company had obtained the backing of 93% of the Bondholders for the restructuring thereof. Due to the significance of the agreement, the inside information reported is transcribed in full below:

Further to inside information communications nos. 679 and 716, of 21 January and 5 February, respectively (the "Communications"), the Company reports that Bondholders representing approximately 93% of the Bond principal have acceded to the Lock-Up Agreement by the Early Accession Deadline. Also, Bondholders representing more than 75% of the outstanding Bond principal (not including the Bonds held by the Backstop Providers) have elected to participate in the Transaction as Option 1 Bondholders. On the basis of this information, the Backstop Providers have exercised their right to subscribe in full the Option 2 Instruments.

Accordingly, the Company informs the Bondholders (except for the Backstop Providers) that have selected Option 2 (representing less than 2.5% of the Bond principal) that they may decide to withdraw from the Lock-Up Agreement with respect to their Bonds within a period of five working days of the date of the Backstop Provider Election Notice (9 February 2021). If those Bondholders do not exercise this right, they will automatically be considered to be Option 1 Bondholders.

The terms defined herein shall have the meaning attributed to them in the Communications.

- 
- **On 22 February**, the Extraordinary General Meeting was called to take place at first call on 25 March, and at second call, on 26 March, at which the shareholders will approve any pertinent procedures to implement the Transaction to refinance and recapitalise the Company.
 - **On 24 February**, it was reported to the market that all the conditions precedent affecting the dation in payment and debt acknowledgement agreement entered into by the Company, Grupo Villar Mir, S.A.U. and Inmobiliaria Espacio, S.A.U. had been met, with the shares of Pacadar, S.A. having been transferred to OHL, S.A. as partial payment of the GVM debt (see Note 8.2).

25.- EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company in Spain (see Note 2.1). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

OBRASCÓN HUARTE LAIN, S.A.

APPENDIX I

Unincorporated temporary joint ventures (UTES)

| Name of UTE | Percentage of ownership | Thousands of euros | |
|-----------------------------------------|-------------------------|---------------------|-----------------------------------------|
| | | UTE revenue in 2020 | Construction work contracted by the UTE |
| 5º TRAMO CYII | 75.00 | 1,476 | 2,251 |
| AGUAS DE NAVARRA | 77.11 | 3,034 | 91,986 |
| ANGIOZAR | 40.00 | 9,238 | 110,781 |
| ARRAZOLA | 50.00 | 71 | 71 |
| BALIZAMIENTO BARAJAS | 34.00 | 19 | 4,530 |
| BLOQUE AEROPUERTO BILBAO | 50.00 | 997 | 12,268 |
| CALDERETA-CORRALEJO | 99.50 | 1,133 | 62,941 |
| CAMP DEL FERRO | 70.00 | 227 | 9,444 |
| CELT EL PRAT | 30.00 | 7 | 4,870 |
| CENTRO BOTIN | 55.00 | (4,575) | 61,919 |
| CONSERVACIÓN A-1 MADRID | 20.00 | 9,373 | 60,044 |
| CONSORCIO LÍNEA PANAMA NORTE | 51.00 | 2,757 | 151,206 |
| CONSORCIO MUNA | 25.00 | 1,328 | 83,382 |
| CONSORCIO NUEVO LIMATAMBO | 51.00 | 33,627 | 40,784 |
| CONSORCIO SANEAM. HUARMEY | 48.60 | 714 | 30,453 |
| CONSORCIO VIAL DEL SUR | 50.00 | 9,259 | 95,400 |
| CONVENTO DE SAN ANDRÉS | 60.00 | 869 | 2,788 |
| COSTA CALMA | 99.50 | 4,281 | 56,976 |
| DEMANIALES SAN BLAS-CANILLEJAS EDIF.L-3 | 50.00 | - | 3,025 |
| DEMANIALES SAN BLAS-CANILLEJAS I.D. L-2 | 50.00 | - | 2,306 |
| EDAR DE SEGOVIA | 50.00 | 933 | 21,529 |
| EDAR LAGARES-VIGO | 50.00 | - | 69,417 |
| ERTZAINZA GETXO | 25.00 | 470 | 6,524 |
| ESTACIONES LINEA 9 BARCELONA | 17.00 | - | 215,443 |
| GLORIES LOTE 5 | 37.50 | 6,612 | 13,818 |
| GUÍA-PAGADOR | 87.50 | 137 | 87,251 |
| HOSPITAL DE CUENCA | 50.00 | 16,112 | 102,356 |
| HOSPITAL DE VILADECANS | 33.34 | 785 | 19,717 |
| HOSPITAL UNIV. TOLEDO | 33.33 | 623 | 205,592 |
| IFA | 55.50 | - | 19,007 |
| J.V. 2 KUWAIT | 50.00 | 1,024 | 648,800 |
| LA RINCONADA | 70.00 | 779 | 15,173 |
| LIMPIEZA DEFENSA (con INGESAN) | 30.00 | 9,157 | 50,891 |
| LINEA 9 BARCELONA | 17.00 | - | 595,665 |
| MANTEN. INFRAESTR. VIALS BCN | 33.34 | 1,701 | 6,661 |
| MARMARAY (TURKEY) | 70.00 | 24,605 | 1,145,900 |
| MEL9 | 36.00 | 14,661 | 166,374 |
| NUEVA ESTACION L5 | 55.00 | 4,962 | 13,023 |
| NUEVO HOSPITAL DE ALCAÑIZ | 50.00 | 494 | 47,502 |
| PINOS PUENTE-ATARFE | 85.00 | 15,455 | 92,088 |
| POLIDEPORTIVO HORTA | 50.00 | 106 | 6,087 |
| PUENTE RANERO | 80.00 | 1 | 1,498 |
| PUERTO CALDERETA | 60.00 | 2,753 | 86,074 |
| REURBANIZACION CAMP DEL FERRO | 70.00 | 364 | 1,105 |
| TENERIFE SUR | 80.00 | - | 4,790 |
| TUNEL ESPÍÑO VIA IZQUIERDA | 70.00 | 54 | 98,961 |
| TÚNELES NORTE SEVILLA | 40.00 | - | 203,647 |
| VARIANTE BAEZA | 62.00 | 2,330 | 33,791 |
| TOTAL | | 177,953 | 4,866,109 |

OBRASCÓN HUARTE LAIN, S.A.

APPENDIX II

Equity of Group companies

| COMPANY | Thousands of euros | | | | | | | | | | Dividends paid |
|-------------------------------------------------------------|--------------------|--------------------------|-----------|--------------------|------------------|----------------------------|-----------------------|--------|--------------|--------------------|-----------------------------------|
| | Share capital | Capital payments payable | Reserves | 2020 profit (loss) | Interim dividend | Total shareholders' equity | Valuation adjustments | Grants | Total equity | Participating loan | Total equity + participating loan |
| 9095063 Canada Inc. | - | - | - | - | - | - | - | - | - | - | - |
| Agrupación Guinovart Obras y Servicios Hispania, S.A. | 30,050 | - | 19,171 | 5,577 | - | 54,798 | - | - | 54,798 | - | 54,798 |
| Asfaltos y Construcciones Elsan, S.A. | 7,603 | - | 1,256 | 1,424 | - | 10,283 | - | - | 10,283 | 5,000 | 15,283 |
| Consorcio Aura - OHL, S.A. | 172 | (172) | - | - | - | - | - | - | - | - | - |
| Construcciones Adolfo Sobrino, S.A. | 1,520 | - | 5,826 | (6,286) | - | 1,060 | - | - | 1,060 | - | 1,060 |
| Construcciones Colombianas OHL, S.A.S. | 405 | - | (4,127) | (4,346) | - | (8,068) | - | - | (8,068) | - | (8,068) |
| Construtora e Imobiliária Huarte, Ltda. | 596 | - | (433) | (75) | - | 88 | - | - | 88 | - | 88 |
| Eisengrund Bau GmbH | 1,534 | - | (2,359) | 874 | - | 49 | - | - | 49 | - | 49 |
| Empresa Constructora Huarte San José, Ltda. | 18 | (17) | 182 | - | - | 183 | - | - | 183 | - | 183 |
| Entorno 2000, S.A. | 1,131 | - | (1,272) | - | - | (141) | - | - | (141) | - | (141) |
| Manthledo, S.A. | 69 | - | (268) | 1,403 | - | 1,204 | - | - | 1,204 | 962 | 2,166 |
| Mongas, S.A. | - | - | - | - | - | - | - | - | - | - | - |
| Obrascón Huarte Lain, Construcción Internacional, S.L. | 42,923 | - | 600,922 | 8,073 | - | 651,918 | - | - | 651,918 | - | 651,918 |
| Obrascón Huarte Lain, Desarrollos, S.A. | 83,339 | - | (63,624) | (46,907) | - | (27,192) | - | - | (27,192) | 307,532 | 280,340 |
| OHL Andina, S.A. | 2,669 | - | 30,612 | 4,861 | - | 38,142 | - | - | 38,142 | - | 38,142 |
| OHL Arabia, LLC | 109 | - | 9,661 | 6,076 | - | 15,846 | - | - | 15,846 | - | 15,846 |
| OHL Brasil, S.A. | 203 | - | (147) | - | - | 56 | - | - | 56 | - | 56 |
| OHL Concesiones Argentina, S.A. | 87 | - | (87) | - | - | - | - | - | - | - | - |
| OHL Construction Pacific PTY LTD | - | - | (8,338) | - | - | (8,338) | - | - | (8,338) | - | (8,338) |
| OHL Industrial Chile, S.A. | 53,166 | - | (41,533) | 12,825 | - | 24,458 | - | - | 24,458 | - | 24,458 |
| OHL Industrial, S.L. | 47,694 | - | (175,342) | 14,982 | - | (112,666) | - | - | (112,666) | 163,000 | 50,334 |
| OHL Infraestructuras S.A.S. | 67 | - | 9 | 231 | - | 307 | - | - | 307 | - | 307 |
| OHL Infrastructure Canada Inc. | - | - | - | - | - | - | - | - | - | - | - |
| OHL Infrastructure, Inc. | - | - | (3,413) | (418) | - | (3,831) | - | - | (3,831) | - | (3,831) |
| OHL Servicios-Ingesán, S.A.U. | 790 | - | 9,114 | 3,198 | - | 13,102 | - | - | 13,102 | - | 13,102 |
| OHL Uruguay, S.A. | - | - | 188 | (1,281) | - | (1,093) | - | - | (1,093) | - | (1,093) |
| Senda Infraestructuras, S.L. | 3,562 | - | 7,976 | (308) | - | 11,230 | - | - | 11,230 | - | 11,230 |
| S.A. Trabajos y Obras | 1,854 | - | 44,221 | (2,822) | - | 43,253 | - | - | 43,253 | - | 43,253 |
| Sociedad Concesionaria Aguas de Navarra, S.A. | 7,370 | - | 2,542 | (253) | - | 9,659 | (8,502) | - | 1,157 | - | 1,157 |
| Sociedad Concesionaria Centro de Justicia de Santiago, S.A. | 11,942 | - | 116 | 120 | - | 12,178 | - | - | 12,178 | - | 12,178 |
| Tenedora de Participaciones Tecnológicas, S.A. | 601 | - | (41,133) | (331) | - | (40,863) | - | - | (40,863) | 41,162 | 299 |
| Vacua, S.A. | 13,156 | - | (12,613) | (1) | - | 542 | - | - | 542 | - | 542 |

OBRASCÓN HUARTE LAIN, S.A.

APPENDIX III

Investments in Group companies

| COMPANY | % of ownership | | Thousands of euros | | | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------|--------------------|------------------|-----------|-----------|-----------|------------------|
| | Direct | Indirect | Total | Cost at 31/12/19 | Additions | Disposals | Transfers | Cost at 31/12/20 |
| 9095063 Canada Inc. Agrupación Guinovart Obras y Servicios Hispania, S.A. Asfaltos y Construcciones Elsan, S.A. Community Asphalt Corp. Consorcio Aura OHL, S.A. Construcciones Adolfo Sobrino, S.A. Construcciones Colombianas OHL, S.A.B. Construtora e Inmobiliaria Huarte, Ltda. Eisengrund Bau GmbH Empresa Constructora Huarte San José, Ltda. Entorno 2000, S.A. Mantohledo, S.A. Marina Urola, S.A. Mongas, S.A. Obrascón Huarte Lain, Construcción Internacional, S.L. Obrascón Huarte Lain, Desarrollos, S.A. OHL Andina, S.A. OHL Arabia, LLC OHL Brasil, S.A. OHL Concesiones Argentina, S.A. OHL Construction India Private Limited OHL Construction Pacific PTY LTD OHL Industrial Chile, S.A. OHL Industrial, S.L. OHL Infraestructuras S.A.S. OHL Infrastructure Canada Inc. OHL Infrastructure Inc. OHL Servicios-Ingesán, S.A.U. OHL Uruguay, S.A. Senda Infraestructuras, S.L.U. S.A. Trabajos y Obras Sociedad Concesionaria Aguas de Navarra, S.A. Sociedad Concesionaria Centro de Justicia de Santiago, S.A. Tenedora de Participaciones Tecnológicas, S.A. Vacua, S.A. | 100.00 | - | 100.00 | - | - | - | - | - |
| | 100.00 | - | 100.00 | 69,056 | - | - | - | 69,056 |
| | 100.00 | - | 100.00 | 25,983 | - | - | - | 25,983 |
| | - | 100.00 | 100.00 | 8,425 | - | (8,425) | - | - |
| | 65.00 | - | 65.00 | 115 | (3) | - | - | 112 |
| | 100.00 | - | 100.00 | 21,818 | - | - | - | 21,818 |
| | 30.00 | 70.00 | 100.00 | 11,605 | - | - | - | 11,605 |
| | 89.90 | 10.10 | 100.00 | 850 | - | - | - | 850 |
| | 100.00 | - | 100.00 | 4,426 | 666 | - | - | 5,092 |
| | 95.00 | 5.00 | 100.00 | 17 | - | - | - | 17 |
| | 100.00 | - | 100.00 | 853 | - | - | - | 853 |
| | 100.00 | - | 100.00 | 45,469 | - | - | - | 45,469 |
| | - | 51.00 | 51.00 | 230 | 241 | (471) | - | - |
| | 100.00 | - | 100.00 | 2,583 | - | - | - | 2,583 |
| | 100.00 | - | 100.00 | 726,404 | 620,594 | - | - | 1,346,998 |
| | 100.00 | - | 100.00 | 416,796 | - | - | - | 416,796 |
| | 99.00 | 1.00 | 100.00 | 3,246 | - | - | - | 3,246 |
| | 95.00 | 5.00 | 100.00 | 100 | - | - | - | 100 |
| | 1.00 | 99.00 | 100.00 | 4 | - | - | - | 4 |
| | 100.00 | - | 100.00 | 230 | - | - | - | 230 |
| | - | - | - | 18 | - | (18.00) | - | - |
| | 100.00 | - | 100.00 | - | - | - | - | - |
| | 0.01 | 99.99 | 100.00 | 1 | - | - | - | 1 |
| | 100.00 | - | 100.00 | 294,201 | - | - | - | 294,201 |
| | 10.00 | 90.00 | 100.00 | 7 | - | - | - | 7 |
| | 100.00 | - | 100.00 | - | - | - | - | - |
| | 100.00 | - | 100.00 | - | - | - | - | - |
| | 100.00 | - | 100.00 | 1,172 | - | - | - | 1,172 |
| | 100.00 | - | 100.00 | 130 | - | - | - | 130 |
| | 100.00 | - | 100.00 | 1,003 | 10,673 | - | - | 11,676 |
| | 100.00 | - | 100.00 | 43,348 | - | - | - | 43,348 |
| | 65.00 | - | 65.00 | 4,791 | - | - | - | 4,791 |
| | 100.00 | - | 100.00 | 9,810 | (289) | - | - | 9,521 |
| 100.00 | - | 100.00 | 526 | - | - | - | 526 | |
| 99.11 | 0.89 | 100.00 | 599 | - | - | - | 599 | |
| Total | | | | 1,693,816 | 631,882 | (8,914) | - | 2,316,784 |

OBRASCÓN HUARTE LAIN, S.A.

APPENDIX IV

Investments in associates

| COMPANY | % of ownership | | | Thousands of euros | | | | |
|-------------------------------------------------------|----------------|----------|-------|--------------------|-----------|-----------|-----------|------------------|
| | Direct | Indirect | Total | Cost at 31/12/19 | Additions | Disposals | Transfers | Cost at 31/12/20 |
| Consorcio Español Alta Velocidad Meca Medina, S.A. | 6.29 | - | 6.29 | 4 | - | - | - | 4 |
| Consorcio Ruta 1, S.A. | 10.00 | - | 10.00 | 161 | - | - | - | 161 |
| Constructora Vespucio Oriente, S.A. | 50.00 | - | 50.00 | 6 | - | - | - | 6 |
| E.M.V. Alcalá de Henares, S.A. | 34.00 | - | 34.00 | 409 | - | - | - | 409 |
| Navarra Gestión del Agua, S.A. | 30.00 | - | 30.00 | 18 | - | - | - | 18 |
| Nuevo Hospital de Burgos, S.A. | 20.75 | - | 20.71 | 11,420 | - | - | - | 11,420 |
| Nuevo Hospital de Toledo, S.A. | 33.34 | - | 33.34 | 9,695 | - | - | - | 9,695 |
| NYSEA Valores Corporación, S.A. | 0.60 | - | 33.34 | - | - | - | - | - |
| Sociedad Mixta de Gestión y Promoción del Suelo, S.A. | 1.20 | - | 1.20 | 9 | - | - | - | 9 |
| Total | | | | 21,722 | - | - | - | 21,722 |

OBRASCÓN HUARTE LAIN, S.A.

APPENDIX V

Identification of the companies included in investments in Group companies

| COMPANY | REGISTERED OFFICE | MAIN LINE OF BUSINESS |
|-------------------------------------------------------------|-----------------------------------------------------------------------------------------|-------------------------------------------------------------|
| Construction | | |
| Agrupación Guinovart Obras y Servicios Hispania, S.A. | Torre Espacio, Pº de la Castellana nº 259 D (28046 Madrid) | Construction |
| Asfaltos y Construcciones Elsan, S.A. | Torre Espacio, Pº de la Castellana nº 259 D (28046 Madrid) | Infrastructure and urban services |
| Consorcio Aura OHL, S.A. | C/ Cerro El Plomo, nº 5855 Piso 15, Las Condes, Santiago de Chile, Chile | Construction |
| Construcciones Adolfo Sobrino, S.A. | C/ Gran Vía de Don Diego López De Haro, 33 - 4º 48009 Bilbao | Construction |
| Construcciones Colombianas OHL, S.A.S. | Cra. 17 no. 93-09 Piso 8 Edificio Ecotower, Colombia | 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 |
| Manohledo, S.A. | Torre Espacio, Pº de la Castellana nº 259 D (28046 Madrid) | Construction and operation |
| Obrascón Huarte Lain, Construcción Internacional, S.L. | Torre Espacio, Pº de la Castellana nº 259 D (28046 Madrid) | Construction |
| OHL Andina, S.A. | C/ Cerro El Plomo, nº 5855 Piso 15, Las Condes, Santiago de Chile, Chile | Construction and maintenance |
| OHL Arabia, LLC | Jameel Squire – Tahla, PO Box 8909 – Jeddah 23326, Saudi Arabia. | Construction |
| 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 | Construction |
| OHL Infraestructuras S.A.S. | Cra 17 No. 93 -09 Piso 8 Bogotá, Colombia | Construction |
| OHL Uruguay, S.A. | Edificio Argela, calle Río Negro, 1354, piso 3, escritorio 16 Montevideo 11105, Uruguay | Construction |
| S.A. Trabajos y Obras | Torre Espacio, 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. | Rosario Norte 407 piso 12, Chile | Engineering works |
| OHL Industrial, S.L. | Torre Espacio, Pº de la Castellana nº 259 D (28046 Madrid) | Industrial engineering and maintenance at industrial plants |
| Services | | |
| OHL Servicios - Ingesán, S.A.U. | Torre Espacio, Pº de la Castellana nº 259 D (28046 Madrid) | Building maintenance and upkeep |
| Other | | |
| 9095063 Canada Inc. | Place Ville Marie, 37th Floor, Montreal, H3B 3P4 | Financial studies |
| Eisengrund Bau GmbH | LG Berliner Stadtbank, A.G. Berlin - Germany | Other |
| Entorno 2000, S.A. | Torre Espacio, Pº de la Castellana nº 259 D (28046 Madrid) | Other |
| Mongas, S.A. | Rb de Catalunya, 20 (Barcelona) | Other |
| Obrascón Huarte Lain, Desarrollos, S.A. | Torre Espacio, Pº de la Castellana nº 259 D (28046 Madrid) | Real estate project development services |
| OHL Concesiones Argentina, S.A. | C/ Campana 2684 5º B - C1417Acl - Ciudad Autónoma de Buenos Aires | Operation of concessions |
| OHL Infrastructure Canada Inc. | 100 King Street West, Suite 1600, Toronto M5X 1G5 | Financial studies |
| OHL Infraestructuras Inc | 555 Theodore Fremd Ave, Suite B201 RYE, New York 10580 | Financial studies |
| Senda Infraestructuras, S.L.U. | Torre Espacio, Pº de la Castellana nº 259 D (28046 Madrid) | Infrastructure development |
| Sociedad Concesionaria Aguas de Navarra, S.A. | Camino de Labiano, nº 45, 1º dcha. Mutilva Alta (31192 Navarra) | Infrastructure development |
| 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. | Torre Espacio, Pº de la Castellana nº 259 D (28046 Madrid) | New technologies |



OBRASCÓN HUARTE LAIN, S.A.

2020 Directors' Report



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OBRASCÓN HUARTE LAIN, S.A.

2020 DIRECTORS' REPORT

1.- ECONOMIC OVERVIEW

2020 was a year marked by the global covid-19 pandemic. A year in which public-private cooperation across all sectors of our economy, particularly in so-called “essential” industries, was more necessary than ever before, in ensuring smooth functioning and meeting the basic needs of the population all over Spain.

The health crisis has had a serious effect on all aspects of our lives. Some examples of the changes that we have had to make to our routines are the use of masks and hand sanitisers, lockdowns and mobility restrictions.

On a political level, there was widespread tension in all the regions in which OHL operates, such as the UK's exit from the eurozone, a trade dispute between the US and China, and changes in government (i.e., in the US).

On the economic front, the pandemic led all the indicators to be revised, not just for 2020 but also for subsequent years, resulting in a reduction in the growth forecasts. Global GDP had contracted by 3.5% at the end of 2020 (Bloomberg). In view of this exceptional situation, the central banks continued their policy of maintaining minimum interest rates, and extending fiscal policies to boost liquidity in the markets and in the economy in an effort to achieve a swift recovery.


According to the latest revision of the International Monetary Fund's estimates (“World Economic Outlook”, WEO, January 2021), the global economy is expected to grow by 5.5% in 2021, based on mass vaccination, which will give rise to less restrictive measures against the pandemic, and on policies aimed at boosting economic activity. This estimate is higher than the 4.0% growth projected by the World Bank.

In Spain, GDP experienced a historical decline of 11.0% (Spanish National Statistics Institute, INE), breaking six consecutive years of growth.

2.- OUTLOOK

The central banks' expansionary policies, the fiscal stimulus measures and initiatives to support companies in the various regions in which OHL operates, as well as the boost given to investment by public-sector agencies (i.e., the injection of Next Generation EU funds for European recovery), will act as the cornerstones of macroeconomic growth in the coming years. In this connection, the World Bank expects the global economy to expand by 4.0% in 2021.

The alliance driven by public and private partners to guarantee equitable access to the vaccines that are developed against the covid-19 coronavirus (Global Access to Vaccines Fund (COVAX)) will play an important role in achieving mass vaccination throughout the year. This will enable the disparity in growth between developed and emerging economies to be minimised.



The 2021 projections by international agencies and banks compiled by Bloomberg consider, on average, that Spain will experience 5.9% growth, thereby partly making up for the fall in 2020. Similarly, the growth forecast in other significant regions for the OHL Group is as follows: 4.9% in the US; 4.2% in Europe; and 4.5% in Latin America.

3.- OUTLOOK FOR THE NEAR FUTURE

The OHL Group is continuing to achieve the objectives established in its business plan that commenced in 2018. Since then, operating profitability has been restored in all business units, overheads have been reduced by 46%, cash consumption arising from business activities has fallen by 67% and the necessary steps have been taken to achieve a trend reversal in the near future.

In 2020 the OHL Group was ranked among the top 50 construction companies in the world by ENR. Also, in a year marked by the appearance and adverse effects of the covid-19 pandemic, the Group's milestones included the achievement of EBITDA of EUR 67.5 million, the redemption of the bond issued in 2012, the opening of the Four Seasons Hotel (part of the Centro Canalejas Madrid project) and the sale and delivery of all of the Four Seasons Private Residences.

2020 was also the year in which the Amodio brothers, Luis and Mauricio, became shareholders of the Company, acquiring 16% of the share capital and thus becoming the reference shareholders.

2021 (the year of the OHL Group's 110th anniversary) commenced with the announcement of the agreement backed by more than 90% of the bondholders, majority shareholders and main banks with which the Group operates to improve the OHL Group's long-term balance sheet and financial structure. Once reached, this milestone will represent the culmination of the internal transformation and renovation process that began in 2018.

Growth is underpinned by good governance, transparency and sustainability. Sustainability is considered from an economic, social and environmental standpoint, and efforts are made to implement it in all the communities in which the Group operates, thus contributing to increasing their wellbeing, making them more dynamic and achieving progress.

The OHL Group is actively involved in initiatives aimed at combating climate change, and methodologies that promote energy efficiency, the circular economy and commitment to innovation have been implemented. To date, it has been involved in nearly 40 certified sustainable construction projects, reducing the energy intensity of its emissions and offsetting more than 10,000 tonnes of CO₂ through investment in certified reforestation projects in the last four years.

Over the coming years, OHL will base its growth on the same strategic pillars that have demonstrated its resilience, having announced clear operational targets to the market. To this end, in 2020 the Transaction to strengthen the balance sheet and financial structure in the long term will be implemented, and efforts will be made to standardise and increase guarantee and bonding lines, not to mention the numerous liquidity levers that the Company will activate as it deems necessary.

4.- COMPANY PERFORMANCE

Revenue totalled EUR 601,905 thousand in 2020, of which 82.7% related to direct construction work and the remaining 17.3% to work executed by unincorporated temporary joint ventures (UTES).

The breakdown by type of activity is as follows:

| Business activity | Thousands of euros | | | | |
|-----------------------|--------------------|--------------|----------------|--------------|---------------|
| | 2020 | % | 2019 | % | % change |
| Construction in Spain | 237,193 | 39.4 | 356,570 | 40.7 | (33.5) |
| Construction abroad | 364,712 | 60.6 | 519,212 | 59.3 | (29.8) |
| Total sales | 601,905 | 100.0 | 875,782 | 100.0 | (31.3) |

In 2020, 47.3% of **revenue** stemmed from the public sector and the remaining 52.7% from the private sector.

The loss from operations amounted to EUR (55,555) thousand.

The loss after tax amounted to EUR (205,203) thousand.

At year-end **share capital** amounted to EUR 171,929 thousand, represented by 286,548,289 fully subscribed and paid bearer shares of EUR 0.60 par value each.

Equity totalled EUR 688,466 thousand at year-end.

The short-term **backlog** at 31 December 2020 amounted to EUR 1,272,167 thousand, representing 25.3 months of activity, with a significant international component, comprising 49.3% of the total.

The distribution, by type of activity, is as follows:

| Business activity | Thousands of euros | | | | |
|-----------------------|--------------------|--------------|------------------|--------------|---------------|
| | 2020 | % | 2019 | % | % change |
| Construction in Spain | 644,780 | 50.7 | 653,931 | 42.1 | (1.4) |
| Construction abroad | 627,387 | 49.3 | 897,997 | 57.9 | (30.1) |
| Total backlog | 1,272,167 | 100.0 | 1,551,928 | 100.0 | (18.0) |

43.8% of this backlog relates to direct construction work and the remaining 56.2% to work to be executed by UTEs.

The average headcount in 2020 was 4,247, 46.3% of whom were permanent employees and the remaining 53.7% were temporary employees.

The information relating to the average payment period and the ratios of transactions settled and transactions not yet settled at 31 December 2020 and 2019 is as follows:

| | Days | |
|----------------------------------------|------|------|
| | 2020 | 2019 |
| Average period of payment to suppliers | 81 | 73 |
| Ratio of transactions settled | 82 | 74 |
| Ratio of transactions not yet settled | 73 | 64 |

The Company is implementing measures for the purpose of achieving the statutory ratio of transactions not yet settled, since its ratio exceeds the number of days established by law.

In addition to the foregoing relating to the Company's performance, as head of the OHL Group, the Company prepares information required by Royal Decree-Law 18/2017, of 24 November, relating to non-financial and diversity information in the consolidated directors' report published together with the OHL Group's consolidated financial statements, which are authorised for issue by the Board of Directors on the same date and submitted for approval by the shareholders at the Annual General Meeting.

5.- TREASURY SHARES

At 2020 year-end the Company held 600,867 treasury shares with a total value of EUR 406 thousand.

The changes in treasury shares in 2020 and 2019 were as follows:

| | No. of shares | Thousands of euros |
|------------------------------------|----------------|--------------------|
| Balance at 31 December 2018 | 511,811 | 370 |
| Purchases | 33,379,697 | 34,321 |
| Sales | (33,376,471) | (34,156) |
| 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 |

6.- DEVELOPMENT

In 2020 the Company did not invest in development projects and incurred expenditure of EUR 882 thousand. Also, EUR 18,457 thousand relating to 34 research and development projects were capitalised to "Intangible Assets - Development Expenditure" in the balance sheet as at 31 December 2020, whose carrying amount net of amortisation was EUR 1,836 thousand.

7.- MAIN RISKS AND UNCERTAINTIES

OHL has a risk control and management policy, approved by the Board of Directors, which is aimed at implementing a reliable risk management system to be used as a management tool at all decision-making levels.

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

- ii) Financial risk
- iii) Market and environment risk
- iv) Procurement risk
- v) Construction work/project performance risk

Note 8.4 to these separate financial statements provides a detailed explanation of these risks, as well as information relating to the effects of covid-19.

8.- EVENTS AFTER THE REPORTING PERIOD

The significant events that occurred after 31 December 2020 are detailed in Note 24 to these financial statements.

| |
|----------------------|
| ISSUER'S PARTICULARS |
|----------------------|

END DATE OF REFERENCE FINANCIAL YEAR: 31/12/20

Employer Identification Number: 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 Fill in the following table on the company's share capital:

| Date of last change | Share capital (EUR) | Number of shares | Number of voting rights |
|---------------------|---------------------|------------------|-------------------------|
| 09/01/18 | 171,928,973.40 | 286,548,289 | 286,548,289 |

Indicate whether there are different classes of shares carrying different rights:

Yes ☐ No ☒

A.2 List the direct and indirect holders of significant ownership interests at year-end, excluding directors:

| Shareholder's name or company name | % of voting rights attributed to shareholders | | % of voting rights through financial instruments | | % of total voting rights |
|------------------------------------------|-----------------------------------------------|----------|--------------------------------------------------|----------|--------------------------|
| | Direct | Indirect | Direct | Indirect | |
| SIMON DAVIES | 0.00 | 0.00 | 4.99 | 0.00 | 4.99 |
| SAND GROVE OPPORTUNITIES MASTER FUND LTD | 0.00 | 0.00 | 3.95 | 0.00 | 3.95 |
| INMOBILIARIA ESPACIO, S.A. | 0.00 | 14.64 | 0.00 | 0.00 | 14.64 |
| LUIS FERNANDO MARTIN AMODIO HERRERA | 0.00 | 8.00 | 0.00 | 0.00 | 8.00 |
| JULIO MAURICIO MARTIN AMODIO HERRERA | 0.00 | 8.00 | 0.00 | 0.00 | 8.00 |

According to the communication sent from Simon Davies to the CNMV on 29/05/20, the former's ownership interest is held through Sand Grove Opportunities Master Fund Ltd, Sand Grove Tactical Fund LP and Investment Opportunities SPC "for the account of Investment Opportunities 2 Segregated Portfolio".

Detail of indirect ownership interests:

| Name or company name of indirect shareholder | Name or company name of direct shareholder | % of voting rights attributed to shares | % of voting rights through financial instruments | % of total voting rights |
|----------------------------------------------|--------------------------------------------|-----------------------------------------|--------------------------------------------------|--------------------------|
| INMOBILIARIA ESPACIO, S.A. | GRUPO VILLAR MIR, S.A.U. | 14.64 | 0.00 | 14.64 |
| LUIS FERNANDO MARTIN AMODIO HERRERA | FORJAR CAPITAL, S.L.U. | 8.00 | 0.00 | 8.00 |
| JULIO MAURICIO MARTIN AMODIO HERRERA | SOLID ROCK CAPITAL, S.L.U. | 8.00 | 0.00 | 8.00 |

Detail the most significant changes in shareholder structure during the year:

| Most significant changes |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Based on the information published on the Spanish National Securities Market Commission (CNMV) website:</p> <p>INMOBILIARIA ESPACIO, S.A.:</p> <p>25/05/20: Ownership interest dropped below 15% of share capital.</p> <p>CONCERTED ACTION: Luis Fernando Martin Amodio Herrera and Julio Mauricio Martin Amodio Herrera. 25/05/20: Ownership interest reached the 25% share capital threshold through an irrevocable purchase option.</p> <p>22/11/20: Ownership interest dropped below 25% (to 16% of share capital) as the option to purchase 9% of the issuer's voting rights had not been exercised upon conclusion of the period for exercising the purchase option.</p> <p>SANGROVE OPPORTUNITIES MASTER FUND:</p> <p>27/02/20: Ownership interest exceeded 5%.</p> <p>21/05/20: Ownership interest dropped below 5%.</p> <p>SIMON DAVIES:</p> <p>04/02/20: Ownership interest exceeded 5%.</p> <p>25/05/20: Ownership interest dropped below 5%.</p> |

A.3 Fill in the following tables on the members of the company's Board of Directors who hold voting rights attached to shares in the company:

| Name or company name of director | % of voting rights attributed to shares | | % of voting rights through financial instruments | | % of total voting rights | % of voting rights that can be transferred 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 |

| | |
|---------------------------------------------------------|------|
| % of total voting rights held by the Board of Directors | 0.00 |
|---------------------------------------------------------|------|

Detail of indirect ownership interests:

| Name or company name of director | Name or company name of direct shareholder | % of voting rights attributed to shares | % of voting rights through financial instruments | % of total voting rights | % of voting rights that can be transferred through financial instruments |
|----------------------------------|--------------------------------------------|-----------------------------------------|--------------------------------------------------|--------------------------|--------------------------------------------------------------------------|
| No data | | | | | |

José Antonio Fernández Gallar owns 3,860 shares representing 0.001% of the share capital.

A.4 Indicate, as appropriate, any relationships of a family, commercial, contractual or corporate nature existing between the holders of significant ownership interests, insofar as they are known to the company, unless they have scant relevance or arise from the ordinary course of business, except for those included in section A.6:

| Name or company name of related parties | Type of relationship | Brief description |
|-------------------------------------------------------------|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FORJAR CAPITAL, S.L.U., LUIS FERNANDO MARTIN AMODIO HERRERA | Family member | The shareholders Forjar Capital, S.L.U. and Solid Rock Capital, S.L.U. are owned by the Amodio family, as indicated in the Inside Information reported on 21 May 2020. Luis Fernando Martín 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. |

| | | |
|------------------------------------------------------------------|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SOLID ROCK CAPITAL, S.L.U., JULIO MAURICIO MARTIN AMODIO HERRERA | Family member | The shareholders Forjar Capital, S.L.U. and Solid Rock Capital, S.L.U. are owned by the Amodio family, as indicated in the Inside Information reported on 21 May 2020. Julio Mauricio Martín Amodio Herrera has a 97% ownership interest in 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. |
|------------------------------------------------------------------|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

A.5 Indicate, as appropriate, any relationships of a commercial, contractual or corporate nature existing between the holders of significant ownership interests and the company and/or its group, unless they have scant relevance or arise from the ordinary course of business:

| Name or company name of related parties | Type of relationship | Brief description |
|-----------------------------------------|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| INMOBILIARIA ESPACIO, S.A. | Contractual | All the relationships between Inmobiliaria Espacio, S.A. and subsidiaries and the Company and its Group in 2020 were contractual in nature, performed on an arm's length basis and reported in Section D of this report. In 2020 the Company reached an agreement with Grupo Villar Mir, S.A.U. ("GMV") regarding the terms of repayment of the debt owed by Pacadar, S.A.U. and GVM (wholly-owned investees of Inmobiliaria Espacio, S.A.) to the Company, executing a dation in payment and debt acknowledgement agreement subject to certain conditions precedent which were met in February 2021. The basic terms of the agreement are described in section H.1 of this report. |

A.6 Describe the relationships, unless they have scant relevance for both parties, existing between the significant shareholders or shareholders represented on the Board and the directors, or their representatives in the case of directors who are legal persons.

Explain, as appropriate, how significant shareholders are represented. Specifically, indicate any directors who have been appointed on behalf of significant shareholders, those whose appointment was supported by significant shareholders, or who are related to significant shareholders and/or entities in their group, specifying the nature of such relationships. In particular, mention, as appropriate, the existence, identity and position of the Board members, or representatives of Board members, of the listed company, who are, in turn, members of the management body, or their representatives, in 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 significant shareholder's group company | Description of relationship/position |
|-------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------------|------------------------------------------------------------|
| SILVIA VILLAR-MIR DE FUENTES | INMOBILIARIA ESPACIO, S.A. | INMOBILIARIA ESPACIO, S.A. | Natural person representing the director |
| SILVIA VILLAR-MIR DE FUENTES | INMOBILIARIA ESPACIO, S.A. | GRUPO VILLAR MIR, S.A.U. | Natural person representing the director |
| SILVIA VILLAR-MIR DE FUENTES | INMOBILIARIA ESPACIO, S.A. | FONDO CULTURAL VILLAR MIR, S.L. | Chairperson |
| SILVIA VILLAR-MIR DE FUENTES | INMOBILIARIA ESPACIO, S.A. | PROMOCIONES Y PROPIEDADES INMOBILIARIAS ESPACIO, S.L.U. | Director |
| JUAN VILLAR-MIR DE FUENTES | INMOBILIARIA ESPACIO, S.A. | FERTIBERIA, S.A. | Deputy chairperson and CEO |
| JUAN VILLAR-MIR DE FUENTES | INMOBILIARIA ESPACIO, S.A. | INMOBILIARIA ESPACIO, S.A. | Natural person representing the deputy chairperson and CEO |
| JUAN VILLAR-MIR DE FUENTES | INMOBILIARIA ESPACIO, S.A. | ESPACIO CONIL, S.A.U. | Representative of the sole director |
| JUAN VILLAR-MIR DE FUENTES | INMOBILIARIA ESPACIO, S.A. | ESPACIO INFORMATION TECHNOLOGY, S.A. | Director acting severally |
| JUAN VILLAR-MIR DE FUENTES | INMOBILIARIA ESPACIO, S.A. | GRUPO VILLAR MIR, S.A.U. | Natural person representing the deputy chairperson and CEO |
| JUAN VILLAR-MIR DE FUENTES | INMOBILIARIA ESPACIO, S.A. | ESPACIO ACTIVOS FINANCIEROS, S.L.U. | General attorney-in-fact |
| JUAN VILLAR-MIR DE FUENTES | INMOBILIARIA ESPACIO, S.A. | GESTION INTEGRAL DE SERVICIOS INMOBILIARIOS, S.L.U. | Representative of the sole director |

| Name or company name of related director or representative | Name or company name of related significant shareholder | Company name of the significant shareholder's group company | Description of relationship/position |
|------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------------|--------------------------------------|
| JUAN VILLAR-MIR DE FUENTES | INMOBILIARIA ESPACIO, S.A. | ARINVER, S.L.U. | Representative of the sole director |
| JUAN VILLAR-MIR DE FUENTES | INMOBILIARIA ESPACIO, S.A. | PROMOCIONES Y PROPIEDADES INMOBILIARIAS ESPACIO, S.L.U. | Chairperson and CEO |
| JUAN VILLAR-MIR DE FUENTES | INMOBILIARIA ESPACIO, S.A. | CARTERA VIMIRA 20, S.L.U. | Sole director |

Juan Villar-Mir de Fuentes was the deputy chairperson and CEO of FERTIBERIA, S.A. until 12 February 2020.

A.7 Indicate any shareholders agreements that have been disclosed to the company pursuant to Articles 530 and 531 of the Spanish Limited Liability Companies Law. Provide a brief description of the shareholders agreements and list the shareholders bound by them, as appropriate:

Yes ☐ No ☒

Indicate whether the company is aware of any concerted action by its shareholders: Give a brief description, where applicable:

Yes ☒ No ☐

| Parties involved in concerted action | % of share capital affected | Brief description of the concerted action | Expiry date of the concerted action, where applicable |
|---------------------------------------------------------------------------|-----------------------------|---------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| LUIS FERNANDO MARTIN AMODIO HERRERA, JULIO MAURICIO MARTIN AMODIO HERRERA | 16.00 | The Company is aware of the existence of the concerted action but not of the terms thereof. | The Company is unaware of the time limit for the concerted action. |

Expressly indicate any amendment to or termination of such agreements or concerted action during the year:

N/A

A.8 Indicate whether there is any individual or legal entity that exercises, or can exercise, control over the company in accordance with Article 5 of the Spanish Securities Market Law. Identify, where appropriate:

Yes ☐ No ☒

A.9 Fill in the following tables on the company's treasury shares:

At year-end:

| Number of direct shares | Number of indirect shares (*) | Total % of share capital |
|-------------------------|-------------------------------|--------------------------|
| 600,867 | | 0.21 |

(*) Through:

| Name or company name of direct shareholder | Number of direct shares |
|--------------------------------------------|-------------------------|
| No data | |

Explain any significant changes during the year:

Explain any significant changes

Date of publication / No. of shares/ % of treasury shares

10/01/20 / 477,116 / 0.167
04/02/20 / 541,416 / 0.189
28/02/20 / 543,362 / 0.190
09/04/20 / 571,286 / 0.199
02/06/20 / 584,286 / 0.204
09/07/20 / 606,036 / 0.211
29/09/20 / 599,173 / 0.209
30/11/20 / 581,023 / 0.203

A.10 Specify the conditions and period of the current authorisation granted by the shareholders' meeting to the Board of Directors to issue, repurchase or transfer treasury shares.

The Annual General Meeting held on 21 June 2016 resolved to authorise the Company's Board of Directors so that, pursuant to Article 146 of the Spanish Limited Liability Companies Law, it could acquire 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 for a period of five years and the shares may be acquired at a maximum price of EUR 60 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 27 May 2015.

Pursuant to Article 146.1(a) of the Spanish Limited Liability Companies Law, acquired shares 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 2029 delegating to the Board of Directors the power to issue shares under the provisions of Article 297.1(b) of the Spanish Limited Liability Companies Law, and the power to agree, on one or more occasions, the increase of capital of the Company with pre-emption 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 beforehand, on one or more occasions and at any time, within a maximum period of five years from the date of the Meeting that approved the delegation, for the maximum provided by law, i.e., EUR 85,964,486.7, equal to half of the share capital at that time, through the issuance of new shares -with or without premiums- consisting of the equivalent value of the new shares to be issued in monetary contributions.

The Board of Directors may establish the terms and conditions of the capital increase, freely offer the unsubscribed new shares in 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 request the admission to trading of the new shares issued under this delegated power on either Spanish or foreign official organised secondary markets, and it may 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 free float:

| | % |
|-----------------------------|-------|
| Estimated free float | 60.42 |

A.12 Indicate any restriction (in the bylaws or legislation or of any other nature) on the transfer of securities or voting rights. In particular, indicate the existence of any type of restriction that could hamper acquisition of control of the company through the purchase of its shares in the market, and those prior authorisation or communication regimes which are applicable to the company under industry legislation in relation to the acquisition or transfer of its financial instruments.

Yes ☐ No ☒

A.13 Indicate whether the General Meeting has resolved to take measures to neutralise a takeover bid under Law 6/2007.

Yes ☐ No ☒

Where applicable, explain the measures adopted and the terms under which the restrictions shall be rendered ineffective:

A.14 Indicate whether the company has issued securities not traded in a regulated market of the European Union.

Yes ☐ No ☒

Where applicable, identify the various classes of shares and, for each class of shares, the rights and obligations they carry.

B. GENERAL MEETING

B.1 Indicate and give details, where appropriate, if the quorums for convening the General Meeting differ from the system of minimum quorums established in the Spanish Limited Liability Companies Law.

Yes ☐ No ☒

B.2 Indicate and give details, where appropriate, of any differences between the company's system for adopting corporate resolutions and the system established in the Spanish Limited Liability Companies Law (LSC).

Yes ☐ No ☒

B.3 Indicate the applicable rules on amendments to the company's bylaws. In particular, indicate the majorities required to amend the bylaws and, where applicable, the rules provided for safeguarding shareholders' rights when amending the bylaws.

Pursuant to Article 17 of the Bylaws, in order to make any amendments to the bylaws, at first call the shareholders attending the General Meeting in person or by proxy must reach at least fifty per cent of the subscribed share capital with voting rights. At second call, the attendance of the holders of twenty-five percent of the Company's share capital with voting rights shall be sufficient.

If shareholders holding at least twenty-five percent of the subscribed voting shares are present in person or by proxy on second call, but do not reach fifty percent of the share capital, the agreement 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 Indicate the data on attendance at the General Meetings held in the year to which this report refers and in the preceding year.

| Date of General Meeting | Attendance data | | | | |
|-------------------------|------------------------|-----------------------|-------------------|-------|-------|
| | % attendance in person | % attendance by proxy | % remote voting | | Total |
| | | | Electronic voting | Other | |
| 09/05/17 | 38.20 | 12.99 | 0.00 | 0.00 | 51.19 |
| Of which are free float | 0.00 | 9.11 | 0.00 | 0.00 | 9.11 |
| 09/01/18 | 43.36 | 16.29 | 0.00 | 0.00 | 59.65 |
| Of which are free float | 0.00 | 7.32 | 0.00 | 0.00 | 7.32 |
| 26/06/18 | 30.84 | 20.93 | 0.02 | 0.00 | 51.79 |
| Of which are free float | 0.00 | 3.10 | 0.00 | 0.00 | 3.10 |
| 28/05/19 | 30.86 | 9.97 | 0.01 | 0.00 | 40.84 |
| Of which are free float | 0.00 | 1.21 | 0.00 | 0.00 | 1.21 |

| | Attendance data | | | | |
|-------------------------|------------------------|-----------------------|-------------------|-------|-------|
| Date of General Meeting | % attendance in person | % attendance by proxy | % remote voting | | Total |
| | | | Electronic voting | Other | |
| 15/06/20 | 14.64 | 17.89 | 0.01 | 0.05 | 32.59 |
| Of which are free float | 0.00 | 1.89 | 0.01 | 0.05 | 1.95 |

B.5 Indicate whether, at the General Meetings held in the year, there was any point of the agenda that was not approved by the shareholders for any reason:

Yes ☒ No ☐

At the Annual General Meeting held on 15 June 2020, the shareholders did not approve resolution Eight, "Reduce the size of the Board of Directors to nine members, pursuant to Article 21 of the bylaws".

This resolution was rejected by the vote against of 88,036,126 shares, the abstention of 14,533 shares and the vote in favour of the remaining 5,327,724 shares.

Reason for non-approval of this resolution: see section H.1.

B.6 Indicate whether the bylaws contain any restrictions with respect to a minimum number of shares required to attend General Meetings or to vote remotely:

Yes ☐ No ☒

B.7 Indicate whether certain decisions, other than those established by law, involving acquisitions, disposals or contributions of key operating assets to other companies, or other similar corporate transactions, must be submitted to the Annual General Meeting for approval:

Yes ☐ No ☒

B.8 Indicate the URL and the means of accessing corporate governance content and other information on General Meetings that must be made available to the shareholders on the company's website:

Website: www.ohl.es

Information on corporate governance: path: OHL/Accionistas e Inversores/Gobierno Corporativo

Other information on General Meetings: path: OHL/Accionistas e Inversores/Gobierno Corporativo/Junta General de Accionistas

C. MANAGEMENT STRUCTURE OF THE COMPANY

C.1 Board of Directors

C.1.1. Maximum and minimum number of directors provided for in the bylaws and the number set by the Annual General Meeting.

| | |
|------------------------------------------------|----|
| Maximum number of directors | 13 |
| Minimum number of directors | 7 |
| Number of directors set by the General Meeting | 10 |

C.1.2 Fill in the following table with the directors' particulars:

| Name or company name of director | Representative | Category of director | Position on the Board | Date of first appointment | Date of last appointment | Appointment procedure |
|-------------------------------------|----------------|----------------------|----------------------------|---------------------------|--------------------------|-------------------------------|
| LUIS FERNANDO MARTÍN AMODIO HERRERA | | Proprietary | CHAIRPERSON | 04/06/20 | 04/06/20 | CO-OPTION |
| JUAN VILLAR-MIR DE FUENTES | | Proprietary | FIRST DEPUTY CHAIRPERSON | 25/06/96 | 28/05/19 | RESOLUTION OF GENERAL MEETING |
| JOSÉ ANTONIO FERNÁNDEZ GALLAR | | Executive | DEPUTY CHAIRPERSON AND CEO | 28/06/18 | 28/05/19 | RESOLUTION OF GENERAL MEETING |
| REYES CALDERON CUADRADO | | Independent | DIRECTOR | 27/05/15 | 28/05/19 | RESOLUTION OF GENERAL MEETING |
| CESAR CAÑEDO-ARGÜELLES TORREJON | | Independent | DIRECTOR | 09/07/18 | 28/05/19 | RESOLUTION OF GENERAL MEETING |
| CARMEN DE ANDRÉS CONDE | | Independent | DIRECTOR | 09/07/18 | 28/05/19 | RESOLUTION OF GENERAL MEETING |

| Name or company name of director | Representative | Category of director | Position on the Board | Date of first appointment | Date of last appointment | Appointment procedure |
|--------------------------------------|----------------|------------------------------|-----------------------------------|---------------------------|--------------------------|-------------------------------|
| JULIO MAURICIO MARTÍN AMODIO HERRERA | | Proprietary | DIRECTOR | 04/06/20 | 04/06/20 | CO-OPTATION |
| JUAN JOSÉ NIETO BUESO | | Independent | INDEPENDENT COORDINATING DIRECTOR | 14/11/16 | 09/05/17 | RESOLUTION OF GENERAL MEETING |
| JUAN ANTONIO SANTAMERA SÁNCHEZ | | Other non-executive director | DIRECTOR | 23/06/16 | 09/05/17 | RESOLUTION OF GENERAL MEETING |
| SILVIA VILLAR-MIR DE FUENTES | | Proprietary | DIRECTOR | 15/01/08 | 15/06/20 | RESOLUTION OF GENERAL MEETING |
| Total number of directors | | | | | | 10 |

Indicate any vacation of office, whether by resignation, removal or on any other grounds, by Board members during the year:

| Name or company name of director | Category of director on date of vacation of office | Date of last appointment | Date of vacation of office | Specialist Committees of which he/she was a member | Indicate whether the vacation of office took place before the end of his/her term of office |
|----------------------------------|----------------------------------------------------|--------------------------|----------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------|
| JAVIER GOÑI DEL CACHO | Proprietary | 09/01/18 | 05/05/20 | None | YES |
| MANUEL GARRIDO Y RUANO | Proprietary | 09/05/17 | 04/06/20 | Audit and Compliance Committee | YES |

Reason for the vacation of office when it occurs prior to the end of the term of office, and other observations; information on whether the director sent a letter to the other Board members and, in the case of vacations of office of non-executive directors, an explanation by, or the opinion of, directors removed by the General Meeting.

Manuel Garrido y Ruano, proprietary director representing the interests of Grupo Villar Mir, S.A.U. and member of the Audit and Compliance Committee, tendered his resignation on 4 June 2020, following the sale by GRUPO VILLAR MIR, S.A.U. (the shareholder whose interests he represented) of 16% of its share capital to Forjar Capital, S.L.U. and Solid Rock Capital, S.L.U.

Javier Goñi del Cacho, proprietary director representing the interests of Grupo Villar Mir, S.A.U., resigned with effect from 5 May 2020, on having ceased to provide his services at Grupo Villar Mir. In view of this situation, Grupo Villar Mir, S.A.U. did not propose the appointment of a new proprietary director, and

its representation on the Company's Board of Directors was adjusted to the percentage of ownership that it held in the share capital at that date.

C.1.3 Complete the following tables on the members of the Board and their status:

EXECUTIVE DIRECTORS

| Name or company name of director | Position per company organisational chart | Profile |
|----------------------------------|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| JOSÉ ANTONIO FERNÁNDEZ GALLAR | Second Deputy Chairperson and 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"). Chairperson of Centro Canalejas, Madrid |

| | |
|------------------------------------------|-------|
| Total number of executive directors | 1 |
| % of total members of Board of Directors | 10.00 |

PROPRIETARY NON-EXECUTIVE DIRECTORS

| Name or company name of director | Name or company name of significant shareholder represented or proposing appointment | Profile |
|--------------------------------------|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SILVIA VILLAR-MIR DE FUENTES | GRUPO VILLAR MIR, S.A.U. | Graduate in Economics and Business Studies from American College London (Summa cum laude). She is currently a director of Grupo Villar Mir, S.A.U. and Obrascón Huarte Lain, S.A. |
| 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 the deputy chairperson of Inmobiliaria Espacio, S.A. and Grupo Villar Mir, S.A.U., and the first deputy chairperson of Obrascón Huarte Lain, S.A. |
| LUIS FERNANDO MARTÍN AMODIO HERRERA | FORJAR CAPITAL, S.L.U. | Graduate in Civil Engineering from Universidad La Salle (Mexico). Founding partner and co-chairperson of the Caabsa Group, a business consortium established in 1979, comprising 30 companies belonging to the construction, real estate, concession and service industries. |
| JULIO MAURICIO MARTÍN AMODIO HERRERA | SOLID ROCK CAPITAL, S.L.U. | Graduate in Civil Engineering from Universidad La Salle (Mexico). Founding partner and co-chairperson of the Caabsa Group, a business consortium established in 1979, comprising 30 companies belonging to the construction, real estate, concession and service industries. |

| | |
|------------------------------------------|-------|
| Total number of proprietary directors | 4 |
| % of total members of Board of Directors | 40.00 |

INDEPENDENT NON-EXECUTIVE DIRECTORS

| Name or company name of director | Profile |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CARMEN DE ANDRÉS CONDE | Graduate in Civil Engineering; the first woman in Spain to obtain this degree. She has experience in the public sector, (MOPU, Spanish Ministry of Industry, 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 Tyspa). Carmen is currently the founder and CEO of Creatividad y Tecnología, a company engaged in technology consulting. |
| REYES CALDERÓN CUADRADO | Graduate in Economics and Business Studies, doctorate in Economics and in Philosophy, specialisation in Executive Action, from Universidad de Navarra. She is an associate lecturer on Corporate Governance and Ethics at Universidad de Navarra. She has been the secretary of the Board of Directors of Instituto de Empresa y Humanismo; and the independent director of Corporación Pública Empresarial de Navarra. Reyes has also been a visiting professor at the Hass School at Berkeley University, the School of Economics at University College of London and at The Sorbonne, Paris, dean of the Faculty of Economics and Business Studies and the Director of Reputation at Universidad de Navarra. |
| CESAR CAÑEDO- ARGÜELLES TORREJON | 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 since 2013. He has received illustrious awards: 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). |
| JUAN JOSÉ NIETO BUESO | A graduate in Business Administration from ICADE, Juan José completed his education at London Business School and Stanford University. He developed part of his professional career at Goldman Sachs and Bankers Trust and held the position of CEO at Antena 3, chairperson at Telefónica Media and general manager at Telefónica, among other companies. He is currently the chairperson of the investment company NK5. He is a member of the Boards of Directors of VBA Real Estate Socimi, Promontoria, the real estate company of Cerberus, and of the Anchorage Capital Group real estate activities. He is also a member of the Advisory Board of Banco Sabadell Este and the Havas Media Group. Additionally, he is the founding chairperson of the AYO-Accelerating Youth Opportunities Foundation for the personal and professional development of young people at risk of social exclusion. |

| | |
|-------------------------------------------------|--------------|
| Total number of proprietary directors | 4 |
| % of total members of Board of Directors | 40.00 |

César Cañedo-Argüelles Torrejón is the chairperson and significant shareholder of INSE RAIL, S.L., which has performed engineering services for the OHL Group that are disclosed as related-party transactions in section D.3 of this report.

Indicate whether any director classified as independent receives from the company or the group any payment or benefits other than directors' remuneration, or has business dealings with the company or any group company or who has held such dealings in the preceding year on their own account or as a significant shareholder, director or senior executive of a company that has or has had such dealings.

Where applicable, include a statement from the Board detailing the reasons why the director(s) in question may carry on duties as an independent director.

| Name or company name of director | Relationship | Stated reasons |
|----------------------------------|--------------|----------------|
| CARMEN DE ANDRÉS CONDE | No | N/A |
| REYES CALDERÓN CUADRADO | No | N/A |
| CESAR CAÑEDO- ARGÜELLES TORREJON | No | N/A |
| JUAN JOSÉ NIETO BUESO | No | N/A |

OTHER NON-EXECUTIVE DIRECTORS

Identify the other non-executive directors and explain the reasons why they cannot be considered independent or proprietary, and detail their relationships with the company, its executives or shareholders:

| Name or company name of director | Reasons | Company, executive or shareholder with whom the relationship is maintained | Profile |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| JUAN ANTONIO SANTAMERA SÁNCHEZ | In line with the recommendation of the Nomination and Remuneration Committee to maintain the proportion between non-executive proprietary directors and independent directors, in 2018 Grupo Villar Mir, S.A.U. notified the Company that Juan Antonio Santamera no longer represented the interests of the significant shareholder Grupo Villar Mir, S.A.U. and therefore ceased to hold the position of proprietary director. Grupo Villar Mir thus reduced its representation on the Board of Directors. In view of Juan Antonio Santamera's professional qualifications and his role as chairperson of the Spanish Association of Civil Engineers, the Board, following a favourable report from the Nomination and Remuneration Committee, acknowledged his classification as an "other non-executive" director after assessing the eligibility requirements for the aforementioned status. | GRUPO VILLAR MIR, S.A.U. | 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. He has held the position of director of the Faculty of Civil Engineering of Universidad Politécnica de Madrid (UPM) (2005-2013) and chairperson of the Association of Civil Engineers (2012-2020). |

| | |
|-----------------------------------------------|-------|
| Total number of other non-executive directors | 1 |
| % of total members of Board of Directors | 10.00 |

Indicate any changes in the category of each director during the year:

| Name or company name of director | Date of change | Previous category | Current category |
|----------------------------------|----------------|-------------------|------------------|
| No data | | | |

C.1.4 Fill in the following table with the number of female directors in the past four years and their respective category:

| | Number of female directors | | | | % of total directors in each category | | | |
|--------------------------|----------------------------|------|------|------|---------------------------------------|-------|-------|-------|
| | 2020 | 2019 | 2018 | 2017 | 2020 | 2019 | 2018 | 2017 |
| Executive | | | | | 0.00 | 0.00 | 0.00 | 0.00 |
| Proprietary | 1 | 1 | 1 | 1 | 25.00 | 25.00 | 25.00 | 16.67 |
| Independent | 2 | 2 | 2 | 2 | 50.00 | 50.00 | 50.00 | 50.00 |
| Other external directors | | | | | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 3 | 3 | 3 | 3 | 30.00 | 30.00 | 30.00 | 25.00 |

C.1.5 Indicate whether the company has diversity policies in relation to its Board of Directors with regard to matters such as, for example, age, gender, disabilities and professional training and experience. Small and medium-sized enterprises, in accordance with the definition in the Spanish Audit Law, must at least report on the gender diversity policy that they have in place.

Yes ☒ No ☐ Partial policies ☐

If “yes”, describe these diversity policies, their objectives, the related measures, the manner in which they have been applied and the outcome of their implementation in the year. Also, the specific measures adopted by the Board of Directors and the Nomination and Remuneration Committee to achieve a balanced and diverse presence of directors must be indicated.

If the company does not apply a diversity policy, explain the reasons why.

Description of the policies, objectives, measures and the manner in which they have been applied, as well as the results achieved.

The Company implements rules in relation to integration and diversity management that apply to the whole OHL Group.

In 2017 the Board of Directors approved a Director Selection Policy that establishes, among others, the following measures:

- 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.
- 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 2020 the Board of Directors included members with various professional profiles, such as businesspersons and professionals with extensive experience in the construction and financial industries; they included three women who represented more than 30% of the Board members; and directors of different ages and two different nationalities, Spanish and Mexican, representing two of the main geographical areas in which the Company operates, namely, Europe and Latin America.

C.1.6 Explain any measures agreed upon by the Nomination Committee to ensure that the selection procedures are not afflicted by any implicit bias hindering the appointment of female directors, that the company deliberately seeks women who could potentially be candidates for the post, and that enable the achievement of equal representation of women and men. Also indicate whether these measures include fostering a significant number of women in executive positions at the company.

Explanation of measures

As established by 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. As a result of the Nomination Policy in place at OHL, women have represented at least 30% of Board members since 2018.

Although the Nomination and Remuneration Committee has not expressly agreed on measures to foster a significant number of female senior executives at

the Company, the principles enshrined in the Company's Human Resources Policy include the reinforcement of the equal opportunities principle as a pillar for growth, and the promotion of non-discrimination on the basis of gender, among other reasons.

If the number of female directors is scant or non-existent despite the measures that may have been adopted, explain the reasons for this situation:

Explanation of the reasons

N/A

C.1.7 Explain the Nomination Committee's conclusions regarding verification of compliance with the policy aimed at director selection policy aimed at promoting an appropriate Board composition.

The Nomination and Remuneration Committee verifies compliance with the Director Selection Policy on an annual basis. In 2020 the Company achieved the target, met in 2018, of having women make up at least 30% of the Board of Directors, promoting not just gender diversity, but also diversity in terms of candidate knowledge and experience. All the directors were recognised for their solvency, competence and experience.

C.1.8 Explain, where applicable, the reasons why proprietary directors were appointed at the request of shareholders holding ownership interests of less than 5 % of the share capital:

| Shareholder's name or company name | Reason |
|------------------------------------|--------|
| No data | |

Detail any failure to address formal requests for Board representation from shareholders with ownership interests equal to or exceeding those of others at whose request proprietary directors were appointed. If so, explain the reasons why the request was not entertained:

Yes ☐ No ☒

C.1.9 Indicate any powers delegated to directors or Board Committees by the Board of Directors:

| Name or corporate name of director or committee | Brief description |
|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| JOSÉ ANTONIO FERNÁNDEZ GALLAR | All the powers of the Board of Directors, except for those powers not delegable by law or within the meaning of Article 5 of the Board Regulations, which establishes such powers as: 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; corporate governance policy; organisation and functioning of the Board of Directors; corporate social responsibility policy; policy in relation to dividends and treasury shares; appointment, remuneration and, where appropriate, removal of the company's chief executives; control of executive management and assessment; 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 Board members who hold office as directors, representatives of directors or executives at other entities forming part of the listed company's group:

| Name or company name of director | Company name of group company | Position | Does the Board member perform executive duties? |
|----------------------------------|-------------------------------------------|---------------------|-------------------------------------------------|
| JOSÉ ANTONIO FERNÁNDEZ GALLAR | JUDLAU CONTRACTING, INC | Director | NO |
| JOSÉ ANTONIO FERNÁNDEZ GALLAR | CAC VERO I | Director | NO |
| JOSÉ ANTONIO FERNÁNDEZ GALLAR | OHL ARELLANO CONSTRUCTION COMPANY | Director | NO |
| JOSÉ ANTONIO FERNÁNDEZ GALLAR | COMMUNITY ASPHALT, CORP | Director | NO |
| JOSÉ ANTONIO FERNÁNDEZ GALLAR | OHL BUILDING, INC | Director | NO |
| JOSÉ ANTONIO FERNÁNDEZ GALLAR | SAWGRASS ROCK QUARRY, INC | Director | NO |
| JOSÉ ANTONIO FERNÁNDEZ GALLAR | OBRASCON HUARTE LAIN, DESARROLLOS, S.L.U. | Chairperson and CEO | YES |
| JOSÉ ANTONIO FERNÁNDEZ GALLAR | CENTRO CANALEJAS MADRID, S.L. | Chairperson | NO |
| JOSÉ ANTONIO FERNÁNDEZ GALLAR | ALSE PARK, S.L. | Chairperson | NO |
| JOSÉ ANTONIO FERNÁNDEZ GALLAR | PROYECTO CANALEJAS GROUP, S.L. | Chairperson | NO |
| JOSÉ ANTONIO FERNÁNDEZ GALLAR | SENDA INFRAESTRUCTURAS, S.L.U. | Chairperson | NO |
| JUAN VILLAR-MIR DE FUENTES | OBRASCON HUARTE LAIN, DESARROLLOS, S.L.U. | Director | NO |
| JOSÉ ANTONIO FERNÁNDEZ GALLAR | OHL USA, INC | Director | NO |

From 1 January 2020 to 4 June 2020 (the date on which he resigned as a director of Obrascón Huarte Lain, S.A.), Manuel Garrido y Ruano served as director at Alse Park, S.L., in which Obrascón Huarte Lain, S.A. held a 17.50% indirect ownership interest.

- C.1.11 Give details, as appropriate, of any directors or representatives of legal-person directors of the company who are members of, or representatives of legal-person directors on, the Boards of Directors of other non-group companies that are listed on official securities markets, as disclosed to the company:

| Name or company name of director | Company name of listed company | Position |
|----------------------------------|--------------------------------|----------|
| JUAN VILLAR-MIR DE FUENTES | FERROGLOBE PLC | DIRECTOR |
| JUAN JOSÉ NIETO BUESO | VBA REAL ESTATE SOCIMI | DIRECTOR |

- C.1.12 Indicate and, where appropriate, explain whether the company has established rules on the maximum number of company Boards on which its directors may sit, giving details, where appropriate, of where this is regulated:

Yes ☒

No ☐

Explanation of the rules and identification of the regulating document

In accordance with the company's Board Regulations, in general and save for exceptions duly justified by the Nomination and Remuneration Committee, individuals holding more than five directorships in other companies may not be proposed as directors.

- C.1.13 Indicate the amounts of the following items relating to the overall remuneration of the Board of Directors:

| | |
|------------------------------------------------------------------------------------------------|-------|
| Remuneration accrued in the year for the Board of Directors (in thousands of euros) | 3,467 |
| Amount of the accumulated pension rights held by the current directors (in thousands of euros) | |
| Amount of the accumulated pension rights held by former directors (in thousands of euros) | |

- C.1.14 Identify the senior executives who are not executive directors and indicate the total remuneration paid to them during the year:

| Name or company name | Position |
|--------------------------------|----------------------------------------------|
| JOSÉ MARÍA LÓPEZ DE FUENTES | GENERAL MANAGER OF CONCESSION DEVELOPMENT |
| MANUEL ALVAREZ MÚÑOZ | GENERAL MANAGER OF INFRASTRUCTURE |
| JOSÉ EMILIO PONT PÉREZ | GENERAL MANAGER FOR EUROPE AND LATIN AMERICA |
| JOSÉ MARÍA DEL CUVILLO PEMÁN | GENERAL MANAGER OF THE LEGAL DEPARTMENT |
| FRANCISCO JAVIER MELIÁ FULLANA | GENERAL MANAGER OF DEVELOPMENT |

| | |
|-----------------------------------|--------------------------------------------|
| GONZÁLO TARGHETTA REINA | GENERAL MANAGER OF CORPORATE RESOURCES |
| JOSÉ ANTONIO DE CACHAVERA SÁNCHEZ | GENERAL MANAGER OF SERVICES |
| JOSÉ MARÍA SAGARDOY LLONIS | GENERAL ECONOMIC AND FINANCIAL MANAGER |
| ASHOK PATEL | GENERAL MANAGER FOR NORTH AMERICA |
| IGNACIO CANO TOROLLO | GENERAL MANAGER OF INSTITUTIONAL RELATIONS |
| TOMÁS RUIZ GONZÁLEZ | CORPORATE GENERAL MANAGER |

| | |
|------------------------------------------------------------------------|--------|
| Number of female senior executives | |
| Percentage of total senior executives | 0.00 |
| Total remuneration of senior executives (in thousands of euros) | 11,799 |

Francisco Javier Meliá Fullana left the OHL Group on 31 October 2020.

Ignacio Cano Torollo stood down as general manager of institutional relations on 31 December 2020.

Tomás Ruiz González was appointed corporate general manager on 6 August 2020.

C.1.15 Indicate the amendments, if any, to the Board Regulations during the year:

Yes ☐

No ☒

C.1.16 Indicate the procedures for the selection, appointment, re-election and removal of directors. Give details of the competent bodies, the formalities to be fulfilled and the criteria to be used in each of the procedures.

Proposals for the selection, appointment or re-election of directors submitted by the Board of Directors to shareholders at the Annual General Meeting and appointment decisions adopted by the Board itself by virtue of the co-optation powers vested in it by law are preceded by a proposal or report by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee will endeavour to ensure that candidate will be selected from among persons recognised for their solvency, competence and experience (Article 20 of the BR), and in the event of re-election it will assess the quality of directors' work and dedication to the duties of their appointment (Article 21 of the BR).

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 under the Company bylaws. In addition, directors must tender their resignation to the Board of Directors when any of the grounds for resignation laid down in the Board Regulations arise, provided that it is preceded by a report by the Nomination and Remuneration Committee.

C.1.17 Explain the extent to which the annual assessment of the Board has given rise to significant changes in its internal organisation and on the procedures applicable to its activities:

| Description of amendments |
|---------------------------|
|---------------------------|

The annual assessment in 2020 did not give rise to any significant changes in the internal organisation or procedures and work has continued internally to maintain the adequacy and efficiency of the decision-making process.

Describe the assessment process and the areas assessed by the Board of Directors, aided, where applicable, by an external consultant, in relation to the functioning and composition of the Board of Directors and its committees and any other area or matter that has been subject to assessment.

Description of the assessment process and the areas assessed

The assessment process involved the directors responding to a questionnaire on the structure and functioning, responsibilities and effectiveness, and the performance of the Board, chairperson, secretary and its committees, as well as the remuneration policy.

The conclusions of the questionnaire are presented in a report that is submitted to the Board of Directors for analysis.

C.1.18 Disclose, in the years in which the assessment has been aided by an external consultant, the business relationships that the consultant or any company from its group has with the company or any group company.

The Company was not assisted by any external advisers.

C.1.19 Indicate the cases in which directors must resign.

Article 23 of the Board Regulations establishes that the directors must tender their resignation to the Board of Directors and, if the latter considers it appropriate, formally resign, in the following cases:

- a) Proprietary directors must resign if their ownership interest in the Company's share capital is disposed of.
- b) If they cease to hold the executive positions with which their appointment as director was associated.
- c) If they are subject to any of the grounds for conflict of interest or prohibition provided for by law or they hold interests opposing those of the Company.
- d) If they are tried for an alleged criminal act or are subject to a disciplinary proceeding conducted by supervisory authorities for a serious or very serious infringement.
- e) If they are seriously reprimanded by the Audit and Compliance Committee for having breached their obligations as directors.
- f) If their remaining on the Board may jeopardise the Company's interests, or when the reasons for which they were appointed cease to exist.

C.1.20 Are qualified majorities, other than statutory majorities, required for any type of decision?

Yes ☐ No ☒

If so, describe the differences.

C.1.21 Explain whether there are any specific requirements, apart from those relating to directors, to be appointed chairperson of the Board of Directors.

Yes ☐ No ☒

C.1.22 Indicate whether the bylaws or the Board Regulations set any age limit for directors:

Yes ☐ No ☒

- C.1.23 Indicate whether the bylaws or Board Regulations set a limited term of office or other stricter requirements in addition to those provided by law for independent directors, other than that established in the legislation:

Yes ☐ No ☒

- C.1.24 Indicate whether the bylaws or the Board Regulations establish specific rules for appointing proxies to vote at Board meetings in favour of other directors, how they are granted and, in particular, the maximum number of proxies that a single director may hold, and whether any limit has been established in relation to the categories to which it is possible appoint proxies, beyond the limitations imposed by legislation. If so, provide a brief description of the rules.

Directors that are unable to attend will endeavour to ensure that representation is conferred on another member of the Board of the same group (non-executive/executive) and include the appropriate instructions (Article 18 of the Board Regulations).

- C.1.25 Indicate how many Board of Directors meetings were held during the year. Also indicate any occasions on which the Board held meetings at which the chairperson was not present. The calculation of attendance shall include proxies to whom specific instructions have been granted.

| | |
|------------------------------------------------------------------------|----|
| Number of Board meetings | 21 |
| Number of Board meetings held in the absence of the chairperson | 0 |

Indicate the number of meetings held by the coordinating director and the other directors without the attendance or representation of any executive directors:

| | |
|---------------------------|---|
| Number of meetings | 0 |
|---------------------------|---|

Indicate how many meetings of the various Board committees were held during the year:

| | |
|------------------------------------------------------------------------------------------------|----|
| Number of meetings of the AUDIT AND COMPLIANCE COMMITTEE | 15 |
| Number of meetings of the GUARANTEE COMMITTEE | 10 |
| Number of meetings of the NOMINATION AND REMUNERATION COMMITTEE | 13 |
| Number of meetings of the STATEMENT OF FINANCIAL POSITION ADEQUACY MONITORING COMMITTEE | 24 |

- C.1.26 Indicate the number of Board meetings held during the year and provide information on Board member attendance:

| | |
|-------------------------------------------------------------------------------|----|
| Number of meetings attended in person by at least 80% of the directors | 21 |
|-------------------------------------------------------------------------------|----|

| | |
|-------------------------------------------------------------------------------------------------------------------------------|--------|
| Attendance in person as a % of the total votes during the year | 90.48 |
| Number of meetings attended in person, or by proxies to whom specific instructions were granted, by all the directors | 21 |
| % of votes cast by attendees or proxies to whom specific instructions were granted, as a % of the total votes during the year | 100.00 |

C.1.27 Indicate whether the separate and consolidated financial statements submitted for authorisation for issue by the Board have been certified beforehand:

Yes ☒ No ☐

Indicate, as appropriate, the person(s) who certified the company's separate and consolidated financial statements for authorisation for issue by the Board:

| Name | Position |
|----------------------------|----------------------------------------|
| JOSÉ MARÍA SAGARDOY LLONIS | General Economic and Financial Manager |

C.1.28 Explain any mechanisms established by the Board of Directors to ensure that the financial statements that the Board of Directors presents to the shareholders at the Annual General Meeting are prepared in accordance with the accounting legislation.

The financial statements, in the same way as the other periodic financial information or any other information which it is prudent to make available to the markets, are examined by the Audit and Compliance Committee in a meeting prior to the authorisation for issue thereof at which the external auditors will report on the stage of completion of the audit. Subsequently, the financial statements are examined once again in a final session at which the external auditors report on their draft auditor's report, all in accordance with Article 15 of the Board Regulations. In addition, the Audit and Compliance Committee at any of its ordinary meetings would be able to call upon the external auditors to attend, if deemed necessary, in order to be informed of or clarify any discrepancy providing, as the case may be, additional information, in order to avoid a qualified auditor's report being issued thereon.

Lastly, the auditors present their draft auditor's report to the Board of Directors in plenary session held in order to authorise the financial statements for issue.

Article 42 of the Board Regulations establishes that the Board of Directors will endeavour to prepare the financial statements in such a way that they do not give rise to qualifications by the auditors, and the Company has complied with this recommendation since its listing on the securities market.

C.1.29 Is the Board secretary a director?

Yes ☐ No ☒

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

| Name or company name of secretary | Representative |
|-----------------------------------|----------------|
| JOSÉ MARÍA DEL CUVILLO PEMÁN | |

- C.1.30 Indicate any mechanisms established by the company to preserve the independence of the external auditors as well as any mechanisms to preserve the independence of the financial analysts, investment banks and rating agencies, including details on how the legal provisions have been implemented in practice.

One of the functions assigned to the Audit and Compliance Committee is to receive information on any matters that might jeopardise the auditors' independence and any other matters related to the financial audit process and to receive information and communicate with the auditors as provided in financial audit legislation and technical auditing standards. The Committee examines the independence of the external auditors. At an annual meeting, it analyses the independence of the external auditors and reviews compliance with the requirements regarding conflicts of interest established in Spanish Audit Law 22/2015, of 20 July. Such independence was considered demonstrated, and particular attention was paid to the amount relating to fees for non-audit work. In addition, in accordance with Article 42 of the Board Regulations, the Board will abstain from proposing the engagement of auditors when the fees estimated would exceed 10% of the audit firm's revenue in the previous year.

Also, at the meetings at which the General Economic and Financial Department requests authorisation for the audit firm or other entities of its network to provide non-audit services, the Audit and Compliance Committee reiterates the need to only provide services deemed essential in order to guarantee auditor independence and ensure that the current standards relating to the provision of services of this nature are observed.

Each year the Committee issues a report in which it expresses its opinion on the independence of the statutory auditor of the Company and of the Group to which it belongs.

The Committee pays particular attention to maintaining its independence regarding any process conducted for the engagement of financial analysts, investment banks or rating agencies in the normal course of its business.

- C.1.31 Indicate whether the company changed its external auditors during the year. If so, specify the outgoing and incoming auditors:

Yes ☐ No ☒

At the Annual General Meeting held on 15 June 2020, EY was appointed as the auditor for 2021, 2022 and 2023.

In the event of any disagreement with the outgoing auditors, specify the substance thereof:

Yes ☐ No ☒

- C.1.32 Indicate whether the audit firm performs other non-audit work for the company and/or its group, and if so, state the amount of fees received for such work and the percentage they represent of the fees billed to the company and/or its group:

Yes ☒ No ☐

| | Company | Group companies | Total |
|----------------------------------------------------------------------------|---------|-----------------|-------|
| Amount received for other non-audit work (thousands of euros) | 175 | 82 | 257 |
| Amount received for non-audit work/Amount received for audit work (as a %) | 16.08 | 12.91 | 14.92 |

C.1.33 Indicate whether the auditor's report for the previous year included any reservations or qualifications. If so, specify the reasons given to the shareholders at the Annual General Meeting by the chairperson of the Audit Committee to explain the content and scope of the reservations or qualifications.

Yes ☐ No ☒

C.1.34 Indicate the number of years that the current audit firm has been uninterruptedly auditing the separate and/or consolidated financial statements of the company. Also indicate the number of years audited by the current audit firm as a percentage of the total number of years during which the financial statements have been audited:

| | Separate | Consolidated |
|------------------------------------------------------------------------------------------------------------------|----------|--------------|
| Number of uninterrupted years | 33 | 31 |
| Number of years audited by current audit firm/Number of years the company or its group has been audited (as a %) | 100.00 | 100.00 |

C.1.35 Indicate whether there is a procedure for the directors to be able to receive the necessary information to prepare for meetings of the managing bodies sufficiently in advance, and if so, give details:

Yes ☒ No ☐

Details of the procedure

The required documentation and information which will be subject to analysis or approval at each meeting of the Board of Directors and its Board committees, as well as the minutes of each session, will be made available to the directors sufficiently in advance through the digital platform to which directors have exclusive, individual access.

C.1.36 Indicate whether the company has established rules obliging directors to report and, where appropriate, resign, in situations affecting them -irrespective of whether or not they relate to their conduct at the company itself-, which could harm the company's good name and reputation and, if so, give details:

Yes ☒ No ☐

Explain the rules

The director must report any legal and administrative claims, or claims of any other nature that, due to the importance thereof, might seriously harm the Company's reputation, and tender his/her resignation to the Board of Directors and, if the latter considers it appropriate, formally resign if he/she is tried for an alleged criminal act or is subject to a disciplinary proceeding conducted by supervisory authorities for a serious or very serious infringement.

C.1.37 Indicate, unless there have been special circumstances that have been recorded in the minutes, whether the Board has been informed or has otherwise become apprised of any situation affecting a director, that may or may not be related to the duties they discharge within the company, that may harm its good name and reputation:

Yes ☐ No ☒

C.1.38 Give details of the significant agreements entered into by the company which take effect, are amended or terminated in the event of a change of control of the company following a takeover bid and the effects thereof.

N/A

C.1.39 Identify, separately in the case of directors and in aggregate terms in the other cases, and indicate in detail the agreements between the company and its directors, executives or employees which provide for termination benefits, guarantee or golden parachute clauses upon resignation or dismissal without justification or upon termination of the employment relationship as a result of a takeover bid or other kinds of transactions.

| Number of beneficiaries | 10 |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Type of beneficiary | Description of agreement |
| 1 CEO, 9 SENIOR EXECUTIVES | <p>TERMINATION BENEFIT DUE TO UNJUSTIFIED DISMISSAL: CHIEF EXECUTIVE OFFICER: 2 years' salary. SENIOR EXECUTIVES: in accordance with each employment contract, receipt of the statutory amount payable in an ordinary employment relationship with a minimum of one year's salary or a fixed amount. NON-COMPETE AGREEMENT:</p> <p>CHIEF EXECUTIVE OFFICER: term of one year receiving one year's salary.</p> <p>SENIOR EXECUTIVES: in accordance with each employment contract, with a maximum term of two years receiving one or two years' salary based on the term agreed or a fixed amount.</p> |

In situations not provided for by law, indicate whether these agreements must be disclosed to and/or approved by the bodies of the company or of its group. If so, specify the procedures, the situations provided for and the nature of the bodies responsible for the approval or disclosure thereof:

| | Board of Directors | General Meeting |
|------------------------------|--------------------|-----------------|
| Body authorising the clauses | √ | |

| | Yes | No |
|-------------------------------------------------|-----|----|
| Is the General Meeting informed of the clauses? | | ✓ |

The Company is currently reviewing the existing senior management contracts with a view to standardising them, to the extent possible.

C.2 Committees of the Board of Directors

C.2.1 Give details of all the committees of the Board of Directors, their members and the proportion of executive, proprietary, independent and other directors that form them:

AUDIT AND CONTROL COMMITTEE

| Name | Position | Professional category |
|--------------------------------------|-------------|-----------------------|
| CESAR CAÑEDO-ARGÜELLES TORREJÓN | MEMBER | Independent |
| JUAN JOSÉ NIETO BUESO | CHAIRPERSON | Independent |
| REYES CALDERÓN CUADRADO | MEMBER | Independent |
| JULIO MAURICIO MARTÍN AMODIO HERRERA | MEMBER | Proprietary |
| SILVIA VILLAR-MIR DE FUENTES | MEMBER | Proprietary |

| | |
|------------------------------|-------|
| % of executive directors | 0.00 |
| % of proprietary directors | 40.00 |
| % of independent directors | 60.00 |
| % of non-executive directors | 0.00 |

Explain the functions entrusted to this committee, including any additional functions to those provided for by law, and describe the procedures and rules governing the organisation and functioning thereof. For each of these functions, indicate the most significant actions taken in the year and how the Committee has put into practice each of the functions attributed to it, whether by law or under company bylaws or other corporate resolutions.

See section H.1.

Identify any directors who are members of the Audit Committee and have been appointed in light of their knowledge and experience in matters relating to accounting, audits or both, and provide information about the date on which the chairperson of this Committee was appointed.

| | |
|------------------------------------|-----------------------|
| Name of experienced directors | JUAN JOSÉ NIETO BUESO |
| Date of appointment of chairperson | 16/07/18 |

NOMINATION AND REMUNERATION COMMITTEE

| Name | Position | Professional category |
|-------------------------------|-------------|-----------------------|
| CARMEN DE ANDRÉS CONDE | CHAIRPERSON | Independent |
| JOSÉ ANTONIO FERNÁNDEZ GALLAR | MEMBER | Executive |

| | |
|------------------------------------|-------|
| % of executive directors | 50.00 |
| % of proprietary directors | 0.00 |
| % of independent directors | 50.00 |
| % of other non-executive directors | 0.00 |

Besides Carmen de Andrés Conde, chairperson of this Committee, and Committee member José Antonio Fernández Gallar, other members include:

- The General Economic and Financial Manager: José María Sagardoy, as a member.
- The General Manager of the Legal Department: José María del Cuvillo Pemán, as a member.
- The General Manager: Manuel Álvarez Muñoz, as proposing member.
- And Finance and Treasury Manager Ignacio Martínez Estéban, as the secretary of the Committee.

Explain the functions delegated or entrusted to this Committee other than those already described in section C.1.9, and describe the procedures and rules governing the organisation and functioning thereof. For each of these functions, indicate the most significant actions taken in the year and how the committee has put into practice each of the functions attributed to it, whether under the law, company bylaws or other corporate resolutions.

The Guarantee Committee was established as a Committee of the Board of Directors by resolution of the latter on 15 June 2020, as proposed by the Nomination and Remuneration Committee.

The Guarantee Committee performs the following functions:

- Analysis and, where appropriate, approval of proposals to apply for bank guarantees for the performance of the Group's ordinary operations.
- Follow-up on the recovery of guarantees issued under the current bank credit facilities.

| Name | Position | Professional category |
|-------------------------------------|-------------|------------------------------|
| REYES CALDERÓN CUADRADO | CHAIRPERSON | Independent |
| JUAN ANTONIO SANTAMERA SÁNCHEZ | MEMBER | Other non-executive director |
| JUAN VILLAR-MIR DE FUENTES | MEMBER | Proprietary |
| LUIS FERNANDO MARTÍN AMODIO HERRERA | MEMBER | Proprietary |
| JUAN JOSÉ NIETO BUESO | MEMBER | Independent |

| | |
|------------------------------------|-------|
| % of executive directors | 0.00 |
| % of proprietary directors | 40.00 |
| % of independent directors | 40.00 |
| % of other non-executive directors | 20.00 |

Explain the functions entrusted to this committee, including any additional functions to those provided for by law, and describe the procedures and rules governing the organisation and functioning thereof. For each of these functions, indicate the most significant actions taken in the year and how the committee has put into practice each of the functions attributed to it, whether by law or under company bylaws or other corporate resolutions.

See section H.1.

BALANCE SHEET ADEQUACY MONITORING COMMITTEE

| Name | Position | Professional category |
|-------------------------------------|-----------------|------------------------------|
| JUAN JOSÉ NIETO BUESO | CHAIRPERSON | Independent |
| JOSÉ ANTONIO FERNÁNDEZ GALLAR | MEMBER | Executive |
| SILVIA VILLAR-MIR DE FUENTES | MEMBER | Proprietary |
| LUIS FERNANDO MARTÍN AMODIO HERRERA | MEMBER | Proprietary |

| | |
|-------------------------------------------|-------|
| % of executive directors | 25.00 |
| % of proprietary directors | 50.00 |
| % of independent directors | 25.00 |
| % of other non-executive directors | 0.00 |

The secretary of this Committee is the secretary of the Board of Directors José María del Cuvillo Pemán.

General Economic and Financial Manager José María Sagardoy Llonis has the role of recorder.

Explain the functions delegated or entrusted to this committee other than those already described in section C.1.9, and describe the procedures and rules governing the organisation and functioning thereof. For each of these functions, indicate the most significant actions taken in the year and how the committee has put into practice each of the functions attributed to it, whether under the law, company bylaws or other corporate resolutions.

This Committee was established as a Committee of the Board of Directors by resolution of the latter on 4 June 2020, and has the composition and functions proposed by the Nomination and Remuneration Committee.

Function: Advisory committee of the Board of Directors, which informs the latter of any matters relating to the work and negotiations undertaken in order to reach a statement of financial position adequacy framework agreement including the recapitalisation of the Company and the renegotiation of certain of its bank borrowings.

C.2.2 Complete the following table with the information relating to the number of female directors sitting on the Board of Directors' committees in the last four years:

| | Number of female directors | | | | | | | |
|--------------------------------|-----------------------------------|----------|---------------|----------|---------------|----------|---------------|----------|
| | 2020 | | 2019 | | 2018 | | 2017 | |
| | Number | % | Number | % | Number | % | Number | % |
| AUDIT AND COMPLIANCE COMMITTEE | 2 | 40.00 | 1 | 33.00 | 1 | 33.00 | 1 | 33.00 |

| | Number of female directors | | | | | | | |
|---------------------------------------------------------------------|----------------------------|-------|--------|-------|--------|-------|--------|-------|
| | 2020 | | 2019 | | 2018 | | 2017 | |
| | Number | % | Number | % | Number | % | Number | % |
| GUARANTEE COMMITTEE | 1 | 16.66 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| NOMINATION AND REMUNERATION COMMITTEE | 1 | 20.00 | 2 | 40.00 | 1 | 33.00 | 2 | 66.00 |
| STATEMENT OF FINANCIAL POSITION ADEQUACY MONITORING COMMITTEE | 1 | 16.66 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |

No information is provided in relation to the Guarantee Committee and the Balance Sheet Adequacy Monitoring Committee for 2019, 2018 or 2017, since they were established as Board Committees in 2020.

C.2.3 Indicate, as appropriate, whether there are any regulations for the Board Committees; if so, indicate where they can be consulted and whether any amendments have been made during the year. Also indicate whether any annual report on the activities of each committee has been prepared voluntarily.

The regulations of the Board's Audit and Compliance and Nomination and Remuneration Committees are established in the Board Regulations, the updated version of which is available on the Company's website: www.ohl.es (OHL/Accionistas e inversores/Gobierno Corporativo/Comisiones del Consejo).

There were no changes to the regulations governing the Board Committees in 2020.

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 INTRA-GROUP TRANSACTIONS

D.1 Explain the procedure for approval of any related-party and intra-group transactions and indicate the competent bodies in this connection.

In 2016 the Company's Board of Directors approved rules implementing the provisions of the Board Regulations, 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 transactions affected by this procedure consist of 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 of the Group companies.

The related-party transactions that, under these rules, must be authorised by the Company's Board of Directors beforehand will require a prior favourable report from the Nomination and Remuneration Committee. The Board of Directors will ensure, with the respective related parties that are advantageous for the Company, that the transactions are appropriate, are performed on an arm's length basis and respect the principle of equal treatment to shareholders who are in the same position. Breach of the provisions and obligations established in the aforementioned rules could be classified as infringement by those at whom they are directed, who have executed and authorised them, and by those who are required to communicate them but have not done so.

Pursuant to Article 260 of the Spanish Limited Liability Companies Law, the Company will disclose the significant transactions performed between the Company and related third parties in the notes to the financial statements, with an indication of the nature, relationship, amount and any transaction-related information necessary to determine the Company's financial position. Also, in compliance with 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.

D.2 Give details of transactions that are material, with regard to the amount thereof or the matter involved, between the company or group companies and the significant shareholders of the company:

| Name or corporate name of significant shareholder | Name or corporate name of the group company or entity | Nature of relationship | Type of transaction | Amount (thousands of euros) |
|----------------------------------------------------------|--------------------------------------------------------------|-------------------------------|------------------------------------------------------|------------------------------------|
| INMOBILIARIA ESPACIO, S.A. | AVALORA TECNOLOGÍAS DE LA INFORMACIÓN, S.A.U. | Contractual | Sales of goods (finished goods and work in progress) | 154 |
| INMOBILIARIA ESPACIO, S.A. | OBRASCON HUARTE LAIN, S.A. | Contractual | Sales of goods (finished goods and work in progress) | 33,475 |
| INMOBILIARIA ESPACIO, S.A. | OBRASCON HUARTE LAIN, S.A. | Contractual | Rendering of services | 17 |
| INMOBILIARIA ESPACIO, S.A. | OHL SERVICIOS- INGESAN, S.A.U. | Contractual | Rendering of services | 84 |
| INMOBILIARIA ESPACIO, S.A. | OBRASCON HUARTE LAIN, S.A. | Contractual | Interest charged | 4,534 |
| INMOBILIARIA ESPACIO, S.A. | AVALORA TECNOLOGÍAS DE LA INFORMACIÓN, S.A.U. | Contractual | Interest charged | 73 |

| Name or corporate name of significant shareholder | Name or corporate name of the group company or entity | Nature of relationship | Type of transaction | Amount (thousands of euros) |
|---------------------------------------------------|---------------------------------------------------------|------------------------|-------------------------------------------------------------------|-----------------------------|
| INMOBILIARIA ESPACIO, S.A. | OBRASCON HUARTE LAIN, S.A. | Contractual | Purchases of goods (finished goods and work in progress) | 158 |
| INMOBILIARIA ESPACIO, S.A. | AVALORA TECNOLOGÍAS DE LA INFORMACIÓN, S.A.U. | Contractual | Purchases of goods (finished goods and work in progress) | 648 |
| INMOBILIARIA ESPACIO, S.A. | OBRASCON HUARTE LAIN, S.A. | Contractual | Services received | 2,473 |
| INMOBILIARIA ESPACIO, S.A. | AGRUPACIÓN GUINOVART OBRAS Y SERVICIOS HISPANIA, S.A.U. | Contractual | Services received | 1 |
| INMOBILIARIA ESPACIO, S.A. | ASFALTOS Y CONSTRUCCIONES ELSAN, S.A.U. | Contractual | Services received | 4 |
| INMOBILIARIA ESPACIO, S.A. | CONSTRUCCIONES ADOLFO SOBRINO, S.A.U. | Contractual | Services received | 3 |
| INMOBILIARIA ESPACIO, S.A. | OHL-SERVICIOS INGESAN, S.A.U. | Contractual | Services received | 17 |
| INMOBILIARIA ESPACIO, S.A. | OBRASCÓN HUARTE LAIN, DESARROLLOS, S.A.U. | Contractual | Services received | 700 |
| INMOBILIARIA ESPACIO, S.A. | OBRASCON HUARTE LAIN, S.A. | Contractual | Purchases of intangible assets | 477 |
| INMOBILIARIA ESPACIO, S.A. | OBRASCÓN HUARTE LAIN, DESARROLLOS, S.A.U. | Contractual | Financing agreements: contributions of capital in cash or in kind | 52 |
| INMOBILIARIA ESPACIO, S.A. | CHEMTROL-PROYECTOS Y SISTEMAS, S.L.U. | Contractual | Services received | 13 |

| Name or corporate name of significant shareholder | Name or corporate name of the group company or entity | Nature of relationship | Type of transaction | Amount (thousands of euros) |
|---------------------------------------------------|-------------------------------------------------------|------------------------|-------------------------------------------|-----------------------------|
| INMOBILIARIA ESPACIO, S.A. | OBRASCÓN HUARTE LAIN, DESARROLLOS, S.A.U. | Contractual | Disposals of non-current financial assets | 1 |

In accordance with section 4.4 of the notes to the consolidated financial statements of the Group, in addition to the transactions detailed above, the following related-party transactions have taken place between the Company or entities of its Group and the Company's significant shareholders:

- Shareholder: INMOBILIARIA ESPACIO, S.A.

- Companies:

OHL SERVICIOS-INGESAN, S.A.U.- Provision of services- (1)

CONSTRUCCIONES ADOLFO SOBRINO, S.A.U.- Purchase of finished goods (negative procurement)- (353)

OBRASCÓN HUARTE LAIN, DESARROLLOS, S.A.U.- Guarantees- (41)

D.3 Give details of transactions that were material (due to their amount) or relevant (due to their nature), between the Company or Group Companies and the Company's directors or executives:

| Name or company name of the directors or executives | Name or corporate name of the group company or entity | Relationship | Nature of the transaction | Amount (thousands of euros) |
|-----------------------------------------------------|-------------------------------------------------------|--------------|---------------------------|-----------------------------|
| CÉSAR CAÑEDO-ARGÜELLES TORREJÓN | INSE RAIL, S.L. | Contractual | Services received | 13 |

D.4 Give details of material transactions performed by the company with other entities of the same group, where such transactions are not eliminated in the process of preparing the consolidated financial statements and from the standpoint of their subject-matter or terms and conditions are not part of the company's ordinary business:

In any event, details shall be provided on any intra-group transactions performed with entities resident in countries or jurisdictions considered to be tax havens:

| Company name of group company | Brief description of the transaction | Amount (thousands of euros) |
|-------------------------------|--------------------------------------|-----------------------------|
| No data | | N/A |

D.5 Detail the material transactions performed between the company or companies of its group and other

related parties which have not been included in the preceding paragraphs:

| Name or company name of the related party | Brief description of the transaction | Amount (thousands of |
|-------------------------------------------|--------------------------------------|-------------------------|
| No data | | N/A |

D.6 Give details of the mechanisms in place for detecting, identifying and resolving any potential conflicts of interest between the company and/or its group and its directors, executives or significant shareholders.

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 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 customer conditions and of scant significance, i.e., where the related information is not necessary to present fairly 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 Company 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, with the exception of courtesies.
- 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. The provisions shall also apply if the beneficiary of the acts or of the prohibited activities is a person related to the director.

3. In any case, the 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 which implicate the directors will be disclosed in the notes to the financial statements.

The Company may waive the aforementioned prohibitions in certain cases, authorising a director or a related person to perform 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, 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 subject to exemption in the event that no damage is expected to arise at the Company or the expected damage is offset by the benefits expected to be obtained as a result of the exemption. The exemption shall be granted by means of an express individual 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 should be authorised by the Board, following 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.

Also, the regulation on procedures for related party transactions in force at the Company requires all the beneficiaries thereof (directors and senior executives) to be aware of the regulated procedure therein, comply with it and adopt the appropriate measures to ensure compliance by OHL and the Group.

D.7. Indicate whether the company is controlled by another entity within the meaning of Article 42 of the Spanish Commercial Code, irrespective of whether or not it is listed, and whether it has business relationships, whether directly or through its subsidiaries, with that entity or any of its subsidiaries (other than those of the listed company), or performs activities relating to those of any of the latter.

Yes ☐ No ☒

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Explain the scope of the company's Risk Control and Management System, including tax risks.

OHL 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 company's bodies in charge of preparing and executing the Risk Control and Management System, including the tax management system:

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 e) of its Regulations, it is obliged to directly exercise responsibility for "the identification of the Company's main risks and, in particular, the risks arising from transactions with derivatives, and implementation and follow-up of Internal Control Systems, risk management systems and appropriate information systems."

The role of the Board of Directors as regards the Risk Management System is to assume responsibility for identifying and monitoring the Group's risks; approve the risk management policy; maintain management's commitment to improving risk management performance; review and approve the OHL Group's risk map; and issue guidelines to address risk in order to maintain the level of exposure within the acceptable limits set.

It performs its work through the Audit and Compliance Committee ("the Audit Committee").

RESPONSIBILITIES ATTRIBUTED TO THE AUDIT COMMITTEE:

Notwithstanding any other duty imposed by law, the General Meeting or the Board of Directors, the Audit Committee's responsibilities include the following, as indicated in Art. 23 f) of the bylaws and Art. 15 of Board Regulations: supervise the effectiveness of internal control, the Company's internal audit services and risk management systems, as well as review the appointment and replacement of the persons responsible and discuss with the auditors of the financial statements the significant weaknesses of the internal control system, detected in the performance of the audit.

The specific work on the Risk Management System by the Audit Committee is focused on reviewing and approving the Group's risk control and management policy, the risk tolerance limits, the risk governance model and other documentation related to risk management i.e., risk categories and the risk map; having knowledge and understanding of the fixed acceptable risk levels and of the principle risks that could affect the attainment of the Group's objectives; issuing guidelines to address risks in order to maintain its level of exposure within the fixed acceptable limits; maintaining a direct and independent line of communication with the Corporate Risk and Internal Control Manager at least quarterly and when the circumstances so require; and ensuring the implementation of the appropriate measures for identification, analysis, evaluation, monitoring and reporting of risks.

RESPONSIBILITIES ATTRIBUTED TO THE RISK AND INTERNAL CONTROL DEPARTMENT

See section F.5 - Oversight of system operation.

RESPONSIBILITIES ATTRIBUTED TO THE INTERNAL AUDIT DEPARTMENT:

See section F.5 - Oversight of system operation.

E.3. Indicate the main risks, including tax risks and, if significant, those derived from corruption (the latter being understood within the scope of Royal Decree Law 18/2017), which may affect the attainment of the business objectives:

The OHL Group's Risk Control and Management System considers all the risks that can affect the achievement of business objectives.

The OHL Group's business is constrained both by specific factors that affect the Company due to its economic circumstances as well as factors common to the other companies of its industry and factors of global uncertainty that can affect any company.

In this connection, the covid-19 pandemic arising in 2020 affected all of OHL's markets and had a cross-cutting impact on the OHL Group's business activities and related risks.

The risks identified as priorities that could affect the achievement of the Group's objectives were 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.
- Risk of measurement of assets and liabilities in the statement of financial position, understood as a reduction in the value of the assets or an increase in the value of the liabilities.
- Occupational risk, understood as the ability to meet project needs with the human resources necessary, accurately and at the appropriate time.
- Reputational risk, defined as the potential negative impact on the Group's public image and its perception in the marketplace. This risk refers especially to the organisation's loss of financial solvency and technical, operational, ethical, social and environmental credibility as regards its stakeholders.
- Project management risk. This risk is defined as the potential breach by the client of contractual obligations, e.g. the potential delay or lack of recognition of the work performed or the restoration of economic feasibility.
- Contracting risk, defined as the risk associated with not identifying market opportunities in time or, after identifying an opportunity, the risk associated with inadequately defining the bid due to a lack of resources or a lack of qualifications.
- Risk arising from the management of litigation and arbitration, defined as the risk that litigation or arbitration due to discrepancies with customers results in rulings against the Group's interests.

Other relevant risks that might affect the achievement of the OHL Group's objectives relate to the global and inherent threats to the markets in which it operates. They include most notably:

- Political and regulatory risks: a large portion of the value creation activities that the OHL Group performs depends on the public sector, either as a customer of public works or infrastructure maintenance services or as grantors of infrastructure concessions. Accordingly, political instability and changes to the legal and regulatory environment in the countries in which the OHL Group operates can have significant impacts on the ability of the Company to achieve its business objectives.
- Foreign currency risk and local currency devaluation, defined as the unfavourable evolution of the exchange rate price of two currencies, over a specific period with effects on the statement of profit or loss. The risk of the loss of the local currency's purchasing power is also considered.
- Risk of climate change and natural disasters: due to the countries in which the bulk of its activity is carried out and the very nature of its activities, the OHL 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.
- Cybersecurity risk: the OHL Group, like other companies, faces the risk of being adversely affected by cyberattacks which could cause damage to its assets and systems, interrupt operations or trigger leaks of sensitive information.
- 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, affecting workers, suppliers and members of the community, as a result of the construction work and projects carried out by OHL.

E.4. Identify whether the entity has risk tolerance levels, including tax risk tolerance:

The OHL Group has a risk tolerance level (acceptable level of risk) established at corporate level.

Risk tolerance is defined by the OHL Group 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 are included in the Risk Management Regulations approved by the Board of Directors. Factors considered in determining the level of risk tolerance include the risk-return ratio, primary risk response approach and risk response decision-making criteria.

The Group has established a series of situations which, if they arise in the course of a transaction, lead to an intolerable risk (Red Lines). The Board of Directors has approved the level of authorisation within the Group to address these situations.

The OHL Group has zero tolerance with respect to risk regarding health and safety, regulatory compliance and reputation and ethics. With respect to the latter, the Company holds UNE-ISO 37001 (anti-bribery management systems) and UNE 19601 (criminal compliance management systems) certification and has an Internal Compliance Control system which demonstrates that the Company operates on the basis of internationally affirmed best practices to combat offences within its organisation, in line with the requirements of the Spanish Criminal Code.

E.5. Give details of any risks, including any tax risks, that arose during the year:

SEE SECTION H.1.

E.6. Explain the response and monitoring plans for the entity's main risks, including tax risks, as well as the procedures followed by the entity to ensure that the Board of Directors responds to the new challenges it faces:

The OHL Group recognises that there are certain inherent risks in the industries in which it operates and, therefore, in its core business activities. These risks are divided into:

- a) Untreatable risks: risks economically impossible to mitigate. An example would be the risk that arises from a change in the government or leadership of a country in which the OHL Group operates.
- b) Treatable risks: risks that can be mitigated economically, where the efforts to mitigate them are being carried out or the need for such efforts is or should be recognised. An example would be the risk of hiring unqualified subcontractors that could lead to the inability of delivering the project on time, at cost and in accordance with the terms and conditions stipulated in the agreement.

The risk-response to treatable risks can be classified as follows:

- 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 other third parties through arranging insurance, outsourcing of processes, distribution of risk through agreements or other similar actions.
- Avoid: actions aimed at eliminating, where possible, the factors that give rise to the risk.

The identified risks are assessed and a decision is made, to the extent possible and as appropriate, as to what type of response should be given, so that it remains in line with the Group's risk tolerance policy, and the appropriate follow-up is performed.

Risk control and management form part of the Group's regulatory and operational framework and, when applied by the organisation in the performance of its activities, permit:

- The identification of any risks that might affect the achievement of the Group's objectives and an understanding of the factors that can trigger risk events, and the possible consequences.
- Establishment of the context: to enable the OHL Group to focus its risk management efforts depending on the environment in which it operates and the business in which it engages.
- Analysis and evaluation of the risks: to understand the scale of both the positive aspects and the negative consequences of a risk event, and the exposure to this risk event (the probability that these circumstances may occur considering the current level of control). The assessment of the magnitude (impact) and exposure to possible risks enables the OHL Group to prioritise and, therefore, respond to them so that the focus is placed on the risks that represent the greatest threat to the achievement of its objectives.
- Response to the risk: to put the risk treatment or response options into practice and make integrated decisions in light of the business and context. Addressing risk not only seeks to minimise the potential damage, but also to maximise the potential growth of opportunities.
- Follow-up and review: to continually assess the effectiveness and relevance of the decisions made to manage risk, and to take the pertinent corrective measures.

Communication is the integrating component that enables the Group to be involved in the risk management process and maintain a positive culture in its regard.

F. SYSTEMS OF INTERNAL CONTROL AND RISK MANAGEMENT RELATING TO FINANCIAL REPORTING (ICFR SYSTEM)

Describe the mechanisms comprising the internal control and risk management systems relating to the entity's financial reporting process (ICFR system).

F.1. The entity's control environment.

Provide information, indicating salient features, on at least:

- F.1.1** Bodies and/or functions responsible for: (i) the existence and maintenance of a suitable, effective ICFR system; (ii) its implementation; and (iii) its oversight.

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 e) of its Regulations, it is obliged to directly exercise responsibility for "the identification of the Company's main risks and, in particular, the risks arising from transactions with derivatives, and implementation and follow-up of Internal Control Systems, risk management systems and appropriate information systems."

The Board of Directors has a supervisory role regarding the ICFR System, understanding the risks relating to the Group's financial information objectives and the controls established by the Board to mitigate them.

It performs its supervisory work through the Audit and Compliance Committee ("the Audit Committee") and the Internal Audit Division.

RESPONSIBILITIES ATTRIBUTED TO THE AUDIT COMMITTEE:

Notwithstanding any other duty imposed by law, the General Meeting or the Board of Directors, the Audit Committee's responsibilities include the following, as indicated in Article 23 f) of the bylaws and Article 15 of Board Regulations:

- 1.- Supervising the effectiveness of the Company's internal control, its internal audit services and risk management systems, and reviewing the appointment and replacement of the persons responsible therefor and discussing with the auditors 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 individuals 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 the modification of accounting principles and rules suggested by management.

RESPONSIBILITIES ATTRIBUTED TO MANAGEMENT:

The General Economic and Financial Department has overall responsibility for the Group's ICFR system. This responsibility includes the design, implementation and maintenance of the internal controls required to ensure the quality of the information. Such responsibility is included in the Functions Handbook and in the Group's Financial Reporting System Oversight Model.

The ICFR system of each company and/or department is the responsibility of the most senior manager thereof and of its Economic and Financial manager.

The Risk and Internal Control Department cooperates with the General Economic and Financial Department in analysing the impact of the reported incidents and monitoring the execution of the action plans to resolve them. Such responsibility is included in the Financial Reporting System Maintenance and Reporting Instructions.

The OHL 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 implemented. This responsibility is included in the Internal Audit bylaw approved by

the Board of Directors, in the Group's Functions Handbook and in its Financial Reporting System Oversight Model.

F.1.2 Indicate the following, if in place, particularly in connection with the financial reporting process:

- The departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) ensuring procedures are in place to communicate this structure effectively throughout the entity:

The Board of Directors delegates the normal management of the Company to the executive bodies and the management team, and focuses its activity on defining the business and organisational policy and on the general supervision function.

In this connection, the CEO of the Group is responsible for the design and review of the organisational structure, and proposes 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 relationships of dependency and spheres of competence of the Group's basic structure.

The CEO is responsible for approving the basic organisational charts of the General Departments of which he is in charge, and for proposing the Group's model and organic structure, and the functioning thereof, to the Board of Directors.

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 may be accessed by Group employees.

The Group also has a Basic Functions Handbook, updated in July 2019, which describes the dependency, composition and basic functions of each governance body, the structure of the Group and its operating divisions. The Manual can be accessed by the Group's employees on the corporate Intranet.

The Organisational Chart and the Functions handbook are updated periodically and as circumstances so require.

- Code of conduct, approving body, dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action:

SEE SECTION H.1.

- 'Whistle-blowing' channel, for reporting any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and irregular activities within the organisation to the Audit Committee, stating, as applicable, whether such reports are confidential.

The OHL Group has an Ethical Communications Channel that is governed by an internal procedure published in the Company's body of regulations. This Channel is available in Spanish and English through the Group's corporate Intranet and website, which makes it highly accessible.

The Group requires illicit behaviour by staff to be reported, as this serves to improve the prevention policy and quality policies, making the channel an essential tool that enables the Code of Ethics to be fully effective.

The OHL Group's Ethical Communications Channel was created for all employees and other stakeholders to report possible non-compliance with the Ethical Code, guaranteeing user confidentiality with a procedure designed for that purpose. At the same time, it also serves for making consultations regarding the channel's application to professional practice.

The Compliance Department is responsible for receiving and processing the complaints and consultations received through the Ethical Communications Channel, which is accessible on the Intranet, via the Company's website (<https://www.canaletico.ohl.es>) or by post (OHL Group Ethical Communications Channel - Compliance Department: Pº Castellana, 259 D. Torre Espacio, 28046 Madrid).

The procedure of the Group's Ethical Communications Channel provides, inter alia, for the processes for dealing with complaints to ensure confidentiality, fair treatment and the absence of reprisals: notification, analysis, investigation and resolution. Prior to the Audit Committee's examination of the complaints, the Compliance Department collates the information it deems necessary to form an opinion on the possible existence of matters or substance that would enable it to determine whether an investigation process should be initiated or not. This phase ends with the decision of the Ethical Communications Channel Manager (Compliance Department) on whether to process the complaint, which must be approved by the Audit Committee. In the case of the existence of a conflict of interest, a proposal not to admit the complaint or reasons of urgency, the complaint must be reported to the Audit Committee.

The OHL Group allows complaints to be submitted anonymously. However, in order for such complaints to be deemed eligible for processing, sufficient evidence of the reported facts must be furnished so that the investigation can focus on specific facts.

On completion of the investigation, the Compliance Department informs the Committee of the conclusions of the reports performed at this stage and proposes the adoption of the measures it deems necessary for the definitive resolution of the issues.

A total of 51 communications of potential breaches of the Code of Ethics (as well as various consultations) were received in 2020, of which 42 were made through the Ethical Communications Channel and the 9 others were made through other channels; 29 of the complaints were investigated and 22 were either dismissed or referred to other areas or departments as they did not represent violations of the Code of Ethics.

All of the accepted complaints were or are being duly investigated and the consultations were answered, in line with the established internal procedures, and thirteen complaints were being investigated at the end of the year.

- Training and periodic refresher courses for personnel involved in preparing and reviewing financial information or evaluating the ICFR system, which address, at least, accounting rules, auditing, internal control and risk management:

With regard to periodic training and refresher courses aimed at the 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.

Also, all personnel responsible for the Group's financial reporting have access to a digital archive with all ICFR system regulations, the Group's Accounting Policies Handbook and the other habitually-used accounting legislation. Similarly, the Group's Intranet provides access to all of its internal regulations regarding financial reporting and its processes.

F.2. Assessment of financial reporting risks.

Provide information on, at least:

F.2.1 The main features of the risk identification process, including risks of error or fraud, as regards:

- Whether the process exists and is documented:

See section H.1.

- Whether the process covers all financial reporting objectives (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), is updated and with what frequency:

See section H.1.

- Whether a specific process is in place to define the scope of consolidation, taking into account, inter alia, the possible existence of complex corporate structures and special purpose entities or vehicles:

See section H.1.

- Whether the process addresses other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) insofar as they may affect the financial statements:

See section H.1.

- Indicate the entity's governing body that oversees the process:

See section H.1.

F.3. Control activities.

Provide information, indicating the salient features, if available, on at least:

- F.3.1 Procedures for reviewing and authorising financial information and the description of the ICFR system to be disseminated in the securities markets, indicating the persons responsible in that connection, as well as documentation describing the flows of activities and controls (including those addressing the risk of fraud) for the various types of transactions that may have a material effect on the financial statements, including the accounting close procedure and the specific review of the relevant judgements, estimates, evaluations and projections.

The Group has a detailed procedure for disseminating financial information to third parties, so that both the preparation and dissemination of such information have the utmost guarantees.

Preparation of the Group's financial information is the responsibility of the Group's General Economic and Financial Department.

Before disclosure to the markets and after receiving a favourable report from its Audit Committee, the Board of Directors must approve this financial information, 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. The half-yearly and yearly reporting is subject to approval by the Company's Board of Directors.

The procedure for disclosure of financial information to third parties also regulates 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 disseminating 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, in order to facilitate the aforementioned risk identification and implementation of controls. In this connection, the work performed is as follows:

- 1.- Identification of the critical processes, and the subprocesses 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.- Description of the flow of activities using flowcharts of processes and sub-processes.
- 3.- Identification of key control activities that mitigate the identified risks that might affect the generation of financial information, identifying the person in charge of control, frequency of the activity, type of control (detective or preventive), type of execution (manual or automatic) and the related supporting documentation.

The activity flow documentation compiled in the course of the processes and subprocesses is available to all employees on the Group's intranet.

The documented processes include the accounting close, reporting and consolidation process, in which the specific review of the significant judgements and estimates is taken into consideration.

The Group has a GRC IT tool that supports its ICFR structure and serves as a database for all the material processes and subprocesses of the Group companies. This allows the reporting and supervision of the ICFR system to be managed in an integrated manner for all the material processes and subprocesses 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, in respect of which it provides the Audit Committee with regular reports on the stage of completion of the work performed in relation to the ICFR system and the improvement processes implemented.

F.3.2 Internal control policies and procedures for IT systems (including secure access, tracking of changes, system operation, operational continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

OHL'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, therefore, the financial reporting and accounting close processes.

The Group's Information Systems Department is responsible for the information systems, and its duties include the definition and monitoring of the security policies and standards for applications and infrastructure supporting the internal control model within the area of information technologies.

In relation to the internal control framework of the information systems, areas relating to security and control of access to programs and data, and to developments in applications in response to the Group's needs were considered priority areas.

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.
- Roles and responsibilities matrices.
- Management of the demand for developments and functional changes.
- Management of IT development flow.
- Management of incidents.
- Management of continuity of economic processes.

In addition, in 2020 actions were taken to increase the control, monitoring and reporting of the IT systems which support business processes with an impact on the financial information, namely:

- In the infrastructure area:
 - Conclusion of the infrastructure and communications spin-off project of the OHL Group and Grupo Villar Mir, which aimed to set up an independent environment enabling OHL to have greater control over the actions undertaken in respect of that infrastructure.
- In the application area:
 - Digitalisation of the approval process for the invoices associated with construction work areas in Spain and commencement of the implementation thereof in Latin America. This project aims to improve the efficiency of the process in terms of management timing, and to automate controls in the invoice management process.
 - The project to implement a commercial tool for the management of APOs and PDMs, whereby reporting can be improved at all project status levels, enabling greater control and more timely decision-making, is in the final testing phase.
 - Commencement of a data management project primarily aimed at defining the architecture necessary to centralise data collection and processing, so that the data can subsequently be used to prepare different dashboards regarding the Company's main processes.
 - Implementation of a new market payroll management tool in Spain, which simplifies and automates adaptation to legal and regulatory changes.
- Commencement of the review and updating of the rules and procedures associated with the information systems in the IT Governance area in order to reinforce the controls relating to the information system processes, applications and infrastructures.
- In the IT security area:
 - Continuation of the data protection project, including encryption of hardware and antivirus updating, among other measures.
 - Continuation of the vulnerability analyses of the infrastructure and communications of the OHL Group's various head offices in order to remedy any vulnerabilities detected and heighten protection of the information systems against attacks by cybercriminals.

F.3.3 Internal control policies and procedures for overseeing the management of activities outsourced to third parties and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

The Group has internal control procedures in place aimed at overseeing the information included in the financial statements of the unincorporated temporary joint ventures (UTEs) in which it holds an interest.

This procedure makes a distinction between the UTEs managed by the Group and those which are not. In the former case, when this 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/Consortiums, information review and unification 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.

With respect to valuations requested from independent experts, the criteria used are analysed to verify their adequacy and the valuations are discussed in detail. In the event the reports are not deemed to be conclusive or controversial aspects have come to light, additional opinions are requested for their clarification. If the valuations are based on estimates by the Group's various divisions, the assumptions used and the reasonableness thereof are verified by the General Economic and Financial Department.

For other significant judgements, estimates and projections, a detailed review is conducted, paying particular attention 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.

Provide information, indicating the salient features, if available, on at least:

F.4.1 Whether there is a specific role in charge of defining and keeping up-to-date accounting policies (accounting policies area or department) and resolving doubts or disputes over their interpretation, communicating on a regular basis with the team in charge of operations at the organisation. The role is also responsible for updating the accounting policies manual and disseminating it to the operating units.

ACCOUNTING POLICY MANUAL:

The Group has an Accounting Policy Manual the purpose of which is to summarise the Group's general accounting principles, measurement bases and general accounting policies and the specific accounting policies of each Division, and it is mandatory for all OHL Group companies.

The Group's General Economic and Financial Department is responsible for the internal application of the accounting policies.

In both cases, the Audit Committee is informed by the General Economic and Financial Department of any update to be made.

RESPONSIBILITIES OF THE AUDIT COMMITTEE:

The Company's Board Regulations specify in Article 15 i) that the basic responsibility of the Audit Committee is as follows: "Review the Company's financial statements, monitor compliance with legal requirements and the correct application of generally accepted accounting principles, and report on proposals for the modification of accounting principles and rules suggested by management."

The Audit Committee actively discharges this responsibility as it is informed of the accounting updates proposed by the Group's General Economic and Financial Department, as well as of accounting legislation, in the process of being approved by the IASB, that may affect the Group.

This information is also checked by the Group's auditors in regular meetings held with the Audit Committee.

In addition, the work programmes of the reports raised by Internal Audit, which are also received by the Audit Committee, usually address the review of the proper application of the accounting principles within the areas or review projects.

F.4.2 Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the company or group, and support its main financial statements and accompanying notes as well as disclosures concerning the ICFR system.

The Group has a procedure, managed by the Group's General Economic and Financial Department, for obtaining periodic financial information from all Divisions which describes the financial reporting models that the Group subsidiaries must periodically send, 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 report 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 the established procedure is reported to the Audit Committee.

ICFR MAINTENANCE AND REPORTING

There is an ICFR system maintenance and reporting procedure, for internal control purposes, which is 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 of the processes up-to-date, based on a specified assignment of responsibilities.

Similarly, in order to facilitate internal knowledge regarding the degree of compliance of the ICFR system, a half-yearly reporting procedure has been established.

The Reporting Model is submitted on a half-yearly basis to the Group's General Economic and Financial Department by the economic and financial head of each subsidiary. Based on the premise of continuous improvement, all the changes and incidents reported by each subsidiary are evaluated by the General Economic and Financial Department for the purpose of keeping the ICFR system up to date and in line with the applicable circumstances.

In order to comply with the ESEF Regulation, in 2020 the General Economic and Financial Department implemented an IT tool for the XBRL tagging of the consolidated financial statements so that they could be published in XHTML format.

F.5. Oversight of the operation of the system.

Provide information, indicating the salient features, on at least:

- F.5.1** ICFR monitoring activities performed by the Audit Committee, including an indication of whether the entity has an internal audit department whose competencies include supporting the Audit Committee in its role of monitoring the internal control system, including ICFR. Also describe the scope of the ICFR system assessment conducted in the year and the procedure for the person in charge to communicate the findings. State also whether the company has an action plan specifying corrective measures and whether it has taken stock of the potential impact on its financial information.

INTERNAL AUDIT DEPARTMENT:

The Board of Directors ordered the creation of the Group's Internal Audit Department to have an independent and objective assurance, internal control and consultation service, to support the organisation in the effective performance of its responsibilities.

The Internal Audit Department forms part of the OHL Group organisation, although it is not an executive body, and 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 detailed in the Internal Audit Charter updated in September 2020, are as follows:

- To review the truthfulness, reliability, quality and completeness of the records and the financial and operating information. Check the reliability and effectiveness of the internal control and risk management systems, as well as the processes. Specifically, review the ICFR system and the sufficiency of the implemented controls.
- To provide information to the Board of Directors, through the Audit Committee, in order to facilitate the latter's potential assessment of the adequate and efficient use of the Group's resources.
- To oversee that risk management is aligned with the OHL Group's policies and Code of Ethics.
- To verify the existence and status of assets and check that the measures to protect their integrity are adequate.
- To verify the existence of rules, procedures and processes that duly govern the main activities and that allow for the correct measurement of their economy and efficiency.
- To assess the degree of compliance with the rules, instructions and procedures established at the Group.
- To propose the implementation, amendments and reviews or adaptations of the processes and internal regulations that are necessary to improve operations.
- To review the OHL Group's newly issued internal regulations or their amendments, prior to their definitive approval.
- To maintain coordinated relationships with the work performed by the external auditor as a complementary, and not a subsidiary or substitute, activity.
- To make recommendations to help correct the anomalies or shortcomings detected in the course of the work and monitor their implementation.
- To prepare and present the proposed Annual Internal Audit Plan and the internal audit activity report to the Audit and Compliance Committee.
- To perform any specific task commissioned by the Audit Committee.
- To keep an up-to-date inventory of fraud risks and the associated controls, and test the effectiveness of those controls on a rotating annual review basis.
- To perform and coordinate investigations of potential irregularities reported in the Ethics Channel or detected over the course of the audit work.
- To participate as a guest on various internal Group committees to learn about the activities performed, monitor recommendations and contribute value.

All these functions are discharged exclusively by the members of the Internal Audit Department and are not discharged alongside other duties."

RISK AND INTERNAL CONTROL DEPARTMENT:

In order to promote risk and internal control management, the Group has a Risk and Internal Control Department, which reports to the Audit Committee. The main roles of this Department are as follows:

- To coordinate, guide and support the strategic, operational, organisational and regulatory actions concerning risk management across the entire Group.
- To establish the methodologies and tools for preparing the Risk Map and identify and provide warnings regarding changes in the likelihood and/or impacts of the identified risks.
- To lead the process of identifying and analysing risks that may occur during the performance of OHL's activities, through the preparation and periodic updating of the Risk Map.
- To define, implement and update the risk management procedures that are deemed appropriate at Group level by cooperating with the various businesses.
- To conduct occasional reviews and analyses of the Group's risk exposure associated with transactions that are identified as significant or exceptional.
- To prepare the appropriate reports on OHL's risk position to be reported to the CEO, the Audit Committee and/or the Board of Directors of OHL.
- To perform appropriate risk management policy training and dissemination activities at Group level.
- To prepare action proposals to reduce the level of, or exposure to, certain types of risks and to minimise their impact.
- To prepare a preliminary report on the presentation of offers and openings of offices or commercial branches in new countries and for any investments that have been proposed in new countries or in those in which the Group has had previously operated and for which the funds contributed by the Group exceed EUR 100 million.
- To prepare, document and maintain the Internal Control System, compliance with which by the various OHL Group business areas ensures that the operational and financial reporting risks are mitigated.
- To identify and communicate the Internal Control deficiencies detected.
- To prepare and present to the CEO and Audit Committee the annual risk and internal control planning proposal and periodically report on its execution.

ACTIVITIES PERFORMED BY THE AUDIT AND COMPLIANCE COMMITTEE IN 2020:

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:

- Periodically oversee the financial information preparation and presentation process.
- Oversee the efficiency 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 sent by the Group to the CNMV, prior to 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 on the basis of the OHL Group's general and specific objectives and the risks that may threaten compliance therewith, prioritising matters that require particular attention in each functional area. It therefore 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 show signs of a potential anomaly.
- Form part of significant changes in the year or are newly implemented.
- Were not audited within a reasonable period of time.
- Are of interest to the Board of Directors or management of the Group.

In order to plan its activities, Internal Audit pays special attention to the Risk Map, considering the possible impact of those risks on the processes.

In 2020 audits were performed in Construction, Industrial, Services and Development activities, covering the following processes:

- Construction work and industrial projects.
- Obtainment of indicators and alerts on specific parameters.
- Treasury reporting processes.
- Data quality (relevant management data).
- Working capital management processes.
- Anti-bribery management systems.
- Crime prevention system.
- System of Internal Control over Financial Reporting (ICFR).
- Dissemination and awareness of the Code of Ethics.
- Anti-Money Laundering System.
- Off-site purchases.
- Use of DBEs in the US.

Although the across-the-board work was performed in numerous additional geographical areas, the review of construction or industrial projects was performed in the following countries:

- USA
- Spain
- UK
- Chile
- Peru
- Sweden

With regard to the monitoring of the ICFR system in accordance with the multi-annual rotation plan, in 2020 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, and no significant deficiency was detected as a result of the internal audit work.

Also, Internal Audit, which has a specialised fraud prevention and investigation unit, performed actions in this area on an ongoing basis throughout the year.

In 2020 work continued to verify human rights compliance matters and support for the significant environmental parameters used by the Group in sustainability-related reports.

All of the weaknesses give rise to recommendations disclosed in the reports prepared, and the appropriate corrective measures are adopted. Significant recommendations are regularly monitored at the meetings of the Management Committee.

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 modification to existing regulations or policies, ensuring consistency and compliance with policies established by the Board of Directors.

F.5.2 Indicate whether there is a discussion procedure whereby the financial auditor (pursuant to TAS), the internal audit department and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other reviews they have been engaged to perform to the company's senior executives and its Audit Committee or Board of Directors. State also whether the entity has an action plan to correct or mitigate the weaknesses identified.

Article 15 of the Company's Board Regulations includes the following responsibilities of the Audit Committee:

Section c): establish appropriate relations with the external auditors, assess the outcome of each audit and the management team's response to their recommendations, and intervene in cases of discrepancies between the two parties with regard to policies and methods applicable in the preparation of the financial statements, and receive information on matters that may jeopardise the auditor's independence, and any other matters related to the financial statement audit process, as well as other communications provided for in audit legislation and in auditing standards.

Section g): supervise the effectiveness of the Company's internal control, its internal audit services and risk management systems, and review the appointment and replacement of the persons responsible therefor and discuss with the auditors the significant weaknesses in the internal control system disclosed in the performance of the audit;

These responsibilities are performed actively, through the periodic meetings the Audit Committee holds with the Group's external auditors and with the department managers, and with the Group's Economic and Financial Director, Risk and Internal Control Director, Internal Audit Director and Compliance Director, who are all permanently invited to attend all of the Committee's meetings.

Thus, based on an annual schedule, the Audit Committee calls the heads of each of these areas in advance to attend in person and give a specific presentation to the Committee members on how they are managing risk in their respective areas.

The Audit Committee holds meetings at least once a year with the external auditors in order to ascertain the internal control weaknesses detected in the course of the audit which, where applicable, are corrected through the updating of the affected policies or rules and of the controls defined in the Internal Control System. In 2020 the external auditor attended the Audit Committee meetings on four occasions.

It should be noted that the Audit Committee has information on all the actions of the Internal Audit Department, the Risk and Internal Control Department and the Compliance Department, and receives a report on the weaknesses detected and on 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 the aforementioned functions, particularly the function of preparing and keeping up-to-date:

- The annual planning of work.
- The Department's annual budget.
- The reports on each piece of work performed.
- The Department's Organisational and Procedural Rules.

The foregoing is carried out in order to monitor the activities performed, as an effective measure for developing and complying with the Audit Committee's oversight responsibilities.

F.6. Other relevant information.

Not applicable.

F.7. External auditor's report.

Indicate:

- F.7.1 Whether the ICFR system information reported to the markets has been reviewed by the external auditor. If "yes", the related report should be included in the corresponding report as an Appendix. If "no", give reasons.

The Group requested a review report on the ICFR system information described in this document from the external auditor, which is 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

Indicate the company's degree of compliance with the recommendations of the Spanish Code of Good Governance for Listed Companies.

If a recommendation is not followed or only partially followed, a detailed explanation of the reasons should be provided so that the shareholders, investors and the market in general have sufficient information to evaluate the company's performance. Explanations of a general nature are not accepted.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

Followed ☒ Explain ☐

2. When the listed company is controlled by another entity within the meaning of Article 42 of the Spanish Commercial Code, irrespective of whether or not that company is listed, and has business relationships, whether directly or through its subsidiaries, with that entity or any of its subsidiaries (other than those of the listed company), or performs activities relating to those of any of the latter, it should publicly and accurately disclose:

- a) The respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent or its subsidiaries.
- b) The mechanisms in place to resolve possible conflicts of interest.

Followed ☐ Partially followed ☐ Explain ☐ Not applicable ☒

3. At the Annual General Meeting, in addition to the communication in writing of the Annual Corporate Governance Report, the chairperson of the Board of Directors should orally inform the shareholders, in sufficient detail, of the most important matters in relation to the company's corporate governance and, in particular, of:

- a) changes since the previous Annual General Meeting; and
- b) the specific reasons why the company does not follow certain recommendations of the Corporate Governance Code and the alternative rules applied in this connection, should any exist.

Followed ☒ Partially followed ☐ Explain ☐

4. The company should define and promote a policy relating to communication and contact with shareholders and institutional investors within the context of their involvement in the company, as well as with voting advisers, that fully complies with regulations against market abuse and treats shareholders in the same position in a similar manner. The company should publish this policy on its website, including information on how it has been implemented, identifying the liaison personnel or staff in charge of implementing it.

Notwithstanding the legal requirements regarding the dissemination of inside information and other kinds of regulated information, the company should also have a general policy relating to the reporting of economic and financial, non-financial and corporate information through the channels it considers appropriate (media, social networks or other channels), which contributes to optimising the dissemination and quality of the information available to the market, investors and other stakeholders.

Followed ☒ Partially followed ☒ Explain ☐

The Company has a policy relating to communication and contact with shareholders and institutional investors, as well as with voting advisers, approved on 27 February 2017. This policy is under review.

5. The Board of Directors should not put forward to the General Meeting a proposal to delegate powers in order to issue shares or convertible securities with disapplication of pre-emption rights for an amount exceeding 20% of share capital upon delegation.

When the Board of Directors approves any share or convertible security issue with disapplication of pre-emption rights, the company should immediately publish on its website the reports on such disapplication referred to in corporate legislation.

Followed ☒ Partially followed ☐ Explain ☐

6. The listed companies that prepare the reports indicated below, whether obligatorily or voluntarily, should publish them on their respective websites sufficiently in advance of the Annual General Meeting, whether or not they are required to disseminate them:

- a) Report on auditor independence.
- b) Reports on the functioning of the Audit Committee and the Remuneration and Nomination Committee.
- c) Audit Committee report on related-party transactions.

Followed ☒ Partially followed ☐ Explain ☐

7. The company should stream a live broadcast of the General Meetings on its website.

The company should have mechanisms in place enabling votes to be delegated and exercised by telematic means, even including, in the case of large cap companies, where proportionate, attendance and active participation at the General Meeting.

Followed ☒ Partially followed ☐ Explain ☐

8. The Audit Committee should ensure that the financial statements that the Board of Directors presents to the shareholders at the Annual General Meeting are prepared in accordance with the accounting legislation. Where the auditor has included qualifications in the auditor's report, the chairperson of the Audit Committee should clearly explain the Audit Committee's opinion on the content and scope thereof at the Annual General Meeting, and provide a summary of that opinion, together with the other Board proposals and reports, to the shareholders when the Annual General Meeting is called.

Followed ☐ Partially followed ☒ Explain ☐

The Company complies with the terms of this Recommendation.

The Company is in the process of reviewing and adapting the Board Regulations and its internal rules.

9. The company should have a permanent, public record on its website of the requirements and procedures that it will accept in order to evidence the ownership of shares, the right to attend the General Meeting and the exercise or delegation of the right to vote.

Such requirements and procedures should prioritise the attendance and the exercise of the rights of the shareholders and should be applied in a non-discriminatory manner.

Followed ☒ Partially followed ☐ Explain ☐

10. When any legitimate shareholder has exercised, prior to the General Meeting, the right to complete the agenda or present new resolution proposals, the company should:

- a) Immediately make such supplementary points and new resolution proposals public.
- b) Make public the attendance card model or vote delegation/proxy vote form with the modifications necessary so that the new points of the agenda, as well as alternative resolution proposals, can be voted on under the same terms as those proposed by the Board of Directors.
- c) Submit all those points or alternative proposals to a vote and apply the same voting rules to them as are applied to the points and proposals prepared by the Board of Directors, including, specifically, the assumptions or deductions on which way to vote.
- d) After the General Meeting, communicate the breakdown of the vote on those supplementary points or alternative proposals.

Followed ☐ Partially followed ☐ Explain ☐ Not applicable ☒

11. If the company plans to pay attendance bonuses to the Annual General Meeting, it should establish beforehand a general policy on such bonuses, and the policy should be stable.

Followed ☐ Partially followed ☐ Explain ☐ Not applicable ☒

12. The Board of Directors should perform its duties with unity of purpose and independence of judgement, according all shareholders in the same position the same treatment. It should be guided by the corporate interest, understood as securing long-term, profitable and sustainable business that fosters its own continuity and maximises the company's economic value.

In pursuit of corporate interest, in addition to respect for laws and rules and behaviour based on good faith, ethics and respect for customs and generally accepted good practice, the company should attempt to reconcile, where applicable, corporate interest with the legitimate interests of its employees, suppliers, customers and those of the other stakeholders that may be affected, as well as with the impact of the company's activities on the community as a whole and on the environment.

Followed ☒ Partially followed ☐ Explain ☐

13. In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise between five and fifteen members.

Followed ☒ Explain ☐

14. The Board of Directors should approve a policy aimed at encouraging an appropriate Board composition, which:

- a) is specific and verifiable;
- b) ensures that appointment or re-election proposals are based on a preliminary analysis of the competencies 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 in place to encourage the Company to have a significant number of female senior executives favour gender diversity.

The findings of the preliminary analysis of the competencies required by the Board of Directors should be included in the Nomination Committee's supporting report which should be published when the Annual General Meeting is called and to which the ratification, appointment or re-election of each director will be submitted.

The Nomination Committee will verify compliance with this policy each year, and this will be reported on in the Annual Corporate Governance Report.

Followed ☒ Partially followed ☐ Explain ☐

15. Proprietary and independent directors should occupy an ample majority of Board places, while the number of executive directors should be the minimum number required, bearing in mind the complexity of the corporate group and the ownership interests held by the executive directors.

The number of female directors should represent at least 40% of the members of the Board of Directors by the end of 2022 onwards, and should not fall below 30% before that time.

Followed ☒ Partially followed ☐ Explain ☐

16. The proportion of proprietary directors as a percentage of the total non-executive directors should not exceed the proportion of the company's capital they represent.

This criterion may be relaxed:

- a) at large cap companies where few equity stakes attain the legal threshold for significant shareholdings; and
- b) at companies with multiple shareholders represented on the Board of Directors but not otherwise related.

Followed ☒ Explain ☐

17. The number of independent directors should represent at least half of all Board members.

However, if the company is not a large cap company or, even if it is but has one shareholder or various shareholders acting collectively controlling more than 30% of the share capital, the number of independent directors should represent at least a third of the total number of directors.

Followed ☒ Explain ☐

18. Companies should post the following director particulars on their websites and keep them permanently updated:

- a) professional experience and background;
- b) directorships held in other companies, listed or otherwise, and other paid activities carried out by the directors, regardless of their nature;
- c) an indication of the director's classification as executive, proprietary or independent; in the case of proprietary directors, stating the shareholder they represent or have links with;
- d) the date of their first appointment as a company director, and of subsequent re-elections, and;
- e) shares held in the company and any options thereon.

Followed ☒ Partially followed ☐ Explain ☐

19. After verification by the Nomination Committee, the Annual Corporate Governance Report should also disclose the reasons for the appointment of proprietary directors at the request of shareholders controlling less than 3% of capital and explain any rejection of a formal request for a Board place from shareholders whose ownership interest is equal to or greater than that of others applying successfully for a proprietary directorship.

Followed ☐ Partially followed ☐ Explain ☐ Not applicable ☒

20. Proprietary directors should resign when the shareholders they represent transfer their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

Followed ☒ Partially followed ☐ Explain ☐ Not applicable ☐

21. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where just cause is found by the Board of Directors, based on a proposal from the Nomination Committee. In particular, just cause shall be presumed to exist when a director is appointed to a new post or undertakes new obligations that prevent him or her from devoting the necessary time to the duties required of a director, is in breach of the duties inherent to their position or comes under one of the grounds which result in the loss of their position as an independent director in accordance with the applicable legislation.

The removal of independent directors may also be proposed as a result of a takeover bid, merger or similar corporate transaction producing changes in the company's capital structure, when such changes in the structure of the Board of Directors are made in order to meet the proportionality criterion set out in Recommendation 16.

Followed ☒

Explain ☐

22. Companies should establish rules obliging directors to report and, where appropriate, resign, in situations affecting them -irrespective of whether or not they relate to their conduct at the company itself-, which could harm the company's good name and reputation and, in particular, to inform the Board of any criminal charges brought against them and the progress of the legal proceedings brought in this connection.

Where the Board has been notified or has otherwise been made aware of any of the situations mentioned in the preceding paragraph, it should examine the case as soon as possible and, in view of the specific circumstances, decide, following a report by the Nomination and Remuneration Committee, whether or not it should take any measures such as initiate an internal investigation, request the resignation of the director or propose their removal. This should be reported in the Annual Corporate Governance Report, unless there are special circumstances warranting the non-disclosure thereof, of which a record must be furnished. The foregoing is without prejudice to any information to be disseminated by the company, where considered appropriate, at the time when the pertinent measures are adopted.

Followed ☐

Partially followed ☒

Explain ☐

The Company complies with the terms of this Recommendation.

The Company is in the process of reviewing and adapting the Board Regulations and its internal rules.

23. All directors should express clear opposition when they feel a proposal submitted for the Board's approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking Board representation.

When the Board of Directors makes material or reiterated decisions about which a director has expressed serious reservations, then he/she must draw the pertinent conclusions. Directors resigning on such grounds should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the Secretary of the Board, director or otherwise.

Followed ☒ Partially followed ☐ Explain ☐ Not applicable ☐

24. When directors, due to their resignation or by a resolution of the General Meeting, leave their positions before their tenure expires, they should provide a sufficient explanation of the reasons for their resignation or, in the case of non-executive directors, their opinion on the General Meeting's reasons for removing them, in a letter to be sent to all members of the Board of Directors.

Notwithstanding the fact that all the foregoing should be reported in the Annual Corporate Governance Report, to the extent that it is considered relevant for investors, the company should publish the resignation or removal as soon as possible, making sufficient reference to the reasons or circumstances put forward by the director.

Followed ☒ Partially followed ☐ Explain ☐ Not applicable ☐

25. The Nomination Committee should ensure that non-executive directors have sufficient time available to correctly discharge their functions.

The Board Regulations should establish the maximum number of company directorships the Board members can hold.

Followed ☒ Partially followed ☐ Explain ☐

26. The Board of Directors should meet with the necessary frequency to properly perform its functions (at least eight times a year), in accordance with a calendar and agenda set at the beginning of the year, to which each director may individually propose the addition of other items.

Followed ☒ Partially followed ☐ Explain ☐

27. Directors' absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.

Followed ☒ Partially followed ☐ Explain ☐

28. When directors or the secretary express concerns about a proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minutes.

Followed ☒ Partially followed ☐ Explain ☐ Not applicable ☐

29. The company should establish the appropriate channels in order for the directors to be able to obtain the advisory services required for the fulfilment of their functions, including, as the circumstances may require, external advisory services charged to the company.

Followed ☒ Partially followed ☐ Explain ☐

30. The companies should also offer the directors refresher programmes when the circumstances so advise, regardless of the knowledge required of the directors to discharge their functions.

Followed ☒ Explain ☐ Not applicable ☐

31. The agenda of the meetings should clearly indicate the items on which the Board of Directors must adopt a decision or resolution so that the directors can study or find the information required to adopt them in advance.

Exceptionally, in urgent cases when the chairperson wishes to submit decisions or resolutions that do not appear in the agenda for approval to the Board of Directors, the prior and express consent of the majority of the directors present shall be required, and this shall be duly recorded in the minutes.

Followed ☒ Partially followed ☐ Explain ☐

32. The directors should be regularly informed of any changes in ownership interests and of the opinion of significant shareholders, investors and rating agencies as regards the company and its group.

Followed ☒ Partially followed ☐ Explain ☐

33. In addition to performing their functions as stipulated in the law and the bylaws, the chairperson, as the person responsible for the proper functioning of the Board of Directors, should prepare and submit to the Board of Directors a programme of dates and business to be transacted; should organise and coordinate regular evaluations of the Board and, as appropriate, the evaluation of the chief executive of the company; should be responsible for managing the Board and its effective operation; should ensure sufficient time is devoted to discussing strategic matters; and should agree and review the refresher programmes for each director when the circumstances so advise.

Followed ☒ Partially followed ☐ Explain ☐

34. Should there be a lead director, in addition to the powers legally attributed to them, the company bylaws or Board regulations should also confer the following powers on them: to chair meetings of the Board of Directors should the chairperson (and deputy chairperson, if there is one) not be available; express the concerns of non-executive directors; contact investors and shareholders to learn their views in order to be able to form an opinion on their concerns, in particular in relation to the corporate governance of the company; and coordinate the succession plan for the chair.

Followed ☐ Partially followed ☒ Explain ☐ Not applicable ☐

Even if the chairperson of the Board is a non-executive member, the Company goes beyond good governance recommendations and has a coordinating director with the powers conferred by the Board of Directors regulations, which exclude the Succession Plan, which is the responsibility of the Nomination and Remuneration Committee, and contact with investors and shareholders, which is carried out by the General Economic and Financial Department and the Investor Relations Department and, where appropriate, with the involvement of other specific company departments when it is required on the basis of the matter or issue being raised.

35. The secretary of the Board of Directors should take special care to ensure that the Board's actions and decisions take into account the good governance recommendations included in this Good Governance Code that might be applicable to the company.

Followed ☒ Explain ☐

36. The Board of Directors in plenary session should evaluate the following points on a yearly basis and, if appropriate, adopt an action plan to correct any deficiencies detected in relation to the following:

- a) the quality and efficiency of the Board's operation;
- b) the operation and composition of its committees;
- c) diversity in the composition and responsibilities of the Board of Directors;
- d) the performance of the chairperson of the Board of Directors and the chief executive of the company; and
- e) the performance and contribution of each director, placing particular emphasis on the parties responsible for the various committees of the Board.

The evaluation of the various committees is based on the reports they submit to the Board of Directors, and the evaluation of the Board is based on the report submitted to them by the Nomination Committee.

Every three years, the Board of Directors shall be assisted in the evaluation by an external consultant, the independence of which shall be verified by the Nomination Committee.

The business relationships of the consultant or any company in its group with the company or any company of its group must be disclosed in the Annual Corporate Governance Report.

The process and the areas evaluated shall be disclosed in the Annual Corporate Governance Report.

Followed ☐ Partially followed ☒ Explain ☐

The Company performed an evaluation by means of an internal process, without the assistance of any external advisers, due mainly to its implementation in 2020 of a strict cost containment policy affecting the engagement of external advisers.

37. When the company has an Executive Committee, its members should include at least two non-executive directors, at least one of whom must be independent; and its secretary should be the secretary of the Board of Directors.

Followed ☐ Partially followed ☒ Explain ☐ Not applicable ☒

38. The Board of Directors should be kept fully informed of the business transacted and resolutions adopted by the Executive Committee. To this end, all Board members should receive a copy of the Committee's minutes.

Followed ☐ Partially followed ☒ Explain ☐ Not applicable ☒

39. All members of the Audit Committee, particularly its chairperson, should be appointed with regard to their knowledge and background in accounting, auditing and financial and non-financial risk management.

Followed ☐ Partially followed ☒ Explain ☐

The Company complies with the terms of this Recommendation.

The Company is in the process of reviewing and adapting the Board Regulations and its internal rules.

40. Under the oversight of the Audit Committee, there should be a unit responsible for the internal audit function which ensures that the internal control and financial reporting systems function correctly, and which report to the non-executive chairperson of the Board or that of the Audit Committee.

Followed ☒ Partially followed ☐ Explain ☐

41. The head of internal audit should present an annual work programme to the Audit Committee, for approval by the latter or by the Board; report to it directly on the implementation thereof, including any incidents and scope limitations arising during its implementation, the outcome and follow-up on its recommendations; and submit an activities report at the end of each year.

Followed ☐ Partially followed ☒ Explain ☐ Not applicable ☐

The Company complies with the terms of this Recommendation.

The Company is in the process of reviewing and adapting the Board Regulations and its internal rules.

42. The Audit Committee should have the following tasks in addition to those provided for by law:

1. With respect to internal control and reporting systems:

- a) Overseeing and evaluating the preparation and 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, where appropriate, the group—including operational, technology, legal, social, environmental, political and reputational risks, and risks relating to corruption—verifying compliance with the regulatory requirements, the appropriate definition of the scope of consolidation and the correct application of the accounting policies.
- b) Monitoring the independence of the internal audit function; proposing the selection, appointment and removal of the head of internal audit; proposing the internal audit department's budget; approving internal audit's annual work plans and methods, or proposing the approval thereof to the Board, ensuring that its activity focuses primarily on significant risks (including reputational risks); receiving periodic information on its activities; and checking that senior management acts on the findings and recommendations of its reports.
- c) Establishing and overseeing a mechanism whereby employees and other persons related to the company, such as directors, shareholders, suppliers, contractors and subcontractors, can report any potentially significant irregularities detected within the company or its group, including financial and accounting irregularities, or those of any other nature. This mechanism should ensure confidentiality and, in any case, allow for anonymous reports to be made, while respecting the rights of both the whistleblower and person against whom the report is made.
- d) Generally ensuring that the established internal control policies and systems are applied effectively in practice.

2. In relation to external auditors:

- a) the Committee should investigate the circumstances giving rise to the resignation of any external auditor;
- b) oversee the remuneration of the work of the external auditor to ensure that its quality and independence are not compromised;
- c) oversee that the company reports any change of auditors through the CNMV, with an accompanying statement of any disagreements arising with the outgoing auditors and the reasons behind them;
- d) ensure that the external auditor holds an annual meeting with the Board of Directors in plenary session to inform it of the work performed and the changes in the accounting situation and risks of the company; and
- e) ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence.

Followed ☐ Partially followed ☒ Explain ☐

The Company complies with the terms of this Recommendation.

The Company is in the process of reviewing and adapting the Board Regulations and its internal rules.

43. The Audit Committee may call on any company employee or executive to be present at its meeting, even ordering their presence without another senior executive.

Followed ☒ Partially followed ☐ Explain ☐

44. The Audit Committee should be informed of the structural and corporate changes expected to be made by the company for analysis and reporting thereof prior to the Board of Directors meeting on their economic conditions and their accounting impact and, especially, as appropriate, on the proposed exchange ratio.

Followed ☒ Partially followed ☐ Explain ☐ Not applicable ☐

45. The control and risk management policy should identify or determine as a minimum:

- a) The different types of financial and non-financial risk (operational, technology, legal, social, environmental, political and reputational risks, among others, including corruption-related risks) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.
- b) A risk control and management model based on different levels, of which a specialist risk committee will form part where so provided by the industry standards or where the company considers it appropriate.
- c) The risk level considered acceptable by the company.
- d) Measures in place to mitigate the impact of identified risks, should they occur.
- e) The reporting and internal control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Followed ☐ Partially followed ☒ Explain ☐

The Company complies with the terms of this Recommendation.

The Company is in the process of reviewing and adapting the Board Regulations and its internal rules.

46. An internal control and management function should exist under the direct oversight of the Audit Committee, or as appropriate, of a specialist committee of the Board of Directors, for the management of risks, performed by a unit or internal department of the company, which would have the following functions allocated to it:

- a) Ensure the risk control and management systems function correctly and, in particular, all the major risks affecting the company are adequately identified, managed and quantified.
- b) Actively participate in preparing the risk strategy and in major decisions regarding risk management.
- c) Ensure the risk control and management systems adequately mitigate risks in the framework of the policy defined by the Board of Directors.

Followed ☒ Partially followed ☐ Explain ☐

47. The members of the Nomination and Remuneration Committee -or of the Nomination Committee and of the Remuneration Committee, if they are separate- should be appointed with regard to their having the knowledge, skills and experience appropriate to the functions they would have to perform, and the majority of the members should be independent directors.

Followed ☐ Partially followed ☐ Explain ☒

The Committee comprises five members, consisting of two independent non-executive directors, one who is classified in the category of "other non-executive directors" and two proprietary directors. The Company nevertheless considers that this composition meets the desired objective of having an independently functioning Committee.

48. Large cap companies should have separate Nomination and Remuneration Committees.

Followed ☐ Explain ☐ Not applicable ☒

49. The Nomination Committee should consult with the company's chairperson of the Board of Directors and chief executive, especially on matters relating to executive directors.

Any Board member may suggest directorship candidates to the Nomination Committee for its consideration.

Followed ☒ Partially followed ☐ Explain ☐

50. The Remuneration Committee should carry out its duties independently, and should have the following duties in addition to those attributed to it by law:

- a) Proposing to the Board of Directors the standard conditions for senior executive employment contracts.
- b) Checking compliance with the remuneration policy set by the company.
- c) Reviewing the remuneration policy applicable to directors and senior executives on a regular basis, including the remuneration systems with shares and their application, and ensuring that their individual remuneration is proportionate to what is paid to the other directors and senior executives of the company.
- d) Ensuring that possible conflicts of interest do not infringe upon the independence of the external advisory services provided to the committee.
- e) Verifying the information on the remuneration of the directors and senior executives contained in the various corporate documents including the annual report on the remuneration of the directors.

Followed ☒ Partially followed ☐ Explain ☐

51. The Remuneration Committee should consult the company's chairperson and chief executive, especially on matters relating to executive directors and senior executives.

Followed ☒ Partially followed ☐ Explain ☐

52. The rules governing the composition and operation of the supervisory and control committees should be included in the Board of Directors Regulations and should be consistent with those applicable to statutory committees according to the aforementioned recommendations, including the following:

- a) These should be formed exclusively of non-executive directors, with a majority of independent directors.
- b) The committees should be chaired by an independent director.
- c) The Board of Directors should appoint the members of such Committees having regard to the knowledge, aptitudes and experience of the directors and remit of each Committee and should discuss their proposals and reports. The Committees should report the business transacted and account for the work performed at the first plenary session of the Board following each Committee meeting.
- d) Committees may engage external advisers when they feel this is necessary for the discharge of their duties.
- e) Meetings should be recorded in minutes and should be made available to all Board members.

Followed ☐ Partially followed ☐ Explain ☐ Not applicable ☒

53. The oversight of fulfilment of the company's environmental, social and corporate governance policies and rules, and the internal codes of conduct, should be entrusted to one, or shared between several, committees of the Board of Directors, which could include the Audit Committee, the Nomination Committee, a committee specialised in sustainability or corporate social responsibility, or any other specialist committee that the Board of Directors has decided to create through the exercise of its self-governing powers. Such committee should consist solely of non-executive directors, most of whom should be independent, and they should be specifically assigned the minimum duties indicated in the following recommendation.

Followed ☐ Partially followed ☒ Explain ☐

The Company complies with the terms of this Recommendation, since it has assigned sustainability and corporate governance functions to the Nomination and Remuneration Committee, which consists solely of non-executive directors, two of whom are independent directors.

The Company is in the process of reviewing and adapting the Board Regulations and its internal rules.

54. The minimum functions referred to in the preceding recommendation are as follows:

- a) Supervision of fulfilment of the corporate governance rules and the internal codes of conduct, and ensuring that the corporate culture is in line with the aim and values thereof.
- b) Supervision of the application of the general policy relating to the reporting of economic and financial, non-financial and corporate information, and to communications with shareholders and investors, voting advisers and other stakeholders. The manner in which the entity communicates and deals with small- and medium-sized shareholders will also be monitored.
- c) The evaluation and regular review of the company's corporate governance system and its environmental and social policy in order to ensure it fulfils its mission to promote the corporate interest, and takes into account, as applicable, the legitimate interests of the other stakeholders.
- d) Supervision to ensure that the company's environmental and social practices are in keeping with the established strategy and policy.
- e) The supervision and evaluation of the processes for interacting with the various stakeholders.

Followed ☐ Partially followed ☒ Explain ☐

The Company complies with this Recommendation. It has assigned these sustainability and corporate governance functions to the Nomination and Remuneration Committee.

The Company is in the process of reviewing and adapting the Board Regulations and its internal rules.

55. The environmental and social sustainability policies should identify and include the following as a minimum:

- a) Principles, commitments, objectives and strategy in relation to shareholders, employees, customers, suppliers, corporate matters, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other illegal conduct.
- b) The methods or systems used for monitoring policy compliance, the associated risks and the management thereof.
- c) The mechanisms for supervising non-financial risks, including the risks relating to ethics and business conduct.
- d) The company's communication, participation and dialogue channels with stakeholders.
- e) Responsible communication practices that prevent the manipulation of information and protect integrity and reputations.

Followed ☐ Partially followed ☒ Explain ☐

The Company complies with the terms of this Recommendation.

The Company is in the process of reviewing and adapting the Board Regulations and its internal rules.

56. The directors' remuneration should be sufficient to attract and retain directors with the required profile and to compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise the independent judgement of the non-executive directors.

Followed ☒ Explain ☐

57. Variable remuneration linked to the company's and personal performance, and remuneration comprising the delivery of shares, share options or other share-based instruments referenced to the share value and the long-term saving schemes such as pension plans, retirement systems or other employee welfare systems should be confined to executive directors.

The delivery of shares as remuneration for non-executive directors may be included provided the directors retain them until the end of their tenure. The foregoing shall not apply to shares the directors need to dispose of, as the case may be, to satisfy the costs of their purchase.

Followed ☒ Partially followed ☐ Explain ☐

58. In the case of variable remuneration, remuneration policies should include technical limits and safeguards to ensure they reflect the professional performance of the recipients and not simply the general progress of the markets or the company's industry or other similar circumstances.

And, in particular, the variable components of the remuneration:

- a) Should be linked to performance criteria that are predetermined and measurable, and these criteria should take into account the risk assumed to achieve a profit.
- b) Should promote the sustainability of the company and include non-financial criteria that are suited to the creation of value in the long term, such as compliance with the internal rules and procedures of the company and with its risk control and management policies.
- c) Should be established on the basis of a balance between compliance with the short-, medium- and long-term objectives, which enables the remuneration of performance over a period of time that is long enough to evaluate their contribution to the sustainable creation of value, where the elements of performance being measured are not limited to specific, occasional or extraordinary events.

Followed ☒ Partially followed ☐ Explain ☐ Not applicable ☐

59. The payment of variable remuneration components should be subject to adequate verification that the pre-established performance (or other) conditions have effectively been met. The entities' Annual Report on Directors' Remuneration will include the criteria as regards the necessary timing and methods for conducting such verification based on the nature and characteristics of each variable component.

In addition, entities should evaluate the establishment of a reduction (malus) clause based on the deferment, for a sufficient period, of a portion of the variable components, which will lead to the total or partial loss of such components where an event rendering this advisable occurs prior to the payment date.

Followed ☐ Partially followed ☐ Explain ☒ Not applicable ☐

The annual variable remuneration of the Company's executive directors is linked to the achievement of certain annual objectives, the degree of fulfilment of which is determined by the Board of Directors at the proposal of the Nomination and Remuneration Committee.

The remuneration policy for directors, approved by the Annual General Meeting, establishes that the payment of the Annual Variable Remuneration will be linked to the achievement of specific business objectives.

The Company is also in the process of reviewing and adapting the Board Regulations and its internal rules.

60. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report entailing a decrease in such earnings.

Followed ☒ Partially followed ☐ Explain ☐ Not applicable ☐

61. A significant portion of the variable remuneration of the executive directors should be linked to the delivery of shares or financial instruments referenced to their value.

Followed ☐ Partially followed ☐ Explain ☐ Not applicable ☒

62. Once the shares, share options or financial instruments relating to the remuneration systems have been allocated, the directors should not be able to transfer ownership or exercise them until a term of at least three years has elapsed.

An exception to this rule applies where the director, at the time of the transfer or exercise, has a net economic exposure to a change in the share price of a market value equal to at least twice their fixed annual remuneration from the ownership of shares, share options or other financial instruments.

The foregoing will not apply to shares that directors need to dispose of in order to satisfy the costs of their purchase or, following a favourable appraisal by the Nomination and Remuneration Committee, to address any extraordinary situations that arise which may require such action to be taken.

Followed ☐ Partially followed ☐ Explain ☐ Not applicable ☒

63. The contractual agreements should include a clause to enable the company to claim repayment of the variable components of the remuneration when the payment did not fulfil the performance conditions, or when the payment was made in line with data subsequently proven to be inaccurate.

Followed ☒ Partially followed ☐ Explain ☐ Not applicable ☐

64. Payments for contract termination or extinguishment should not exceed an amount equal to two years' total annual remuneration, and should not be paid until the company is able to check that the director has met the performance criteria or conditions established in order to receive such payments.

For the purposes of this recommendation, payments for contract termination or extinguishment will include any payments accruing or due as a result, or on the occasion, of the termination of the employment relationship between the director and the company, including previously non-vested amounts relating to long-term saving schemes and amounts paid by virtue of post-contractual non-compete clauses.

Followed ☐ Partially followed ☒ Explain ☐ Not applicable ☐

The Company complies with the terms of this Recommendation.

The Company is in the process of reviewing and adapting the Board Regulations and its internal rules.

H. OTHER INFORMATION OF INTEREST

1. If there is any salient feature of corporate governance at the entity or the group entities that has not been dealt with in the other sections herein, and which it is necessary to include in order to provide the most complete and reasoned information on corporate governance structure and practices at the entity or its group, provide a brief description.
2. This section can include any other information, clarification or qualification relating to the previous sections of the report, provided that it is material and not repetitive.

In particular, indicate whether the company is subject to any legislation other than the Spanish legislation on corporate governance, and if so, include the information that it is required to provide, where such information differs from that required in this report.

3. The company may also indicate whether it has voluntarily adhered to any other codes of ethical principles or good practice of an international, industry-specific or other nature. If so, state the code in question and the date of adherence thereto. In particular, comment on whether the Spanish Code of Good Tax Practices of 20 July 2010 was adhered to.

A.5 INDICATE, AS APPROPRIATE, ANY RELATIONSHIPS OF A COMMERCIAL, CONTRACTUAL OR CORPORATE NATURE EXISTING BETWEEN THE HOLDERS OF SIGNIFICANT OWNERSHIP INTERESTS AND THE COMPANY AND/OR ITS GROUP, UNLESS THEY HAVE SCANT RELEVANCE OR ARISE FROM 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 recognition by GVM of an account payable 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 security interest in shares of Espacio Information Technology, S.A.; (ii) a tranche of EUR 11,000,000 maturing at two years and secured by certain collection rights of GVM; (iii) a tranche of EUR 12,850,415 maturing at five years, payment of which is contingent on the 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.

In relation to this transaction, in February 2021, as notified in the Inside Information reported on 24 February 2021, all the transactions envisaged for the complete performance of the dation in payment and debt acknowledgement agreement following obtainment of the necessary authorisations, including a waiver with the Company's creditor banks, all the conditions precedent to which it was subject having been fulfilled, had been carried out.

B.5 INDICATE WHETHER, AT THE GENERAL MEETINGS HELD IN THE YEAR, THERE WAS ANY POINT OF THE AGENDA THAT WAS NOT APPROVED BY THE SHAREHOLDERS FOR ANY REASON:

The reason for non-approval is as follows: As a result of Forjar Capital, S.L.U. and Solid Rock Capital, S.L.U. acquiring ownership interests in the Company by purchasing shares representing a total of 16% of the share capital of Grupo Villar Mir, S.A.U. ("GVM"), which was reported to the market on 21 May 2020, and Luis Fernando Martín Amodio Herrera and Julio Mauricio Martín Amodio Herrera being appointed proprietary directors due to the ownership interests they had acquired in the Company's share capital (8% each), the Board of Directors considered it appropriate to keep the number of the Company's Board members at ten and, accordingly, proposed to the shareholders at the General Meeting called previously, i.e., on 10 May 2020, not to vote in favour of the proposed resolution included in point eight on the agenda of the General Meeting to reduce the number of Board members to nine.

C.1.13.- INDICATE THE AMOUNTS OF THE ITEMS RELATING TO THE OVERALL REMUNERATION OF THE BOARD OF DIRECTORS.

The overall remuneration of the Board of Directors includes the fixed annual remuneration of the Board of Directors and the remuneration received by the executive directors in the performance of their senior management duties, in accordance with the Remuneration Policy amended by the Annual General Meeting on 15 June 2020.

C.1.25.- INDICATE HOW MANY BOARD OF DIRECTORS MEETINGS WERE HELD DURING THE YEAR. ALSO INDICATE ANY OCCASIONS ON WHICH THE BOARD HELD MEETINGS AT WHICH THE CHAIRPERSON WAS NOT PRESENT.

The chairperson is absent from the meeting when the Board evaluates the chairperson in terms of the exercise of his or her duties as such.

C.1.34.- INDICATE THE NUMBER OF YEARS THAT THE CURRENT AUDIT FIRM HAS BEEN UNINTERRUPTEDLY AUDITING THE SEPARATE AND/OR CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY. ALSO INDICATE THE NUMBER OF YEARS AUDITED BY THE CURRENT AUDIT FIRM AS A PERCENTAGE OF THE TOTAL NUMBER OF YEARS DURING WHICH THE FINANCIAL STATEMENTS HAVE BEEN AUDITED.

In 2002 DELOITTE, S.L. was appointed as auditor of both the Company and the Group. The audit of the Company in the preceding 15 years and the audit of the Group in the preceding 13 years was performed by Arthur Andersen.

C.2.1.- AUDIT AND COMPLIANCE COMMITTEE.

FUNCTIONS, PROCEDURES AND RULES OF ORGANISATION AND OPERATION OF THE AUDIT AND COMPLIANCE COMMITTEE: The functions entrusted to the Audit and Compliance Committee and the procedures and rules governing the organisation and operation thereof are described in Article 15 of the Board Regulations: "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. Of these, at least two of the members of the Audit Committee shall be independent directors and one of them shall be appointed taking into consideration his/her knowledge and experience in matters relating to accounting, audits or both. 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). reporting to the Annual General Meeting on any issues raised at it by shareholders in matters within its competence, and considering any suggestions on such matters made to it by shareholders, the Board of Directors and the Company's management; b). proposing the appointment of the auditor, the terms and conditions of engagement, the scope of the professional mandate and, where appropriate, their revocation or non-renewal; c). establishing the appropriate relations with the external auditor, assessing the results of each audit and the responses of the management team to its recommendations and mediating in cases of discrepancies between the latter and the former in relation to the principles and rules applicable to the preparation of the financial statements, and receiving information on those matters that might jeopardise the independence of the auditors and any other matters related to the process of performing the audit, as well as those other communications provided for in audit legislation and the technical standards on auditing; d). in any case, they must receive annually from the auditor written confirmation of its independence vis-à-vis the Company or entities directly or indirectly related to it, as well as information on additional services of any kind provided to the Company by the aforementioned auditor, or by persons or entities related to it in accordance with the provisions of Audit Law 19/1988, of 12 July; e). issuing annually, prior to issuing the auditor's report, a report expressing an opinion on the independence of the auditor. The aforementioned report should express, in any event, an opinion on the additional services referred to in the preceding point; f). supervising compliance with the audit agreement, ensuring that the opinion on the financial statements and the main contents of the auditor's report are drafted clearly and precisely; g). supervising the effectiveness of the Company's internal control, its internal audit services and risk management systems, reviewing the appointment and replacement of the persons responsible therefor and discussing with the auditors the significant weaknesses in the internal control system disclosed in the performance of the audit; h). supervising the process of preparing and presenting the financial information and reviewing the appointment and replacement of those responsible; i). 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 the modification of accounting principles and rules suggested by management; j). reviewing the prospectuses and periodic financial information to be provided by the Board to the markets and their supervisory bodies; k). examining compliance with the Internal Code of Conduct in the Securities Markets, the Regulations of the Board of Directors, the Regulations of the Annual General Meeting, the Code of Ethics of the OHL Group and, in general, the rules of governance of the Company, and making the necessary proposals for their improvement. In particular, the Audit Committee is responsible for receiving information and, where appropriate, issuing reports on disciplinary measures concerning members of the Company's senior management team; l). informing the Board prior to the adoption of resolutions regarding the creation or acquisition of shares in special purpose vehicles or entities domiciled in countries or territories considered to be tax havens; m). informing the Board of Directors in advance of all matters contemplated in the law, the bylaws and the Board Regulations, and in particular on: 1) the financial information that the Company must periodically make public, 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) the proposal to amend the Regulations of the Board of Directors; n). identifying, proposing, directing, promoting and supervising the Corporate Social Responsibility policy of the OHL Group, and preparing the Corporate Social Responsibility report on an annual basis. 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 of the sessions will 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 valid when at least half plus one of its members are present or represented. Resolutions shall be adopted by an absolute majority of the members attending the Committee. 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 ensure optimal performance of its duties, the Audit and Compliance Committee may seek the advice of external professionals, whose engagement shall be requested to the Board of Directors, which may not refuse the engagement unless in a reasoned manner and in the Company's best interests."

MOST IMPORTANT ACTIONS IN 2020:

- Monitoring of business performance and, particularly, of the impact of covid-19 on the various activities and countries where the Group has a presence.
- Report to the Board of Directors on the budget for the year and monitoring of budget compliance.
- Monitoring of the Company's financial and cash position in the year.
- Analysis of progress of the Group's significant transactions and financing in the year.
- Analysis of the economic conditions of the arrangement entered into with Grupo Villar Mir for the repayment of its debt and the possible related accounting impact, having examined the reports issued by external advisers and fairness opinions, and submission of a favourable report to the Board's plenary meeting regarding the transaction in the Company's corporate interest, the proprietary director who was a member of the Committee representing the shareholder with an interest in that transaction having abstained.
- Review and analysis, prior to the Board meeting, of the main interim periodic (quarterly and six-monthly) economic and financial aggregates, providing a favourable report for its presentation in due time and form to the markets and to their supervisory bodies.
- Review and approval of the 2019 tax report.
- Review of the system of Internal Control over Financial Reporting (ICFR) in 2020.
- Review of the financial and non-financial requirements issued by the CNMV (Spanish National Securities Market Commission) and of the related responses prepared by Company management.
- Review of the external auditors' work.
- Review of the economic terms and conditions of the engagement of the firm auditing the financial statements of the Company and its Group.
- Analysis of the independence of the external auditor and review of compliance with the requirements regarding conflicts of interest established in Spanish Audit Law 22/2015, of 20 July, considering such independence to be evidenced.
- Approval of non-audit services provided by the external auditor to the Company or the Group subsidiaries, previously reported by the General Economic and Financial Department with respect to their nature, circumstances and amounts.
- Proposal to reappoint the external auditor for 2020.
- Performance of the selection process for a new external auditor of the Company and its Group, in accordance with Spanish Audit Law 22/2015, of 20 July, until the selection of EY as the candidate appointed by the Annual General Meeting as auditor of the financial statements for 2021, 2022 and 2023.
- Analysis and review of the internal audit reports prepared over the course of various selected projects and of transversal aspects of the various activities, their outcome, conclusions and, where applicable, recommendations to Company management.
- Review and approval of the Internal Audit Department's Annual Report for 2019 and of the 2020 Internal Audit Plan, including the budget for the year.
- Review and approval of the Compliance Department's Annual Report for 2019 and of the Compliance Department's Annual Plan for 2020, including the budget for the year.
- Analysis and processing of the complaints reported by the Compliance Department received through the Ethics Channel in 2020.
- Monitoring of investigations coordinated by the Compliance Department at the request of the Committee itself.
- Supervision of the work plan established for renewing ISO 37001 certification (anti-bribery management systems) and UNE 19601 certification (criminal risk compliance management system), obtained in 2019.
- Meetings held with the lawyers of the external firm appointed to conduct an independent investigation into the facts at issue in the proceedings conducted by Central Examining Court no. 6 in the Lezo Case, conveying to the Board of Directors the conclusions of those investigations, the outcome of which was ultimately submitted to the court in July 2020.
- Review and approval of the Risk and Internal Control Department's Annual Report for 2019 and of the Risk and Internal Control Department's Annual Plan for 2020, including the budget for the year.
- Update of the Risk Map (including financial and non-financial risks) and of the OHL Group's red lines.
- Review of the risk management internal regulations.
- Annual self-assessment of the Committee.
- Preparation of its Annual Report.

C.2.1.- NOMINATION AND REMUNERATION COMMITTEE.

FUNCTIONS, PROCEDURES AND RULES OF ORGANISATION AND OPERATION OF THE NOMINATION AND REMUNERATION COMMITTEE: The functions, procedures and rules relating to the organisation and functioning of this Committee are described in Article 16 of the Board Regulations: "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 fewer 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. 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 required on 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 required to perform their duties effectively. b) Setting a representation goal for the gender with less representation on the Board of Directors and prepare recommendations on how to achieve that goal. c) Submitting to the Board of Directors the proposals for the appointment of independent directors by co-option or, if applicable, for the Annual General Meeting's consideration, as well as the proposals made by the General Meeting for such directors' re-election or removal. d) Reporting the proposals for appointment of the other directors by co-option or submission to the decision of the Annual General Meeting, as well as the proposals for their re-election or removal by the 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 CEOs, 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) Periodically reviewing the remuneration programmes, assessing the suitability thereof and their yields. j) Monitoring remuneration transparency. k) Reporting on transactions that give rise or may give rise to a conflict of interests 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) Annually reporting to the plenary session of the Board on the evaluation of the chairperson of the Board's performance. n) Identifying, proposing, directing, promoting and supervising the Corporate Social Responsibility policy of the OHL Group, and preparing the Corporate Social Responsibility report on an annual basis. ñ) 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. 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 Annual General Meeting. Independently of this, it shall meet at least three times a year. One of these meetings shall be devoted to determining the directors' 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 in each meeting, which shall be submitted to the plenary session of the Board. 5.- Any member of the Company's management team or any of its employees summoned to attend the Committee's meetings shall be obliged to do so and to provide his or her cooperation and access to the information available to that member. The Committee may also request the auditor's attendance at the meetings. 6.- To ensure optimal performance of 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."

MOST IMPORTANT ACTIONS IN 2020:

- Analysed the composition and size of the Board of Directors in accordance with good governance recommendations.
- Reported on and proposed the re-election and appointment of proprietary directors to the Board of Directors, considering that they met the profile and skills required to discharge their office, assessing and reporting favourably on their suitability.
- Analysed and reported to the Board of Directors the CEO's variable and extraordinary remuneration, assessing, where applicable, compliance with objectives and criteria.
- Analysed and reported to the Board of Directors the proposed variable remuneration of the OHL Group's senior executives.
- Analysed the composition of the Board of Directors committees, and reported favourably on their re-design.
- Reviewed the factors for the distribution of the annual maximum remuneration approved by the General Meeting for external directors, and reported favourably on a new distribution scheme.
- Analysed, developed and implemented the senior executive long-term incentive plan, providing a favourable report to the Board of Directors on the suspension thereof in 2020.
- In relation to the remuneration of directors and senior executives, based on the economic circumstances in 2020, it proposed to the Board of Directors the suspension of the long-term incentive plan approved in 2019 for the entire senior executive team.
- Analysed and reported to the Board of Directors on the proposed variable remuneration of the senior executives.
- Provided a favourable report to the Board of Directors on the Board of Directors remuneration report for 2019, verifying that the remuneration policy in force was applied correctly.
- Provided a favourable report to the Board of Directors on the proposal to amend the Directors' Remuneration Policy subsequently approved by the Annual General Meeting held on 15 June 2020.
- Analysed and reported on the amount and nature of the related-party transactions performed in the year in accordance with Group regulations, the proprietary director who was a member of the Committee representing the shareholder with an interest in that transaction having abstained.
- Analysed and provided a favourable report on the terms and conditions agreed with the Villar Mir Group for the repayment of its debt, following examination of reports and fairness opinions on the terms and conditions of the agreement, submitting to the Board its report on the reasonableness, advisability and appropriateness of the transaction, also based on the circumstances of both the Company and the debtor, the proprietary director who was a member of the Committee representing the shareholder with an interest in that transaction having abstained.
- Provided a favourable report to the Board of Directors on a new Group organisational chart.
- Provided a favourable report on the proposed appointment of the Corporate General Manager, proposing to the Board of Directors the basic conditions of the hire.
- Provided a favourable report on the termination of the contracts of senior executives and the economic conditions of the settlement thereof.
- Analysed the information on sustainability (non-financial information statement) and provided a favourable report thereon to the Board of Directors for its approval and authorisation for issue in the framework of the Group's integrated annual report.
- Performed the annual self-assessment of the Committee.
- Approved its Annual Report.

E.5.- INDICATE ANY RISKS THAT AROSE DURING THE YEAR.

The pandemic that emerged at the beginning of 2020 has evolved towards the worst of the predicted scenarios, having an unprecedented effect on the world, especially Europe and, in particular, the southern countries to varying degrees.

In this context, the OHL Group, with its worldwide presence, is observing the evolution of the pandemic with concern, but the unequal global effect in the various geographical areas in which it operates has partially offset the adverse effects worldwide. However, the Group considers that the consequences for its operations are uncertain and will depend largely on the evolution and spread of the pandemic in the coming months.

Nonetheless, based on the best available information on the possible economic, social and employment-related impacts that this pandemic has had on OHL to date, and although it is not possible to complete a definitive assessment due to the uncertainty of the consequences of the pandemic in the medium term, an analysis of its effects on, and consequences for, the Group in 2020 was conducted.

The main impacts on the OHL Group are as follows:

CONSTRUCTION WORK/PROJECT PERFORMANCE RISK: The consequences of the covid-19 pandemic, while global, did not affect the various territories in which the OHL Group operates in the same way:

- i. US: the impact on the Group's activities was not significant, despite the considerable incidence of the pandemic in the east of the country, particularly in New York, as the projects in progress were not ordered to be halted. In this second wave the effect in the US has been greater but, as we noted, activity has continued in our sector and has scarcely been interrupted.
- ii. Canada: the impact on the OHL Group's activities was not significant, since construction, in special circumstances, was considered essential.
- iii. North LatAm (Mexico, Peru, Colombia): in Mexico a state of emergency was declared and non-essential activities were ordered to be halted. The Group's projects were declared to be essential and, although there were some supply problems, the impact was not significant. The effect of the pandemic was significant for the OHL Group in Peru and Colombia, with a slowdown in project production and, in certain cases such as Peru, work was halted. In Colombia work shifts in the various projects had to be shortened.
- iv. South LatAm (Chile): the impact was significant because, since the national health alert was decreed, the effects of the pandemic evolved in differing degrees. This affected the Group's projects, as rotating shifts had to be introduced, supplies were significantly affected and staff were unable to access centres due to the situation.
- v. Spain: the impact on the Group's activities in Spain was significant. There were general supply problems in the first wave and only 57% of all projects could be performed with a certain degree of normality. Activity has been gradually returning to normal since September.
- vi. Rest of the world (Czech Republic, Norway, Sweden, Ireland, the Middle East and Africa): an uneven impact, albeit not significant for the Group, although the health crisis in the Czech Republic is currently having a notable impact, even though construction activity is continuing.

Therefore, the most affected business line within the OHL Group was the Construction business, with Spain and Latin America being the most affected areas. Industrial activity was affected, albeit to a lesser extent than Construction activity.

Despite some difficulties, the operations carried on by the Services Division remained stable, as they are considered to be essential activities.

Despite the pandemic, sales were maintained and amounted to EUR 2,347,221 thousand, representing a -4.3% decrease on the sales achieved in 2019. Construction accounts for 83.0% of the Group's sales, with 84.7% of the operations carried on abroad.

The covid-19 pandemic impacted EBITDA to the greatest extent due to partial or total stoppages in the aforementioned regions, and to the effect of the direct and indirect costs incurred, which could not be passed on to the Group's various customers.

Following the analysis conducted by the Group, the main conclusions reached in relation to the impact of the covid-19 pandemic on Construction activity are as follows:

- i. The increase in activity in the US is partially offsetting the decreases in production in other areas in Europe LatAm (such as Spain and Latin America) and, accordingly, the Group's Construction activity was hit to a lesser degree. These impacts on production in Spain and Latin America led to a reduction in the Group's sales of approximately EUR 163,000 thousand with respect to 2019.
- ii. EBITDA amounted to EUR 62,210 thousand, representing 2.7% of sales. The recognition of initially unrecoverable direct and indirect costs in the projects led to a drop in EBITDA of approximately EUR 35,000 thousand.

MARKET AND ENVIRONMENT RISK: In the period from mid-March 2020 to date tendering activity has decreased in most countries, and in the case of the OHL Group, the calls for tender organised in 2020 were down -16.0% from those organised in 2019.

However, the contracts won at December 2020 totalled EUR 2,760,749 thousand, as compared with EUR 2,667,746 thousand in 2019, and it should be noted that the Construction contracts achieved, despite covid-19, amounted to EUR 2,359,447 thousand, of which 57.4% corresponds to the US, which has been less affected in this regard by the pandemic, and the remaining 43% to Europe LatAm. In 2019 contracts worth EUR 2,117,494 thousand were won, of which 33% corresponded to the US and the remaining 67% to Europe LatAm. This highlights the impact that covid-19 had on Europe LatAm in 2020.

In addition, Industrial activity, with new contracts worth EUR 51,260 thousand obtained in 2020, saw its sales drop drastically as a result of covid-19 from the EUR 271,400 thousand of new contracts won in 2019.

In the case of Services, the freezing of administrative periods resulting from the declaration of the state of emergency led to the suspension of around 85% of tender processes until April, a figure which fell to 18% in May, although in June the processes were fully resumed. However, because Services is considered to be an essential activity, it landed new contracts worth EUR 332,946 thousand in 2020, up 25.6% on the figure achieved in 2019, following the effect of this initial freeze.

OCCUPATIONAL RISKS: One of the OHL Group's main concerns in this period was to ensure the safety of all the Group's employees and, in this connection, preventive measures were adopted at all its workplaces, with remote working encouraged to the extent possible. This remote working experience, which is new to our industry, tested the organisation's ability to address this situation and was very positive in all respects.

Of particular note is the situation in Spain, where on 23 March 2020 the management teams of OHL, OHL Industrial, OHL Industrial Mining and Cement S.A., Construcciones Adolfo Sobrino, S.A., Sociedad Anónima Trabajos y Obras, Asfaltos y Construcciones Elsan, S.A.,

EyM Instalaciones, S.A. and Agrupación Guinovart Obras y Servicios Hispania, S.A., communicated their decision to initiate a furlough-type arrangement (Spanish ERTE) to collectively suspend employment contracts and reduce working hours, due to objective causes of an economic, organisational and production-related nature.

As a result of the improvement in production rates and the gradual recovery of activity, the ERTE was concluded early on 1 July 2020; in total, 772 workers were affected, across all the companies, at various levels, to various extents and for differing amounts of time.

With respect to the activities provided by OHL Servicios, from an employment standpoint two situations arose with different regulatory solutions, depending on the private or public sector nature of the contract.

Specifically, 31 ERTEs were processed (24 due to force majeure and 7 due to production-related causes), which affected 40 contracts and 469 workers. These measures mitigated the economic effects of the aforementioned decrease in activity.

LIQUIDITY RISK: The repercussion of the covid-19 pandemic on the general situation in the markets caused an increase in liquidity constraints in the economy, as well as a contraction of the credit market, a situation to which the OHL Group has not been immune, despite the economic measures adopted to mitigate the effects of the pandemic which, to date, have not been fully effective at national or international level.

The Group's liquidity position at 31 December 2020 comprised cash and cash equivalents and current financial assets totalling EUR 665,919 thousand, the detail being as follows:

- Cash and cash equivalents amounting to EUR 471,014 thousand, including EUR 163,373 thousand relating to UTEs in which the Group has interests.
- Current financial assets amounting to EUR 194,905 thousand, including a restricted deposit of EUR 140,000 thousand to secure the multi-product syndicated financing agreement, and EUR 34,319 thousand to guarantee proper performance of certain projects in progress in the US.

The Group also has drawable credit lines and discount facilities amounting to EUR 92,925 thousand, including mainly:

- i. EUR 27,768 thousand, relating to the undrawn financing for the construction of the Aguas de Navarra concession project (see Note 3.18.1.).
- ii. EUR 35,000 thousand, relating to the final tranche of the State (ICO)-backed financing facility of EUR 140,000 thousand, arranged on 30 April 2020, with a limit of EUR 130,331 thousand following the novation signed on 13 October 2020 after an early repayment was made (see Note 3.18.1.). Although this amount can only be drawn down upon fulfilment of a series of contractual conditions, the Company expects to draw down the facility in the short term.

The Group also expects to partially bolster its liquidity position using the cash flows from the divestments of Hospital de Toledo, S.A. and Mantohledo, S.A.U., amounting to EUR 76,130 thousand, which were reported to the market on 23 November 2020.

In addition, on 15 March 2020 the Company redeemed the bond issued in 2012 with an outstanding balance of EUR 73,305 thousand.

In view of the Group's current liquidity position, the directors carried out a transaction to strengthen the Group's balance sheet, which involved reinforcing the Group's capital structure by capitalising a portion of the current bond issues and performing shareholder equity injections.

In this connection, as reported to the market on 21 January 2021 (see Note 5), a process was initiated whereby Forjar Capital, S.L.U. and Solid Rock Capital, S.L.U. (jointly, the "Amodio Shareholders"), Grupo Villar Mir, S.A.U. (GVM) and a group of current OHL bondholders entered into a lock-up agreement to support a transaction by the Group's Parent to recapitalise and renegotiate certain financial debt of the Group.

The transaction includes the renegotiation of the terms of the current bond issues of the Group's Parent (bonds maturing in 2022, amounting to EUR 400,000 thousand, and bonds maturing in 2023, amounting to EUR 325,000 thousand), the principal amount outstanding of which is EUR 592,888 thousand, and which is subject to a scheme of arrangement, requiring court approval under UK law.

The amendment of the terms of the bonds consists of:

- i. The capitalisation of a portion of the bond principal.
- ii. The partial write-off of the bonds.
- iii. The issue of new bonds, up to a maximum of EUR 488,300 thousand, to be issued at an issue price of 100% bearing interest at 5.1% (payable on a half-yearly basis on 15 March and 15 September each year), and which will accrue annual payment-in-kind (PIK) interest of 1.5% up to (but not including) 15 September 2023, from which time it will increase to 4.65%. 50% of the principal will mature on 31 March 2025, and the remainder (which may be reduced by redemption or repurchases) will mature on 31 March 2026. These new bonds are guaranteed by certain subsidiaries jointly representing 46.62% of the Group's current net sales and by certain security interests, including security interests in shares, etc.

For these purposes, bondholders may choose between:

- Option 1: receiving, for every EUR 1,000 of bond principal, EUR 880 of the principal amount of new bonds plus EUR 20 of new bonds as a lock-up fee; or
- Option 2: up to 38.25% of the principal amount of their bonds for every EUR 1,000 of principal, EUR 680 of the principal amount of new bonds and EUR 300 of new shares at EUR 0.74 per share ("Bond Capitalisation"), and, if applicable, EUR 20 of new bonds as a lock-up fee. With respect to 61.75% of the bond principal, these bondholders will receive Option 1 instruments, and, if applicable, EUR 20 of new bonds as a lock-up fee.

On 10 February 2021, it was reported to the market that the Group's Parent had obtained the backing of bondholders representing 93% of the principal amount of the bonds for the restructuring thereof, and that more than 75% had opted for Option 1 (see Note 5).

Another basic pillar of the transaction is the injection of equity into the Group's Parent by means of:

- i. A capital increase ("the Rights Issue") recognising shareholders' pre-emption rights, amounting to EUR 35,000 thousand, which will be submitted for approval by the shareholders at the Extraordinary General Meeting called for 25 and 26 March 2021.
- ii. A Private Placement, addressed exclusively to the Amodio Shareholders and to Tyrus Capital Event, S.à r.l and/or Tyrus Capital Opportunities, S.à r.l (jointly, "Tyrus") for the purpose of fulfilling the investment commitments assumed by these entities in the context of the transaction, as described below, to the extent that they could not be realised in full in the Rights Issue.

Within the framework of the lock-up agreement, the Amodio shareholders jointly undertook to inject funds into the Group's Parent, amounting to a joint total effective amount of EUR 37,000 thousand, while Tyrus undertook to inject a total effective amount of EUR 5,000 thousand. Ensuring that these investment commitments are honoured in full which, besides having been undertaken by the creditors, is essential for the OHL Group, since it would entail a total liquidity injection of EUR 42,000 thousand, required the Rights Issue to be supplemented by the aforementioned Private Placement.

Thus, in order to ensure that the investment commitments are honoured in full, it is necessary to combine the two options, namely, the Rights Issue and the Private Placement, these being fully interrelated and complementary transactions.

The main terms and conditions of the Private Placement are as follows:

- a) The maximum amount will be executed if all the shares to be issued in the increase (barring those corresponding to the Amodio Shareholders) are allocated to shareholders and/or acquirers of rights in respect of the Rights Issue.
- b) The new shares arising from the Private Placement will be issued at an issue price of EUR 0.36 per share, equal to the price at which the Rights Issue will be performed.
- c) The Private Placement will be addressed exclusively to the Amodio Shareholders and Tyrus.
- d) The new shares will carry the same voting and dividend rights as the shares of the Group's Parent currently outstanding.
- e) The pre-emption rights of shareholders of the Group's Parent will be totally excluded in this increase.
- f) The bylaws of the Group's Parent will be amended to reflect the resulting share capital figure.

With respect to the bondholders, the deadline established for achieving 75% bondholder accession was 30 November, and failure to do so would lead to the mandatory repayment of the amount drawn down against the ICO loan. However, the banks agreed to extend this deadline until 28 February 2021. On 10 February 2021, the Group reported the achievement of the accession of holders of 93% of the bond principal and, accordingly, the date of repayment of the amounts drawn down against the ICO loan is as agreed in the initial terms and conditions, i.e., 30 October 2021.

As a result of the measures outlined above and the degree of achievement thereof, which are in line with the envisaged plan and detailed in Note 5, together with the plans to divest other non-strategic assets and secure new financing facilities (guarantees and reverse factoring facilities), the Company's directors trust that they will overcome the current liquidity constraints and continue to implement their business plan, which will enable the Company to continue with its activities, meet all of its obligations and bolster its equity and financial position.

In this connection, the Group's directors consider that the Group's business plan for 2021 and subsequent years, which is based on:

- Obtaining gross margins of between 6% and 7% and recovering levels of profitability in projects.
- Contract vs. project management, strictly controlling and endeavouring to optimise the Group's production costs and overheads, and paying particular attention to loss-making projects.
- Obtaining levels of new contracts that allow it to cover its backlog, ensuring that the Group's activities grow/are maintained, and actively managing the capacity of guarantee and bonding lines.
- Cash basis criteria in decision-making and focusing on the generation of cash flow from projects, continuously monitoring working capital.
- Divestments of non-strategic assets (Hospital de Toledo and the Owo Project).
- Promoting concession activity through Senda Infraestructuras.

should contribute towards turning a corner after 2020 and starting to see a substantial improvement in the Group's operations and results.

However, there are circumstances that could give rise to uncertainties with respect to the achievement of the business plan for 2021 and, accordingly, may cause variances therefrom (non-achievement of expected levels of new contracts, unforeseen circumstantial working capital shortfalls, etc.), with the main uncertainty being the impact of the covid-19 health crisis on business activities (see Note 2.4.). This crisis should abate, and the directors will continuously monitor its evolution.

RISK OF MEASUREMENT OF ASSETS AND LIABILITIES RECOGNISED IN THE BALANCE SHEET: A change in the future estimates of the Group's new contracts, fixed and variable costs and borrowing costs could have an adverse impact on the carrying amount of certain assets and on the need to recognise certain provisions or other types of liabilities.

In this regard, the Group carried out a study and assessment of the assumptions in the economic models of its main assets (Canalejas Project and Old War Office).

In relation to the Canalejas Project, as it is a unique asset, once the hotel opened in September 2020, as well as some luxury restaurants, and with the opening of the shopping centre scheduled for either 2021 or 2022, the recoverable amount of the financial investment was reassessed. Due to the delay in opening and other factors, the investment has been greater than initially envisaged, as a result of which, given the current circumstances of lower occupancy and despite a notable increase in occupancy being forecast for 2021 (due to the luxury status of this establishment), the Group considered it necessary to recognise an impairment loss of EUR 25,600 thousand, which is considered to be a direct consequence of the pandemic that is affecting the real estate and tourism industries in Spain.

In 2021 the Group will continue to exhaustively monitor the projected business plan in order to reassess the recoverable amount of this important Group asset.

With respect to the financial interest in the Old War Office, at 31 December 2019 the Group recognised an adjustment of EUR (47,600) thousand to its carrying amount, based on the enhanced estimates of the fair value of the project based on offers received for the ownership interest held by the Group. At the reporting date the Group had not observed any indication that these offers were outside the market range and, accordingly, the carrying amount was left unchanged.

Based on the best information available to date, no indications of impairment of the rest of the Group's fixed and operating assets had been identified at 2020 year-end, except as indicated in Note 3.22.

F.1.2 B) CODE OF CONDUCT, APPROVING BODY, DISSEMINATION AND INSTRUCTION, PRINCIPLES AND VALUES COVERED (STATING WHETHER IT MAKES SPECIFIC REFERENCE TO RECORD KEEPING AND FINANCIAL REPORTING), BODY IN CHARGE OF INVESTIGATING BREACHES AND PROPOSING CORRECTIVE OR DISCIPLINARY ACTION.

Approving body and date of update:

The OHL Group has a Code of Ethics in place, approved by the Board of Directors, that represents the express statement of the values, principles and conduct guidelines which must lead the behaviour of all persons of the Group in their professional activity.

Its scope includes all members of the Board of Directors, executive staff and all Group employees.

The Code will remain in force until the Board of Directors fails to approve the update, review or repeal thereof.

Principle on information transparency and accuracy:

The Code of Ethics is the main channel for the development of 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 observing current legislation in full.
- 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 basic 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 the transparency and accuracy of information.

In this sense, the Code of Ethics specifies that: "OHL undertakes to transmit complete and truthful information on the Group companies which allows shareholders, analysts and other stakeholders to reach an objective opinion on the Group. Also, OHL undertakes to cooperate with the supervising or inspection bodies or entities in any way it may be required in order to facilitate administrative oversight. The Group's employees shall ensure that all financially significant transactions that are performed on behalf of the Company are included clearly and accurately in the appropriate accounting records so as to present fairly the transactions performed. Accounting principles and standards must be strictly followed, preparing complete and accurate financial reports. It is also necessary to implement suitable internal procedures and controls ensuring 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:

Section 15-k) of the Board of Directors Regulations details the Audit Committee's responsibilities as follows: "Examine compliance with the Internal Rules of Conduct in Securities Markets, the Code of Ethics of OHL Group and, in general, the Company's rules of governance, and make the required proposals for improving them."

Thus, the Group's Code of Ethics itself states that "any doubt, criticism or suggestion aimed at improvement must be made known to the Audit Committee, which is the competent body to ensure compliance with this Code and to promote both its dissemination and the specific training for its correct application".

In this regard, and given the importance of compliance with the Code for the Group, the necessary means to achieve the goals established (among others, the creation of a Compliance Department and the launch of an Ethical Communications Channel) have been provided.

The Group has an Anti-Corruption Policy implementing the commitment expressed in the Code of Ethics, which is to work against corruption and bribery worldwide. This policy reflects the Group's position of zero tolerance of any form of corruption and affects all the people working at the Group. The Group also has a crime prevention model which is updated as necessary to adapt it to any organisational and legislative changes that may occur. Following a review and adaptation process, the Group submitted the system to an external audit and obtained ISO 37001 (Anti-Bribery Management Systems) and UNE 1961 (Criminal Risk Compliance Management System) certifications, which were renewed in 2020.

Any case of non-compliance that matches the characteristics defined in the Code will be investigated and may lead, where appropriate, to the imposition of legal and disciplinary measures.

Code of Ethics communication, distribution and training plan:

The content of the Code of Ethics must be known and understood by all persons composing the OHL Group. For this reason, the Group performs various communication, training and distribution actions required for it to become known.

The main actions are:

- Making the Code of Ethics available on the corporate intranet in the two main languages of the Group, and on the OHL Group's website (<https://www.ohl.es/etica-e-integridad/politicas/>), in Spanish and English.
- Inclusion of an additional clause in the employment contract, requiring knowledge and an understanding of, and compliance with, the Code of Ethics.
- Design of specific training and communication activities for all the Group's personnel.
- Disclosure to relevant third parties. Commercial contracts between the OHL Group and third parties include clauses that refer to the existence of the Code of Ethics of the OHL Group and to the obligation of complying with the code when providing services to the OHL Group.

The Code of Ethics and Anti-Corruption Policy course is mandatory and by December 2020 it had been completed by a total of 3,729 people, broken down as follows:

Country / Number of people trained

Spain / 2,452

Mexico / 339

Chile / 172

Colombia / 97

Peru / 127

US / 539

Panama / 3

Total / 3,729

In addition, a total of 1,599 people received Criminal Risk Prevention System training in 2020. The distribution and awareness of the Code of Ethics, Anti-Corruption Policy and Crime Prevention Policy is the responsibility of the Corporate Resources Department, whereas supervision corresponds to the Group's Internal Audit Department.

On the basis of a multi-year rotation plan, the Audit Committee receives a report from the Internal Audit Department of the OHL Group setting out the actions taken by each delegated area during the last few periods, in order to monitor the degree of compliance with and application of the Code of Ethics of the OHL Group.

Due to the importance of this issue, it is worthy of note that the Company has had a Compliance Department for a number of years, which was created by resolution of the Company's Board of Directors at the proposal of the Audit Committee. The Compliance Department comes under the remit of the secretary of the Board of Directors and reports to the Audit Committee.

The main functions of this department, according to the manual of functions in force, are as follows:

- Identifying legal risks, especially those that stem from the criminal liability of legal persons or entail reputational risks.
- Promoting the implementation of the processes necessary to avoid legal breaches related to criminal or reputational risks, and limiting, to the extent possible, the cases of criminal liability at the Company, thereby actively contributing to preventing and stopping criminal activity.
- Promoting a clear organisational culture, shared by all Group employees at all levels, which is favourable to avoiding conduct liable to trigger any criminal liability on the part of the Company, its executives and directors.
- Establishing, in an objective and demonstrable manner, control and supervisory measures aimed at avoiding this conduct by employees, at all levels, and proposing the disciplinary measures that would be implemented 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.
- Periodically informing the secretary of the Board and the Audit Committee of the performance of the Annual Action Plan with regard to its management.
- Establishing measures for the prevention of criminal acts in the following areas:
 - o Anti-corruption: crimes of private corruption, bribery and corruption in international commercial transactions.
 - o Cybercrimes: hacking crimes, disclosure of trade secrets and similar offences.
 - o Control during the preparation of financial information: investor fraud crimes.
 - o Market abuse and share price manipulation.
 - o Non-compliance with the Spanish Personal Data Protection Organic Law (LOPD) and the privacy protection regulations.
 - o Money laundering.
 - o Fraud to obtain subsidies and government aid.
 - o Crimes against natural resources and the environment.
 - o Workplace harassment.
- Enforcing the Code of Ethics and proposing the review thereof to adapt it to any amendments made to the legal framework prevailing at any given time, ensuring the dissemination and awareness thereof within the Group.
- Proposing the approval of the internal regulations implementing the Code of Ethics, which include a disciplinary system for breaches thereof.
- Processing the complaints received through the Ethics Channel.
- Promoting and overseeing the training activities regarding the Code of Ethics.

F.2. ASSESSMENT OF FINANCIAL REPORTING RISKS.

F.2.1. The main features of the risk identification process, including risks of error or fraud, as regards:

Whether the process exists and is documented:

Whether the process covers all financial reporting objectives (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), whether it is updated and how frequently.

Whether a specific process is in place to define the scope of consolidation, taking into account, inter alia, the possible existence of complex corporate structures and special purpose entities or vehicles.

Whether the process addresses other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they may affect the financial statements.

Indicate the entity's governing body that oversees the process.

The risk management and control strategic goals are aimed at achieving the following:

- Meeting the Group's strategic and operating objectives.
- Protecting the Group's reputation, ensure its sustainability and safeguard legal certainty.
- Protecting the security of the shareholders' equity.
- Protecting the interests of the other stakeholders with an interest in the progress of the organisation.
- Improving innovation, competitiveness and confidence in the OHL Group.

In order to achieve these objectives, the following guiding principles for the control and management of risks and opportunities have been established:

- Act, at all times, in accordance with the law and with the values and standards reflected in the Code of Ethics, as well as within the regulatory framework of the Group.
- Act on the basis of the risk tolerance level defined by the Group.
- Incorporate the control and management of risks and opportunities into the Group's business processes and strategic and operational decision-making.

- Manage the information generated in relation to risks in a transparent, proportionate and appropriate manner, and communicate it on a timely basis.
- Establish and maintain a culture of raising risk awareness.
- Incorporate risk control and management best practices and recommendations.

Risk management is the responsibility of all employees at the OHL Group. Each employee should 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 should also be familiar with the established tolerance limits.

Each business or functional unit is responsible for controlling and managing the risks affecting the performance of their activities and for reporting those risks, where appropriate, as soon as they are detected or demonstrated.

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) in order to establish, within the Group, relevant companies and also 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 on the basis of on materiality criteria, both qualitative and quantitative, in order to identify relevant areas and critical processes with significant impact on financial information, 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 the generation of the financial information, risks which may affect the information are identified, thereby covering all financial reporting goals (existence and occurrence; completeness; valuation; rights and obligations; and submission and reporting) and taking into account the various aforementioned risk categories insofar as they affect financial information.

The scope of the ICFR system is reviewed, at a minimum, on an annual basis before establishing the financial reporting schedule of the subsidiaries, 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 the notifications of any changes received based on the defined procedure.

In 2020 one new company was included within the scope of the ICFR system.

The Group's General Economic and Financial Department, through its Economic and Administrative Division, 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.

ADOPTION OF THE SPANISH CODE OF GOOD TAX PRACTICES.

The Company hereby states that by resolution of the Board of Directors on 12 May 2015, the OHL Group adopted the Spanish Code of Good Tax Practices with the Spanish Ministry of Economy and Finance, and accepts its principles as its own.

This Annual Corporate Governance Report was approved by the Company's Board of Directors at its meeting dated:

25/03/21

Indicate whether any directors voted against or abstained in relation to the approval of this Report.

Yes ☐

No ☒

Obrascón Huarte Lain, S.A. and Subsidiaries

Auditor's report on the
"Information Relating to the system
of the internal control over financial
reporting (ICFR) for the year ended
31 December 2020

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

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

AUDITOR'S REPORT ON THE "INFORMATION RELATING TO THE SYSTEM OF THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)" OF OBRASCÓN HUARTE LAIN, S.A. FOR THE YEAR ENDED 31 DECEMBER 2020

To the Directors of Obrascón Huarte Lain, S.A.,

As requested by the Board of Directors of Obrascón Huarte Lain, S.A. ("the Entity") and in accordance with our proposal-letter of 31 January 2021, we have applied certain procedures of the accompanying information relating to the ICFR system of Obrascón Huarte Lain, S.A. for the year ended 31 December 2020, which summarises the internal control procedures of the Entity in relation to its annual financial reporting.

The Board of Directors is 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 for preparing and establishing the content of the information relating to the ICFR system included in section F) of the accompanying Annual Corporate Governance Report (ACGR).

It should be noted in this regard, irrespective of the quality of the design and operational effectiveness of the internal control system adopted by the Entity in relation to its annual financial reporting, that the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Entity was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Entity's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the "Guidelines on the Auditor's Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Entities", published by the Spanish National Securities Market Commission (CNMV) on its website, which establish the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Entity's annual financial reporting for the year ended 31 December 2020 described in the information relating to the ICFR system included in section F) of the accompanying Annual Corporate Governance Report. Therefore, had we applied procedures additional to those established in the aforementioned Guidelines or performed an audit or a review of the system of internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the audit regulations in force in Spain, we will not express an audit opinion in the terms provided for in those regulations.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Entity in relation to the ICFR system -disclosure information included in the directors' report- and assessment of whether this information includes all the information required in accordance with the minimum content described in section F, relating to the description of the ICFR system, of the model Annual Corporate Governance Report established in CNMV Circular no. 5/2013, of 12 June 2013, and subsequent amendments, the most recent being CNMV Circular 1/2020, of 6 October ("the CNMV Circulars").
2. Inquiries of personnel responsible for preparing the information detailed in point 1 above for the purpose of: (i) obtaining an understanding of the process that goes into drawing up the information; (ii) obtaining information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) obtaining information on whether the control procedures described are in place and functioning at the Entity.
3. Review of the explanatory documentation supporting the information detailed in point 1 above, including mainly the documentation furnished directly to the personnel in charge of preparing the information describing the ICFR system. In this regard, the aforementioned documentation includes the reports prepared by the Internal Audit Department, senior executives and other internal or external specialists providing support functions to the Audit Committee.
4. Comparison of the information detailed in point 1 above with the knowledge of the Entity's ICFR system obtained through the procedures applied during the financial statement audit work.
5. Reading of the minutes taken at meetings of the Board of Directors, Audit Committee and other committees of the Entity to evaluate the consistency between the ICFR business transacted and the information detailed in point 1 above.
6. Obtainment of the representation letter concerning the work performed, duly signed by those responsible for preparing and formulating the information detailed in point 1 above.

The procedures applied to the information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the information.

This report has been prepared exclusively in the context of the requirements of Article 540 of the Consolidated Spanish Limited Liability Companies Law, and of the CNMV Circulars, for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.



Antonio Sánchez-Covisa

26 March 2021