Translation of a report originally isued in Spanish based on our work performed in accordance with the Audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails

INDEPENDENT AUDITOR´S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Urbas Grupo Financiero S.A.

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Urbas Grupo Financiero, S.A.(the Parent) and its subsidiaries (the Group), which compromise the consolidated balance sheet as at 31 December 2021, and the consolidated income statement, consolidated statement of recognized income and expenses, consolidated statement of changes in equity, consolidated cash flows statement and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 Decembre 2021, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basic for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further describe in the "*Auditor´s Responsibilities for the Audit of the Consolidated Financial Statements*" section of our report.

We are independent of the Group in accordance with the ethnical requirements, including those pertaining to Independence, that are relevant to our audit of the consolidated 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 basic for our opinion.

Emphasis paragraph: restatement of consolidated financial statements

We draw attention to note 32.3 to the accompanying consolidated financial statements, which states that the consolidated financial statements for 2021 have been restated on April 28, 2022 as a result of the subsequent event described in the aforementioned note. This matter does not change our opinion.

Key Audit Matters

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

Going concern principle - Financial restructuring process

In 2021, the Group has carried out a process of restructuring and cancellation of overdue financial debt with credit institutions, investment funds and SAREB in the amount of 161 million euros, perfected mainly through debt capitalization, other future capitalization commitments and write-off agreements, which have led to the recording of financial income of 77 million euros in the accompanying consolidated income statement for 2021. In addition, as part of this process, the Group has obtained access to new sources of financing and liquidity in the amount of 123 million euros, which guarantee the Group's liquidity needs for the continuity of its operations.

See notes 3.6, 4.2, 5 and 10 of the accompanying consolidated financial statements.

We have considered this issue as a key audit matter given the complexity of the overall restructuring operation and the impacts relevance derived from it, including its significance for the purpose of analyzing the appropriate going concern principle application in the preparation of the accompanying consolidated financial statements.

Auditor´s response:

In response to such significant risk, and among other procedures performed, our testing consisted of:

- Reading and understanding the documents related to the refinancing agreements, including minutes and other related documents.

- Review of the debt capitalization agreements, including the special report on capital increase by offsetting receivables, together with the related accounting impacts.

- Review of the Group's business plans and cash flow forecasts.

- Review of the appropriate information breakdown in the accompanying consolidated financial statements on the aforementioned matter, in accordance with the applicable accounting regulations.

Business combinations

During the year 2021, the Group has acquired five companies that have been considered within the accounting regulatory framework as business combinations. As a result, the Group has made a provisional accounting, in accordance with the requirements of IFRS 3 "Business Combinations", of the aforementioned acquisitions. This has resulted in the recognition of intangible assets, goodwill and deferred tax assets amounting to 103 million euros, 64 million euros and 40 million euros, respectively.

See notes 3.8.1, 3.8.2, 4.1, 6.1 and 13 of the accompanying consolidated financial statements.

These acquisitions are complex transactions involving contractual agreements whose consolidated financial statements recording has required the formulation of significant judgments. In addition, to determine the fair value of the assets acquired and liabilities assumed, as well as, intangible assets, goodwill and deferred tax assets disclosed at the acquisition date, the Group has engaged an independent expert who has used valuation techniques, such as the cash flows discounted estimation and significant estimates, in relation to the hypotheses considered. For all of the above, we have considered this aspect as a key audit matter in our audit.

Auditor´s response:

In response to such significant risk, and among other procedures performed, our testing consisted of:

- Review of the acquisitions approval by the Board of Directors of the parent company.
- Review of the acquisitions contracts and analyze the commitments made.
- Receive the confirmation letter from the external expert, who performed the purchase price allocation report on its independence, objectivity, competence, and technical capacity.
- We have verified, in collaboration with our internal valuation specialist, the adequacy of the methodology and calculation used for the valuation of the assets and liabilities recorded, analyzing the assumptions considered on the basis of the available information at the operations time.
- Review of the recorded entries related to the business combination.
- Review of the appropriate information breakdown in the accompanying consolidated financial statements on the aforementioned matter, in accordance with the applicable accounting regulations.

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Valuation of Real Estate assets

The net book value of real estate assets (property, plant and equipment, investment property, inventories and non-current assets held for sale) amounted to 734 million euros, representing 63% of the Group's total assets.

The Group values real estate assets (property, plant and equipment and investment property) at cost (acquisition or production cost) less accumulated depreciation and accumulated impairment losses. On the other hand, it values the real estate assets (inventories) at their acquisition price, increased by urbanization costs, if any, as well as other expenses related to the purchase and the financial expenses derived from their financing during the work execution, or at their realizable value, if lower, recording in that case the corresponding impairment due to inventory depreciation.

In order to determine the recoverable value of real estate assets, the Group has hired independent experts whose valuation reports are based on the Valuation and Appraisal Standards published by the Royal Institution of Chartered Surveyors (RICS) and on the application of Ministerial Order ECO 805/2003, having considered the dynamic and comparative residual valuation methods, depending on the circumstances and type of the real estate asset.

See notes 3.8,14,15,19 and 20 of the accompanying consolidated financial statements.

The Group's real estate assets comprise the most significant asset item in the accompanying consolidated financial statements and additionally, the valuation of these assets requires the use of estimates with a significant degree of uncertainty and therefore, we consider this matter to be a key audit matter.

Auditor´s response:

In response to such significant risk, and among other procedures performed, our testing consisted of:

- Review the criteria used in estimating the value of real estate assets.
- Review the selection process of external experts whose appraisal reports have served as the basis for estimating the value of real estate assets.
- Analyze the suitability of valuation and appraisal standards, as well as the valuation methodology applied by external experts in the valuation of real estate assets.

In addition, the most significant detailed tests we have carried out are as follows:

- Receive the confirmation letters from the external experts who have prepared the appraisal reports on the Group's real estate assets as to their independence, objectivity, competence and technical capacity.

- Verify the conclusions reasonableness obtained by the experts in their appraisal reports regarding the real estate assets values. For this purpose, with the collaboration of our in-house valuation experts, we have analyzed for a sample of assets the valuation procedures and methodology, the consistency of these values, and the values obtained in appraisal reports carried out in previous years, by the same or other experts. After that, we examined the reasonableness of the referred values, with the information reflected in the accompanying consolidated financial statements.

- Review of the appropriate information breakdown in the accompanying consolidated financial statements, on the aforementioned matter, in accordance with the applicable accounting regulations.

Recognition of revenue from construction contracts.

For its construction contracts in the Construction area, the Group recognizes revenue over time by reference to the stage of completion or progress of the contracts in economic terms. This revenue recognition method affects a very significant amount of total consolidated revenue, as well as the measurement of the amounts to be billed for work performed, and requires Group management to make highly significant estimates relating mainly to the expected outcomes of the contract, the amount of costs yet to be incurred, the work completed in the period and the accounting, where applicable, for modifications to the initial contract, all of which fall within the framework of the criteria established in IFRS 15, *"Revenue from Contracts with Customers".*

These judgements and estimates are made by the persons in charge of the performance of the construction work, are subsequently reviewed at the various levels of the organizations and are submitted to controls designed to ensure the consistency and reasonableness of the criteria applied. Given the significance of these judgements and estimated in connection with revenue recognition and the amounts to be billed for work performed valuation, we have considered this aspect as a key audit matter in our audit.

See notes 3.8,21, and 24.1 of the accompanying consolidated financial statements.

Auditor´s response:

- Performance of substantive analytical tests relating to the works margin evolution.

- Detailed analysis of projects selection, to assess the reasonableness of the assumptions and assumptions made by the Group for the recognition of revenue.

- In relation to the amounts to be billed for work performed, we have analyzed the recognition of revenue for work in progress and its recoverability on contracts selection.

- Review of the appropriate information breakdown in the accompanying consolidated annual report on the aforementioned matter, in accordance with the applicable accounting regulations.

Other information: Consolidated Directors' Report

The other information comprises only the consolidated director´s report for 2021, the preparation of which is the responsibility of the Parent´s director and which does not form part of the consolidated financial statements.

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

a) Solely checking that the consolidated non-financial information statement, certain information included in the Annual Corporate Governance Report and the Annual Director´s Remuneration 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 consolidated director´s report is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of this section of consolidated 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 consolidated directors report was consistent with that contained in the consolidated financial statement for 2021 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and Audit Committee of the Parent for the Consolidated Financial Statement

The Parent´s directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group, consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control that they deem necessary to enable the consolidated financial statements preparation which is free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent´s directors are responsible for assessing the Group´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 director either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Auditor´s Responsibilities for the Audit of the Consolidated Financial Statements.

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, where 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, the could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgment and maintain professional scepticism through the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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, international 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 Group´s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent´s directors.

- Conclude on the appropriateness of the use by the Parent´s 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 Group´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor´s report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosure, and where the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide the Parent´s audit 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 Parent´s audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

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

Report on other legal and regulatory requirements

European Single Electronic Format

We have examined the digital files in European Single Electronic Format (ESEF) of Urbas Grupo Financiero, S.A. and subsidiaries for 2021, which comprise the XHTML files containing the consolidated financial statement for the year and XBRL files with the tagging performed by the entity, which will form part of the annual financial report.

The directors of Urbas Grupo Financiero S.A. are responsible for presenting the annual financial report for 2021 in accordance with the format and markup requirements established in Commissions Delegated Regulation (EU) 2019/815 of 17 December 2018("ESEF Regulation").

Our responsibility is to examine the digital files prepared by the Parent´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 consolidated financial statements included in the aforementioned digital files corresponds in full to that of the consolidated financial statements that we have audited, and whether those consolidated financial statements and the aforemenytioned files were formatted and marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined correspond In full to the audited consolidated financial statements, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Additional Report to the Parent´s Audit Committee.

The opinion expressed in this report is consistent with the content of our additional report to the Parent´s audit committee dated 29 April 2022.

Engagement Period

The Annual General Meeting held on 6 August 2021 appointed us as auditors of the Group for a period of two years from the year ended 31 December 2020.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of three years and have been auditing the financial statements uninterruptedly since the year ended 31 Decembre 2014.

Baker Tilly Auditores, S.L.P.

Registered in R.O.A.C. Nº S2106

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Oriol Velasco

Partner – Accounts Auditor

Registered in R.O.A.C. Nº 22972

29 April, 2022

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URBAS GRUPO FINANCIERO, S.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

URBAS GRUPO FINANCIERO, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2021 AND 2020

ASSETS	Note	Thousands of euros 2021	2020
Intangible assets	13	178,085	13,660
Property, plant and equipment	14	25,063	6,130
Investment property	15	64,798	51,745
Investments accounted for using the equity method	16	1,412	1,245
Non-current financial assets	11	26,449	972
Deferred tax assets	26	43,804	844
Other non-current assets	17	982	1,462
NON-CURRENT ASSETS		**340,593**	**76,058**
Non-current assets held for sale	19	9,813	-
Inventories	20	669,416	498,741
Trade and other receivables	21	97,363	25,568
Other current financial assets	11	12,902	6,137
Tax receivables	26	9,455	1,192
Other current assets	23	5,186	61
Cash and other cash equivalents		26,070	2,567
CURRENT ASSETS		**830,205**	**534,266**
TOTAL ASSETS		**1,170,798**	**610,324**

The accompanying consolidated Notes 1 to 32 and the Appendixes are an integral part of the consolidated balance sheet.

URBAS GRUPO FINANCIERO, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2021 AND 2020

		Thousands of euros	
EQUITY AND LIABILITIES	**Note**	**2021**	**2020**
Subscribed share capital	9.1	434,511	346,395
Share premium	9.2	78,961	56,351
Reserves	9.3	(41,713)	(81,078)
Other equity instruments	9.5	34,452	-
Profit/(loss) for the year attributable to the Parent Company's owners		64,708	10,040
Unrealised accumulated profit/(loss)		1,980	-
Equity attributable to the Parent Company's owners		**572,899**	**331,708**
Non-controlling interests	9.6	**14,360**	**839**
EQUITY		**587,259**	**332,547**
Non-current provisions	18	20,283	7,963
Non-current financial debt	10	137,387	21,810
Deferred tax liabilities	26	31,111	2,887
Other non-current liabilities	17	31,860	8,817
NON-CURRENT LIABILITIES		**220,641**	**41,477**
Current provisions	18	7,242	998
Current financial debt	10	127,822	192,500
Trade and other payables	22	169,938	23,467
Tax payables	26	24,526	5,709
Other current liabilities	23	33,370	13,626
CURRENT LIABILITIES		**362,898**	**236,300**
TOTAL EQUITY AND LIABILITIES		**1,170,798**	**610,324**

The accompanying consolidated Notes 1 to 32 and the Appendixes are an integral part of the consolidated balance sheet.

CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

CONTINUING OPERATIONS	Notes	Thousands of euros 2021	2020
Net revenue		201,552	21,522
Changes in inventories of finished products and work in progress		17,852	(2,602)
In-house work on assets		331	-
Procurements		(162,425)	(17,892)
Other operating income		2,650	1,364
Staff costs		(32,464)	(4,097)
Depreciation and amortisation	13-15	(6,884)	(1,324)
External services		(23,617)	(4,518)
Taxes other than income tax		(3,479)	(647)
Changes in trade provisions		(1,993)	5
Impairment and gains or losses on disposals of non-current assets		1,651	1,500
Excess provisions		772	2,892
Other profit/(loss) from operations		1,073	2,397
Gains or losses on the takeover of subsidiaries	4	20,542	8,670
PROFIT/(LOSS) FROM OPERATIONS	**24**	**15,561**	**7,270**
Finance income	4	78,150	9,825
Finance costs		(27,544)	(5,125)
Positive/(negative) exchange differences		(887)	36
Gains or losses from the sale of non-current financial assets		370	120
FINANCIAL PROFIT/(LOSS)	**25**	**50,089**	**4,856**
PROFIT/(LOSS) FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		**-**	**-**
PROFIT/(LOSS) BEFORE TAX		**65,650**	**12,126**
Income tax	**26**	(772)	(2,099)
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR		**64,878**	**10,027**
Parent Company's owners		**64,708**	**10,040**
Non-controlling interests		170	(13)

EARNINGS PER SHARE ATTRIBUTABLE TO THE PARENT COMPANY'S OWNERS	27	Euros per share	
Basic		0.00174	0.00029
Diluted		0.00171	0.00029

The accompanying consolidated Notes 1 to 32 and the Appendixes are an integral part of the consolidated income statement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

	Thousands of euros	
	2021	2020
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR	**64,878**	**10,027**
Profit/(loss) attributable to the Parent Company	64,708	10,040
Non-controlling interests	170	(13)
Income and expenses directly charged to equity		
Translation differences	1,980	-
Transfers to income statement	**-**	**-**
TOTAL RECOGNISED INCOME AND EXPENSE	**66,858**	**10,027**
Attributable to the Parent Company	66,688	10,040
Attributable to non-controlling interests	170	(13)

The accompanying consolidated Notes 1 to 32 and the Appendixes are an integral part of the consolidated statement of comprehensive income.

URBAS GRUPO FINANCIERO, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

Thousands of euros	Subscribed share capital	Share premium	Reserves	Profit/(loss) for the year attributable to to the Parent Company's owners	Translation differences	Non-controlling interests	Total equity
	(Note 9.1)	(Note 9.2)	(Note 9.3)			(Note 9.6)	
BALANCE AT 31 DECEMBER 2019	**345,186**	**56,049**	**(79,594)**	**(1,484)**	**-**	**812**	**320,969**
Total recognised income/(expense)	-	-	-	10,040	-	(13)	**10,027**
Transactions with shareholders or owners:							
Capital increases	1,209	302	-	-	-	-	**1,511**
Other changes in equity:							
Allocation of 2019 profit/(loss)	-	-	(1,484)	1,484	-	-	**-**
Other changes	-	-	-	-	-	40	**40**
BALANCE AT 31 DECEMBER 2020	**346,395**	**56,351**	**(81,078)**	**10,040**	**-**	**839**	**332,547**

The accompanying consolidated Notes 1 to 32 and the Appendixes are an integral part of the consolidated statement of changes in equity.

URBAS GRUPO FINANCIERO, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

Thousands of euros	Subscribed share capital	Share premium	Reserves	Profit/(loss) for the year attributable to the Parent Company's owners	Other equity instruments	Translation differences	Non-controlling interests	Total equity
	(Note 9.1)	(Note 9.2)	(Note 9.3)		(Note 9.5)		(Note 9.6)	
BALANCE AT 31 DECEMBER 2020	**346,395**	**56,351**	**(81,078)**	**10,040**	**-**	**-**	**839**	**332,547**
Total recognised income/(expense)	-	-	-	64,708	-	1,980	170	**66,858**
Transactions with shareholders or owners:								
Capital increases	88,116	22,610	-	-	-	-	-	**110,726**
Business combination and asset acquisition	-	-	29,517	-	-	-	13,351	**42,868**
Other changes in equity:								
Allocation of 2020 profit/(loss)	-	-	10,040	(10,040)	-	-	-	**-**
Other changes:								
- Committed capital increase	-	-	-	-	34,452	-	-	**34,452**
- Other changes	-	-	(192)	-	-	-	-	**(192)**
BALANCE AT 31 DECEMBER 2021	**434,511**	**78,961**	**(41,713)**	**64,708**	**34,452**	**1,980**	**14,360**	**587,259**

The accompanying consolidated Notes 1 to 32 and the Appendixes are an integral part of the consolidated statement of changes in equity.

URBAS GRUPO FINANCIERO, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

	Note	Thousands of euros	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		**(21,112)**	**(25,733)**
Profit/(loss) before tax		**65,650**	**12,126**
Adjustments to profit/(loss):		**(65,256)**	**(12,864)**
Depreciation and amortisation charge	13-15	6,884	1,354
Impairment losses		1,993	-
Changes in provisions		(1,851)	(3,041)
Gains/losses on derecognition and disposal of non-current assets		(1,651)	-
Financial profit/(loss)	25	(50,089)	(4,593)
Other income and expenses	4	(20,542)	(6,584)
Increase/(Decrease) in current assets and liabilities		**(21,061)**	**(24,208)**
Increase (decrease) of inventories		2,876	146
Increase (decrease) of receivables		(7,011)	(9,214)
Increase (decrease) of other current assets		(4,682)	(2,894)
Increase (decrease) of payables		(10,297)	(10,604)
Increase (decrease) in other current liabilities		(1,033)	(1,642)
Increase (decrease) in other non-current assets		(955)	-
Increase (decrease) in other non-current liabilities		41	-
Other cash flows from operating activities		**(445)**	**(787)**
Interest paid		(445)	(899)
Interest received		-	112
CASH FLOWS FROM INVESTING ACTIVITIES		**11,462**	**2,174**
Payments for investments		**(6,632)**	**(136)**
Group companies, associates and business units		-	-
Property, plant and equipment, intangible assets and investment property		(6,378)	(104)
Other financial assets		(254)	(32)
Proceeds from investments		**18,094**	**2,310**
Group companies, associates and business units		17,586	-
Property, plant and equipment, intangible assets and investment property		508	2,163
Other financial assets		-	147
CASH FLOWS FROM FINANCING ACTIVITIES		**32,060**	**25,963**
Proceeds and payments relating to equity instruments		**-**	**-**
Proceeds and payments relating to financial liability instruments		**32,060**	**25,963**
Issue of bonds and other marketable securities	10	7,800	-
Issue of bank borrowings		-	9,082
Issue of other debts	10	54,242	21,125
Repayment of bank borrowings		(27,232)	(3,785)
Repayment of other borrowings		(2,750)	(459)
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE		**1,093**	**-**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**23,503**	**2,404**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**2,567**	**163**
CASH AND CASH EQUIVALENTS AT END OF YEAR		**26,070**	**2,567**

The accompanying consolidated Notes 1 to 32 and the Appendixes are an integral part of the consolidated statement of cash flows.

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CURRENT ASSETS AND LIABILITIES

PROFIT/(LOSS)

OTHER DISCLOSURES

APPENDIXES (*)

(*) The Appendixes hereto are an integral part of the consolidated financial statements.

GENERAL INFORMATION

1. OUR FINANCIAL STATEMENTS

The accompanying 2021 consolidated financial statements of Urbas Grupo Financiero, S.A. and its investees, which form part of **Urbas Group**, were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and adopted by the European Union (IFRS-EU) and further applicable regulations from the financial reporting regulatory framework in Spain, and they present fairly its equity and financial position at 31 December 2021, as well as the consolidated results from operations and cash flows for the year then ended.

The preparation of the consolidated financial statements is the responsibility of the directors of Urbas Grupo Financiero, S.A., the parent company of Urbas Group. The 2021 consolidated financial statements –initially prepared by the Board of Directors of Urbas Grupo Financiero, S.A. at its meeting held on 31 March 2022– were restated by the Board of Directors at its meeting of 28 April 2022 to report the subsequent event disclosed in Note 32.3 to the 2021 consolidated financial statements and will be submitted to the Annual General Meeting for approval, estimating that they will be approved without any change. The 2020 financial statements were approved by the Annual General Meeting of Urbas Grupo Financiero, S.A., held on 6 August 2021.

The publication of the consolidated financial statements includes the Group's consolidated directors' report, comprising financial and non-financial information and, in particular, the consolidated statement of non-financial information, which includes environmental, corporate and governance information, among others.

2. WE ARE URBAS

2.1 Urbas Group

Urbas Group (hereinafter, "Urbas", "Urbas Group" or the "Group") is comprised of more than 85 companies, subsidiaries, associates and joint arrangements, which operate in Spain and overseas (primarily, in Algeria, Bolivia, Colombia, Panama and Portugal) and run the following core businesses that, in turn, represent their primary segments for financial reporting purposes:

- ✓ **Real Estate**: It includes the real estate development (residential and non-residential) business, land management under the "Ad Home" and "Jaureguizar" brands, and earning assets management business.

- ✓ **Construction**: It includes the construction and infrastructure business under the brands "Joca", "Ecisa", "Murias" and "Urrutia".

- ✓ **Energy and Industry:** It includes the photovoltaic self-consumption and energy efficiency businesses (under the "Sainsol" brand), and the mining business (under the "Ksilan" brand).

Our international activity accounts for approximately 18% of the Group's revenue (2020: 0%). It is carried out through subsidiaries, branches or equity interests in joint operations (consortia).

The Group's corporate structure and changes in structure are outlined in Appendix I to these consolidated financial statements.

2.2 Urbas Grupo Financiero, S.A.

Urbas Grupo Financiero, S.A. ("the Company" or "the Parent Company") is the parent company of Urbas Group. It was incorporated on 20 October 1944 in Spain under the name Urbanizaciones y Transportes, S.A. On 29 March 2006 its corporate name was changed to Urbas Proyectos Urbanísticos, S.A. to be subsequently modified on 29 January 2007 to Urbas Guadahermosa, S.A. On 30 September 2011 it changed its corporate name to the current one. It is registered with the Madrid Mercantile Register.

Its registered office is at Calle Gobelas 15, Madrid.

Further information on Urbas Group and the Company is publicly available on its website (www.grupourbas.com).

2.2 Urbas – Aldira Reverse Acquisition

On 6 June 2014, Urbas and Alza Real Estate, S.A. ("Alza") signed an agreement for the integration of Alza Residencial, S.L., a subsidiary of Alza within Urbas, whereby Urbas would make a non-monetary capital increase, excluding the pre-emptive right, to be fully subscribed by Alza and the remaining non-controlling shareholders through the contribution of all the equity interests of Alza Residencial, S.L.

On 17 September 2014, Urbas, Alza and Aldira Inversiones Inmobiliarias, S.L ("Aldira") signed an addendum to such integration agreement to modify the scope of the abovementioned transaction, which would involve a previous contribution to Aldira of Alza Residencial, S.L.'s assets and a subsequent contribution to Urbas of the resulting Aldira's equity interests.

Consequently, the members of Aldira would contribute all its equity interests to Urbas at a fair value of about EUR 384 million, which would help strengthening the resulting final balance sheet of Urbas after the integration. The intention of both parties is to carry out the recapitalisation and refinancing of the resulting Urbas-Aldira group.

On 21 May 2015, the Board of Directors of Urbas approved the project for the acquisition of Aldira, which was realised through a capital increase in which Urbas (acquiring company for legal purposes) issued shares to acquire Aldira's equity interest (company acquired for legal purposes). Considering that the contributors of the acquired company received 92% of the resulting capital after such increase, Aldira was deemed the acquiring company for accounting purposes, and such acquisition was classified as a "*reverse acquisition*", as set forth in IFRS 3 "Business Combinations". Thus, the acquiring company for legal purposes (Urbas) was deemed the acquired company for accounting purposes, while the acquired company for legal purposes (Aldira) was deemed the acquiring company for accounting purposes.

On 10 July 2015, the Urbas Annual General Meeting approved Aldira's acquisition, with accounting effects as from 30 June 2015, registering the transaction with the Mercantile Register on 24 September 2015.

The reverse acquisition was recorded considering that the legal acquiring company was acquired for accounting purposes. The amount of the consideration delivered was assessed taking into account the fair value of the number of the legal acquired company's equity instruments that should have been issued to deliver to the shareholders of the legal acquiring company the same percentage of equity instruments of the combined entity.

3. PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

3.1 Basis of presentation

3.1.1 Compliance with IFRS

The consolidated financial statements of Urbas Group were prepared in compliance with the International Financial Reporting Standards (IFRS) set forth by the International Accounting Standard Board (IASB) and adopted by the European Union (EU) at 31 December 2021.

3.1.2 Historical cost accounting convention

The consolidated financial statements were prepared applying the historical cost accounting convention, except for certain financial assets and liabilities measured at fair value, assets held for sale measured at the lower of carrying amount and fair value less costs to sell, and business combinations.

3.1.3 New IFRS and amendments adopted by Urbas

As of 1 January 2021, the following standards have been applied to the Group's consolidated financial statements:

- ✓ Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRSF 16 – *"Interest Rate Benchmark Reform – Phase 2"*.

- ✓ Amendments to IFRS 4 – "*Deferral of Effective Date of IFRS 9*".

Also, as from 1 April 2021, the Amendments to IFRS 16 – "*Covid-19-Related Rent Concessions beyond 30 June 2021*" have been applied as well. The aforementioned amendments had no impact on the amounts recognised in prior years or in the current fiscal year under the Group's financial statements.

The following amendments and annual improvements to the standards published in May 2020 by the IASB were already approved by the EU in 2021:

- ✓ Amendments to IFRS 3 – "*Reference to the Conceptual Framework*".
- ✓ Amendments to IAS 16 "*Property, Plant and Equipment – Proceeds before Intended Use*".
- ✓ Amendments to IAS 37 – "*Onerous Contracts: Cost of Fulfilling a Contract*".
- ✓ Annual improvements 2018-2020.

These amendments will become effective on 1 January 2022, but the Group considers that they will not have a significant impact. Additionally, the IASB has published other new accounting standards and amendments that will not become effective until 1 January 2023, and which have not been adopted by the EU yet. The aforementioned changes are not expected to have a material impact on the Group in future fiscal years and transactions.

3.2 Comparative information

When comparing information, the following should be considered:

- ✓ The effects of the business combinations and asset acquisitions occurred in 2021.
- ✓ The financial debt refinancing, restructuring and redemption agreed in 2021.
- ✓ The amounts of financial debt held with investment funds relating to fiscal year 2020 that in the 2020 consolidated financial statements were presented under the consolidated balance sheet item "Other non-current liabilities" and "Other current liabilities" were reclassified in the consolidated financial statements for 2021 to "Non-current financial debt" and "Current financial debt" for comparison purposes with the current reporting period.

3.3 Consolidation principles

Urbas classifies investments as subsidiaries, joint arrangements and associates, based on the control over them:

3.3.1 Subsidiaries

The subsidiaries are all the entities over which the group exerts control. The group controls an entity when it is exposed or entitled to variable returns due to its involvement in the subsidiary and has the capacity to influence on those returns by virtue of the power to direct the entity's activities. The subsidiaries are consolidated as from the date the control is transferred to the group using the full consolidation method. They cease to be consolidated as from the date the control ceases.

The acquisition accounting method is used to record business combinations by the group.

Intragroup transactions and the balances and unrealised gains on transactions among group entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the value of the transferred asset. The accounting policies of the subsidiaries are changed wherever necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in subsidiaries' profit or loss and equity are disclosed separately in the consolidated statement of profit or loss, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated balance sheet, respectively.

3.3.2 Associates

Associates are all entities over which the Group exerts significant influence, but has no control or joint control. This is the case, in general, when the group holds from 20% to 50% of voting rights. Investments in associates are accounted for using the equity method (see section (iv) below) and are initially recognised at cost.

3.3.3 Joint arrangements

Under IFRS 11 "*Joint Arrangements*", investments in joint arrangements are classified as joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, instead of the legal structure of the joint arrangement.

A joint arrangement is a contractual agreement whereby two or more companies ("venturers") have interests in entities (joint ventures) or undertake operations or hold assets (joint operations); therefore, any strategic financial and operating decisions affecting the joint arrangement require the unanimous consent of all venturers.

The Group performs part of its construction activities by participating in joint ventures (*Uniones Temporales de Empresas*, UTE) and similar devices abroad (consortia), which are entities with no legal capacity of their own that establish a cooperation relationship with other partners to deliver a project or services during a specific period of time (joint operations).

In these cases, where there is an individualised control of the assets and related transactions, they are included in the accompanying consolidated financial statements in proportion to the interest in assets, liabilities, income and expenses arising from the transactions performed by these entities, whilst reciprocal asset and liability balances and income, expenses and gains or losses not realised with third parties are eliminated (Note 7).

3.3.4 Equity method

Under the equity method, investments are recognised initially at cost and are adjusted thereafter to recognise through profit or loss the group's profit/(loss) portion in the investee after the acquisition and through other comprehensive income the Group's portion of movements in the investee's other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the investment carrying amount.

When the Group's portion of losses from an investment accounted for using the equity method is equal to or exceeds its interest in the entity, including any other long-term unsecured account receivable, the Group does not recognise any additional losses, unless any obligations have been incurred or any payments have been made on behalf of the other entity.

Unrealised income in transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Unrealised losses are also eliminated unless the transaction discloses evidence of an impairment in the value of the asset transferred.

The accounting policies of the investees accounted for using the equity method are changed wherever necessary to ensure consistency with the policies adopted by the Group.

The impairment in the carrying amount of investments accounted for using the equity method is verified according to the policy described in Note 16.

3.3.5 Changes in ownership interest

The Group treats the transactions with non-controlling interests that do not give rise to the loss of control as transactions with the Group's equity owners. A change in an ownership interest gives rise to an adjustment to the carrying amounts of controlling and non-controlling interests to reflect the relative interests in the subsidiary.

Any difference between the amount of the adjustment to non-controlling interests and any other consideration paid or received is recognised in a separate reserve in equity attributable to the owners of Urbas.

When the Group ceases to consolidate or record an investment through the equity method as a result of a loss of control, joint control or significant influence, any interest retained in the entity is stated again at its fair value, recognising the carrying amount change through profit or loss. This fair value becomes the initial carrying amount for subsequently measuring the interest retained in the associate, joint venture or financial asset. In addition, any amount previously recognised in other comprehensive income in relation to that entity is booked as if the Group had disposed of the relevant assets or liabilities directly. This may imply that the amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the interest in the ownership of a joint venture or associate is reduced, but joint control or significant influence are maintained, only a proportion of the amounts previously recognised in other comprehensive income is reclassified through profit or loss as appropriate.

The main changes in the Group's consolidation scope during 2021 are related to the business combinations and acquisitions of assets occurred over the period and are detailed in Appendix I.B to the accompanying consolidated financial statements.

3.4 Translation of foreign currency

3.4.1 Functional and presentation currency

The items included in the financial statements of each Group entity are measured using the currency of the main economic area in which the entity operates ("functional currency").

The consolidated financial statements are presented in euros, which is the Urbas functional and presentation currency. Except as otherwise indicated, figures in the interim financial statements are stated in thousands of euros.

3.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency applying the exchange rates prevailing on the transaction dates. Profit and loss in foreign currency from the settlement of these transactions and the conversion of monetary assets and liabilities denominated in foreign currency at the closing exchange rates are recognised generally through profit or loss for the year. They are deferred in equity if referring to qualified cash flow hedges and to qualified net investment hedges or if attributable to a portion of the net investment in a business abroad.

Profit and loss due to foreign exchange differences related to financial debts are presented in the income statement under finance costs. The remaining profit and loss from foreign exchange differences are presented in the income statement on a net basis under other gains/(losses).

The non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair value was determined. The translation differences in assets and liabilities are recorded at fair value through profit or loss. For instance, translation differences in non-monetary assets and liabilities, such as equity interests in the share capital at fair value through profit or loss, are recognised in profit or loss for the year as part of the profit or loss at fair value, and the translation differences in non-monetary assets, such as equity interests in the share capital classified at fair value through other comprehensive income are recognised in other comprehensive income.

3.4.3 Group entities

The profit or loss and the financial position of businesses abroad (none of which have the currency of a hyperinflationary economy) with a functional currency other than the presentation currency are translated into the presentation currency as follows:

- ✓ the assets and liabilities on each balance sheet presented are translated at the closing exchange rate on the balance sheet date;
- ✓ the income and expense from each account in the income statement and in the statement of comprehensive income are translated at the average exchange rates (unless it is not a reasonable estimate of the accumulated effect of exchange rates existing on transaction dates; in that case, income and expense are translated on the date of transactions); and
- ✓ all resulting exchange differences are recognised in other comprehensive income.

Upon consolidation, the foreign exchange differences arising from the translation of any net investment in foreign businesses and from financial debts and other financial instruments designated as hedges for these investments are recognised in other comprehensive income. When a business abroad is sold or any financial debt forming part of the net investment is paid, the related foreign exchange differences are reclassified through profit or loss for the year as part of the profit or loss from the sale.

The goodwill and fair value adjustments arising from the acquisition of a business abroad are treated as assets and liabilities of the business abroad and are translated at the closing exchange rate.

The closing and average exchange rates used to prepare the 2021 consolidated financial statements are as follows:

COUNTRY	Currency	Euro exchange rate	
		Closing	Average
Algeria	Dinar	157.09	159.14
Bolivia	Boliviano	7.88	8.23
Colombia	Peso	4,560.66	4,437.98
Morocco	Dirham	10.51	10.62
Panama	Balboa	1.132	1.182
Peru	Sol	4.45	4.42

3.5 Use of estimates

Preparing the consolidated financial statements requires using accounting estimates that, by definition, rarely agree with actual figures. Management also resorts to judgement to apply the Group's accounting policies.

The areas involving material estimates and judgement include:

- ✓ estimated current income tax payable
- ✓ estimated fair value of certain financial assets
- ✓ estimated useful life of intangible assets, property, plant and equipment, and investment property
- ✓ impairment in the estimated value of certain intangible assets (goodwill, brand), inventories and receivables
- ✓ revenue recognition and transaction price allocation (IFRS 15)
- ✓ estimated fair values of the net assets acquired in a business combination
- ✓ recognition and recovery of deferred tax assets due to tax loss carryforwards not yet offset
- ✓ valuation of real estate assets and inventories
- ✓ consolidation decisions
- ✓ COVID-19 (Note 3.7)

Estimates and assumptions were based on the information available at the date of preparation of the consolidated financial statements, on historical experience and on other different factors deemed significant at the time. However, final figures could differ from those estimates.

3.6 Going-concern principle

The managers prepare the consolidated financial statements under the going-concern principle considering that the Group has guaranteed its viability and will continue operating in the future on a normal basis, among other factors, due to:

(i) Financial debt refinancing, restructuring and amortisation agreements

The Group renegotiated and arranged successfully its bank borrowings and financial debt with different banks and investment funds (Notes 4.2 and 10). Those financial institutions include Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria (SAREB), with which an agreement was reached on 30 June 2021, formalised by executing the relevant documents on 21 September 2021.

The Group has also started other processes for the renegotiation, restructuring and settlement of payables to different banks and investment funds, after the corporate acquisitions performed in 2021. At the date of authorisation for issue of these financial statements, those negotiations were quite advanced, but have not yet been formalised or concluded. However, we estimate that they will be resolved positively, and we will continue with the process of adjusting the financial debt maturity date to the Group's operating cycle and expected future flows.

In any case, in the event that it is not possible to reach an agreement to renegotiate the financial debt and the mortgages securing such debt are foreclosed, we estimate that the value of assets –based on available appraisals performed by independent experts– subject to those mortgage-backed guarantees would be sufficient to cover the pending debt, and we also estimate that no additional liability would arise.

(ii) Improvement and optimisation of our liquidity position

The Group's liquidity position in 2021 improved mainly due to the formalisation of new financing transactions for over EUR 123 million with two different U.S. investment funds (Note 10).

In addition, a process began to optimise our liquidity position through the implementation of a centralised Treasury and Financing Department, which will allow the Group to streamline the use of available financing sources while analysing the use of new alternatives for available liquidity.

(iii) Activities

In 2021, after the acquisition of businesses and assets, Urbas Group consolidated its operations in the Construction segment simultaneously with the commencement of operations in the Real Estate Development and Energy segments, pursuant to the 2021-2024 Business Plan approved by the Board of Directors of Urbas, with the advice of PwC.

3.7 COVID-19

On 11 March 2020, the World Health Organisation (OMS) raised the status of the public health emergency caused by the coronavirus (COVID-19) outbreak to that of an international pandemic.

The Government of Spain declared the state of alarm through the enactment of Royal Decree 463/2020, of 14 March and, subsequently, Royal Decree 926/2020, of 25 October. The state of alarm ceased last 9 May 2021. However, the current situation in relation to the health crisis (epidemiological levels, vaccination plan progress, gradual reduction of restrictions, etc.) –not so much in Spain, where prospects are positive, but in the rest of the countries in which Urbas Group's companies operate– encourages continuing to be prudent. The economic outlook for 2022 continues to be very much contingent upon the uncertain time horizon required to overcome the health crisis entirely, as well as the recovery measures established by the governments of the various countries in which Urbas Group is based.

The Group analyses the situation and its evolution continuously in order to apply timely contingency plans, always following health authorities' recommendations and with the ultimate goal of securing the safety of its employees and other people related to Urbas entities, while ensuring the continuity of activities under normal circumstances as far as possible in the current context.

In view of the Group's business and geographical diversification, the impact has been limited and is reflected, chiefly, by the slowdown of the construction business and lower margins compared to expectations. However, the scope of the economic measures adopted by the governments, as well as the potential reactivation measures, have not required any actions on the main estimates considered in preparing 2021 consolidated financial statements.

The Group has a positive financial and equity position. It also obtained and continues to obtain lines of financing that have not been drawn down in full. To date, the pandemic has not affected the Group's financial position negatively and it is not expected to do so in the future. Furthermore, no serious liquidity pressure situations are expected, even in a negative context.

Urbas Group includes the COVID-19 impact on its estimates affecting 2021 consolidated financial statements:

- ✓ No impairment in recognised goodwill and intangible assets is expected.
- ✓ The Group assesses the recoverability of its real estate assets (property investments and inventories) based on assessment reports from independent experts (Notes 15 and 20). Based on those reports, no additional impairment losses were recorded during 2021.
- ✓ The recoverable value of the main financial assets recognised at 31 December 2021 was reviewed. In addition, as to trade receivables, no significant default issues were identified. There are no unimpaired doubtful accounts receivable. Collection terms continue to be in line with previous periods.
- ✓ As to recognised deferred taxes, the assumptions on the recoverability of those assets at 31 December 2021 were adjusted. COVID-19 had no impact on the recoverability of tax credits.
- ✓ The Group considers that the provision level recorded at 31 December 2021 is appropriate to cover all the risks that are deemed probable.

3.8 Accounting policies

3.8.1 Business combinations

The acquisition accounting method is used to record all business combinations, regardless of whether equity instruments or other assets are acquired.

The consideration transferred to acquire a subsidiary includes:

- ✓ the fair values of the assets transferred;
- ✓ the liabilities incurred with the previous owners of the acquired business;
- ✓ the equity interests issued by the group;
- ✓ the fair value of any asset or liability arising from a contingent consideration agreement; and
- ✓ the fair value of any previously held equity interest in the subsidiary.

The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination, with some exceptions, are initially recognised at their acquisition date fair values. Urbas Group recognises any non-controlling interest in the acquiree on an acquisition-at-fair-value basis or in view of the proportional non-controlling interest of the net identifiable assets of the acquiree. The costs related to the acquisition are recognised as an expense when they are incurred. The surplus of:

- ✓ the consideration transferred;
- ✓ the amount of any non-controlling interest in the acquired entity; and
- ✓ the fair value on the date of acquisition of any previously held equity interest in the acquired entity.

over the fair value of the net identifiable assets acquired is recorded as goodwill. If these amounts are lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly through profit or loss as a purchase under very positive conditions.

When the settlement of any cash consideration is deferred, the amounts payable in the future are discounted at their present value on the exchange date. The discount rate used is the incremental interest rate of the entity's indebtedness, i.e. the rate at which a similar loan could be obtained from an independent financial entity under comparable terms and conditions.

The contingent consideration is classified as equity or financial liabilities. The amounts classified as financial liabilities are measured again subsequently at fair value with changes in fair value through profit or loss.

If the business combination is performed in stages, the carrying amount on the date of acquisition of the previously held equity interest in the acquired entity is measured again subsequently at fair value at the acquisition date, recognising any resulting profit or loss in the income statement.

Urbas has hired the services of independent experts to allocate the acquisition price of the business combinations carried out in 2021.

3.8.2 Intangible assets

(i) Goodwill

Goodwill is measured as indicated in the previous section. Goodwill on subsidiaries' acquisitions is not amortised, but the value impairment is verified on an annual basis or more frequently if an event or changes in circumstances indicate that there may have been an impairment, and it is recorded at cost less accumulated impairment losses. Profit and loss from the sale of an entity include the carrying amount of the goodwill related to the entity sold.

In order to verify the impairment in value, the goodwill is distributed among cash-generating units. It is allocated to the cash-generating units or cash-generating unit groups that are expected to benefit from the business combination from which goodwill arose. The units or unit groups are identified at the lowest level at which goodwill is controlled for internal management purposes, i.e. operating segments (Construction and Energy).

(ii) Brands and other intangible assets acquired in a business combination

The brands acquired as part of a business combination are recognised at fair value on the acquisition date and are deemed to have an indefinite useful life; therefore, they are not amortised. The impairment in value is verified on an annual basis or more frequently if an event or changes in circumstances indicate that there may have been an impairment, and it is recorded at cost less accumulated impairment losses.

Other intangible assets acquired in the business combination are recognised at fair value on the acquisition date and are amortised subsequently during their estimated useful lives:

	Years of useful life
Contractor's classification ("Classification")	13 – 14
Private customer relationships	5 – 15
Backlog	3 – 4

Computer software

Computer software or IT applications are amortised on a straight-line basis over 3 to 5 years from the entry into service of each software. Software maintenance costs are recognised as an expense when they are incurred.

Development costs attributable directly to the design and performance of identifiable and unique software tests controlled by the Group are recognised as intangible assets when the following criteria are met:

- ✓ technically, it is possible to complete the software to make it available for use;
- ✓ management intends to complete the software for use or sale purposes;
- ✓ there is a capacity to use or sell the software;
- ✓ it is possible to show how the software will generate potential economic profits in the future;

- ✓ there are technical, financial or other resources available to complete the development and to use or sell the software; and
- ✓ the disbursement attributable to the software during its development may be measured reliably.

The directly attributable costs capitalised as part of the software include staff costs and an appropriate proportion of indirect costs.

Capitalised development costs are recognised as intangible assets and amortised from the moment the asset is ready for use. In 2021 the development costs of a new IT management system (ERP) for an amount of EUR 250 thousand were capitalised.

3.8.3 Property, plant and equipment and investment property

Property, plant and equipment and investment property, mainly office buildings, stores and parking lots, maintained to earn a rent in the long term and not occupied by the Group, are recognised at historical cost less depreciation.

Depreciation is calculated using the straight-line method to allocate the cost, net of its residual value, over the estimated useful life, as follows:

	Years of useful life
Buildings	50
Technical installations	10
Furniture	5
Computer hardware	4
Other items of property, plant and equipment	4

On each balance sheet date, the residual value and the useful life of assets are reviewed and adjusted, if necessary.

The carrying amount of an asset is reduced immediately up to its recoverable amount if the carrying amount of the asset exceeds its estimated recoverable amount.

Gains and losses arising from sales are calculated by comparing the proceeds obtained with the carrying amount and are recognised in the income statement for the year.

3.8.4 Impairment losses on assets

The goodwill and intangible assets with an indefinite useful life are not amortised and are subject to impairment tests on an annual basis or more frequently, if events or changes in circumstances indicate that there could be an impairment. The other assets are subject to impairment tests if an event or a change in circumstances indicate that the carrying amount may not be recovered.

An impairment loss is recognised for the carrying amount of the asset exceeding its recoverable amount. The recoverable amount is the higher of the fair value of an asset less selling costs and the value in use. In order to assess impairment losses, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are, to a large extent, independent from the cash inflows of other assets or groups of

assets (cash-generating units). The impairment losses of non-financial assets (other than goodwill) are reviewed for potential reversal at the end of each reporting year.

With respect to the recoverable value of real estate assets, the Group uses the valuations of independent experts.

The Group has hired the services of independent experts to carry out impairment tests on its intangible assets with an indefinite useful life (Note 13).

3.8.5 Leases

(i) Urbas Group as lessee

The Group leases several offices, warehouses, equipment units and vehicles. Lease agreements are normally signed for fixed terms of 6 months to 4 years, but there may be extension options.

Lease transactions (excluding certain exceptions related to reduced amounts or terms) in which Group companies act as lessees result in the recognition, as per IFRS 16 "*Leases*", of a right-of-use asset that, due to its nature, is recorded as property, plant and equipment, and of a liability due to future payments incurred. Such liability is recorded at the present value of the future cash flows of each lease, and assets, at the equivalent amount adjusted by any advance payment made. Subsequently, the right-of-use asset is valued at cost less accumulated amortisation and impairment losses, and it is adjusted for any new measurement of the lease liabilities resulting from a lease amendment or reassessment.

Right-of-use assets are generally amortised on a straight-line basis during the shorter of the useful life of the asset and the lease term. If the Group has the reasonable assurance of exercising a purchase option, the right-of-use asset is amortised during the useful life of the underlying asset.

Lease payments are discounted using the lease implicit interest rate. If this interest rate cannot be easily determined, the lessee's incremental borrowing interest rate is used, i.e. the interest rate that the individual lessee would have to pay to borrow the funds required to obtain an asset with a similar value to the right-of-use asset in a similar economic context and under similar terms, guarantees and conditions.

The payments related to short-term leases of machinery and vehicles and all the leases of assets with a low value are recognised on a straight-line basis as an expense in the income statement. Short-term leases are those with a term of 12 months or less and no purchase option. Reduced value assets include IT equipment and small machinery items.

(ii) Urbas Group as lessor

When Group companies act as lessors in lease transactions, the acquisition cost of the leased assets are recognised under "Investment property" in the consolidated balance sheet. Investment property is leased to lessees under operating leases with monthly rents. Income from operating leases in which the Group is the lessor is recognised in income on a straight-line basis during the lease term.

3.8.6

Inventories

They refer mainly to land and property developments for sale. Land and plots of land are carried at the lower of acquisition cost –plus any urban development costs (if any), other purchase costs (transfer tax, registration expenses, etc.) and finance costs incurred on the related financing during the performance of the construction works– and their realisable value, with a write-down of inventories, where applicable.

The recoverable value of inventories is estimated based on the valuations of independent experts not related to the Group (mainly, Savills Aguirre Newman and Arquitasa) or on internal studies. In any case, those valuations calculate the fair value mainly through the dynamic residual method in the case of land and through the cash flow discount method in the case of work in progress and finished goods, pursuant to the Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors (RICS) of Great Britain or to Order ECO/805/2003, of 27 March, on standards for the valuation of real property and certain rights for specific financial goals.

The costs incurred in property developments (or in portions thereof), the construction of which has not been completed at year-end, are classified as work in progress. At year-end, the cost relating to property developments for which construction was completed during the year is transferred from "Property developments in progress" to "Finished property". These costs include those relating to the plot of land, urban development and construction, together with the related borrowing costs. In 2021, the Group did not capitalise any finance costs to inventories.

The cost of construction work in progress is adjusted to its net realisable value by recognising, as applicable, the appropriate depreciation. In addition, property developments are presented at cost less, as applicable, any impairment required – obtained through appraisals performed by independent experts– to reduce them to their estimated realisable value.

3.8.7 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered mainly through a sale transaction rather than through their continuing use, and their sale is deemed highly probable. They are valued at the lower of their carrying amounts and their fair values less selling costs, except for certain assets, such as deferred taxes, financial assets and real estate investments recorded at fair value.

An impairment loss is recognised for any initial or subsequent reduction of the value of assets up to the fair value less selling costs. A profit is recognised for any subsequent increase in fair value less selling costs of an asset, but never exceeding the accumulated impairment loss that may have been recognised previously. A gain or loss not previously recognised by the date of the sale of an asset is not recognised at the date of derecognition.

Non-current assets held for sale are not amortised while classified as held for sale. Interest and other expenses attributable to the liabilities of a disposable group classified as held for sale continue to be recognised.

The non-current assets classified as held for sale are presented separately from the rest of assets in the balance sheet. The liabilities of a disposable group classified as held for sale are presented separately from the other liabilities in the balance sheet.

3.8.8 Investments and other financial assets

(i) Classification

The Group classifies its financial assets into the following measurement categories:

- ✓ those measured subsequently at fair value (either through profit or loss or through other comprehensive income); and
- ✓ those measured at amortised cost.

The classification depends on the Company's business model used to manage financial assets and the contractual terms of cash flows.

In the case of assets measured at fair value, profit and loss will be recorded in the income statement or in other comprehensive income. As for investments in equity instruments not held for trading, this will depend on whether the Group has made an irrevocable choice upon initial recognition to record the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments if and only if its business model to manage those assets changes.

(ii) Recognition

The conventional purchases and sales of financial assets are recognised at the trading date, i.e. the date on which the Group undertakes to purchase or sell the asset. The financial assets are derecognised when they expire or when the rights to receive cash flows from the financial assets have been transferred and the Group has substantially transferred all the risks and rewards incidental to ownership.

(iii) Measurement

Upon initial recognition, the Group measures a financial asset at fair value plus, in the case of a financial asset that is not recognised at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset. The transaction costs of financial assets at fair value through profit or loss are recognised as an expense in the income statement.

(iv) Impairment

The impairment model is applied to the financial assets measured at amortised cost, which include the item "Customers and other receivables". The impairment model is based on a dual valuation approach under which there will be a provision for impairment based on expected losses for the next 12 months or based on expected losses during the whole life of the asset (IFRS 9, P.5.5.3 and P.5.5.5). The event that triggers the shift from the first approach to the second one is a material worsening of the credit quality. Notwithstanding the contents of paragraphs 5.5.3 and 5.5.5, the Group will always calculate the value adjustment due to losses at an amount that is equal to expected credit losses during the whole life of the asset in the case of:

(a) Trade receivables or assets from contracts arising from transactions within the scope of IFRS 15 and that: (i) have no significant financing component (or when the entity applies the practical solution in relation to contracts for up to one year) according to IFRS 15); or (ii) have a significant financing component according to IFRS 15, if the Group has adopted the accounting policy that consists in calculating the valuation adjustment due to losses at an amount that is equal to expected credit losses during the whole life of the asset.

(b) Lease receivables arising from transactions within the scope of IFRS 16, if the entity has adopted the accounting policy that consists in calculating the valuation adjustment due to losses at an amount that is equal to expected credit losses during the whole life of the asset.

(v) Classification of financial instruments

With respect to the assets and liabilities at fair value, the Group followed the hierarchy defined in IFRS 13 for classification based on the inputs used to measure them and their market observation:

Level 1: listed (unadjusted) prices in active markets for assets or liabilities that are identical to those to which the entity may have access on the valuation date.

Level 2: inputs other than the quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly, through valuation techniques using observable market data.

Level 3: inputs not observable in the market for the asset or liability.

According to IFRS 13, the hierarchical level at which an asset or liability is classified in full (Level 1, Level 2 or Level 3) is determined based on the lowest significant input used in the valuation within the fair value hierarchy. If it is possible to classify the inputs used to measure the fair value of an asset or liability within different levels, the fair value measurement is classified in full within the same fair value hierarchy level as the lowest significant input for fair value measurement.

All the instruments arranged by the Group are classified in Level 2 within the valuation hierarchy.

3.8.9 Trade receivables

Trade receivables are recognised initially at the unconditional consideration amount, unless they contain significant financial components, in which case they are recognised at fair value. They are subsequently measured at amortised cost through the effective interest method, less impairment adjustments.

The amount of customer advances received prior to the recognition of the sale of the buildings is recognised under “Trade and other payables” in current liabilities on the consolidated balance sheet.

3.8.10 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash, demand deposits in credit institutions, other short-term, highly-liquid investments with an original maturity date of three months or less that are readily convertible into specific amounts of cash and that are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are classified in the consolidated balance sheet as financial debt under current liabilities.

3.8.11 Trade and other payables

These amounts represent liabilities for the goods and services provided to the Group before year-end and pending payment. Trade and other payables are presented as current liabilities unless the payment does not expire during the 12 months after the consolidated balance sheet date. They are initially recognised at fair value and subsequently measured at amortised cost according to the effective interest method.

3.8.12 Financial debt

Financial debt is initially recognised at fair value, less any transaction costs incurred. Subsequently it is measured at amortised cost. Any difference between the income received (net of transaction costs) and the reimbursement value is recognised in the income statement over the term of the borrowing using the effective interest method. The fees paid to obtain loans are recognised as borrowing costs to the extent that it is considered probable that the credit line will be used in full or in part. In this case, fees are deferred until the credit line is used. If there is no evidence that it is probable that the credit line will be used in full or in part, the fee is capitalised as an advance payment for liquidity services and repaid over the term the credit line is available.

The fair value of the liabilities component of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability at amortised cost until it is extinguished with the bond conversion or maturity. The remaining income earned is allocated to the conversion option that is recognised and included in the shareholders' equity, net of the income tax effect.

Financial debt is written off the balance sheet when the obligation specified in the contract has been paid, settled or has expired. The difference between the carrying amount of a financial liability settled or assigned to another party and the consideration paid, including any asset assigned other than cash or the liability assumed, is recognised in the income statement for the year as other finance income or costs.

When the terms of a financial liability are renegotiated and the entity issues equity instruments for a creditor to extinguish the liability in full or in part (exchange of debt for equity), a profit or loss is recognised in the income statement for the year at the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Financial debt is classified as current liabilities, unless the Group has an unconditional right to defer settlement thereof for at least 12 months as from the balance sheet date.

3.8.13 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the term required to complete and prepare the asset for the intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

The returns from the temporary investment of specific loans to be used in qualifying assets are deducted from borrowing costs eligible for capitalisation.

The rest of borrowing costs are recognised as an expense in the year in which they are incurred.

3.8.14 Provisions

The provisions for lawsuits and compliance obligations are recognised when the Group has a present obligation, whether legal or implicit, resulting from past events; an outflow of resources is likely to occur to settle the obligation; and the amount may be estimated reliably. No provisions are recognised for future losses from operations.

Provisions are measured at the present value of the management's best estimate of the disbursement required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a pre-tax rate showing current market assessments of the time value of money and the specific risks of the obligation. The increase in the provision for the lapse of time is recognised as an interest expense.

3.8.15 Employees' remuneration

(i) Short-term obligations

The liabilities related to wages and salaries, including non-monetary retributions, annual vacation and cumulative sick leaves expected to be settled before the term of 12 months following the end of the year in which the employees render the respective services, are recognised in relation to employees' services until the end of the reporting year and are measured at the expected amounts payable once liabilities are settled. The liabilities are presented in the balance sheet as current obligations related to employee benefits.

(ii) Termination benefits

Termination benefits are paid to employees as a result of the Group's decision to terminate their employment contract before the regular retirement age or when the employee agrees to resign voluntarily in exchange for such benefits. The Group recognises these benefits in the earlier of the following dates: (a) when the Group is unable to withdraw the offer of those termination benefits; or (b) when the entity recognises the costs of a restructuring within the scope of IAS 37 and that entails the payment of termination benefits.

When an offer is made to encourage the voluntary resignation of employees, termination benefits are measured in accordance with the number of employees that are expected to accept the offer. Benefits that will not be paid within 12 months following the balance sheet date are discounted at their current value.

3.8.16 Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are presented in equity as a deduction, net of taxes, from income earned.

Whenever a Group entity acquires the entity's equity instruments, for instance as a result of a repurchase of shares or a share-based payment plan, the consideration paid – including any directly attributable incremental cost (net of income tax)– is deducted from equity attributable to Urbas owners as treasury shares until shares are cancelled or issued again. When these ordinary shares are issued again, any consideration received, net of any incremental cost of the directly attributable transaction and the relevant income tax effects, is included in equity attributable to Urbas owners.

3.8.17 Earnings per share

(i) Basic earnings per share

Basic earnings per share are calculated by dividing:

- the profit attributable to the company's owners, excluding any equity service cost other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding for the year, adjusted for the incentives in ordinary shares issued during the year and excluding treasury shares (Note 27).

(ii) Diluted earnings per share

In the case of diluted earnings per share, the figures used in assessing basic earnings per share are adjusted to take into account:

- the effect after income tax on interest and other finance costs related to potential ordinary shares with dilutive effects; and
- the weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all potential ordinary shares with dilutive effects.

3.8.18 Current and non-current items

In the consolidated balance sheet, assets and liabilities expected to be recovered, used or settled within up to 12 months from the balance sheet date are classified as current items, except for "Inventories", which are presented in full under "Current assets", since it is expected that they be realised in the normal course of the plot of land and real property sale business, as well as the liabilities associated with inventories (borrowing costs and customer advances), which are presented under "Current liabilities", regardless of their maturity.

The Group has financial liabilities that, as they are subject to the financing of current real estate assets, are classified as current liabilities in intangible assets (Note 10).

3.8.19 Revenue

Revenue is carried at the fair value of the consideration received or to be received for goods sold or services rendered in the ordinary course of business, net of discounts and value added tax. Income and expense is recognised when the control over the asset or service is transferred to the customer.

In recording its transactions, the Group separates the different commitments for the transfer of an asset or service stipulated in a contract, recognising income separately from each obligation that could be identified individually within the same contract. In addition, the Group estimates the price of each contract identified, also considering the initial price agreed upon in the contract, the amount of variable considerations, the time value of money (whenever it is deemed that there is a significant financing component) and non-monetary considerations.

(i) Real Estate Development

The main activity carried out in the real estate development segment is the sale of housing units and land.

Revenue from this activity is recognised when the risks and profits of the asset are deemed to have been transferred to the buyer, which is usually the date on which the sale public deed is executed. In this regard:

- ✓ The *sales of real estate and land* and the related costs are recognised in the consolidated income statement when substantially all the material risks and profits that are inherent to the property have been transferred, i.e. when the real estate units are delivered and the sale is executed in a public deed. Cash delivered by customers as payments on account, from the date of execution of the private agreement to the date on which the sale is executed in a public deed, is recognised under "Trade and other payables" in current liabilities of the consolidated balance sheet.

- ✓ The *sales of plots of land* on which the Group has committed to local authorities to carry out urban development work affecting all the plots of land under the urban development plan, and which may not be considered to be carried out specifically for the owners of the plots of land sold, are broken down into two items: the sale of the plot of land, and the sale of the urban development work associated therewith.

    - The revenue relating to the sale of the plot of land is recognised when the significant risks and rewards of ownership have been transferred to the acquirer, usually when the property is delivered and the sale is executed in a public deed.

    - The revenue attributable to the sale of the urban development work (which is determined on the basis of the projected costs of the urban development work as a whole, calculated in proportion to the square metres of the plot of land sold with respect to the total square meters of the urban development work plus the estimated profit margin on the sale) is recognised when the urban development work has been substantially completed and, at that time, a provision is recognised for the estimated costs to be incurred in finishing the work.

- ✓ *The revenue from the lease* of assets recognised as real estate investments is recorded on an accrual basis and incentive-related profit and the initial costs of contracts are allocated on a straight-line basis.

(ii) Construction

In construction, performance obligations are settled over a period of time, not in a specific moment, as the customer receives and uses simultaneously the benefits provided as a result of the entity's performance as the Group's construction companies render the service.

The Group recognises construction contract revenue and expenses using the percentage of completion method, which is estimated by reference to the stage of completion of the contract activity at the balance sheet date, determined on the basis of an examination of the work performed or the percentage of costs incurred in relation to total estimated costs. In the first case, based on the measurement of units built, actual production is recorded in each period as revenue, while costs are recognised as accrued from such units. In the second case, revenue is recognised in the income statement based on the percentage of progression in costs (costs incurred in relation to total costs estimated in the contract), applied over total revenue of the project which is highly likely to be obtained.

In addition, in the contracts in which it is considered that the estimated costs of a contract will exceed its revenue, expected losses are recorded in provisions against the consolidated income statement for the year in which they become known.

Contract revenue is recognised considering the initial amount of the contract agreed upon with the customer, as well as the amendments and claims related thereto, to the extent that it is highly likely that such contracts will generate revenue that can be measured reliably and does not imply a material reversal in the future. It is considered that there is a contract amendment when a customer instructs to change its scope. It is considered that there is a claim in contracts when, due to the customer or third parties, costs not included in the initial contract are incurred (delays, errors in design or specifications, etc.) and the contractor is entitled to be compensated for the cost overruns incurred either by the customer or the third party giving rise to them. These amendments and claims are included as contract revenue when the customer has approved the related tasks in writing, through an oral agreement or implicitly by virtue of common commercial practices, i.e. when the collection is deemed highly probable and it is considered that there will not be a material reversal of the revenue in the future.

If the amount of production at source, measured at certification price, of each one of the works is higher than the certified amount through the balance sheet date, the difference between both amounts refers to contractual assets classified as "Amounts to be billed for work performed" under "Trade and other receivables" of current assets in the consolidated balance sheet.

If the amount of production at source is lower than the amount of certificates issued, the difference refers to contractual liabilities classified as "Customer advances" under "Trade and other payables" in current liabilities of the consolidated balance sheet.

3.8.19 Income tax

The income tax expense or credit for the year is the tax amount payable according to the tax base for the current year at the tax rate applicable to each jurisdiction, adjusted for the changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

The current tax expense is calculated in accordance with the laws enacted or substantively enacted at the balance sheet date in the countries in which the entity and its subsidiaries operate and generate tax bases. Management evaluates periodically the positions adopted in tax returns in relation to the situations in which applicable tax regulations are subject to interpretation and analyses whether tax authorities are likely to accept an uncertain tax treatment. The Group values its tax amounts at the most likely amount or at the expected amount, depending on the method providing a better forecast as to the uncertainty resolution.

Deferred taxes are recognised in full using the liabilities method based on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is not recognised either if it arises from the initial recognition of an asset or liability in a transaction other than a business combination which, at the time of the transaction, affects neither the recognised nor the taxable profit/(loss) and gives no rise to equal taxable and deductible temporary differences. Deferred taxes are measured on the basis of the tax rates (and laws) enacted or substantively enacted at the balance sheet date and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only if future taxable income is likely to be available to use those temporary profits and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and the tax base of investments in businesses abroad whenever the company is able to control the date on which the temporary differences will be reversed and they are not likely to be reversed in the near future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and if deferred tax balances refer to the same tax authority. Current tax assets and liabilities are offset when the entity holds a legally enforceable right to offset the amounts and intends to settle them at their net value or to realise assets and settle liabilities simultaneously.

Current and deferred taxes are recognised in profit or loss for the year, except if referring to items recognised in other comprehensive income or directly in equity. In this case, the tax amount is also recognised in other comprehensive income or directly in equity, respectively.

Group companies may be entitled to claim special tax deductions for investment in assets qualifying for that purpose or in relation to qualifying expenses. The Group records these incentives as tax credits, which implies that the incentive reduces the tax amount payable and the current tax expense. A deferred tax asset is recognised for unclaimed tax credits offset as deferred tax assets.

4. MATERIAL CHANGES IN FISCAL YEAR 2021

The financial position and profit and loss of Urbas have been particularly affected by the following events and transactions occurring in the reporting year 2021:

4.1 Corporate transactions

In 2021 Urbas acquired different groups of construction companies (Joca, Ecisa and Urrutia), developers (Jaureguizar) and energy sector groups (Sainsol), as well as real estate assets (Nalmar and Alandalus) resulting in an increase in revenue, intangible assets, property, plant and equipment and goodwill recognition.

With these transactions:

- Urbas reinforces and in turn diversifies its traditional real estate business with supplementary activities, such as construction and renewable energy sources.

- Urbas enters new markets and territories, commencing an expansion process both in Spain and abroad.

- The ***Construction*** business that began with the acquisition in 2020 of the construction company Murias grows and becomes international through operations in different countries and an exponential growth of its backlog.

- The existing energy business (feldspar mine acquired in 2020 under the "Ksilan" brand) is supplemented with the acquisition of Sainsol, a company specialised in photovoltaic self-consumption to be applied to own and third-party projects developed by Urbas as residential developer or construction group. The mine exploitation is estimated to commence in 2022/2023.

- Urbas implements its ***real estate development*** business plan by launching a new corporate brand, **"Adhome"**.

As a result of the corporate transactions carried out, Urbas **improves its revenue significantly, which exceeds EUR 201 million in 2021**.

The main impacts relating to business acquisitions in 2021 are as follows:

Thousands of euros

BUSINESS COMBINATION	JOCA	ECISA	URRUTIA	SAINSOL	JAUREGUIZAR	TOTAL
Share-based consideration valued as per purchase agreement	35,000	26,275	-	300	-	**61,575**
Adjustment of consideration at fair value (*)	14,000	15,344	-	173	-	**29,517**
Cash consideration	-		EUR 1		EUR 2	**EUR 3**
Contingent consideration	-		667	-		**667**
CONSIDERATION AT FAIR VALUE	**49,000**	**41,619**	**667**	**473**	**EUR 2**	**91,759**
Net acquired assets	(9,512)	36,887	14,513	12	11,057	52,957
Less: Non-controlling interests			(4,361)			(4,361)
GOODWILL	**58,512**	**4,732**	**-**	**461**	**-**	**63,705**
PROFIT/(LOSS) FROM TAKEOVERS	**-**	**-**	**9,485**	**-**	**11,057**	**20,542**
Acquisition costs	223	414	73	2	40	**752**

(*) Adjustment included at the request of the National Securities Market Commission (CNMV) based on the listed price of Urbas shares at the date of acquisition of Joca, Ecisa and Sainsol, instead of the price per share set in acquisition agreements. The differences between both values ("Adjustments to fair value") evidenced in the capital increase through the offset of credits were recognised in consolidated equity under "Reserves" for an amount of EUR 29,517 thousand.

4.2 Restructuring of financial debt

The formalisation of a new financing line obtained at the end of 2020 for a total of EUR 80 million with the Roundshield investment fund for a term from 24 to 48 months at an interest rate of 10% p.a. has allowed the Group to restructure, reduce and organise its corporate financial debt with different financial institutions, including SAREB, and other investment funds.

Out of the financial debt and the bank borrowings held with investment funds and banks at 31 December 2020 for an amount of EUR 214,310 thousand, an amount of 185, 374 thousand was renegotiated. As a result of that process, in the first 9 months of 2021, agreements were reached by Urbas, whereby **the financial debt and bank borrowings were reduced and settled in an amount of EUR 153 million** through:

- ✓ the **payment of EUR 28 million** (EUR 11 million to SAREB);
- ✓ the **delivery of assets** for EUR 1.5 million;
- ✓ the **capitalisation of the debt foreclosed** in 2021 for an amount of EUR 15 million (EUR 1 million debt held with banks and EUR 14 million held with investment funds);
- ✓ the **debt capitalisation agreed upon and pending foreclosure in 2022**, held with investment funds, for an amount of EUR 34 million; and
- ✓ the **debt release for an amount of EUR 73 million** (EUR 36 million related to SAREB, EUR 28 million related to other banks and EUR 9 million related to the debt held with investment funds), which implied finance income for such amount, recorded in the consolidated income statement.

In addition, the mortgage collateral related to the restructured financial debt was released.

The financial debt refinancing, restructuring and settlement process mentioned in the previous paragraph breaks down as follows:

			Thousands of euros
FINANCIAL DEBT	**Banks**	**Investment funds**	**Total**
Balance at 31 December 2020 (a)	**116,210**	**98,100**	**214,310**
Non-restructured financial debt (b)	**(17,719)**	**(11,217)**	**(28,936)**
Restructured financial debt (a) – (b)	**98,491**	**86,883**	**185,374**
Repayment of bank borrowings	(14,830)	(2,750)	(17,580)
Repayment of SAREB debt	(10,730)	-	(10,730)
Delivery in lieu of payment	(1,500)	-	(1,500)
Debt release (net interest income)	(27,777)	(9,505)	(37,282)
SAREB debt release (net interest income)	(35,904)	-	(35,904)
Capitalised debt (capital increase 2021)	(1,250)	(13,922)	(15,172)
Debt capitalisation commitment in 2022		(34,452)	(34,452)
Financial debt reduction	**(91,991)**	**(60,629)**	**(152,620)**
Balance at 31 December 2021 of restructured financial debt	**6,500**	**26,253**	**32,753**
SAREB agreement new debt (*)	6,500	-	6,500
Other arrangements	-	26,253	26,253

(*) New SAREB financing maturing in 2024 at a fixed 2% interest rate and convertible into shares of Urbas Group, at creditor's option.

In addition, in the last quarter of 2021, Urbas reached new agreements to restructure and settle bank borrowings for an amount of EUR 8 million through the delivery in lieu of payment of land valued at EUR 4 million and to release (financial income) the remaining amount of EUR 4 million.

After the **settlement of the financial debt for a combined amount of EUR 161 million** and the incorporation of the debt of the new companies acquired, Urbas continues analysing different options to:

- ✓ obtain new national and international financing products;
- ✓ continue with the restructuring and refinancing process concerning its financial debt incorporated after the corporate transactions carried out during the year;
- ✓ issue fixed-income securities in the short term (commercial papers) and in the long term (bonds); and
- ✓ list some of its investees in the stock exchange.

4.3 Lawsuits

With respect to the legal proceedings filed against the members of the Company and its Board of Directors for the valuation of certain assets contributed to increase capital in July 2015, a court order was issued to initiate trial proceedings concerning prior procedures at Pre-Trial Investigation Court No. 4 of the National Appellate Court, an event that was already expected since the ruling issued for conversion into abbreviated proceedings last October 2020.

The order to commence the proceedings established the provisional acquittal in relation to the Company, which was exempted from criminal liability within those proceedings, which ratifies the lawfulness of Urbas performance in the 2015 capital increase, a special decision that was required to guarantee its viability and reach the current growth.

According to the ruling, the Company is liable in the alternative from the civil perspective for about EUR 2.5 million, an amount that would not affect in any case the solvency of Urbas if required to pay it, along with other well-known solvent entities.

Urbas Board of Directors and Management are convinced that the proceedings will be eventually archived in full.

4.4 Business plan for 2021-2024

In November 2021, Urbas presented its 2021-2024 Business Plan, with the advisory services of PwC, regarding its shareholder remuneration target. Its milestones are as follows:

- ✓ Accumulated revenue and EBITDA until 2024 for an amount of EUR 2,000 and 236 million, respectively, allowing Urbas to become a leading company in its segment and be listed on the IBEX 35 stock exchange index.

- ✓ Previous growth led by the construction segment, which has a sound backlog until 2024 and expects a significant improvement in its operating margin. In the real estate development segment, a total of 3,000 housing units is expected to be delivered, while the earning assets business is also expected to grow during that period. Similarly, in the energy segment, Urbas expects to commence its operations in the feldspar mine acquired in 2020, increase the photovoltaic self-consumption business, store and generate hydrogen, and develop renewable projects until they become ready-to-build projects, either by selling or developing them.

- ✓ Improved operating margin and higher cash flow generation.

- ✓ Commitment to sustainable growth.

- ✓ Use of different financing options, such as listing some of its investees in the stock exchange, issuing corporate debt or accessing European funds.

SEGMENT REPORTING

5. OPERATION SEGMENTS

5.1 Description of segments and core activities

The Group's Management Committee, formed by the chairperson, executive directors and senior management, examines the return of the Group from the product and geographical perspectives and has already identified three reporting operating segments based on its product and service offering:

1. Real Estate

2. Construction (buildings and infrastructure)

3. Energy and Industry

The segments identified differ from those used and applied in the consolidated financial statements for the year ended 31 December 2020. In 2021 the "Property development and land" and "Rental property" segments are comprised in the "Real estate" segment. In addition, as from 2021, the Management Committee has also examined the Group's return from the geographical perspective.

The Management Committee conducts a profit/(loss) valuation that is adjusted before interest, taxes and depreciation and amortisation (**EBITDA**) to assess the return of operating segments. The Management Committee also receives information on segment-related revenue and assets on a monthly basis.

It also uses **adjusted EBITDA**, which is based on EBITDA and excludes disrupted activities and the effects of income and expense that may have an impact on profit or loss, such as financial or operating restructuring costs, court fees due to litigation, advisors' expenses related to business combinations or financial or operating restructuring processes, or staff restructuring expenses that are not recurring.

Interest income and finance costs are allocated to the segments.

EBITDA and adjusted EBITDA for 2021 and 2020 are reconciled as follows:

	2021			
	Thousands of euros			
	Real Estate	Construction	Energy	Total
EBITDA (*)	**8,813**	**12,933**	**699**	**22,445**
(-) Excess provisions	(772)	-	-	(772)
(+) Lawsuits	185	420	-	605
(+) Corporate transactions	131	710	2	843
(+) Financial restructuring	1,473	-	-	1,473
(+) Operational restructuring	-	1,283	-	1,283
Adjusted EBITDA (*)	**9,830**	**15,346**	**701**	**25,877**

	2020			
	Thousands of euros			
	Real Estate	Construction	Energy	Total
EBITDA (*)	**1,081**	**7,513**	**-**	**8,594**
(-) Excess provisions	(2,892)	-	-	(2,892)
(+) Lawsuits	-	-	-	-
(+) Corporate transactions	-	-	-	-
(+) Financial restructuring	-	-	-	-
(+) Operational restructuring	-	-	-	-
Adjusted EBITDA (*)	**(1,811)**	**7,513**	**-**	**5,702**

(*) EBITDA and adjusted EBITDA are alternative performance measures (APMs).

Corporate transactions include mainly expenses charged by advisors for business combinations and asset acquisitions in 2021.

Financial restructuring includes mainly expenses charged by advisors for the financial restructuring process.

Operational restructuring includes mainly expenses charged by advisors and compensation for the operational and corporate restructuring carried out at acquired entities.

5.2 Information by business segment

The Group's operating segment information is as follows:

	2021			
	Thousands of euros			
	Real estate	Construction	Energy	Total
Revenue	15,926	184,471	1,155	**201,552**
Profit/(loss) from operations	8,214	6,648	699	**15,561**
EBITDA	8,813	12,933	699	**22,245**
Adjusted EBITDA	9,830	15,346	701	**25,877**
Financial profit/(loss)	57,827	(7,738)	-	**50,089**
Profit/(loss) before tax	66,041	(1,090)	699	**65,650**

	2020			
	Thousands of euros			
	Real Estate	Construction	Energy	Total
Revenue	6,205	15,317	-	**21,522**
Profit/(loss) from operations	(728)	7,998	-	**7,270**
EBITDA	1,081	7,513	-	**8,594**
Adjusted EBITDA	(1,811)	7,513	-	**5,702**
Financial profit/(loss)	5,332	(476)	-	**4,856**
Profit/(loss) before tax	4,604	7,522	-	**12,126**

	Thousands of euros	
Revenue by geographical area	**2021**	**2020**
Spain	165,471	21,522
Rest of Europe (Portugal)	8,924	-
Americas	26,599	-
Africa	560	-
Total revenue	**201,552**	**21,522**

The detail of assets and liabilities by segment is as follows:

	31 December 2021			
	Thousands of euros			
	Real estate	**Construction**	**Energy**	**Total**
Intangible assets and property, plant and equipment	30,267	161,003	11,878	203,148
Inventories	607,933	61,401	82	669,416
Other assets	105,337	192,184	713	298,234
Total assets	**743,537**	**414,588**	**12,673**	**1,170,798**
Non-current liabilities	140,994	79,501	146	220,641
Current liabilities	163,000	199,851	47	362,898
Total liabilities	**303,994**	**279,352**	**193**	**583,539**

	31 December 2020			
	Thousands of euros			
	Real Estate	**Construction**	**Energy**	**Total**
Intangible assets and property, plant and equipment	1,992	6,482	11,316	19,790
Inventories	475,872	22,861	8	498,741
Other assets	44,318	47,451	24	91,793
Total assets	**522,182**	**76,795**	**11,348**	**610,324**
Non-current liabilities	23,325	18,110	42	41,477
Current liabilities	213,192	23,107	1	236,300
Total liabilities	**236,517**	**41,217**	**43**	**277,777**

GROUP STRUCTURE

6. ACQUISITIONS

6.1 Business combinations

In 2021 Urbas Group acquired different companies in the real estate development sector (Jaureguizar), the construction sector (Joca, Ecisa and Urrutia) and the energy sector (Sainsol) to diversify its businesses and increase their market share.

The consideration for the acquisitions of Joca, Ecisa and Sainsol combinations consisted in ordinary shares to be issued through a capital increase made in the second half of 2021 by offsetting payables arising from those acquisitions, after the approval of such increase by the Annual General Meeting of 6 August 2021. The consideration agreed upon with the sellers implied the delivery of shares at a price of EUR 0.0125 per share, consisting of a par value of EUR 0.01 and a share premium of EUR 0.0025; however, as required by the CNMV, such consideration was valued for accounting purposes based on the listed price of the Company's shares at the acquisition date.

The net assets acquired were identified and the acquisition price was allocated during the second half of 2021. From the acquisition date through the date of preparation of these consolidated financial statements, the Group adjusted –during the measurement period and to the extent that it obtained information– the net value at the date of acquisition of the identified assets acquired and liabilities assumed, as well as any other adjustment required. Throughout this process, Urbas received the advice of an independent expert.

In valuing the intangible assets identified in the business combinations, the following methodologies were applied:

Intangible assets identified	Methodology
Brand names	Royalties saved
Contractor classification	Multi-period benefit surplus
Private customer relationships	Multi-period benefit surplus
Backlog	Multi-period benefit surplus

At the date of preparation of these consolidated financial statements, the process for the purchase price allocation is highly advanced, and no material changes are expected in connection therewith.

The costs related to acquisitions were recorded under "Other operating expenses" in the consolidated income statement and in operating cash flows of the consolidated statement of cash flows.

Had the acquisitions taken place on 1 January 2021, consolidated proforma revenue for 2021 would have amounted to EUR 225,925 thousand. These amounts were calculated based on the profit/(loss) of acquired groups, adjusting them for the differences between the accounting policies of Urbas Group and those of the acquired groups.

(i) Joca Group

On 7 January 2021, the Group acquired 100% of the share capital of Joca Ingeniería y Construcciones, S.A. ("Joca"), a group specialised in the construction of infrastructure, including civil works, water treatment, public buildings and gas facilities in local and international locations in Latin America.

The acquisition consideration breaks down as follows:

Acquisition consideration	Thousands of euros
Cash	-
Ordinary shares issued at share price agreed in the purchase agreement	35,000
Fair value adjustment – shares at listed price at acquisition date	14,000
Contingent consideration	-
Acquisition consideration	**49,000**

The ordinary shares to be issued as per the acquisition contract amount to EUR 35,000 thousand (EUR 0.0125 per share). The valuation based on the listed price of Urbas shares at the acquisition date amounts to EUR 49,000 thousand (EUR 0.0175 per share).

The costs incurred as a result of the acquisition amount to EUR 223 thousand.

The fair values assessed provisionally in relation to Joca Group assets and liabilities on the takeover date, after the purchase price allocation, are as follows:

	Thousands of euros
Intangible assets: "Joca" brand	19,353
Intangible assets: Classification	18,100
Intangible assets: Backlog	2,454
Intangible assets: Other	151
Property, plant and equipment	4,168
Investment property	-
Non-current financial assets	268
Deferred tax assets	16,177
Non-current assets held for sale (Note 19)	927
Inventories	36,469
Trade and other receivables	50,777
Other current financial assets	2,581
Tax receivables	1,804
Other current assets	2,031
Cash and cash equivalents	13,315
Non-current bank borrowings	(2,190)
Other non-current liabilities	(14,129)
Long-term provisions	(6,412)
Deferred tax liabilities	(17,515)
Current bank borrowings	(17,590)
Other current liabilities	(18,450)
Trade and other payables	(91,689)
Tax payables	(8,488)
Short-term provisions	(1,624)
Net identifiable acquired assets (a)	**(9,512)**
Transferred consideration (b)	**49,000**
GOODWILL (b)-(a)	**58,512**

The intangible assets identified in the acquisition are the "Joca" brand, the classification as contractor and the backlog.

The residual goodwill amounts to EUR 58,512 thousand and is related to the future cash flows attributable to future customer relationships, the specific synergies of Urbas and labour. It will not be deductible for tax purposes and has been allocated to the Construction CGU.

The fair value of the trade receivables acquired is EUR 50,777 thousand, with a valuation adjustment due to losses of EUR 1,046 thousand, recognised in the acquisition.

The business acquired allows Urbas Group to receive revenue for EUR 68,538 thousand and a net loss of EUR 3,896 thousand from the acquisition date through 31 December 2021.

(ii) Construcciones Urrutia

On 4 February 2021, the Group acquired 69.95% of the share capital of Urrutia Construcciones, S.A. ("Urrutia"), a construction sector group established in the Basque Country and engaged mainly in residential and non-residential building.

The consideration breaks down as follows:

Acquisition consideration	Thousands of euros
Cash	EUR 1
Ordinary shares issued at share price agreed in the purchase agreement	-
Contingent consideration	667
Acquisition consideration	**667**

The fixed cash consideration amounts to EUR 1. If Urrutia reaches a predetermined accumulated volume of sales during the years ended 31 December 2021, 2022 and 2023, and its accumulated EBITDA in those years is positive, an additional consideration of up to EUR 700 thousand may arise to be paid by 31 July 2024 in shares or in cash, subject to the previous agreement between the parties, Urbas having the possibility to resort to cash settlement.

The potential undiscounted amount payable under the agreement will be EUR 700 thousand for accumulated sales equal to or exceeding EUR 100 million, being proportionately adjusted to derecognition in the event of accumulated sales under that amount. The fair value of the contingent consideration amounts to EUR 667 thousand and was estimated by calculating the present value of future expected cash flows using a 1.6% discount rate. Such consideration is recorded under "Other non-current liabilities" and classified as a liability at fair value through profit or loss.

The costs incurred in relation to the acquisition amount to EUR 73 thousand.

For the non-controlling interests in Urrutia, Urbas Group opted to recognise them considering its proportional interest in the net identifiable assets acquired.

The fair values assessed provisionally in relation to Urrutia's assets and liabilities on the takeover date, after the purchase price allocation, are as follows:

	Thousands of euros
Intangible asset: "Urrutia" brand	16,617
Intangible asset: private customer relationships	1,200
Intangible assets: Backlog	442
Intangible assets: Other	32
Property, plant and equipment	791
Investment property	780
Non-current financial assets	208
Deferred tax assets	1,584
Inventories	10,189
Trade and other receivables	7,301
Other current financial assets	9
Tax receivables	375
Other current assets	241
Cash and cash equivalents	722
Non-current bank borrowings	(5,470)
Deferred tax liabilities	(4,071)
Current bank borrowings	(3,417)
Other current liabilities	(1,009)
Trade and other payables	(11,132)
Tax payables	(130)
Short-term provisions	(749)
Net identifiable acquired assets (a)	**14,513**
Less: Non-controlling interests (Note 9) **(b)**	(4,361)
Transferred consideration (c)	**667**
PROFIT FROM TAKEOVER (c) –((a)-(b))	**9,485**

The intangible assets identified in the acquisition are the "Urrutia" brand, the private customer relationships and the backlog.

The fair value of the trade receivables acquired is EUR 7,301 thousand.

The profit from takeover amounts to EUR 9,485 thousand and is related to the operational restructuring process to be carried out by Urbas Group.

The business acquired allowed Urbas Group to receive revenue for EUR 33,198 thousand and net income for EUR 10,042 thousand from the acquisition date through 31 December 2021.

(iii) Ecisa Group

On 16 February 2021, the Group acquired 100% of the share capital of Ecisa Compañía General de Construcciones, S.A. ("Ecisa" or "Ecisa Group"), a construction sector group established in Spain, mainly in the Community of Valencia and abroad, and engaged primarily in residential and non-residential building.

The acquisition consideration breaks down as follows:

Acquisition consideration	Thousands of euros
Cash	-
Ordinary shares issued at share price agreed in the purchase agreement	26,275
Fair value adjustment to market share price at acquisition date	15,344
Contingent consideration	-
Acquisition consideration	**41,619**

The ordinary shares to be issued as per the acquisition contract amount to EUR 26,275 thousand (EUR 0.0125 per share). The valuation based on the listed price of Urbas shares at the acquisition date amounts to EUR 41,619 thousand (EUR 0.0198 per share).

The costs incurred in relation to the acquisition amount to EUR 414 thousand.

The fair values assessed provisionally in relation to Ecisa's assets and liabilities on the takeover date, after the purchase price allocation, are as follows:

	Thousands of euros
Intangible asset: "Ecisa" brand	16,584
Intangible assets: Classification	10,198
Intangible assets: Private customer relationships	750
Intangible assets: Backlog	1,731
Property, plant and equipment	720
Investment property	8,453
Non-current financial assets	24,787
Investments in associates	292
Deferred tax assets	13,054
Inventories	1,585
Other current financial assets	1,827
Trade and other receivables	13,872
Tax receivables	366
Other current assets	41
Cash and cash equivalents	185
Non-current bank borrowings	(2,859)
Other non-current liabilities	(10,656)
Long-term provisions	(49)
Deferred tax liabilities	(6,553)
Current bank borrowings	(2,808)
Other current liabilities	(2,002)
Trade and other payables	(30,235)
Tax payables	(684)
Short-term provisions	(1,712)
Net identifiable acquired assets (a)	**36,887**
Transferred consideration (b)	**41,619**
GOODWILL (b) – (a)	**4,732**

The intangible assets identified in the acquisition are the "Ecisa" brand, the classification as contractor, private customer relationships and the backlog.

The residual goodwill amounts to EUR 4,732 thousand and is related to the future cash flows attributable to future customer relationships, the specific synergies of Urbas and labour. It will not be deductible for tax purposes and has been allocated to the Construction CGU.

The fair value of the trade receivables acquired is EUR 13,872 thousand.

The business acquired allows Urbas Group to receive revenue for EUR 61,245 thousand and a net loss of EUR 2,423 thousand from the acquisition date through 31 December 2021.

(iv) Sainsol

On 18 March 2021, the Group acquired 100% of the share capital of Sainsol Energía, S.L. ("Sainsol"), a company specialised in photovoltaic self-consumption.

The detail of the acquisition consideration is as follows:

Acquisition consideration	Thousands of euros
Cash	-
Ordinary shares issued at acquisition value	300
Adjustment to share price on acquisition date	173
Contingent consideration	-
Acquisition consideration	**473**

The ordinary shares to be issued as per the acquisition contract amount to EUR 300 thousand (EUR 0.0125 per share). The valuation based on the listed price of Urbas shares at the acquisition date amounts to EUR 473 thousand (EUR 0.0197 per share).

The contingent consideration is based on 22.5% of the gross operating margin estimated for Sainsol in each year (2021, 2022, 2023 and 2024) and would be paid annually once its future capitalisation is agreed upon in Urbas Annual General Meeting approving the financial statements for each one of these years or else its payment in cash.

The fair value of such contingent consideration was calculated as the present value of estimated future cash flows. Estimates are based on a 5% discount and estimated gross operating margins adjusted by the probability of completion.

The costs incurred in relation to the acquisition amount to EUR 2 thousand.

The fair values assessed provisionally in relation to Sainsol's assets and liabilities on the takeover date, after the purchase price allocation process, are as follows:

	Thousands of euros
Inventories	9
Trade and other receivables	9
Other current assets	2
Cash and cash equivalents	27
Other current liabilities	(4)
Trade and other payables	(31)
Net identifiable acquired assets (a)	**12**
Transferred consideration (b)	**473**
GOODWILL (b) – (a)	**461**

The identified goodwill amounts to EUR 461 thousand and is related to the future cash flows attributable to future customer relationships, the specific synergies of Urbas and labour. It will not be deductible for tax purposes and has been allocated to the Energy and Industry CGU.

The fair value of the trade receivables acquired is EUR 9 thousand.

The business acquired allows Urbas Group to receive revenue for EUR 314 thousand and a net loss of EUR 104 thousand from the acquisition date through 31 December 2021.

(v) Jaureguizar Group

On 30 September 2021, Urbas acquired 100% of the equity interests of Jaureguizar Promoción y Gestión Inmobiliaria, S.L. and 100% of the shares of Sociedad Gestora de Viviendas, S.A. ("Jaureguizar Group").

The detail of the acquisition consideration is as follows:

Acquisition consideration	**Euros**
Cash	2
Ordinary shares issued at acquisition value	-
Adjustment to share price on acquisition date	-
Contingent consideration	-
Acquisition consideration	**2**

The consideration transferred in Jaureguizar Group's acquisition amounted to EUR 2 paid in cash for equity interests and shares.

Apart from such consideration, Urbas assumed the payment of the debt granted to acquired companies by their former owners for an amount of EUR 4,635 thousand, to be paid through:

- ✓ Issuance of 2 interest-free bonds to be mandatorily converted into Urbas shares for a nominal value of EUR 1 million each, maturing in 2022, and a swap equation arising from calculating the average listed price of Urbas shares during the 20 days prior to maturity.

- ✓ Monthly deferred payments in cash from October 2021 through December 2024 for a total of EUR 2 million.

- ✓ Urbas shares to be issued at 31 January 2025 for an amount of EUR 635 thousand at a value per share arising from calculating the average listed price of shares in the 20 trading sessions prior to their issuance, for which Urbas may increase capital by offsetting credits, issue one or several interest-free bonds to be mandatorily converted into shares and maturing within the term of 6 months from the date of issuance, or deliver treasury shares.

In addition, Urbas guarantees in a direct and joint and several manner before Jaureguizar Promoción y Gestión Inmobiliaria, S.A., and at the first request of Kutxabank, S.A., the repayment of the ICO (Official Credit Institute) loan granted by the latter for an amount of EUR 6.1 million within a term of 4 years. Such financial guarantee has the nature of a payment guarantee at first request and is deemed valid until the full cancellation of the obligations arising from that loan.

The fair values assessed provisionally in relation to Jaureguizar's assets and liabilities on the takeover date, after the purchase price allocation process, are as follows:

	Thousands of euros
Intangible assets: Brand and other intangible assets	15,415
Intangible assets: Backlog	150
Intangible assets: Other	18
Property, plant and equipment	13,797
Investment property	11,315
Non-current financial assets	83
Investments in associates	(248)
Deferred tax assets	10,709
Inventories	83,956
Trade and other receivables	5,048
Tax receivables	324
Investment in Group companies and associates	4
Other current financial assets	101
Cash and cash equivalents	2,064
Long-term bank borrowings (1)	(69,347)
Other non-current liabilities	(1,727)
Payables to Group companies and associates	(4,343)
Deferred tax liabilities	(2,639)
Short-term bank borrowings (1)	(25,699)
Other non-current liabilities	(2,251)
Payables to Group companies and associates	(207)
Trade payables	(21,839)
Tax payables	(436)
Non-current and current provisions	(3,191)
Net identifiable acquired assets (a)	**11,057**
Transferred consideration (b)	**EUR 2**
Profit from takeover (a) – (b)	**11,057**

(1) Including the restructuring agreement involving the financial debt of Jaureguizar Group with SAREB dated 30 September 2021.

The intangible assets identified in the acquisition are the "Jaureguizar" brand and the backlog.

The profit from takeover amounts to EUR 11,057 thousand and is related to the operating and financial restructuring process to be carried out by Urbas Group.

The fair value of the trade receivables acquired is EUR 5,048 thousand.

The business acquired allowed Urbas Group to receive revenue for EUR 12,191 thousand and net income for EUR 14,779 thousand from the acquisition date through 31 December 2021.

(vi) Murias Group

On 19 March 2020, Urbas acquired 100% of the shares of Construcciones Murias, S.A. ("Murias" or "Murias Group"), a construction sector group established in Spain, mainly in the Basque Country, and engaged mainly in residential and non-residential building, a construction entity domiciled in Guipuzcoa.

The acquisition price was finally allocated as broken down in the 2020 consolidated financial statements.

The detail of the acquisition consideration is as follows:

Acquisition consideration	**Euros**
Cash	612
Ordinary shares issued at acquisition value	-
Adjustment to share price on acquisition date	-
Contingent consideration	-
Acquisition consideration	**612**

The closing fair values of the identified assets and liabilities assumed are as follows:

	Thousands of euros
Intangible assets: Other (concession)	2,501
Property, plant and equipment	4,447
Investment property	19,770
Non-current financial assets	4,523
Deferred tax assets	731
Inventories	7,656
Trade and other receivables	17,262
Other current assets	911
Cash and cash equivalents	520
Non-current bank borrowings	(13,867)
Other non-current liabilities	(1,708)
Long-term provisions	(105)
Deferred tax liabilities	(719)
Current bank borrowings	(9,231)
Other current liabilities	(892)
Trade and other payables	(21,346)
Short-term provisions	(1,171)
Net identifiable acquired assets (a)	**9,282**
Transferred consideration (b)	**612**
PROFIT FROM TAKEOVER (a) – (b)	**8,670**

The profit from takeover amounts to EUR 8,670 thousand and is related to the operating and financial restructuring process.

In addition, a deferred tax expense for an amount of EUR 2,167 thousand was recorded; therefore, the net profit recognised in relation to the Murias business combination is EUR 6,503 thousand.

The fair value of the trade receivables acquired is EUR 17,262 thousand.

The business acquired allowed Urbas Group to receive revenue for EUR 15,317 thousand and net income for EUR 5,411 thousand from the acquisition date through 31 December 2020.

If the acquisition had taken place on 1 January 2020, consolidated proforma revenue for 2020 would have amounted to EUR 20,035 thousand. These amounts were calculated based on the profit/(loss) of the acquired Murias Group, adjusting them for the differences between the accounting policies of Urbas Group and those of the Murias Group.

6.2 Asset acquisitions

In order to reinforce and supplement its real estate business, Urbas acquired real estate sector companies in 2021 (Neymar and Alandalus).

After a thorough analysis conducted in the second half of 2021, the Company's directors established that the abovementioned transactions will be recorded under the asset purchase methodology, given that:

- ✓ The main asset of the acquired companies is the fair value of land and developments in progress.
- ✓ The entities acquired lack organised processes or procedures whose application may give rise to a product nor do they have staff of their own to execute them.

(i) Nalmar

On 15 May 2021, Urbas acquired 100% of the capital of Nalmar Estate, S.L. ("**Nalmar**") from the entity Top Gestión, S.L., a related company of shareholder Alza Real Estate, S.L., for an amount of EUR 3,695 thousand, assuming the price of the abovementioned equity interests in addition to the payment of the debt granted to the acquired company by its former parent company for an amount of EUR 8,151. The transaction also included the acquisition of two plots of land in La Albufera (Alicante) amounting to EUR 3,349 thousand. The resulting debt from this acquisition for an amount of EUR 15,195 thousand was capitalised in the capital increase made in 2021 by offsetting credits.

Nalmar owns the land for the construction of the Icon Marina II urban area in Almuñecar and owns 50.70% of the entity Druet Real Estate, S.L., which owns the land used for different urban developments in Almuñecar, Benalmádena and Calahonda (Mijas).

The detail of net acquired assets is as follows:

	Thousands of euros		
	Carrying amount on acquisition date	**Value adjustments**	**Fair value on acquisition date**
Property, plant and equipment	19	-	19
Inventories	29,334	2,826	32,160
Trade and other receivables	1	-	1
Other current assets	1	-	1
Cash and cash equivalents	1,743	-	1,743
Long-term bank borrowings	(5,460)	-	(5,460)
Short-term bank borrowings	(49)	-	(49)
Other current liabilities	(4,459)	-	(4,459)
Trade and other payables (1)	(11,366)	-	(11,366)
Net identifiable acquired assets	9,860	2,826	12,686
Less: Non-controlling interests			(8,991)
Net assets			**3,695**
Transferred consideration (*)			**3,695**

(1) Apart from the aforementioned payment of equity interests, the payment of the debt granted to the company acquired by its former parent company for an amount of EUR 8,151 thousand was assumed.

(ii) Alandalus

On 28 December 2021, EUR 292 thousand was disbursed in cash to acquire 100% of Alandalus Real Estate Gestión de Patrimonios, S.L., ("**Alandalus**"), with registered office in Seville and engaged in the development and management of cooperative companies, with several projects in progress in the subsidised housing sector in Andalusia.

Alandalus is mainly focused on the Build-to-Rent (BTR) business with projects in progress in different development phases to build 620 housing units for rental purposes in Seville and Granada.

The detail of net acquired assets is as follows:

	Thousands of euros		
	Carrying amount on acquisition date	**Value adjustments**	**Fair value on acquisition date**
Inventories	1,058	313	1,371
Trade and other receivables from grants	1,530	-	1,530
Other current assets	1	-	1
Cash and cash equivalents	22	-	22
Other current liabilities convertible into grants	(2,632)	-	(2,632)
Net identifiable acquired assets	**(21)**	**313**	**292**
Transferred consideration			**292**

(iii) Ksilan

On 6 August 2020, 100% of the equity interests in Materiales Cerámicos Materias Primas, S.L. was acquired, an entity domiciled in Lugo and owning five feldspar mining concessions in the Municipality of Muras for exploitation purposes, which have reserves estimated at the present value of feldspar for EUR 600 million, operating under the "**Ksilan**" brand. Part of the resulting debt from this acquisition for an amount of EUR 10,300 thousand was capitalised in the capital increase made in 2021 by offsetting credits.

The detail of net acquired assets is as follows:

	Thousands of euros		
	Carrying amount on acquisition date	**Value adjustments**	**Fair value on acquisition date**
Intangible assets:			
Mining rights	82	11,228	11,310
Property, plant and equipment	5		5
Trade receivables	15	-	15
Other current assets	1	-	1
Cash and cash equivalents	16	-	16
Other current liabilities	(2)	-	(2)
Net identifiable acquired assets	**117**	**11,228**	**11,345**
Transferred consideration			**11,345**

7. JOINT OPERATIONS

Below is the summarised financial information on the joint operations arising from interests in joint ventures (UTEs) in Spain and/or consortia abroad:

	Thousands of euros	
	31 December 2021	**31 December 2020**
Non-current assets	594	22
Current assets (w/out cash)	28,173	14,941
Cash	5,964	458
(Non-current liabilities)	(7,303)	-
(Current liabilities)	(27,440)	(13,843)
NET ASSETS	**(12)**	**1,578**
Income	25,068	2,534
Expenses	(24,179)	(1,643)
PROFIT/(LOSS)	**889**	**(891)**

The UTEs and/or consortia included in the consolidated financial statements are broken down in Appendix II.

8. CAPITAL MANAGEMENT

The goals of Urbas upon managing capital include:

- ✓ safeguarding its capacity to continue operating as a going concern, so as to provide returns to its shareholders and advantages to other stakeholders; and
- ✓ keeping an optimum capital structure to reduce the capital cost.

In order to maintain or adjust the capital structure, the Group may adjust the amounts of the dividends payable to the shareholders, reimburse capital to them, issue new shares or sell assets to reduce the debt.

In line with sector-specific practices, the Group controls capital based on the following debt ratio: net adjusted financial debt/equity.

Net adjusted financial debt is calculated as follows:

	Thousands of euros	
	31 December 2021	31 December 2020
Gross financial debt (Note 10)	265,209	214,310
(Cash and cash equivalents)	(26,070)	(2,567)
Net financial debt (*)	**239,139**	**211,743**
Adjustments		
Less non-cash convertible financial debt (Convertible bonds)	(5,434)	-
Net adjusted financial debt (A) (*)	**233,705**	**211,743**
Shareholders' equity (B)	**587,259**	**331,708**
Debt ratio (A)/(B) (*)	**39.8%**	**63.8%**

(*) Alternative performance measures (APMs).

The headings "Gross financial debt", "Cash and other cash equivalents" and "Equity" are presented as disclosed in the consolidated balance sheet.

In 2021, the Urbas strategy consisted in reducing the debt ratio, which decreased from 63.8% to 39.8% mainly due to the financial debt restructuring and reorganisation process, as well as the capital increase processes carried out in 2021 due to the capitalisation of debt.

At the date of preparation of these consolidated financial statements, Urbas Group is not in a state of default in relation to any obligation that may give rise to an early maturity declaration concerning its financial commitments.

9. EQUITY

9.1 Share capital

At 31 December 2021, the share capital of the Parent Company amounts to EUR 434,511,277.38, represented by 43,451,127,738 ordinary shares of one class only, with a par value of EUR 0.010 each, represented by entries in the shareholders' register. All the shares have the same rights and are fully subscribed and paid in.

At 31 December 2021, the Company's shares listed in the stock exchanges of Madrid and Barcelona are traded in the continuous market and amount to 4,067,168,681 (2020: 3,880,502,015 shares).

The changes in this heading on the consolidated balance sheet in 2021 and 2020 were as follows:

		Thousands of euros	
Share capital and share premium	**Number of shares**	**Par value**	**Share premium**
Balance at 1 January 2020	**34,518,631,163**	**345,186**	**56,049**
Share capital increase			
Credit compensation (July 2020)	120,910,852	1,209	302
Balance at 31 December 2020	**34,639,542,015**	**346,395**	**56,351**
Share capital increase			
Bond conversion (August 2021)	186,666,666	1,867	933
Credit compensation (September 2021)	8,517,773,199	85,178	21,294
Bond conversion (September 2021)	7,142,857	71	29
Bond conversion (December 2021)	100,000,000	1,000	400
Capital increase expenses	-	-	(46)
Balance at 31 December 2021	**43,451,124,737**	**434,511**	**78,961**

(i) Capital increase through credit compensation

On 7 July 2020, the capital increase through credit compensation was registered with the Mercantile Register for a total nominal amount of EUR 1,209,108 plus a share premium of EUR 302,277, by issuing and putting into circulation 120,910,852 ordinary shares with a par value of EUR 0.010 each, as per the authorisation approved in item three of the agenda of the Annual General Meeting held on 28 June 2019.

The Annual General Meeting held on 6 August 2021 resolved to increase the Company's capital up to EUR 155,437,744.23 through the compensation of credits meeting the requirements under Article 301.1 of the Spanish Companies Law, strictly subject to the conditions approved, delegating to the Board of Directors the power to enforce the agreed-upon capital increase for a term of up to 12 months as from the date of approval, setting for that purpose the effective increase date through the offset on one or several dates, by virtue of the execution of the appropriate public deeds for the capital increase within the term of one year as from the date of the resolution.

Similarly, the Annual General Meeting authorised the Board of Directors to increase the Company's capital pursuant to Article 297.1.b) of the Spanish Companies Law up to the cap established by law with the possibility of excluding the pre-emptive right, in one or more times, within the maximum term of five years from the resolution of the Meeting, even though such delegation shall not refer to more than twenty per cent of the Company's capital upon the authorisation.

Based on such authorisation, on 17 September 2021 the first part of the capital increase authorised by the previous resolution was carried out, increasing the Company's capital through the issuance of 8,517,776,199 ordinary shares for a nominal amount of EUR 85,178 thousand (EUR 0.010 per share) and EUR 21,294 thousand related to the share premium (EUR 0.0025 per share), totalling EUR 106,472 thousand. The approval of these shares for listing is still pending. Urbas will carry out the second part of the capital increase within the statutory term (by 6 August 2022).

(ii) Capital increase through bond conversion

In addition, based on the financing agreement with the fund Global Tech Opportunities 10 (Note 10.3), the following capital increases took place in 2021:

- ✓ On 6 August 2021, capital was increased through the conversion of 280 bonds by issuing and putting into circulation 186,666,666 ordinary shares for a nominal amount of EUR 1,867 thousand (EUR 0.010 per share) and EUR 933 thousand related to the share premium. These shares are registered with the Mercantile Register and have been admitted for listing.

- ✓ On 29 September 2021, capital was increased through the conversion of 10 bonds by issuing and putting into circulation 7,142,857 shares for a nominal amount of EUR 71 thousand (EUR 0.010 per share) and EUR 29 thousand related to the share premium. These shares are registered with the Mercantile Register and their listing is still pending approval.

- ✓ On 1 December 2021, capital was increased through the conversion of 140 bonds by issuing and putting into circulation 100,000,000 shares for a nominal amount of EUR 1,000 thousand (EUR 0.010 per share) and EUR 400 thousand related to the share premium. These shares are registered with the Mercantile Register and their listing is still pending approval.

Significant shareholders

According to the communications made before the CNMV in relation to the number of equity interests, the shareholders of significant equity interests in the Parent Company's capital, either directly or indirectly, were as follows:

	31 December 2021	
Significant shareholders	**% Direct**	**% Indirect**
Juan Antonio Acedo Fernández (*)	0.000	20.770
Juan Antonio Ibáñez Fernández (**)	0.000	20.770
Alza Real Estate, S.A.	14.287	0.005
Alberto Aragones Monjas (*****) (Note 32.3)	0.006	6.512
H.H. Sheik Mohamed Bin Khalifa (****)	0.000	4.849
José Antonio Bartolomé Nicolás (***)	0.000	4.054

(*) Through the entity Quamtium Netherlands BV.
(*) Through the entity Darivenia Markets BV.
(***) Through the entities Eurocometa, S.L.; Desarrollos Imicos, S.L.; Arrendaplus, S.L.; and Rentas Madrid Capital, S.L.
(****) Through Al Alfia Holding LLC.
(******) Through Rialpa's World S.L.

Vote syndication

On 19 October 2021, the execution of a vote syndication agreement was reported, signed between Robisco Capital Markets, S.L., indirect holder of 20.77% of the Company's capital, and the commercial company Rialpa's World, S.L., controlling 6.52% of its capital after the acquisition of Joca construction group and the approval of the last capital increase of Urbas. By virtue of this agreement, both parties will exercise their voting rights at the General Meeting separately. Should no agreement be reached, the position of Robisco Capital Markets, S.L. (Mr Juan Antonio Ibáñez Fernández) will prevail.

On 22 November 2021, the execution of another vote syndication agreement was reported, signed between Quamtium Venture, S.L., indirect holder of 20.77% of the Company's capital, and the commercial company Al Alfia Holding, LLC, controlling 4.849% of its share capital after the acquisition of Ecisa construction group and the registration with the Mercantile Register of the last capital increase of Urbas. By virtue of this agreement, both parties will exercise their voting rights at the General Meeting separately. Should no agreement be reached, the position of Quamtium Venture, S.L. (Mr Juan Antonio Acedo Fernández) will prevail.

9.2 Share premium

The share premium at 31 December 2021 and 2020 amounted to EUR 78,961 and 56,351 thousand, respectively.

The increase in the 2021 balance arose from the capital increase processes disclosed in Note 9.1.

The Spanish Companies Law expressly allows the use of the share premium account balance to increase share capital and establishes no specific restrictions as to its use.

9.3 Reserves

	Thousands of euros	
	31 December 2021	**31 December 2020**
Reserves of the acquiring company for accounting purposes:		
- Reserves for acquisition of shares	213,124	213,124
- Special reserve	11,073	11,073
- Loss from previous years attributable to the acquiring company for accounting purposes	(78,688)	(83,570)
Reserves for reverse acquisition	**(231,804)**	**(231,804)**
Reserves in companies under consolidation	**15,065**	**10,099**
Other reserves	**29,517**	**-**
Total reserves	**(41,713)**	**(81,078)**

Reserves of the acquiring company for accounting purposes

Reserves for acquisition of shares

At 31 December 2021 and 2020, this reserve amounted to EUR 213,124 thousand and arose from the adjusted value of the assets contributed to Aldira Inversiones Inmobiliarias, S.L. Said reserve is equivalent to the difference between the value of the assets agreed upon initially by the independent parties and the appraisal value of the assets included in the report issued by independent expert Grant Thornton, for the purposes of the capital increase carried out by Urbas Grupo Financiero, S.A. through the contribution of the equity interests of Aldira Inversiones Inmobiliarias, S.L. (Note 2.2).

Special reserves

On 24 April 2015, the capital of Aldira Inversiones Inmobiliarias, S.L. was reduced by EUR 17,300 thousand through the amortisation of 17,300,000 equity interests. In exchange, the former members received the shopping centre called "Centro Comercial Plaza del Mar", located in Marbella. Considering that the value allocated to such asset in the deed was EUR 6,228 thousand, Aldira Inversiones Inmobiliaria, S.L. recorded a restricted reserve for EUR 11,073 million relating to the difference between the nominal value of the amortised equity interests and the value allocated to the asset, pursuant to Article 141.1 of the Spanish Companies Law. The balancing item related to this reserve was recorded, in this case, by applying the share premium, as Aldira Inversiones Inmobiliarias, S.L. had no other freely available reserves and had not generated any proceeds.

Reserves for reverse acquisition

This reserve, which is negative at 31 December 2021 and 2020 for an amount of EUR 231,804 thousand, refers to the process for reverse acquisition of Urbas and Aldira. It arises from the difference between the fair value of the assets and liabilities received from the companies acquired through the reverse acquisition process during 2015 and the carrying amount of these equity interests in the accounting records of the Parent Company before such acquisition.

Other reserves

At 31 December 2021, such reserve includes the difference between the value of the consideration agreed upon in Joca, Ecisa and Sainsol acquisition agreements and the listed price of Urbas shares on the acquisition date.

9.4 Treasury shares

The Annual General Meeting held on 6 August 2021 authorised the Board of Directors to make a derivative acquisition of its treasury shares, by making a delegation, either directly or through one or more of its subsidiaries or investees, pursuant to the requirements, limits and statutory conditions.

This authorisation will be effective for a term of 5 years as from the date of this General Meeting and is subject to the compliance with the remaining applicable legal requirements, to be carried out exclusively in accordance with a repurchase or stabilisation programme under the Market Abuse Regulation or one of the liquidity contracts under CNMV Circular 1/2017.

The Parent Company has no treasury shares at 31 December 2021 or 31 December 2020.

9.5 Other equity instruments

At 31 December 2021 and pursuant to the requirements under IAS 32 "Financial Instruments: Presentation", the balance in this line item of the consolidated balance sheet includes the final agreements for the capitalisation of certain payables to investment funds through the delivery of a fixed number of shares for EUR 34,452 thousand (2020: EUR 0 thousand), to be carried out as part of and within the terms (one year as from approval) of the capital increase authorised by the Annual General Meeting held on 6 August 2021.

9.6 Non-controlling interests

The equity attributed to non-controlling interests at 31 December 2021 and 2020 is related mainly to the following companies:

	Thousands of euros	
	31 December 2021	**31 December 2020**
Construcciones Urrutia, S.A. (1)	4,517	-
Druet Real Estate, S.L. (1)	8,991	-
Urbanijar Ibérica, S.L. (2)	812	812
Other	40	27
Total non-controlling interests	**14,360**	**839**

(1) This refers to equity interests of 30.05% and 49.30% in Construcciones Urrutia, S.A. and Druet Real Estate, S.L., respectively, which were acquired in 2021.

(2) Related to the 40% equity interests held in Urbanijar Ibérica, S.L., acquired in 2017.

10. FINANCIAL DEBT

The breakdown of financial debt is as follows:

	Thousands of euros	
	31 December 2021	**31 December 2020**
Banks	160,841	116,210
Investment funds	94,616	98,100
Finance lease (*)	4,318	-
Mandatory convertible bonds	5,434	-
Total financial debt	**265,209**	**214,310**

(*) At 31 December 2021, it includes lease liabilities arising from the application of IFRS 16 for an amount of EUR 1,425 thousand (2020: EUR 0).

Changes in the net financial debt are as follows:

	Thousands of euros		
	Banks, finance lease and bonds	**Investment funds**	**Total**
Balance at 31 December 2020	**116,210**	**98,100**	**214,310**
Debt reduction due to restructuring and refinancing	(91,991)	(60,630)	**(152,621)**
Financial debt due to integration of acquired companies linked to the execution of projects	143,700	4,900	**148,600**
Net changes in new disposals, amortisations and interests	2,674	52,246	**54,920**
Balance at 31 December 2021	**170,593**	**94,616**	**265,209**

10.1 Bank borrowings and finance lease liabilities

	Thousands of euros	
	31 December 2021	**31 December 2021**
Finance lease	4,318	607
Mortgage loans	109,910	99,974
Other loans	25,848	10,786
Credit facilities	5,206	3,686
Trade discounts and confirming	13,756	1,157
Joca Group insolvency debt	6,121	-
Total	**165,159**	**116,210**

This line item refers mainly to the loans granted to Urbas Group companies by different banks to finance projects and transactions, mainly in Spain. It also includes the availability of short-term financing lines granted by banks.

Bank borrowings accrue an average interest rate of 4%-6% p.a.

10.2 Financial debt with investment funds

Financial debt held with investment funds accrues an average interest rate between 10% and 12%.

10.3 Mandatory convertible bonds

	Thousands of euros
Bonds issued in 2021	
Global Tech Opportunities 10	7,800
Other agreements: Gamela Norinversiones, S.L.	2,000
Bonds converted into equity shares (Note 9.1)	(4,300)
Convertible bonds at 31 December 2021	**5,500**
Bond arrangement expenses	(66)
Bond debt at 31 December 2021	**5,434**

Agreement with Global Tech Opportunities 10

On 16 July 2021, a financing agreement was signed with the fund Global Tech Opportunities 10, which undertook to finance Urbas on a regular basis, during 30 months from agreement formalisation, for an amount of up to EUR 42.8 million, through the disbursement and subscription of up to ten tranches of convertible bonds.

On 19 July 2021, the Company issued 680 bonds with a nominal value of EUR 6,800 thousand mandatorily convertible into Urbas shares, which were fully subscribed and paid-in on that date.

Out of the 680 bonds issued at par with no coupon and a nominal value of EUR 10 thousand per bond, a total of 430 bonds had been converted into equity at 31 December 2021 (Note 12.1). The amount issued was used for general corporate financing needs.

At 29 September 2021, there was a new issuance of 200 bonds for a value of EUR 2,000 thousand mandatorily convertible into Urbas shares, out of which 100 bonds were subscribed for an amount of EUR 1,000 thousand. The bonds were issued at par and with no coupon. The amount issued was used for general corporate financing needs.

Other agreements

On 12 November 2021, the Company –based on the authorisation granted by the General Meeting of 6 August 2021 and as part of the contract for the acquisition of Jaureguizar Group (Note 9.1)– issued 2 new bonds with a nominal value of EUR 1,000 thousand each, mandatorily convertible into Urbas shares, which were fully subscribed and paid-in on 11 January 2022 by Gamela Norinversiones, S.L.

The bonds were issued at par, do not accrue any interest and mature after 12 months from issuance date. Those bonds may be converted into Urbas ordinary shares with a nominal value of EUR 0.01 each at any time as from 21 December, for one of the bonds, and as from 15 April 2022, for the other bond. The conversion price of bonds will be the average value of listing during the 20 days prior to the conversion.

10.4 Analysis of financial debt maturity

Thousands of euros	31 December 2021
Financial debt	**265,209**
Maturity	
Within 1 year	108,130
Within 2 years	13,181
Within 3 years	83,319
Within 4 years	12,914
Within 5 years and subsequently	47,665

At the date of preparation of the consolidated financial statements and in relation to the financial debt maturing in one year for an amount of EUR 108.1 million:

- ✓ There is a financial debt held mainly with investment funds for an amount of EUR 26.4 million by virtue of restructuring agreements through potential capitalisation.

- ✓ There is a financial debt and bank borrowings held with investment funds and banks for an amount of EUR 7.9 million, which settlement is being negotiated through the delivery of assets in lieu of payment in 2022.

- ✓ There are bank borrowings due for an amount of EUR 18.9 million, as to which a restructuring and release agreement is being negotiated. Another financial debt release is expected in relation to the process for amendment of Joca Group creditors' agreement for about EUR 3 million.

- ✓ An amount of EUR 5.4 million will be necessarily converted into equity through the exchange of bonds in 2022.

- ✓ The remaining financial debt maturing in a term of one year for EUR 46.5 million is related to construction projects for EUR 15.5 million and a mortgage debt related to real estate projects for EUR 15 million. The rest is related to loans and credit lines expected to be renewed.

There is a bank borrowing maturing in over one year in relation to the financing of real estate projects for an amount of EUR 19,692 thousand, recognised under "Current financial debt" of the balance sheet.

11. FINANCIAL ASSETS

The breakdown of current and non-current financial assets measured at amortised cost is as follows:

	Thousands of euros	
	31 December 2021	31 December 2020
Equity instruments	234	344
Loans to third parties	972	407
Loans granted to related parties (Note 29)	24,236	-
Security deposits	700	-
Other financial assets	326	233
Impairment	(20)	(12)
NON-CURRENT	**26,449**	**972**
Equity instruments	260	3
Loans to third parties	22,317	13,370
Loans granted to related parties (Note 29)	773	
Security deposits	3,116	-
Other financial assets	638	6,068
Impairment	(14,202)	(13,304)
CURRENT	**12,902**	**6,137**
TOTAL	**39,351**	**7,109**

Financial assets increased chiefly due to the business combinations performed in 2021.

At 31 December 2021, the line item "Loans granted to related parties" under non-current financial assets includes mainly loans granted to the former owner of Ecisa Group and the current shareholder of Urbas for an amount of EUR 24.2 million, set at a market interest rate and maturing in 2028.

12. OUR FINANCIAL RISK MANAGEMENT

The Group's financial risk management is controlled mainly by the Central Treasury Department in accordance with the policies approved by the Board of Directors. This department identifies, evaluates and covers the financial risks in close collaboration with the Group's operating units. The Board sets out written principles for overall risk management, as well as for specific issues, such as foreign exchange risk, interest rate risk, liquidity risk, the use of derivative and non-derivative financial instruments, and investment of surplus cash.

12.1 Foreign exchange risk

The exposure to foreign exchange risk arises from the assets and financial investments, liabilities and monetary flows denominated in a currency other than the Group's functional currency, as well as the conversion into euros of the financial statements with a different functional currency of Group companies incorporated in 2021.

In 2021 the Group's exposure to foreign currency fluctuations was not significant.

12.2 Interest rate risk

Changes in interest rates may affect the interest income or cost of financial assets and liabilities tied to a floating interest rate, with the possibility of modifying the fair value of financial assets and liabilities to a fixed interest rate as well. These changes may also affect the carrying amount of assets and liabilities due to the variation of applicable cash flow discount rates, the profitability of investments and the future cost of financial resources to be obtained.

With the implementation of a centralised Treasury and Financing Department in 2021, Urbas started a series of processes to improve the competitiveness of the financial instruments with which the Group operates at bank and capital market levels.

The Group's financial debt and receivables are recognised at amortised cost. The price of financial debt is periodically established under contract (see below) and to the extent that it may be exposed to the risk of future changes in market interest rates.

12.3 Liquidity risk

Prudent management of liquidity risk implies keeping sufficient cash and marketable securities and financing available through a proper amount of committed credit lines to meet obligations timely and to settle market positions.

Management controls the Group's estimated liquidity reserves (including unavailable credit lines) and cash and cash equivalents based on estimated cash flows.

Directors understand that the transactions carried out by the Group to consolidate and reinforce the balance-sheet structure, the agreements reached with certain Parent Company's significant shareholders, the future capital increases by offsetting credits and the negotiations carried out with financial institutions will allow financing the Group's transactions adequately in the next few years.

12.4 Credit risk

The Group does not have any significant credit risk since its customers and the institutions at which cash is placed are highly solvent, and the counterparty risk is not significant.

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

The Group's credit risk is mainly attributable to trade receivables. The amounts are disclosed in the consolidated statement of financial position, net of provisions for expected losses, as estimated by the Group's Management.

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

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The Group's credit risk concentration is not significant, and exposure is distributed among a large number of customers. Depending on the activity sector and on a selective basis, the Group takes out credit insurance enabling it to reduce the commercial credit risk arising from transactions with debtors. The Group monitors credit management and has specific procedures in place in this regard, setting terms and conditions for the acceptance of orders and regularly monitoring them.

12.5 Market risk

At the date of authorisation for issue of these consolidated financial statements, the risk arising from the increase in prices climbed due to the inflationary context both in Spain and in the rest of EU countries triggered, among others, by the war in Ukraine and the energy and fuel price increase, which gave rise to a higher cost of raw materials and, in other cases, to the disruption of the supply chain. These developments may affect the real estate and the construction activities in the medium term. As a result, the Group's Management evaluates the potential impact on the Group's activities periodically and, in particular, on the expected costs for developments in progress, as well as for construction companies' works, and estimates that any off-budget costs resulting from this situation will not affect the Group's transactions significantly.

Both the Group's cash and financial debt are exposed to the interest rate risk, which could imply a negative effect on financial profit and loss and cash flows. Management estimates that the potential increase in interest rates would not affect it significantly.

12.5 Risks related to COVID-19

Urbas oversees the evolution of the global COVID-19 pandemic constantly in order to face any potential financial and non-financial effects from a strong position.

The Group is monitoring all relevant risk categories to measure the potential impact of the pandemic on the progress of the Urbas business accurately, and to be ready to take adequate measures to mitigate those risks. Particularly, the Group reviewed its

corporate risk map in depth to identify, mainly, potential commercial and financing risk areas to reinforce their follow-up.

Specifically, the following significant risk categories regarding COVID-19 were spotted in the higher part of the corporate risk map quadrant as a result of the valuation performed by the Group's senior management:

1. Decrease in the demand of new housing units: volatility or external factors that may affect the real estate market demand and offering, and that could hinder the fulfilment of the growth expectations under the Group's strategic plan.

2. Financing availability (Urbas), lack of financing opportunities or existence of unacceptable financing terms that may result in increased borrowing costs and reduced profitability for the company. Specifically, that risk could be materialised by hardening the conditions under which banks grant development loans to the Group, which could have a negative impact on the margin of its projects.

3. Liquidity: insufficient funds implying difficulties to meet obligations and payment commitments on the agreed-upon date. The Group took appropriate measures to preserve cash and fulfil its financial obligations.

4. Real estate activity marketing: creation of erroneous marketing policies or inadequate commercial management adversely affecting sales levels and the closing of transactions. Specifically, such risk could be materialised through changes in customers' preferences or needs due to pandemic-driven habits, such as teleworking.

The Group will continue to take all the measures required to monitor and manage the risks arising from the COVID-19 pandemic to guarantee the attainment of its business targets to the largest extent possible.

NON-CURRENT ASSETS AND LIABILITIES

13. INTANGIBLE ASSETS

The structure and changes of intangible assets and their related accumulated amortisation at 31 December 2021 and 2020 are as follows:

Thousands of euros

	Goodwill	Brand	Classification	Operating rights	Private customer relationships	Backlog	Computer software	Concessions	Other	Total
At 31 DECEMBER 2020	**-**	**-**	**-**	**11,310**	**-**	**-**	**-**	**2,349**	**1**	**13,660**
Cost	-	-	-	14,562	-	-	59	2,397	53	**17,071**
Amortisation	-	-					(59)	(48)	(52)	**(159)**
Impairment	-	-	-	(3,252)	-	-	-	-	-	**(3,252)**
Net carrying amount	**-**	**-**	**-**	**11,310**	**-**	**-**	**-**	**2,349**	**1**	**13,660**
FISCAL YEAR ENDED 31 DECEMBER 2021										
Opening balance	-	-	-	11,310	-	-	-	2,349	1	13,660
Business combinations	63,705	67,969	28,298		1,950	4,777	78	123	-	166,900
Additions	-	-	-	-	-	-	38	54		92
Internal development additions	-	-	-	77	-	-	250			327
Withdrawals	-	-	-	-	-	-	-	(224)	(1)	(225)
Transfers								-		-
Amortisation charge	-	-	(1,476)	-	(167)	(958)	(12)	(56)		(2,669)
Impairment loss										
At 31 December 2021	**63,705**	**67,969**	**26,822**	**11,387**	**1,783**	**3,819**	**354**	**2,246**	**-**	**178,085**
Cost	63,705	67,969	28,298	14,639	1,950	4,777	425	2,350	52	184,165
Amortisation	-	-	(1,476)	-	(167)	(958)	(71)	(104)	(52)	(2,828)
Impairment	-	-	-	(3,252)	-	-	-			(3,252)
Net carrying amount	**63.705**	**67,969**	**26,822**	**11,387**	**1,783**	**3,819**	**354**	**2,246**	**-**	**178,085**

Thousands of euros

	Goodwill	Brand	Classification	Operating rights	Private customer relationships	Backlog	Computer software	Concessions	Other	Total
At 31 December 2019	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**2**
Cost	-	-	-	3,252	-	-	59	-	54	**3,365**
Amortisation	-	-					(59)	-	(52)	**(111)**
Impairment	-	-	-	(3,252)	-	-	-	-	-	**(3,252)**
Net carrying amount	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**2**
FISCAL YEAR ENDED 31 DECEMBER 2021										
Opening balance	-	-	-	-	-	-	-		2	2
Business combinations	-	-	-	-	-	-	-	2,481		2,481
Additions	-	-	-	11,310	-	-	-	-		11,310
Withdrawals	-	-	-	-	-	-	-	(84)	(1)	(85)
Transfers	-	-	-		-	-	-			
Amortisation charge	-	-	-	-	-	-	-	(48)		(48)
Impairment loss	-	-	-	-	-	-				
At 31 December 2020	**-**	**-**	**-**	**11,310**	**-**	**-**	**-**	**2,349**	**1**	**13,660**
Cost	-	-	-	14,562	-	-	59	2,397	53	**17,071**
Amortisation	-	-	-	-		-	(59)	(48)	(52)	**(159)**
Impairment	-	-	-	(3,252)	-	-	-	-	-	**(3,252)**
Net carrying amount	**-**	**-**	**-**	**11,310**	**-**	**-**	**-**	**2,349**	**1**	**13,660**

Intangible assets increased mainly due to the business combinations and asset acquisitions performed in 2021 and 2020 (Note 6).

13.1 Goodwill

The breakdown of goodwill by cash-generating units and companies at 31 December 2021 is as follows:

	Thousands of euros	
SEGMENT	**31 December 2021**	**31 December 2020**
Real Estate	-	-
Construction		
Joca	58,512	-
Ecisa	4,731	-
Energy and Industry		
Sainsol	462	-
TOTAL GOODWILL	**63,705**	**-**

In 2021 Urbas performed an impairment test on its goodwill, allocated to the Construction CGU, with the advice of an independent expert. Based on the estimates and projections available to Group Management, the projected attributable income of these companies –which form part of the Construction CGU– adequately supports the net value of the recognised goodwill allocated to the related cash-generating unit.

In addition, the impairment test sensitivity allows for expected deviations in the key assumptions used to determine the recoverable value of the CGU allocated to goodwill (sales volume, operating expenses and discount rates), which would not imply any impairment of goodwill.

At 31 December 2021, the key assumptions on which Group Management has based its cash flow estimates to value the cash-generating unit (CGU) are as follows:

- Consolidation of the economic recovery in construction target areas, both locally and abroad.

- Portfolio diversification at a geographical level: consolidation of the increasing weight of the international business in the last few years.

- Sales: the total revenue of the Construction business is distributed among the countries/zones in which the Group operates, based on the current activity and (short-term and medium-term) backlog, as well as the guidelines established in the Group's (medium-term and long-term) business plan, with the advice of PwC.

- Expected synergies in the vertical integration of the different Urbas business areas, as well as those resulting from enhancement and operational restructuring processes in progress.

- For the discount of estimated cash flows, a rate based on the weighted average cost of capital (WACC) is calculated. The Group uses a free-risk rate usually taking as reference the 30-year bond, based on the location and a market premium, considering recent studies on premiums claimed in the long term, used on an overall basis among business analysts and the geographical regions where it operates. At 31 December 2021, the discount rate applied by the Group in the Construction CGU is 10.4%.

- A perpetuity growth rate of 1.7% is foreseen.

13.2 Brand

The breakdown by segment of the brands identified at 31 December 2021 and 2020 is as follows:

	Thousands of euros	
SEGMENT	**31 December 2021**	**31 December 2020**
Real Estate Development	-	-
Jaureguizar	15,415	-
Construction		
Joca	19,353	-
Ecisa	16,584	-
Urrutia	16,617	-
BRAND total	**67,969**	**-**

In 2021 Urbas performed an impairment test of its goodwill of brands acquired, with the advice of an independent expert, where the assumptions mentioned in item 13.1 above were used, even though the discount rate was 11.4%.

14. PROPERTY, PLANT AND EQUIPMENT

The composition of the line item "Property, plant and equipment" and its related accumulated amortisation and impairment loss at 31 December 2021 and 2020 are as follows:

					Thousands of euros
	Land and buildings	**Furniture**	**Computer hardware**	**Other items of property, plant and equipment**	**Total**
At 31 December 2020					
Cost	5,235	211	94	1,657	7,192
Amortisation	(201)	(211)	(89)	(412)	(908)
Impairment	(154)	-	-	-	(154)
Net carrying amount	**4,880**	**-**	**5**	**1,245**	**6,130**
FISCAL YEAR ENDED 31 DECEMBER 2021					
Opening balance	4,880	-	5	1,245	6,130
Business combinations	15,467	98	71	3,840	19,476
Additions	1,038	105	72	3,537	4,752
Withdrawals	(44)	-	-	(324)	(368)
Transfers	(1,962)	-	-	38	(1,924)
Amortisation charge	(553)	(33)	(56)	(2,515)	(3,157)
Impairment loss	154	-	-	-	154
At 31 December 2021	**19,980**	**170**	**92**	**5,821**	**25,063**
Cost	19,734	414	237	8,748	29,133
Amortisation	(754)	(240)	(145)	(2,927)	(4,070)
Impairment	-	-	-	-	-
NET CARRYING AMOUNT	**18,980**	**174**	**92**	**5,821**	**25,063**

Thousands of euros

	Land and buildings	Furniture	Computer hardware	Other items of property, plant and equipment	Total
At 31 December 2019					
Cost	2,194	210	93	84	2,581
Amortisation	(60)	(210)	(88)	(34)	(392)
Impairment	(154)	-	-	-	(154)
NET CARRYING AMOUNT	**1,980**	**-**	**5**	**50**	**2,035**
FISCAL YEAR ENDED 31 DECEMBER 2020					
Opening balance	1,980	-	5	50	2,035
Business combinations	3,072	-	-	1,573	4,645
Additions	-	1	1	-	2
Withdrawals	(31)			-	(31)
Transfers	-	-	-	-	-
Amortisation charge	(141)	(1)	(1)	(378)	(521)
Impairment loss	-	-	-	-	-
At 31 December 2020	**4,880**	**-**	**5**	**1,245**	**6,130**
Cost	5,235	211	94	1,657	7,197
Amortisation	(201)	(211)	(89)	(412)	(913)
Impairment	(154)	-	-	-	(154)
NET CARRYING AMOUNT	**4,880**	**-**	**5**	**1,245**	**6,130**

Intangible assets increased mainly due to the business combinations and asset acquisitions performed in 2021 and 2020.

The line item "Property, plant and equipment" includes fully depreciated items for EUR 284 and 282 thousand at 31 December 2021 and 2020, respectively.

At 31 December 2021, there are assets securing the financial debt with a mortgage-backed guarantee for an amount of about EUR 15.7 million (2020: EUR 12 million).

At 31 December 2021, property, plant and equipment include right-of-use assets with a net carrying amount of EUR 1,141 thousand.

The most significant lease contracts refer to the lease of Urbas Group's head office.

Following its policy, Urbas Group takes out all the insurance policies it deems necessary to cover the risks that might affect its property, plant and equipment. The Parent Company's directors consider that the insurance coverage arranged is sufficient.

15. INVESTMENT PROPERTY

The composition of the line item "Investment property" and its related accumulated amortisation and impairment loss at 31 December 2021 and 2020 are as follows:

	Thousands of euros		
	Land	**Buildings**	**Total**
At 31 DECEMBER 2020			
Cost	8,239	52,593	60,832
Amortisation	-	(4,216)	(4,216)
Impairment	-	(4,871)	(4,871)
NET CARRYING AMOUNT	**8,239**	**43,506**	**51,745**
FISCAL YEAR ENDED 31 DECEMBER 2021			
Opening balance	8,239	43,506	51,745
Business combinations	9,207	11,341	20,548
Additions	-	-	-
Withdrawals	(60)	-	(60)
Transfers	(4,514)	(1,558)	(6,072)
Amortisation charge	-	(1,127)	(1,127)
Impairment loss	-	(236)	(236)
At 31 December 2021	**12,872**	**51,926**	**64,798**
Cost	12,872	61,618	74,490
Amortisation	-	(4,585)	(4,585)
Impairment	-	(5,107)	(5,107)
NET CARRYING AMOUNT	**12,872**	**51,926**	**64,798**

	Thousands of euros		
	Land	**Buildings**	**Total**
At 31 December 2019			
Cost	8,239	33,045	41,284
Amortisation	-	(3,082)	(3,082)
Impairment	-	(4,526)	(4,526)
Net carrying amount	**8,239**	**25,437**	**33,676**
FISCAL YEAR ENDED 31 DECEMBER 2020			
Opening balance	8,239	25,437	33,676
Business combinations	-	19,548	19,548
Additions	-	-	-
Withdrawals	-	-	-
Transfers	-	-	-
Amortisation charge	-	(1,134)	(1,134)
Impairment loss	-	(345)	(345)
At 31 December 2020	**8,239**	**43,506**	**51,745**
Cost	8,239	52,593	60,832
Amortisation	-	(4,216)	(4,216)
Impairment	-	(4,871)	(4,871)
Net carrying amount	**8,239**	**43,506**	**51,745**

Investment property increased chiefly due to the business combinations performed in 2021 and 2020.

"*Investment property*" includes shopping centres, housing units and office premises to be operated under lease contracts, whose market value exceeds the acquisition cost. For this purpose, the valuations performed by independent experts not related to the Group were taken into account, where no impairment in value was disclosed.

At 31 December 2021, there is investment property securing the financial debt with a mortgage-backed guarantee for an amount about EUR 21.2 million (2020: EUR 8.3 million).

Market value of the investment property

Every year Urbas instructs independent experts not related to the Group to prepare reports to determine the fair values of its investment property.

At 31 December 2021, the fair value of the Group's investment property as per those reports amounted to EUR 70,256 thousand (2020: EUR 54,009 thousand), with no recognition of an impairment in value for the year (2020: EUR 345 thousand impairment in value).

According to its policy, Urbas Group takes out all the insurance policies it considers necessary to cover the risks that might affect its investment property. The Parent Company's directors consider that the insurance coverage arranged is sufficient.

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The changes in this heading in the consolidated balance sheet in 2021 and 2020 were as follows:

	Thousands of euros	
	31 December 2021	**31 December 2020**
Opening balance for the year	**1,245**	**1,245**
Net investments	-	-
Business combinations	167	-
Dividend pay-out	-	-
Reclassifications and other changes	-	-
Closing balance for the year	**1,412**	**1,245**

The detail of investments in associates accounted for using the equity method is as follows:

	Thousands of euros	
	31 December 2021	**31 December 2020**
Caribbean Resort & Golf, S.L. (1)	1,243	1,243
El Decano Audiovisual, S.L.	2	2
Promociones Javali Futuro, S.L.	167	-
INVESTMENT IN ASSOCIATES	**1,412**	**1,245**

(1) Includes a 30% interest in the company acquired on 18 March 2016 through the investee Urbas Cienfuegos, S.L.

17. OTHER NON-CURRENT ASSETS AND LIABILITIES

Other current assets and liabilities increased chiefly due to the business combinations performed in 2021 and 2020.

The balance of the consolidated balance sheet item "Other non-current assets" at 31 December 2021 and 2020 includes mainly trade receivables net of impairment.

The balance of the line item "Other non-current liabilities" in the consolidated balance sheet is shown below:

	Thousands of euros	
	31 December 2021	**31 December 2020**
Long-term customer advances	1,330	-
Joca Group insolvency debt (Note 23)	2,125	-
Loans with related parties (Note 29)	7,803	603
Long-term withholdings to suppliers	1,865	-
Security deposits	922	-
Debt from the acquisition of Jaureguizar Group	1,750	-
Contingent consideration for Urrutia acquisition	667	-
Other debts with third parties	15,398	8,214
TOTAL OTHER NON-CURRENT LIABILITIES	**31,860**	**8,817**

Joca Group insolvency debt

In 2020, the acquired subsidiaries of Joca Group, Joca Ingeniería y Construcciones, S.A. and Sistemas de Automatismo y Control, S.A., submitted their proposals for the amendment of their agreements with creditors approved in 2012.

At 31 December 2021, the aforementioned amendment was approved in court, and such approval is expected to become final on 4 April 2022. This amendment will have a positive impact on the equity position of Urbas in 2022, estimated between EUR 8,114 and 13,300 thousand.

18. CURRENT/NON-CURRENT PROVISIONS

At 31 December 2021 and 2020 the balance of such provisions and their year-on-year changes are as follows:

	Thousands of euros		
NON-CURRENT	**Work completion**	**Lawsuits and other provisions**	**Total**
At 1 January 2020	**-**	**10,730**	**10,730**
Provisions charged to profit/(loss)	-	-	-
Allocations charged to profit/(loss)	-	(2,872)	(2,872)
Full settlement	-	-	-
Business combinations	105	-	105
Reclassifications and other		-	-
At 31 December 2020	**105**	**7,858**	**7,963**
Provisions charged to profit/(loss)	4,608	6,085	10,693
Allocations charged to profit/(loss)	(2,426)	(3,208)	(5,635)
Full settlement			
Business combinations	2,426	4,835	7,261
Reclassifications and other			
At 31 December 2021	**4,713**	**15,570**	**20,283**

	Thousands of euros		
CURRENT	**Work completion**	**Lawsuits and other provisions**	**Total**
At 1 January 2021	**-**	**-**	**-**
Provisions charged to profit/(loss)	-	-	-
Allocations charged to profit/(loss)			
Full settlement	-	-	-
Business combinations	-	998	998
Reclassifications and other			
At 31 December 2020	**-**	**998**	**998**
Provisions charged to profit/(loss)	1,638	313	1,951
Allocations charged to profit/(loss)	(1,075)	(1,247)	(2,322)
Full settlement			
Business combinations	4,284	2,331	6,615
Reclassifications and other			
At 31 December 2021	**4,847**	**2,395**	**7,242**

Provisions rose chiefly due to the business combinations performed in 2021.

19. NON-CURRENT ASSETS HELD FOR SALE AND RELATED LIABILITIES

At 31 December 2021, 4 real estate assets were reclassified as non-current assets held for sale based on a firm purchase offer thereon.

Below is a breakdown by segment and company of non-current assets held for sale at 31 December 2021:

	Thousands of euros	
SEGMENT	**31 December 2021**	**31 December 2020**
Real Estate		-
Urbas	2,128	
Construction		
Joca Group	945	-
Ecisa Group	6,740	-
Energy and Industry	-	-
TOTAL GOODWILL	**9,813**	-

At 31 December 2021, the fair value of the Group's investment property held for sale as per independent experts' reports amounted to EUR 10,272 thousand.

At the date of preparation of the consolidated financial statements, it was agreed to sell the Company's former head office for an amount of EUR 2.1 million.

20. INVENTORIES

"Inventories" and its related accumulated impairment loss at 31 December 2021 and 2020 break down as follows:

	Thousands of euros	
	31 December 2021	**31 December 2020**
Land and plots of land	533,106	458,258
Work in progress (long cycle)	123,606	72,664
Finished property	23,395	8,294
Advances	27,303	7,972
Other	9,465	151
Cost	**716,875**	**547,339**
Land and plots of land	(35,323)	(36,495)
Finished property	(4,709)	(4,676)
Advances	(7.42)	(7,427)
Impairment	**(47,458)**	**(48,598)**
Land and plots of land	497,784	421,763
Work in progress (long cycle)	123,606	72,664
Finished property	18,686	3,618
Advances	19,876	545
Other	9,465	151
Total inventories	**669,416**	**498,741**

Inventories grew mainly due to the business combinations performed in 2021 and 2020.

20.1 Land and plots of land

This heading is recognised at the acquisition cost of land and plots of land for direct sale or real estate development. At 31 December 2021, the Group has a land portfolio with a total area of 17.9 million square metres, out of which 7.7 million square metres refer to land under planning and ready-to-build.

20.2 Work in progress (long cycle)

This heading includes property inventories relating to developments built and marketed by the Group.

20.3 Finished property

This line item includes the cost of the unsold portion of real estate developments.

20.4 Advances

The advances paid to suppliers include advanced deliveries made by the Group to its suppliers within the normal course of the construction business, as well as the options to purchase land and plots of land.

At 31 December 2021, the Group had signed promise-to-purchase and purchase option agreements on land for a net amount of EUR 25 million.

20.5 Market value of property inventories

Every year Urbas instructs independent experts not related to the Group to prepare reports to determine the fair values of its property inventories.

At 31 December 2021, the fair value of the Group's property inventories (gross asset value or GAV) as per those reports amounted to EUR 720,842 thousand (2020: EUR 549,279 thousand), with no recognition of an impairment in value for 2021 (2020: EUR 1,663 thousand impairment in value).

	Thousands of euros	
	31 December 2021	**31 December 2020**
Land and plots of land	583,569	475,503
Property developments in progress	116,264	68,234
Buildings acquired	2,313	1,160
Completed property developments	18,696	4,382
GAV (*)	**720,842**	**549,279**

(*) Alternative Performance Measure (APM).

At 31 December 2021, the Group had property inventories securing a mortgage loan in the amount of EUR 157.3 million (2020: EUR 182 million).

20.6 Insurance

According to its policy, Urbas Group takes out all the insurance policies it deems necessary to cover the risks that might affect its inventories. The Parent Company's directors consider that the insurance coverage arranged is sufficient.

21. TRADE AND OTHER RECEIVABLES

The breakdown of this item at 31 December 2021 and 2020 is as follows:

	Thousands of euros	
	31 December 2021	**31 December 2020**
Trade receivables for sales and services	59,777	6,069
Completed work pending certification	32,279	8,381
Completed work pending certification being claimed	7,756	6,256
Guarantee withholdings	13,605	589
Accumulated impairment losses	(27,496)	(171)
Trade receivables for sales and services	**85,921**	**21,124**
Other receivables from the ordinary course of business	**11,442**	**4,444**
TRADE AND OTHER RECEIVABLES	**97,363**	**25,568**

The increase in this heading is mainly due to more activity across businesses (higher sales) as a result of 2021 business combinations.

At 31 December 2021 and 2020, the distribution, by public and private sector, of trade receivables is as follows:

	Thousands of euros	
	31 December 2021	**31 December 2020**
Public clients	73%	92%
Private customers	27%	8%
	100%	**100%**

At 31 December 2021, there are claims from public and private customers for an amount exceeding EUR 20 million, filed before different agencies, not recognised in the consolidated financial statements, even though it is highly probable that those claims will be settled favourably.

22. TRADE AND OTHER PAYABLES

The breakdown of this item at 31 December 2021 and 2020 is as follows:

	Thousands of euros	
	31 December 2021	31 December 2020
Suppliers and payables	99,174	13,855
Suppliers and payables	33,741	5,800
Suppliers – Purchase of real estate assets	2,715	2,727
Remuneration payable	3,176	315
Customer advances	31,132	770
Trade and other payables	**169,938**	**23,467**

The increase in this line item is mainly due to more activity across businesses (higher purchases) as a result of 2021 business combinations.

Disclosure on the average period of payment to suppliers in Spain

The information on the average period of payment to suppliers in commercial transactions is disclosed as set forth by Additional Provision Three of Act 15/2010, of 5 July (as amended by Final Provision Two of Act 31/2014, of 3 December), and has been prepared pursuant to the resolution issued by the Spanish Accounting and Auditing Institute.

	Number of days	
	2021	2020
Average period of payment to suppliers (*)	206	251
Ratio of transactions settled (**)	219	189
Ratio of transactions not yet settled (***)	162	337
	Thousands of euros	
Total payments made	129,516	29,206
Total payments outstanding	113,120	18,632

(*) (Paid transactions-to-total payments made ratio) + (Transactions pending payment-to-total payments outstanding ratio) / (Total payments made + total payments outstanding).

(**) Σ (number of payment days * transaction amount paid) / Total payments made.

(***) Σ (number of days pending payment * transaction amount outstanding) / Total payments made.

23. OTHER CURRENT ASSETS AND LIABILITIES

Other current assets and liabilities increased chiefly due to the business combinations performed in 2021 and 2020.

The balance of the consolidated balance sheet item "Other current assets" at 31 December 2021 includes mainly prepaid expenses totalling EUR 2,513 thousand.

The balance of "Other current liabilities" in the consolidated balance sheet is broken down below:

	Thousands of euros	
	31 December 2021	**31 December 2020**
Joca Group non-financial insolvency debt (Note 17)	15,370	-
Loans with related parties (Note 29)	997	632
Debt convertible into grants	2,632	-
Jaureguizar Group acquisition debt (Note 4)	685	
Unearned income	2,149	
Other debts with third parties	11,537	12,994
TOTAL OTHER CURRENT LIABILITIES	**33,370**	**13,626**

PROFIT/(LOSS)

24. PROFIT/(LOSS) FROM OPERATIONS

24.1 Revenue

The distribution of revenue in 2021 and 2020, classified by business, is as follows (in thousands of euros):

	Thousands of euros	
	2021	2020
Revenue from sale of property developments	3,751	2,970
Revenues from sale (delivery) of land	4,375	2,024
Lease and other income	4,472	1,211
Other income	3,328	-
REAL ESTATE	**15,926**	**6,205**
Residential building construction	91,974	7,447
Non-residential building construction	19,222	5,209
Civil works	58,702	2,661
Concessions	1,982	-
Facilities	11,027	-
Other	1,564	-
CONSTRUCTION	**184,471**	**15,317**
ENERGY	**1,155**	**-**
REVENUE	**201,552**	**21,522**

Out of the Construction revenue, the amount related to sales from the public sector in 2021 and 2020 amounted to EUR 91,066 and 12,722 thousand, respectively.

At 31 December 2021 and 2020, the Construction order backlog (both awarded and pending execution) amounted to EUR 479,057 and EUR 68,936 thousand, respectively. The breakdown by geographical area is as follows:

	Thousands of euros	
	2021	2020
Spain	337,417	68,936
Other countries	141,630	-
TOTAL BACKLOG BY GEOGRAPHICAL AREA	**479,047**	**68,936**

24.2 Procurements

	Thousands of euros	
	2021	2020
Purchases	68,605	15,848
Subcontractors	93,820	349
Impairment of inventories	-	1,695
Total	**162,425**	**17,892**

24.3 Staff costs

	Thousands of euros	
	2021	2020
Wages and salaries	23,816	3,145
Termination benefits	1,298	-
Social Security and other employee benefits costs	7,350	952
Total	**32,464**	**4,097**

24.4 Impairment and gains or losses on disposals of non-current assets

	Thousands of euros	
	2021	2020
Impairment of investment property	-	(345)
Gains or losses on disposals of non-current assets	1,651	1,845
Total	**1,651**	**1,500**

24.5 External services

	Thousands of euros	
	2021	2020
Leases	3,169	153
Repair and upkeep costs	1,637	60
Professional services	8,279	2,468
Transport costs	275	-
Insurance premiums	1,703	259
Bank services	2,614	176
Advertising and marketing	627	154
Utilities	1,802	335
Other	3,511	912
Total	**23,617**	**4,518**

25. FINANCIAL PROFIT/(LOSS)

Financial profit rose year-on-year mainly due to the effect of finance income arising from debt reduction agreements reached with banks and investment funds, which in 2021 totalled EUR 79 million (2020: EUR 7.6 million).

26. INCOME TAX

26.1 Applicable taxes

Urbas Grupo Financiero, S.A. is the parent company of the consolidated tax group 0336/15 comprised of companies in which the Parent Company holds a direct or indirect interest of at least 75% and which fulfil certain requirements. In 2021, the abovementioned tax group consists of 29 companies, the most significant ones being Urbas Grupo Financiero S.A. itself; Activos Financieros Urbas, S.L.; Aldira Inversiones Inmobiliarias, S.L.; Amantani Inversiones Inmobiliarias, S.L.; Banurba Financiación, S.L.; Construcciones de la Vega COVE, S.L.; Divertiendas, S.L.; Guadahermosa Activos, S.L.; Guadahermosa Grupo Inmobiliario, S.L.; Guadahermosa Proyectos Urbanísticos 2001, S.L., Inversiones Playamayor, S.L.; Promotora José Luis Caso 72, S.L.; Proyecto Inmobiliario La Campiña, S.L.; Terlemudes, S.L.; Torres de la Alameda Investments, S.L.; Urbas Belvalle, S.L.; Urbas Desarrollos Empresariales, S.L.; Urbas Financial Invest, S.L. and Urbas Inversiones Finalistas y Desarrollo, S.L.

Also, as a result of the acquisitions performed in 2021, there are other consolidated tax groups in Urbas Group:

- ✓ Tax Group 0057/18, represented by Ecisa Compañía General de Construcciones, S.A., to which common regulations on corporate income tax are applied, and comprising 3 companies in 2021.

- ✓ Tax Group 171 0B, represented by Jaureguizar Promoción y Gestión Inmobiliaria, S.A., to which Biscay regulations on corporate income tax are applied, and comprising 5 companies in 2021, including, among others, Teslabarri, S.A.; Bidarte Gestión, S.L.; and Sociedad Promotora Inmobiliaria Margen Derecha, S.A.

- ✓ Tax group represented by Murias de Construcciones, S.A., to which Guipuzcoa regulations on corporate income tax are applied, and comprising 12 companies in 2021, including, among others, Arraso Park, S.L. and Parque Comercial Echavarri, S.L.

The remaining companies residing in Spain that do not form part of any of the aforementioned tax groups file individual income tax returns.

The Spanish companies that already pay corporate income tax on an individual or consolidated basis were subject to a standard tax rate of 25% in 2021. As an exception, Jaureguizar Group, Murias Group and Urrutia pay corporate income tax at a 24% rate pursuant to Biscay, Guipuzcoa and Alava applicable regulations.

The Parent Company files VAT returns as part of Special Tax Group 0151/16, created in 2021, the parent of which is Urbas Grupo Financiero, S.A.

26.2 Current balances with public authorities

Current balances with public authorities are as follows:

	Thousands of euros	
	2021	2020
VAT and Canary Islands general indirect tax refundable	5,104	978
Income tax refundable	-	-
Tax authority receivables for grants received	1,317	-
Current tax assets	69	16
Other taxes	2,965	198
TOTAL CURRENT TAX RECEIVABLES	**9,455**	**1,192**
VAT and Canary Islands general indirect tax payable	11,096	4,258
Personal income tax withholdings	1,522	242
Accrued social security taxes payable	1,941	300
Current tax liabilities	3,063	-
Deferred income tax payable	1,677	163
Other taxes	4,856	747
TOTAL CURRENT TAX PAYABLES	**24,526**	**4,291**

26.3 Reconciliation of accounting profit/(loss) to tax profit/(loss)

The reconciliation of accounting profit/(loss) in the income statement to tax profit/(loss) for income tax purposes in 2021 is as follows:

	Thousands of euros		
	Increases	**Decreases**	**Total**
Accounting profit/(loss) before tax			65,650
Permanent differences	91	(18,840)	(18,749)
Temporary differences	4,112	(4,231)	(119)
Pre-offset tax base			**46,782**
Offset of tax losses			**(43,859)**
Tax profit/(loss)			**2,922**
Gross tax payable			**731**
Deductions			**(28)**
Other adjustments			**70**
Tax expense			**772**
Current			**(3,063)**
Deferred			**2. 291**

The reconciliation of accounting profit/(loss) in the income statement to tax profit/(loss) for income tax purposes in 2020 is as follows:

	Thousands of euros		
	Increases	**Decreases**	**Total**
Accounting profit/(loss) before tax			12,126
Permanent differences	14	(8,046)	(8,032)
Temporary differences	589	-	589
Pre-offset tax base			4,683
Offset of tax losses			**(4,693)**
Tax profit/(loss)			**-**
Gross tax payable			**-**
Deductions			
Other adjustments			**2.099**
Tax expense			**2,099**
Current			**(68)**
Deferred			**2,167**

26.4 Deferred taxes

The composition of deferred tax assets and liabilities recognised in the balance sheet is as follows:

	Thousands of euros	
	2021	**2020**
Deferred tax assets		
Tax losses	39,756	302
Deductions	1,921	399
Temporary differences	2,127	143
Total	**43,804**	**844**
Deferred tax liabilities		
Business combinations	(24,762)	(2,167)
Other temporary differences	(6,349)	(720)
Total	**(31,111)**	**(2,887)**
Net amount of assets (liabilities)	**12,693**	**(2,043)**

The deferred tax assets mentioned above have been recognised in the consolidated balance sheet because the Parent Company's directors considered that, based on the best estimation of the Group's future profits, those assets may be recovered.

At 31 December 2021 and 2020, there are tax profit/(loss) and deductions pending recognition, which break down as follows:

	Thousands of euros	
	2021	2020
Urbas tax group	139,003	173,714
Murias tax group	2,337	2,671
Ecisa tax group	19,205	-
Jaureguizar tax group	23,375	
Other companies not included in the tax group	103	
Total	**184,123**	**176,385**

The Parent Company's directors consider that there are no signs of impairment in the value of the deferred tax assets recorded in the consolidated balance sheet, based on:

- ✓ The business plan prepared by the Group for 2021-2024.
- ✓ The valuation of inventories performed by Savills Aguirre Newman Valoraciones y Tasaciones, S.A. and Arquitasa.

26.5 Years open for review and tax audits

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

The Group's general policy is to record provisions for tax proceedings in which a risk of probable loss is assessed. Provision amounts are calculated based on the best estimate of the expenditure required to settle the corresponding claim based, among other factors, on a case-by-case analysis of the facts and the legal opinion of internal and external counsel and on the experience on past events.

The Parent Company's directors consider that the tax returns for the abovementioned 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, any resulting liabilities would not have a material effect on the accompanying financial statements.

At 31 December, the main tax-related proceedings concerning Urbas Group were as follows:

- ✓ Urbas Grupo Financiero, S.A. holds a suspended debt pending resolution due to a claim filed before the National Appellate Court for 2010-2011 VAT, recorded under "VAT general indirect tax payable" for an amount of EUR 3,799 thousand (2020: EUR 3,799 thousand).

27. EARNINGS PER SHARE

At 31 December 2021 and 2020 the weighted average of shares is as follows:

	31 December 2021		31 December 2020	
	Weighted average		Weighted average	
	Ordinary shares	Diluted shares	Ordinary shares	Diluted shares
Shares issued	37,164,978,092	37,164,978,092	34,590,979,460	34,590,979,460-
Treasury shares	-	-	-	-
Potentially diluted shares	-	971,504,800	-	-
				-
Total	**37,164,978,092**	**38,136,491,892**	**34,590,979,460**	**4,590,979,460**

Basic earnings/(losses) per share are calculated by dividing the profit/(loss) for the year attributable to the Parent Company's shareholders by the weighted average number of ordinary shares issued during the year, excluding treasury shares.

Diluted earnings/(losses) per share are calculated by dividing the profit/(loss) for the year attributable to the Parent Company's shareholders by the weighted average number of ordinary shares issued during the period, excluding treasury shares, plus potentially diluted ordinary shares.

The dilutive effect in 2021 is contingent upon the conversion of bonds to be mandatorily converted into ordinary shares.

Basic and diluted earnings per share (rounded up in two digits) are calculated in the following table:

	31 December 2021	31 December 2020
Profit/(loss) for the year attributable to the Parent Company's shareholders (thousands of euros)	64,708	10,040
Earnings/(losses) per basic share (in euros)	0.00174	0.00029
Earnings/(losses) per diluted share (in euros)	0.00171	0.00029

OTHER DISCLOSURES

28. COMMITMENTS AND GUARANTEES

28.1 Contractual commitments

These commitments consist of future unconditional bonds (which cannot be cancelled or, otherwise, can be cancelled only under specific conditions) by virtue of commercial agreements. These commitments were quantified based on the best estimates of Urbas using, if not contractually stipulated, the prices and other variables that are consistent with those included in calculating the recoverable value of assets.

At 31 December 2021 and 2020, there are no firm purchase or investment commitments or significant expenses in Urbas Group other than those mentioned in Note 20.

28.2 Guarantees

At 31 December 2021, the Group received from banks and insurance companies guarantees presented to third parties for an amount of EUR 162,685 thousand (mainly provisional and final guarantees for bidding and work contracts submitted to public and private agencies) (2020: EUR 19,954 thousand).

In addition, Urbas Grupo Financiero, S.A. had granted corporate guarantees to subsidiaries for an amount of EUR 60,317 thousand (2020: EUR 17,817 thousand).

These corporate guarantees include a guarantee for a loan from Urbas Maroc, S.A.R.L., an Urbas Group company until 27 December 2011. A Moroccan bank filed a lawsuit for foreclosure. However, it should be noted that –due to the waiver of the Moroccan bank itself as to the guarantor company– the foreclosure is not aimed at the latter, as ratified by the decision dated 19 June 2013, but at Urbas Maroc, S.A.R.L., which accepted such waiver and, therefore, the guarantor's risk would be subject to the proceedings filed in Spain to cover, in any case, the difference between the amount guaranteed and the value of the asset bearing the guarantee, which is estimated to have a value that exceeds by far the initially claimed liability.

The relevant Moroccan court issued a decision sentencing Urbas Maroc, S.A.R.L. to pay the full debt –whereby the creditor company is expected to be awarded the asset guaranteeing such debt– pursuant to applicable Moroccan legislation. There is currently a proceedings pending with the Commercial Court of Tangier regarding the valuation of the asset for awarding purposes.

As to the proceedings filed in Spain with the First Trial Court, a favourable decision was issued in the trial stage, which was appealed before the Provincial Court and then dismissed by the Provincial Court of Madrid, while the appeal filed for procedural infringement with the First Civil Courtroom of the Supreme Court was dismissed. At 31 December 2021 Urbas filed a constitutional rights protection action with the Constitutional Court; therefore, we consider that there has been a violation to the fundamental right to effective court protection. According to the opinion of the Company's internal and external counsel, such a claim should succeed.

In any case, the liabilities and payment schedule that this might generate in relation to the matter previously described will depend on the final resolution of the proceedings filed in Morocco and Spain, respectively, on the asset awarding valuation and the ultimate responsibility for the guarantee.

The aforementioned guarantees cannot be deemed an actual outflow of funds before third parties, as most of them will reach maturity with no materialised payment obligation. They do not entail any freezing of funds either.

At the date of preparation of these consolidated financial statements, the likelihood of a default in the commitments assumed with a material impact is remote, and provisions were recorded in the financial statements to cover the potential risks arising from the foreclosure of the abovementioned guarantees.

29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The "related parties" of Urbas are deemed to be, in addition to the subsidiaries, associates and jointly-controlled entities, the shareholders with significant influence, the Parent Company's key management personnel (the members of its Board of Directors and Senior Management and their close family members), as well as the entities over which key management personnel may exercise control or significant influence or may be influenced by them.

All related-party transactions were performed on an arm's length basis. The transactions between the Group and its subsidiaries, including the Company's related companies, have been eliminated from the consolidation and are not disclosed in this note.

29.1 Board of Directors

The status of Board member is remunerated as per the Company bylaws. There is a fixed remuneration for being part of the governing body depending on the position held, and there is an amount to be accrued for attending each Board of Directors' meeting and those of its committees, to be determined by the Annual General Meeting before the end of the year.

The Annual General Meeting of 6 August 2021 established a remuneration in cash and in kind for the directors as such and for the secretary of the Board of Directors from 1 January through 31 December 2021 and 2020, for an amount of:

	Thousands of euros	
	2021	2020
Fixed remuneration for Board members		
Chairman	80	80
Vice-chairman	60	60
Director	12	4
Coordinating director	5	5
Board secretary (Non-director)	25	25
Attendance fees (per meeting)		
Board of Directors	0.75	0.75
Committees	0.50	0.50

The remuneration of the chief executive officer (CEO) and the directors with executive functions, apart from the remuneration for their capacity as directors, consists of a salary in cash stipulated in the contracts signed in accordance with the remunerations policy established by the Annual General Meeting of 6 August 2021. The remuneration in 2021 for the current CEO of Urbas (Quamtium Venture, S.L.) and of the director performing executive functions is EUR 180 and 120 thousand, respectively (2020: EUR 180 and 100 thousand, respectively).

There are no credits, advances or options on the shares granted to the members of the Board of Directors. Neither are there any pension obligations towards former or current members of the Board of Directors.

The executive directors have no stipulation in their respective contracts as to their right to compensation in the event of termination of their relationship with the Company.

In 2021, Urbas Group had a civil liability insurance policy covering the members of the Board of Directors, the management staff mentioned in Note 29.2, the rest of the executives and those persons performing functions that are similar to those of the directors, with a total policy premium of EUR 40 thousand (2020: EUR 40 thousand). The policy also covers the different Group companies under certain circumstances and conditions.

The breakdown of remuneration, by item and in thousands of euros, accrued by the Board of Directors of the Company at 31 December 2021 is as follows:

Members of the Board of Directors	Position	Fixed remuneration	Per diem		Executive director agreement	Total
			Board	Committee		
Quamtium Venture, S.L. (1)	Chairman and CEO	80	22	-	180	282
Sanzar Asesoría, S.L. (2)	Non-executive director	18	22	18.75		58.75
Luis Ramos Atienza	Non-executive director	12	22	18.75		52.75
Ignacio Alonso Villalobos	Non-executive director	7	14	6.75		27.75
Adolfo José Guerrero	Executive director	12	22	-	120	154
Pablo Cobo del Moral (3)	Non-executive director	12	22	-	-	34
Alberto Aragonés Monja (Note 32.3)	Proprietary director	5	8	-	-	13
Joao Jose de Gouveira	Proprietary director	5	8	-		13
Jesús García Ponga	Non-executive director	5	8	4.50	-	17.50
Jaime Polanco Soutullo	Non-executive director	5	8	2.25	-	15.25
Total remuneration of the Board of Directors		**161**	**156**	**51**	**300**	**668**

(1) Represented by Juan Antonio Acedo Fernández.

(2) Represented by Ignacio Checa Zabala.

(3) On 31 March 2022, Pablo Cobo del Moral was appointed executive director.

On 6 August 2021 the following non-executive directors were appointed: Alberto Aragonés Monja, Joao Jose de Gouveira, Jesús García de Ponga and Jaime de Polanco Soutullo, who have filled the vacant positions and in lieu of Ignacio Alonso Villalobos who stepped down from the Board. On this same date, Luis Ramos Atienza was ratified as Board member. These new appointments will increase the percentage of non-executive directors on the Board.

The breakdown of remuneration, by item and in thousands of euros, accrued by the Board of Directors of the Company at 31 December 2020 is as follows:

Members of the Board of Directors	Position	Fixed remuneration	Per diem		Executive director agreement	Total
			Board	Committee		
Quamtium Venture, S.L. (1)	Chairman and CEO	80	11.25	-	180	271.25
Sanzar Asesoría, S.L. (2)	Non-executive director	9	11.25	9.0	-	29.25
Luis Ramos Atienza	Non-executive director	4	11.25	4.5	-	19.75
Ignacio Alonso Villalobos	Non-executive director	4	11.25	4.5	-	19.75
Adolfo José Guerrero	Executive director	4	11.25	4.5	80	99.75
Pablo Cobo del Moral	Non-executive director	4	11.25	4.5	-	19.75
Total remuneration of the Board of Directors		**105**	**67.50**	**27.0**	**260**	**459.50**

(1) Represented by Juan Antonio Acedo Fernández.

(2) Represented by Ignacio Checa Zabala.

At the end of 2021 and 2020, neither the members of the Parent Company's Board of Directors nor the people related thereto, as set out in the Spanish Companies Law, notified the other members of the Board of Directors about any direct or indirect conflict with the Company's interest.

29.2 Senior Management

For the purpose of the information included in this section, this classification does not replace or constitute any kind of interpretation of other features of senior management provided for in the legislation applicable to the Parent Company (such as that contained in Royal Decree 1382/1985), nor does it give rise to the creation, acknowledgement, modification or extinction of rights or legal or contractual obligations.

Unless otherwise indicated, the information on senior management members does not include the information on the persons who also act as directors of Urbas Grupo Financiero, S.A., as the information on those persons is included in Note 29.1.

Until 30 November 2021, the Board of Directors discharged senior management functions through its executive directors. In November 2021, in order to promote its 2021-2024 strategic plan, the Company reinforced its management team by appointing general directors for the business and other strategic areas of the Group.

At 31 December 2021, the Group's Senior Management included, apart from the executive directors, 5 directors (4 men and 1 woman), who are hired by different companies of Urbas Group. The remuneration received by Senior Management members from 1 December 2021 amounted to EUR 63 thousand. At the date of preparation of these consolidated financial statements, Senior Management included 3 executive directors and 7 directors (5 men and 2 women).

There are no credits, advances or pension obligations or stock options granted to Senior Management members.

Senior management members have no stipulation in their respective contracts as to their right to compensation in the event of early termination of their relationship with the Company.

29.3. Related-party transactions

The breakdown of transactions and balances of the Group with related parties (in thousands of euros) is as follows:

			2021
Consolidated income statement	**Board of Directors and Senior Management**	**Other related parties**	**Total**
External services	668	-	668
Staff costs	63	-	63
Total expenses	**731**	**-**	**731**
Finance income	-	101	101
Total income	**-**	**101**	**101**

			2020
Consolidated income statement	**Board of Directors and Senior Management**	**Other related parties**	**Total**
External services	459.5	-	459.5
Staff costs	-	-	-
Total expenses	**459.5**	**-**	**459.5**
Income	-	-	-
Total income	**-**		

In 2021, Urbas acquired 100% of Nalmar Estate, S.L. and an equity interest in its subsidiary Druet Real Estate, S.L., as well as other real estate assets from Top Gestión, S.L., a related company of the shareholder Alza Residencial, S.L. for an amount of EUR 3,695 and 3,348 thousand, respectively. The Company also assumed –apart from the aforementioned price of equity interests– the payment of the debt granted to the acquired company by its former parent company for an amount of EUR 8,152 thousand. The total debt arising from such transaction was converted into capital in the capital increase process disclosed in Note 9.1.

	31 December 2021		
Consolidated balance sheet	**Board of Directors and Senior Management**	**Other related parties**	**Total**
Non-current financial assets (*)	-	24,236	24,236
Current financial assets (*)		773	773
Other non-current liabilities (***)	-	7,803	7,803
Trade and other payables	514	-	514
Other current liabilities (****)	-	997	997

(*) Credit granted to Al AlfiaHolding LLC (a shareholder-related company) for an amount of EUR 24,236 thousand.

(**) Credits granted to Rialpa's World, S.L. and JHomes (shareholder-related companies) for an amount of EUR 773 thousand and EUR 11 thousand, respectively.

(***) Debt held with Alza Residencial, S.L. (a shareholder-related company) for an amount of EUR 603 thousand. Debt held with Al Alfia (a shareholder-related company) for an amount of EUR 7,200 thousand. Debt held with Rialpa's World, S.L. (a Company shareholder-related company) for an amount of EUR 365 thousand.

(***) Debt held with Alza Residencial, S.L. (a shareholder-related company) for an amount of EUR 624 thousand. Debt held with Rialpa's World, S.L. (a shareholder-related company) for an amount of EUR 365 thousand. Debt held with Laite Business, S.L. and Iuris Consultatio L&K, S.L., companies related to the directors, for an amount of EUR 8 thousand.

	31 December 2020		
Consolidated balance sheet	**Board of Directors and Senior Management**	**Other related parties**	**Total**
Non-current financial assets	-	-	-
Other non-current liabilities (**)	-	603	603
Trade and other payables	-	-	-
Other current liabilities (**)		632	632

(*) Debt held with Alza Residencial, S.L. (a shareholder-related company) totalling EUR 603 thousand.

(**) Debt held with Alza Residencial, S.L. (a shareholder-related company) amounting to EUR 624 thousand, and with Laite Business, S.L. and Iuris Consultatio L&K, S.L. , companies related to the directors, amounting to EUR 8 thousand.

30. OTHER DISCLOSURES

30.1 Staff

Urbas total consolidated staff at 31 December 2021 was 840 employees (22% women), with 532 located in Spain; 146 in Portugal; 40 in Africa; and 122 in Latin America (2020: 84 employees located in Spain and 25% women).

Urbas average staff composition, by professional category and gender, is as follows:

	2021		2020	
	Women	Men	Women	Men
Senior Management	1	4	-	-
Executives	5	20	-	5-
University graduates and technicians	78	101	3	11
Middle-level technicians	20	104	8	5
Clerical and sales staff	71	36	10	7
Skilled workers	16	106	-	7
Workers	18	227		28
	209	**598**	**21**	**63**
Total average staff	**807**		**84**	

At 31 December 2021, Urbas Group has a total of 9 disabled workers (1.1% of staff) (2020: 0 workers).

For more information on staff, see the related section in the consolidated directors' report, "Non-financial Information Statement for 2021", chapter 4.

30.2 Audit fees

The fees on account of audit and other services rendered by Baker Tilly Auditores, S.L.P. and companies within Baker Tilly's network, as well as by other audit firms in 2021 and 2020 were as follows:

	Thousands of euros			
	Baker Tilly Auditores, S.L.P.		Other auditors	
	2021	2020	2021	2020
Audit services (*)	232	85	35.7	27
Other attest services (**)	165	1	-	-
Total audit and other related services	**397**	**86**	**35.7**	**27**
Other attest services	-		23.0	
Total professional services	**397**	**86**	**58.7**	**27**

(*) The line item "Audit fees" is related to the fees paid for the audit of the individual and consolidated financial statements of Urbas Grupo Financiero, S.A.

(**) "Other attest services" includes the auditing professional services, mainly related to the limited review of the interim consolidated condensed financial statements, attestations and certifications for financial institutions, as well as the verification of the Non-financial Information Statement for 2021 included in the consolidated directors' report.

The Parent Company's directors have obtained the confirmation of the Group's auditor that it meets the independence requirements pursuant to applicable law and the Auditing Regulations.

31. ENVIRONMENTAL INFORMATION

In view of the type of activity carried out by Group companies, as well as the awareness measures taken at acquired companies and internally to minimise the environmental impact, the Group has no environmental expenses, assets or significant provisions in relation to equity, the financial position and profit or loss.

32. EVENTS AFTER THE REPORTING PERIOD

32.1 Share capital increase

On 9 February 2022, capital was increased through the conversion of 1 bond of the *"Gamela Norinversiones Noviembre 2021"* series by issuing and putting into circulation 66,256,666 ordinary shares for a nominal amount of EUR 663 thousand (EUR 0.010 per share) and EUR 337 thousand related to the share premium (EUR 0.0051 per share). These shares are pending registration with the Mercantile Register and their listing is still pending approval.

Consequently, at the date of preparation of the accompanying consolidated financial statements, the Parent Company's share capital would consist of 43,517,381,403 shares with a nominal value of EUR 435,174 thousand.

32.2 Agreement with Care Property Spain, S.L.

In February 2022, Urbas signed a master agreement with Care Property Spain, S.L. ("CPI Spain"), a fully-owned entity of Care Property Invest NV ("CPI"), a regulated real estate company (RREC) domiciled in Belgium, listed in Euronext and specialised in the residence and health care sector for the elderly and disabled persons.

The master agreement is initially focused on the construction and development of residential care homes in Madrid, Andalusia, Galicia and Aragón, in line with CPI's investment strategy to make in Spain a potential global investment of up to EUR 140 million. This investment value is not binding and will depend on the viability of each project based on the financial and commercial parameters applicable in each case.

Urbas will be in charge of the real estate development of projects by acquiring land, building and the complete execution of 'turnkey' projects to be acquired by CPI through an additional agreement. Urbas and CPI will work simultaneously in identifying other potential locations to continue increasing the initial asset portfolio, as well as in selecting and negotiating with first-level operators specialised in managing residences in the most attractive Spanish markets. Urbas gained a position in the residential care home sector and is analysing the possibility of incorporating residential centre management to its lines of business.

32.3 Amendment of the Joca Group acquisition agreement

During the process for the 2021 auditing of Urbas Group, the Board of Directors observed the need to make a series of adjustments to Joca Group's account records for the years prior to its acquisition by Urbas, which were taken into account in recording Joca Group's business combination.

On 19 April 2022, Urbas reached an agreement with Rialpa's World, S.L. and Mr Alberto Aragonés Monjas, as seller in the Joca purchase agreement, to reduce the transaction price as a result of the accounting adjustments to the years prior to Joca's acquisition, as identified by Urbas, in the process for the recording of such acquisition, as follows:

- ✓ The purchase price was reduced by virtue of an agreement between the parties by EUR 20 million, from EUR 35 million to EUR 15 million. To reduce the price, Urbas received treasury shares owned by the sellers, valued at EUR 20 million. The value of the shares delivered to Urbas agrees with the value allocated to those shares in the initial transaction, i.e. EUR 0.0125 per share, where EUR 0.010 refers to the nominal value and EUR 0.0025 refers to the share premium.

- ✓ As a result of this transaction, the Company obtained a consideration involving the delivery of 1,600,000,000 shares exclusively owned by the sellers and remaining as treasury shares; their use is still to be analysed by the Board of Directors.

The treasury shares received from the sellers represent a percentage of about 3.68% of the share capital of Urbas, with a market value, as per the closing listed price of 27 April 2022, of over EUR 22 million.

The agreement reached and the treasury shares received will be recorded in 2022. The Joca purchase price reduction will not imply any loss for the Company.

On 19 April 2022, Alberto Aragonés Monjas, a Company director, decided to resign as member of Urbas Board of Directors. On that same date, the vote syndication agreement signed between shareholders Robisco Capital Markets, S.L. and Rialpa's World, S.L. expired.

APPENDIX I.A – URBAS GROUP CORPORATE STRUCTURE

			% of ownership		Thousands of euros		
Investee	**Registered office**	**Business activity**	**Direct**	**Total**	**Share capital**	**Reserves**	**2020 profit/(loss)**
Activos Financieros Urbas, S.L.	Madrid	Real estate development	-	100%	-	-	(29)
Alandalus Real Estate Gestión de Patrimonios, S.L.	Seville	Real estate development	100%	100%	3	188	(37)
Aldira Inversiones Inmobiliarias, S.L. (1)	Madrid	Real estate development	100%	100%	69,341	274,387	(183)
Amantani Inversiones, S.L.	Seville	Real estate development	-	100%	763	175	(29)
Áridos Novelda, S.A.	Badajoz	Operation of quarries	-	100%	117	2,163	(9)
Araso Park, S.L.	Guipuzcoa	Real estate development	-	100%	200	(411)	(57)
Arkalanda Construcciones, S.A.	Biscay	Real estate development		99.9%	60	(51)	(3)
Banurba Financiación, S.L.	Madrid	Real estate development	-	100%	3	-	-
Bayeu 2010, S.L.	Zaragoza	Real estate development	-	100%	637	(13,230)	(506)
Bidarte Gestión, S.L.	Biscay	Services	-	100%	9	(324)	(184)
Caribbean Resort & Golf, S.L.	Madrid	Real estate development	-	30%			
Comusa Activos, S.L.	Guipuzcoa	Real estate development	-	100%	6,856	-	(10)
Comusa Asset Holding I S.a.r.l.	Luxembourg	Holding	-	100%	6,868	-	(34)
Comusa Asset Holding I S.a.r.l.	Luxembourg	Holding	-	100%	6,868	-	(33)
Construcciones de la Vega COVE, S.L.	Guadalajara	Real estate development	-	100%	3,005	(23)	(727)
Construcciones Murias, S.A. (1)	Donostia	Construction	-	100%	2,512	37,932	(499)
Construcciones Urrutia, S.A. (2)	Vitoria	Construction	69.95%	69.95%	148	1,669	(25)
Consultora de Construcciones, S.L.	Badajoz	Consulting services	-	100%	775	(491)	11
Desarrollos Renovables Zimmerman, S.L.	Guadalajara	Inactive	100%	100%	3	(9)	-
Desarrollos Urbas Panticosa, S.L. (*)	Madrid	Real estate development	-	100%	830	Not applicable	Not applicable
Divertiendas, S.L.	Madrid	Real estate development	-	100%	3	80	-
Druet Real Estate, S.L.	Madrid	Real estate development	0.01%	50.70%	3,275	13,099	-
ECISA Maroc, S.A.R.L.A.U.	Morocco	Construction	-	100%	23	(6)	-k
ECISA Compañía General de Construcciones, S.A. (3)	Alicante	Construction	100%	100%	8,963	12,519	(16,171)
ECISA PAU Inmobiliaria Campello, S.L.	Alicante	Real estate development	-	50%	271	(1)	224
El Decano Audiovisual, S.L.	Guadalajara	Mass media	40.64%	40.64%	4	-	-
Estudio y Diseño de Interiores, S.A.	Alicante	Construction	-	100%	240	(165)	(1)
Euskadi Basque Team, S.L.	Guipuzcoa	Real estate development	-	100%	3	(1,180)	297
Fast Track industrial and logistic Services, B.V.	The Netherlands	Distribution	-	100%	50	(98)	-
Gespar Propiedades, S.L.	Madrid	Real estate development		100%	3	(3)	-
Gestión Estación Pozuelo, S.L.	Madrid	Real estate development	-	65%	3	-	39
Gestión Geriatrica Navalagamella, S.L. (*)	Madrid	Residential care homes management		100%	3	-	

Investee	Registered office	Business activity	% of ownership		Thousands of euros<		
			Direct	Total	Share capital	Reserves	2020 profit/(loss)
Giroa Vital AIE	Guipuzcoa	Energy		100%	6	251	(6)
Green Power Solutions, S.A.	Madrid	Energy		100%	10	(5)	5
Gresmup, S.L.	Guipuzcoa	Waste collection	-	50%	3	(23)	-
GR4 PT, S.A. (4)	Portugal	Construction	-	100%	2,900	431	54
Guadehermosa Activos, S.L.	Guadalajara	Inactive	-	100%	17,631	9	(999)
Guadahermosa Grupo Inmobiliario, S.L.	Guadalajara	Real estate development	100%	100%	96	1,084	(6)
Guadahermosa Proyectos Urbanísticos 2001, S.L.	Guadalajara	Real estate development	-	100%	3	35	(3)
Hispana de Instalaciones, S.A. Ingenieros Industriales	Alicante	Installation and maintenance	-	100%	120	992	(278)
Huset Capital Sociedad de Inversiones, S.L.	Guadalajara	Real estate development	100%	100%	3	-	-
Iberactivos, S.A.	Alicante	Real estate development	-	100%	2,269	8,199	(9.1.98)
ICADI Properties, S.A.	Madrid	Real estate development	-	100%	3	(1)	4
Inmobiliaria Errondo, S.A.	Guipuzcoa	Real estate development	-	50%	273	463	87
International Consultant Adviser for Development and Innovation, S.L. (ICADI) (7)	Madrid	Construction	100%	100%	52	514	(121)
Intervias Construcciones, S.L. (6)	Madrid	Construction	-	100%	5,601	2,897	1,303
Inversiones Alfonso el Sabio, S.L.	Alicante	Real estate development	-	100%	3	(168)	(70)
Inversiones Playa Mayor, S.L.	Madrid	Real estate development	-	100%	2,812	(387)	(9)
Inversiones Urdiales, S.L.	Biscay	Real estate development	-	99.87%	150	14	(28)
Irusta – Larraskitu AIE	Biscay	Real estate development	-	99.97%	127	(609)	-
José Luis Caso 72, S.L.	Madrid	Real estate development	-	100%	3,584	29,882	370
Localeasy, S.L.	Madrid	Real estate development	-	100%	1,772	1,438	113
Jaureguizar Gestora, S.L.	Bilbao	Real estate development	100%	100%	69	69	11
Jaureguizar Promoción y Gestión Inmobiliaria, S.L. (5)	Bilbao	Real estate development	100%	100%	5,437	890	(3,280)
Joca Ingeniería y Construcciones, S.A. (6)	Madrid	Construction	0.01%	100%	3,495	8,759	(1,156)
Joca Ingeniería y Construcciones Colombia	Colombia	Construction	-	100%	8	(66)	(32)
Joca Perú Ingeniería y Construcciones, S.A.	Peru	Construction	-	100%	16	(79)	-
Luz y Agua Extremadura, S.A.	Badajoz	Energy	-	100%	60	(32)	8
Materiales Cerámicos Materias Primas, S.L.	Lugo	Energy (Mining)	100%	100%	90	6	(14)
Murias Bidasoa, S.L.	Guipuzcoa	Real estate development	-	100%	6	(1,901)	115
Murias Encomienda, S.L.	Guipuzcoa	Construction	-	100%	95	5,274	266
Nalmar Estate, S.L.	Madrid	Real estate development	100%	100%	4	(27)	1,992

Investee	Registered office	Business activity	% of ownership		Thousands of euros		
			Direct	Total	Share capital	Reserves	Profit/(loss) 2020
Pádel & Gym Las Cañas, S.L.	Navarra	Sports centres management	-	50%	3	51	(4)
Parque Comercial Echavarri Viña, S.A.	Guipuzcoa	Real estate development	-	100%	376	(4,606)	(353)
Paseo de María, S.L.	Zaragoza	Real estate development	-	100%	4	(3,286)	(119)
Promociones Javali Futuro, S.A.	Alicante	Real estate development	-	33%	1,626	(73)	-
Promotora Geranio Alovera, S.L. (*)	Madrid	Real estate development	-	100%	1,311	N/A	N/A
Proyecto de las Brisas Vera, S.L. (*)	Madrid	Real estate development	-	100%	1,714	N/A	N/A
Proyecto Inmobiliario P2 Azuqueca, S.L. (*)	Madrid	Real estate development	-	100%	5,806	N/A	N/A
Proyecto Inmobiliario La Campiña, S.L.	Guadalajara	Real estate development	-	100%	1,050	(5)	(2)
Restauraciones Goiherri, S.L.	Guipuzcoa	Construction	-	100%	3	(266)	(77)
Sainsol Energía, S.L.	Madrid	Energy	100%	100%	30	4	3
S.A.R.L. BTP ECISA Algerie	Algeria	Construction	-	49%	41	-	-
Sistemas de Automatismo y Control, S.A. (6)	Madrid	Construction	-	100%	2,196	(122)	(272)
Sociedad Promotora Inmobiliaria Margen Derecha, S.L.	Biscay	Real estate development	-	100%	18,000	(11,019)	(596)
Terlemudes, S.L.	Madrid	Real estate development	-	100%	310	550	-
Teslabarri, S.L.	Biscay	Real estate development	-	100%	3	-	-
Torres de la Alameda Investment, S.L.	Madrid	Real estate development	-	100%	3,409	(1,797)	(162)
Urbanijar Ibérica, S.L.	Madrid	Real estate development	-	60%	19,982	(17,665)	-
Urbas Belvalle, S.L.	Madrid	Real estate development	-	100%	9,535	-	-
Urbas Cienfuegos, S.L.	Madrid	Real estate development	100%	100%	3	-	-

Investee	Registered office	Business activity	% of ownership		Thousands of euros		
			Direct	Total	Share capital	Reserves	2020 profit/(loss)
Urbas Contratos y Proyectos, S.L. (*)	Madrid	Real estate development	-	100%	3	Not applicable	Not applicable
Urbas Desarrollos Empresariales, S.L.	Madrid	Real estate development	-	100%	87,651	-	(10)
Urbas Desarrollos Internacionales, S.L. (*)	Madrid	Real estate development	100%	100%	3	Not applicable	Not applicable
Urbas Entrenúcleos, S.L. (*)	Madrid	Real estate development	-	100%	5,863	Not applicable	Not applicable
Urbas Financial Invest, S.L.	Madrid	Real estate development	-	100%	3	113,276	-
Urbas Inversiones Finalistas y Desarrollos, S.L.	Madrid	Real estate development	-	100%	3	113,276	-
Urbas Luxco I S.a.r.l.	Luxembourg	Holding	-	100%	12	-	-
Urbas Outbound Developments, S.L. (*)	Madrid	Real estate development	-	100%	3	Not applicable	Not applicable
Urbas Contratos y Proyectos, S.L. (*)	Madrid	Real estate development	-	100%	3	Not applicable	Not applicable

(1) Financial statements for fiscal years 2021 and 2020 audited by Baker Tilly Auditores, S.L.P. and BSK Bask Consulting, S.L., respectively.

(2) Financial statements for fiscal years 2021 and 2020 audited by Baker Tilly Auditores, S.L.P. and Test Auditores Consultores, S.L., respectively.

(3) Financial statements for fiscal years 2021 and 2020 audited by Baker Tilly Auditores, S.L.P. and Deloitte, S.L., respectively.

(4) Financial statements for fiscal years 2021 and 2020 audited by Noras Silverio & Associados, SROC, Lda.

(5) Financial statements for fiscal years 2021 and 2020 audited by PKF Attest Servicios Empresariales, S.L.

(6) Financial statements for fiscal years 2021 and 2020 audited by Baker Tilly Auditores, S.L.P. and Lourdes Benavides Almela, respectively.

(6) Financial statements for 2020 audited by Lourdes Benavides Almela.

(*) Companies incorporated in 2021.

APPENDIX I.B – CHANGES IN THE SCOPE OF CONSOLIDATION

The main companies included in the scope of consolidation in 2021 are as follows:

ECISA Group

Subsidiary
ECISA Compañía General de Construcciones, S.A. (*)
ECISA Maroc, S.A.R.L.A.U. (inactive)
ECISA PAU Inmobiliaria Campello, S.L.
Fast Track industrial and logistic Services, B.V. (inactive)
Hispana de Instalaciones, S.A. Ingenieros Industriales
Iberactivos, S.L.U.
Inversiones Alfonso el Sabio, S.L.U.
S.A.R.L. BTP ECISA Algerie
Promociones Javali Futuro, S.L. (inactive)

(*) This entity has branches (permanent establishments) in Morocco and Algeria.

The Ecisa Group is a venturer to several JVs (UTEs) and equivalent entities (in other countries) or consortia.

JAUREGUIZAR Group

Subsidiary
Bayeu 2010, S.L.
Bidarte Gestión, S.L.
Inversiones Urdiales, S.L.
Irusta – Larraskitu AIE
Jaureguizar Promoción y Gestión Inmobiliaria, S.L. (*)
Jaureguizar Gestora, S.A.
Paseo de María, S.L.
Sociedad Promotora Inmobiliaria Margen Derecha, S.L.
Teslabarri, S.L.

The Jaureguizar Group is a venturer to various JVs (UTEs).

JOCA Group

Subsidiary
Áridos Novelda, S.L
Consultora de Construcciones, S.L.
Green Power Solutions, S.A.
GR4 PT, S.A.
Icadi Properties, S.A.
International Consultant & Adviser for Development and Innovation, S.L. (ICADI)
Intervias Construcciones, S.L. (**)
Joca Ingeniería y Construcciones, S.A. (*)
Joca Ingeniería y Construcciones Colombia
Joca Perú Ingeniería y Construcciones, S.A.
Sistemas de Automatismo y Control, S.A. (SACONSA)
Luz y Agua Extremadura, S.A.

The Joca Group is a venturer to several JVs (UTEs) and equivalent entities (in other countries) or consortia.

(*) This entity has branches (permanent establishments) in Portugal, Bolivia, Panama, Chile, Paraguay, Peru, Colombia and Ecuador.

(**) This entity has branches (permanent establishments) in Bolivia.

NALMAR Group

Subsidiary
Nalmar Estate, S.L.
Druet Real Estate, S.L.

URRUTIA Group

Subsidiary
Arkalanda Construcciones, S.A.
Construcciones Urrutia, S.A.

The URRUTIA Group is a venturer to various JVs (UTEs).

Other companies

Subsidiary
Alandalus Real Estate Gestión de Patrimonios, S.L.
Desarrollos Urbas Panticosa, S.L. (*)
Proyecto de las Brisas Vera, S.L. (*)
Promotora Geranio Alovera, S.L. (*)
Proyecto Inmobiliario P2 Azuqueca, S.L. (*)
Sainsol Energía, S.L.
Urbas Contratos y Proyectos, S.L. (*)
Urbas Desarrollos Empresariales, S.L. (*)
Urbas Desarrollos Internacionales, S.L. (*)
Urbas Outbound Developments, S.L. (*)

(*) Entities incorporated by Urbas Group in 2021.

APPENDIX II – JOINT OPERATIONS – JVs

ECISA Group

Joint ventures (UTEs) at 31 December 2021	% Integration
UTE EDAR Los Carrizales	50%
UTE Parque Empresarial Sagunto	12%
UTE Alicante Norte EPSAR	30%
UTE Depósito San Gabriel	75%
UTE Reurbanización Calle Elda	100%
UTE Viaducto autovía Alicante – Madrid	100%
UTE Trabajos en Andenes Estación de Palantordera	50%
UTE Catenaria Línea 2 TRAM	35%
UTE Red de Aguas Pluviales en la Calle Olimpo	50%
UTE Recinto Feria de Mayo de Torrevieja	50%
UTE Desdoblamiento carretera CV – 309 Sagunto	12%
UTE Remodelación y Mejora Centro Urbano Petrer	50%
UTE Mejora Infraestructuras en Centro Urbano Pilar de la Horadada	50%
UTE Vía Parque de Alicante	40%
UTE Proyecto Ejecución Ronda de Moncofar	50%
UTE Fase II Aeropuerto de Valencia	100%
UTE Instalaciones y Equipamiento del Parking de la Avda. de la Estación	50%
UTE Variante norte Pedralba carretera CV - 380	50%
UTE Conservación V-4 y V-7 Valencia	50%
UTE Instalación y Modernización de Construcciones de Regadío	50%
UTE Instalación y Modernización de Construcciones de Regadío	50%
UTE Conservación Castellón	50%
UTE Adecuación de Accesos AVE Madrid – Extremadura	50%
UTE Mejora y Modernización Regadío en CR Canal del Páramo (Sector I)	50%
UTE Reparación Daños Clase 1 Puentes y Viaducto Línea 1 y FGV	50%
UTE Estación Pozuelo	80%
UTE EDAR Canfrac	50%
UTE Rehabilitación Depósito Parque Fiesta del Árbol	67%
UTE Centro Cultural en el Polígono Industrial de Carrús	50%
UTE Instituto de Formación Deportiva UMH	65%
UTE Fontcalent SIEPSA	30%
UTE Mantenimiento Instalaciones ACS en Centro Penitenciario Dueñas	30%
UTE Diputación de Valencia	20%
UTE Sede Metro de Madrid	50%
UTE SEOR (Algerian branch of Spanish JV)	70%

JAUREGUIZAR Group

Joint ventures (UTEs) at 31 December 2021	% Integration
UTE Jaureguizar – ASAI Consulting	100%
UTE Fase A – Zorrozaure	30%
UTE Morlans	50%
UTE Mirador del Museo	50%
UTE Plaza del Gas	70%
UTE San Sebastián	50%
UTE Tecsa	X%
UTE Zorrozaure	40%

JOCA Group

Joint ventures (UTEs) at 31 December 2021	% Integration
UTE "La Olmeda"	50%
UTE Actividades y Cauces del Sur Parque Rabanales"	50%
UTE EATP Aljaraque	60%
UTE Colectores Cartagena	66.67%
UTE La Platina	44%
UTE FCC Hospital de Cáceres	50%
UTE Hotel Relais Chateaux	50%
UTE Puerto Vinaroz	50%
UTE Conservación A-66 II	50%
UTE AVE El Cuervo Jerez	50%
UTE Tranvía Chiclana	50%
UTE FCC Autovía Batán Coria	50%
UTE Palacio Plasencia II	50%
UTE AVE Villazopeque	50%
UTE Canal de Orellana	50%
UTE Guadiato	50%
UTE Tranvía Chiclana Subtramo Urbano	50%
UTE Son Rullán	75%
UTE Virgen de la Salud	20%
UTE FCC Villar Plasencia	30%
UTE Cadiar Yator	50%
UTE Puerto Orzola	30%
UTE Centro Penitenciario Chiclana	50%
UTE EDAR Los Palacios	50%
UTE Conservación Fuente Cantos	50%
UTE Conservación Cañaveral	50%
UTE ETAP Salteras	70%
UTE Conservación Malpartida	50%
UTE Comisaría Calatayud	80%
UTE Camino de Santiago	50%
UTE Parita	50%
Consorcio Changuinola (Panama)	100%
Consorcio Construcción Camino Sadina Toabre (Panama)	50%
Consorcio Rehabilitación Caminos Ocú (Panama)	45%
Consorcio Curundú (Panama)	100%
UTE Rehabilitación Antigua Harinera	70%
UTE Mejora Amarre Port Barcelona	40%
UTE Badajoz Sur Conservación	50%
UTE Conservación Plasencia	50%
UTE Aguas de Bonyic	50ç5
UTE EDAR Buenos Aires	50%
Consorcio "Alcantarillado Almirante" (Panama)	100%
UTE Muelle Prat Fase III	40%
UTE Conservación R4	35%
Consorcio Oficina Tribunal Electoral (Panama)	50%
UTE Galibo Fuente Oñoro	50%
UTE Pavimentación Vía Santiago Subregión Antioquia (Colombia)	25%
UTE Acueducto de Bogotá	27.50%
UTE Hospital de Emergencias COVID-19	50%
UTE Fresa de la Viñuela	50%
UTE Construcción Vía Estación Monistrol	33.33%
UTE Potabilizadora Baru	40%
UTE Presa Casasola	50%
UTE Presa El Limonero	50%
UTE Colegio Montesano Benageber	50%
UTE Colegio Maestro Serrano Mislata	50%
UTE Ciudad de Barcelona II	50%
UTE Equipamiento Embalse Los Hurones	50%

Joint ventures (UTEs) at 31 December 2021	% Integration
UTE EDAR Villacañas	100%
UTE Explotación Z9	50%
UTE Oeste Badajoz	50%
UTE EDAR El Bonillo	49%
UTE Perelada	50%
UTE EDAR Los Santos	50%
UTE Agua Salada	50%
UTE FFCC Mantenimiento Salamanca	40%
UTE FFCC Mantenimiento Salamanca II	40%
UTE Paradas Metro Granada	50%
UTE Ferrocarriles de la Generalitat	50%
UTE Subestaciones Tren Cochabamba	50%

MURIAS Group

Joint ventures (UTEs) at 31 December 2021	% of ownership
UTE AC Campo I	38.30%
UTE Aldakonea	50%
UTE Aranguren	
UTE Ardoi	70%
UTE Azitain – Maltazaga	50%
UTE Barañain	50%
UTE Buruntza	60%
UTE Canal Deusto	33.33%
UTE Centro Penitenciario	
UTE Cerramiento San Mamés	25%
UTE Civil Zubieta	33.33%
UTE Defensa Inundaciones Urumea	25%
UTE EDAR Canfranc	
UTE Elbarrena	50%
UTE Elejalde	30%
UTE Epeleco Planta	30%
UTE Estructura San Mamés	25%
UTE Fombera	
UTE Ganguren	22.5%
UTE GMG Zubieta	8.64%
UTE Goierrialdea	50%
UTE Hernialde Zizurkil	20%
UTE Hospital Uribe Kosta II	30%
UTE Hospitales	50%
UTE Ikastola	50%
UTE La Concha – Morlans	25%
UTE Muelle Deusto (Canal Deusto II)	33.33%
Planta Estabilización Tudela JV	45%
UTE Prolongación Muelle AZ1	
UTE Puentes Murias	33%
UTE Rochapea	50%
UTE Sede Metro	
UTE Tudela	
UTE Urduliz	50%

URRUTIA Group

Joint ventures (UTEs) at 31 December 2021	% Integration
UTE Arrasate Urrutia	50%
UTE Ekogi – Urrutia	50%
UTE Nuicon – Urrutia	25%

URBAS GRUPO FINANCIERO, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR THE YEAR 2021

1. WE ARE URBAS

The Urbas Group, whose parent company is Urbas Grupo Financiero, S.A., is comprised of more than 85 companies incorporated in 10 countries. Urbas has over 75 years' experience developing and building real estate property.

At present, Urbas has an outstanding strategic positioning and continues advancing its 2021-2024 business plan to become one of the key players in the real estate, construction and energy sectors.

Urbas follows an ascending growth trajectory and it is currently focused on creating value for all of its shareholders. The listed company has expanded its business scope considerably by implementing a very active acquisition policy through synergies with other companies aligned with its traditional business while restructuring its corporate financial debt.

Based on this inorganic growth approach, Urbas has reinforced its market share and increased its scope. Today it is the parent company of a number of companies that operate both in the domestic and international markets, running projects in Spain, Portugal, Bolivia, Panama, Colombia, Cuba, United Arab Emirates and Algeria. Today, Urbas is focused on an orderly organic growth, building major synergies and rationalising resources.

This expansion, diversification and internationalisation process has been clearly reflected on the Group's 2021 consolidated financial statements, with revenue amounting to EUR 201,552 thousand (2020: EUR 21,522 thousand), and pre-tax profit of EUR 65,650 thousand (2020: EUR 12,126 thousand).

2. CURRENT CONTEXT AND OUTLOOK

By early 2020 the Spanish economy had been on a positive growth trend for more than five years, sitting on more solid foundations vis-à-vis previous cycles, despite some lingering effects of the financial crisis. Compared to prior expansionary phases, the economic cycle that started in 2014 followed a more balance pattern, with Spain outperforming the main European partners free of external imbalances or price tensions and with households and companies having a sound financial position. However, the Spanish economy continued to drag some significant imbalances from the 2008-2013 financial crisis, with a high debt-to-GDP ratio, unemployment hysteresis, high job seasonality and growing income inequality.

Later on, the COVID-19 health crisis and its related measures upended the economic scenario. As the pandemic shifted from its epicentre in Asia to Europe in early 2020 and to the Americas in spring, the world's economic activity has gone through different phases.

The pandemic required a decisive response health wise and resulted in mobility and economic restrictions both in Spain and worldwide. These measures took a sudden and strong hit on the economy disrupting international value chains and curbing both supply and demand.

In Spain, like in most EU countries, the health crisis came along with an economic crisis caused, chiefly, by the shutdown and/or full stop of most economic activities.

The sectors where Urbas Group operates were affected as well. According to a KPMG report "Perspectivas España 2021 – Real Estate" (*Outlook in Spain 2021, Real Estate*), the real estate sector was amongst those hit the most by the pandemic. Although not all activities were impacted alike, real estate companies had to review their business plans to adapt them to the current context, which has sometimes led to financial stress. Nonetheless, the real estate sector is optimistic about its outlook for this year, despite the fact that the economy is not expected to pick up before 2022. The aforementioned report further states that real estate companies believe that the risk of a new real estate bubble in the next three years is far-fetched and most of them foresee an upturn in the acquisition of property.

The property market is expected to grow both on the new build and refurbishment sides. Yet, such growth will not be homogenous. To put it simply, new construction projects are expected to rise per se (demand is estimated to climb, whether demand for use or investment purposes), whilst refurbishment projects will be more reliant on the Recovery Plan stimulus.

Regarding new-build properties, production in 2020 fell by 11.1% with a reduced yet recoverable pipeline. Supply is far from saturation and prices do not yet pose a problem while public development projects are expected to rally. In this context, further adjustments may be expected in 2021 and 2022 with the market growing between 6% and 7%, therefore returning to pre-pandemic levels. Consequently, 2023 will be the first year when the market will truly show an upward trajectory that, based on a prudent stance, we estimate that it will grow by 3%.

According to "Euroconstruct Report of June 2021", the construction industry was affected less than others and the overall outlook for the sector in Spain is slightly more optimistic than in winter. Confidence in the economic recovery is rising after 2020 proved to be less dramatic than expected (-10.4%) and, despite the fact that 2022 started fraught with uncertainty, it is estimated that in the second half operations will be fully resumed and growth will stand at 5.5%. This pace could be sustained for one more year (6% by 2022), therefore returning to 2019 production levels, like the rest of Europe, where it is estimated that they will rise by 4.1% in 2021 and 3.4% in 2022. As from 2023 the economy is projected to grow less markedly (3.5%).

Civil engineering is one step ahead other subsectors as it was not so badly hit as others in 2020 (-6.6%). As a result of the "extra" push that the European Union economic recovery package (Next Generation EU Fund) could provide –whereby Spain would receive up to EUR 140,000 million, with EUR 72,000 million to be allocated directly to

transforming its productive fabric–, Urbas could be benefited, as one of its core activities is the construction of renewable energy and energy efficiency infrastructure, as well as sustainable railway and basic healthcare and hydraulic facilities.

It is estimated that these civil engineering subsectors will experience the greatest growth rising by 5.2% in 2021 and by 4.4% in 2022.

According to IMIE Index Report released in February 2020 by the independent valuation expert TINSA, in 2021 new property and second-house property prices rose by 6.2% year-on-year (at January 2022), the permits for new-build projects increased by 14.7% (at November 2021), mortgage loans grew by 26% (at November 2021), the sale of property went up by 32.9% a year (as per data by the National Institute of Statistics –INE– at December 2021), and unemployment fell by 20.12% down to 13.33% (as per data of the State Employment Service –SEPE– at January 2022).

In this regard, the latest sector-specific reports (Bankinter's Real Estate Analysis Report of 14 October 2021 and the Real Estate Investment & Financing Keys of February 2021) show that property prices "surprised on the upside" in the first half of 2021" (Bankinter).

Household gross income fell by one third compared to GDP (i.e. -3.3% against -9.9%) in 2020, when GDP dropped to 2016 levels. It is projected that household gross income will rise by 3.9% in 2022 against an estimated 6.9% GDP growth during 2022.

The foregoing is coupled by the fact that borrowing costs remain very low and up to 60% of new mortgage loans are tied to a fixed rate, thus hedging buyers against any future interest rate and Euribor hikes.

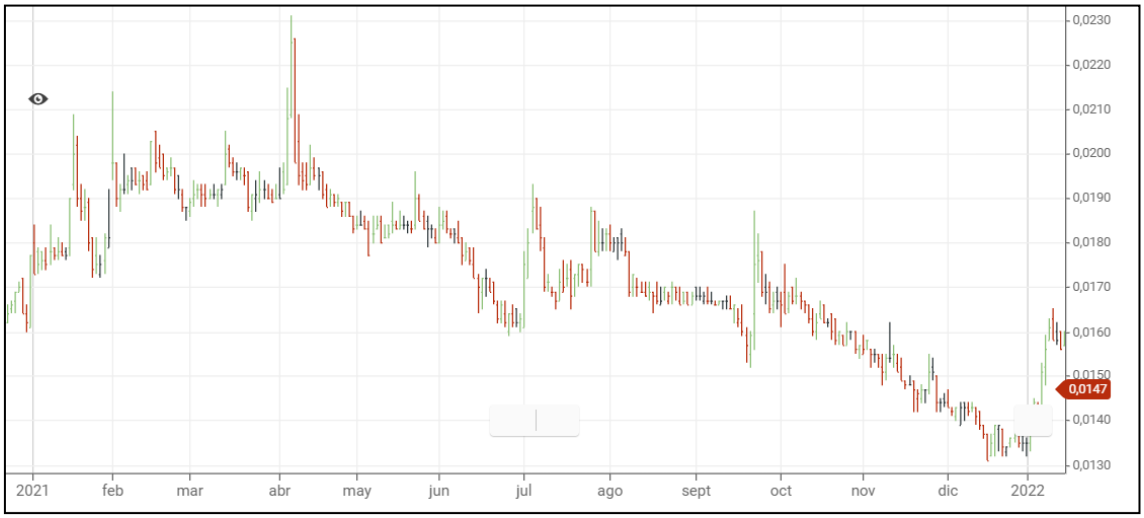
According to INE's active population survey, in the last quarter of 2021 the number of households also rose to 66,600, the total number standing at 18,990,000 (with 27.13% being single-family homes).

As to consumption, it is estimated to rally in 2022 and governments foresee that domestic demand will surge by 9.3% this year. Also, it is foreseen that GDP could grow 9.8% as a result of the positive impact of the Next Generation EU funds. GDP rose by 5% (up to EUR 1,202,994 million) exceeding the estimates of 4.5% of the Bank of Spain in mid-December 2021.

The Group's market value was affected by the COVID-19 health crisis.

In line with the widespread fall of the European stock exchanges, Urbas Group's share price fell from EUR 0.0068 on 2 March 2020 down to EUR 0.0036 on 16 March 2020, its lowest price in the past 30 years. It should be noted that the Spanish Government decreed the state of alarm and the population's lockdown on 14 March. However, the Group's share price began picking up gradually reaching EUR 0.0083 on 10 June 2020, EUR 0.017 on 21 September 2020, EUR 0.023 on 29 September 2020, and EUR 0.0177 at 2020 year-end.

In the first half of 2021 the share price reached its peak at EUR 0.0225 on 8 April, trading at its lowest closing price of EUR 0.0163 on 30 June. In the second half of the year, the Group's acquisitions of the companies Ecisa, Urrutia, Nalmar, Joca and Jaureguizar were announced to the market and published in its 2022-2024 business plan. On 1 July the share price closed at EUR 0.0175 and on 5 July at EUR 0.0188 (the highest price reported in the second half), ending 2021 at EUR 0.0135. The lowest closing price in 2021 was reported on 15 December at EUR 0.0131.



The Board of Directors of Urbas Group is certain that the substantial profit increase, the balance sheet growth, the wide range of activities and services, the synergies built, the corporate debt restructuring and the appointment of new Board members and of highly qualified and experienced senior management will clearly drive the Company's share price and performance.

Therefore, the Company is confident that the fulfilment of its business plan will benefit all its shareholders in the near future.

3. 2021 ACTIVITY

In 2020 and 2021 Urbas Group moved mainly in two directions: towards the diversification of its traditional real estate activity, as reflected by the acquisition of several companies with different corporate purposes; and towards the restructuring and reduction of its financial debt with national banks and investment funds.

On 23 March 2020 Urbas Group announced the acquisition of 100% of the iconic engineering and construction company **Construcciones Murias, S.A**.

The integration of Construcciones Murias boosted Urbas Group's revenue and enabled it to reinforce its business plan, diversify its activity and enter new markets. Also, it has resulted in the integration of a new activity that is complementary to Urbas Group, building new synergies with the Group's areas of expertise: real estate development, land management and earning assets management.

Also, in 2020 a new activity came into operation: "Energy and Industry", which emerged as a new segment after the acquisition of 100% of the entity Materiales Cerámicos Materias Primas, S.L. ("**Ksilan**"). As a consequence, a potassium-rich feldspar mine was added with proven reserves of 11 million tonnes that, according to borehole survey data, could be substantially more.

Such proven reserves are worth approximately EUR 660 million. It is estimated that the mine exploitation will commence in 2020-2023, with projected revenue in excess of EUR 10 million the first year.

In diversifying its traditional business lines, in 2021 the Group signed several corporate acquisition agreements whereby it purchased 100% of the share capital of:

- ✓ **Joca Ingeniería y Construcciones, S.A.** (contractual price: EUR 35,000 thousand paid by delivering EUR 2,800,000 thousand shares of Grupo Urbas Grupo Financiero) – over 500 employees and operations in Spain, Portugal, Panama, Bolivia and Colombia. Company specialised in civil works, water, gas and energy.

- ✓ **Ecisa Compañía General de Construcciones, S.A** (contractual price: EUR 26,275 thousand paid by delivering 2,101,961 thousand shares of Grupo Urbas Grupo Financiero) – over 100 employees and operations in Spain and Algeria. Company specialised in the construction of residential and unique buildings and maintenance, conservation and civil works.

- ✓ **Nalmar Estate, S.A.** specialised in residential development in Spain. This acquisition contributed 1 plot of land in Alicante and another plot in Almuñecar (Granada) with 49 housing units to be built, and a 50.70% ownership interest in Druet S.L., the owner of land for real estate development in Benalmadena and Calahonda, and another 38 housing-unit development in Almuñecar.

- ✓ **Sainsol Energía S.L.** (acquired at a fixed contract price of EUR 300 thousand paid by delivering 24,000 shares of Grupo Urbas Grupo Financiero, and at potential variable price). Company specialised in rooftop renewable energy installations for self-consumption.

- ✓ **Jaureguizar Promoción y Gestión Inmobiliaria S.L.** and **Sociedad Gestora de Viviendas, S.A.**, which entailed an investment of EUR 2 and the assumption of debt held by the Jaureguizar Group with its former shareholders amounting to EUR 4,635 thousand.

- ✓ **Alandalus Real Estate Gestión de Patrimonios, S.L.**, domiciled in Seville and involved in promotion and management of cooperatives, which has several social housing projects underway in Andalusia. Alandalus is primarily focused on the build-to-rent business with current projects in different development phases involving 620 homes for rental in Seville and Granada

Also, Urbas purchased 69.95% of the share capital of **Construcciones Urrutia, S.A.** (fixed contractual price of EUR 1 and a potential variable price of EUR 750 thousand). Company specialised in residential building with over 60 employees in Spain.

Such acquisitions resulted in the vertical integration of the development phase (Jaureguizar, Nalmar and Alandalus) and the construction phase (Joca, Ecisa, Murias and Urrutia) into the real estate cycle, with the aim of reducing costs and expediting construction terms, ultimately leading to operational and financial synergies.

As a result of these acquisitions, today Urbas runs the following lines of business:

3.1. Real Estate

Urbas Group's real estate business model is supported by these pillars:

- ✓ A clear and well-defined growth strategy based on the Company's strength: its know-how and expertise after over 70 years in the real estate business.
- ✓ A build-to-sell (BTS) and built-to-rent (BTR) approach.
- ✓ Cooperatives management.
- ✓ Housing targeted at medium-income level customers, thus reaching out to a larger target market.
- ✓ A portfolio of good quality land located in areas of high demand and rising prices that, at 31 December 2021, amounted to EUR 17.9 million square metres.
- ✓ A diversified project pipeline in areas with a high demand potential.
- ✓ A comprehensive process from design to development of each real estate product, including the definition of the sale strategy and monitoring of construction works.
- ✓ Construction capacity: direct control over quality, delivery times and costs.
- ✓ A differentiating marketing strategy, selling strength and in-depth knowledge of demand. A customer journey resulting in an extraordinary customer experience, including after-sale services.
- ✓ Quality, sustainability, innovation and technology applied to the management of processes and residential environments (creation, design, execution, materials and quality standards).

Real estate and land management are one of the pillars underpinning Urbas, with over 30,000 housing units having been developed and built and 17.9 million of square metres being ready to build over 17,000 units.

The Group's business plan foresees the delivery of 3,000 homes by 2024 in potentially high-demand areas such as Madrid and downtown Madrid, Guadalajara and Corredor del Henares, Basque Country, Malaga, Seville, Almeria, Granada and Huesca Pyrenees, in Panticosa.

Urbas is a well-established referent in the Spanish residential segment that boasts a new and different vision, performing projects that combine soundness, guarantee and professionalism with design, innovation and sustainability. Urbas's vision is fulfilled by a dynamic team of experts on the purchase and development of land and residential and

non-residential development, with strong management skills and in-depth knowledge of the real estate market.

The Company keeps a strategic positioning in its core segment: middle-class standard housing (primary residence). This positioning is also bolstered by its construction capacity, which enables it to keep direct control over the quality, terms and costs of the projects. Such activities are performed directly by the Company through its investees or on behalf of third parties on a cooperative basis.

At 31 December 2021 the Group had **28 operational developments** in Seville, Granada, Almeria, Malaga, Guipuzcoa, Biscay, Guadalajara and Huesca, encompassing 2,483 housing units and a **hall of residence** (Montequinto Estudiantes) accommodating 351 students in 234 rooms in Dos Hermanas, Seville.

It is estimated that revenue from real estate developments will total EUR 322,956 thousand (EUR 304,336 thousand on account of the sale of housing units and EUR 18,620 thousand on account of cooperatives management fees).

A 190, 000 sq. m project in **Meco-Madrid is also underway for the development of logistic facilities** with revenue estimated to reach EUR 25,261 thousand.

	Nº promociones *(En unidades)*	Provincia		Nº de viviendas cartera de promociones *(En unidades)*	Licencia / obra / entega	Ingresos estimados *(En miles de euros)*	Honorarios de gestión (promociones en regimen de Cooperativa)	Nº de viviendas cartera de preventas *(En unidades)*	Nº de viviendas vendidas *(En unidades)*
	1	Guadalajara	Azuqueca p2 F2	98		18.364			
	1	Vizcaya	Zorrozaurre (RZ-4) Cooperativa	89			2.958		
	1	Guipuzcoa	Buenavista	30		8.303			
Promociones en diseño	**3**			**217**		**26.667**	**2.958**	**-**	**-**
	1	Vizcaya	Erandio (Murias) COOPERATIVA	150	Pendiente licencia		1.741		
	1	Guadalajara	Azuqueca p2 F1	98	Pendiente licencia	17.344		9	
	1	Sevilla	Montequinto Estudiantes			14.714			
Promociones en pre-comercialización	**3**			**248**		**32.058**	**1.741**	**9**	**-**
	1	Vizcaya	Zorrozaurre (RZ-5) Cooperativa	233	Pendiente licencia		4.714	151	
	1	Vizcaya	Mendizadi (Larraskitu) Cooperativa	119	Pendiente licencia		2.720	79	
	1	Vizcaya	Via Vieja de Lezama (Uribarri) Cooperativa	40	Pendiente licencia		582	11	
	1	Vizcaya	ZorrozaurRe (RZ-13) (*) Cooperativa	172	Obras		2.467		171
	1	Vizcaya	Larrabizker (Mungía) (**) Cooperativa	94	Obras		1.356		94
	1	Guipuzcoa	Usurbil VPO (***)	46	Obras	7.339			45
	1	Guipuzcoa	Usurbil VPT (***)	46	Obras	8.847			46
	1	Guipuzcoa	Usurbil VL -edificio F 1ª fase (***)	28	Obras	8.782			27
	1	Guipuzcoa	Usurbil VL Edificio E 2ª fase (****)	28	Obras	8.400			23
	1	Vizcaya	RZ4 BTR	230	Pendiente licencia	66.000			
	1	Guadalajara	Alovera	52	Pendiente licencia	8.165		-	
	1	Guadalajara	Campiña	51	Con licencia	9.540		2	
	1	Huesca	Panticosa	42	Pendiente licencia	11.590		6	
	1	Malaga	Cancelada	21	Obras	5.405		1	
	1	Almería	Vera	15	Con licencia	5.200		8	
	1	Malaga	Benalmadena	32	Pendiente licencia	9.600		4	
	1	Granada	Almuñecar Fase 1	38	Obras	14.000			27
	1	Granada	Almuñecar Icon Marina Fase 2	49	Con licencia	17.450			8
	1	Sevilla	Alcalá de Guadaira (Alcalá 1)	132	Con licencia	12.820			
	1	Sevilla	Montequinto fase 2	185	Pendiente licencia	24.864		-	
	1	Sevilla	Montequinto fase 1	197	Pendiente licencia	27.609		-	
Promociones en comercialización	**21**			**1.850**		**245.611**	**11.839**	**262**	**441**
	1	Vizcaya	Rompeolas, S.COOP. Santurtzi Cooperativa	168	Entrega		2.082		168
Promociones en entrega	**1**			**168**		**-**	**2.082**	**-**	**168**
TOTAL	**28**			**2.483**		**304.336**	**18.620**	**271**	**609**

(*) Works started in 2021.

(**) Construction work completed in November 2021.

(***) Estimated completion date: March 2002.

(****) Estimated completion date: December 2022.

Land management activities consist in purchasing plots of land –of whichever classification– for their transformation and/or subsequent sale. The transformation phase includes the design and filing of the relevant paperwork to change the property use and/or current planning, therefore rendering the land suitable for building or sale. The aim is to continue working with a focus on urban development planning and management on the Group's land to add value and start works as soon as possible. Following this approach, the Group will gradually add ready-to-develop or -to-sell land to its portfolio.

Annual revenue from asset management totals EUR 4 million on average arising from the management of 6 shopping centres throughout Spain (1 in Madrid, 2 in Andalusia and 3 in the Basque Country), with a total surface area of 55,743 sq. m and an average occupancy of 63%, 3 cinemas in Logroño and the Basque Country (28 cinema rooms), 1 car park with 140 parking spaces in Lasarte-Guipuzcoa and 20 commercial establishments in Madrid, the Basque Country and Valencia covering 5,523 sq. m, and 2 office buildings (Vitoria and Alicante) of 4,847 sq. m in total. The Group manages 149 apartments under different agreements.

Also, in early 2022, Urbas positioned itself in the residential care home segment as a result of a strategic agreement reached with the Belgian SOCIMI (REIT) "Care Property Invest", with the aim of developing turnkey projects with a potential value of EUR 140 million.

3.2. Construction

This activity includes construction and refurbishment work performed for Urbas Group and for third parties resulting in civil works and residential property construction projects for sale or rental.

In addition, Urbas Group will contribute part of its own backlog to its new subsidiaries in order to boost their business plans and foster their expansion nationwide.

In 2021 revenue from the construction segment amounted to EUR 184,471 thousand.

At 31 December 2021 Urbas Group had a portfolio of completed awarded projects, in progress and pending execution, worth EUR 478,174 thousand, with 70.38% being national and 29.62% international. Such portfolio is comprised of 56% public clients against 44% private clients.

3.3. Energy and Industry

It comprises the activities relating to renewable energies (development of self-consumption energy installations for households and industries) and mining (extraction of minerals for various purposes).

As mentioned above, in 2020 100% of "Materiales Cerámicos Materias Primas" (a potassium-rich feldspar mine in Silan, Lugo, under the trade name of "Ksilan") was purchased while "Sainsol Energía S.L." was acquired in 2021.

In 2021, revenue from this line of business amounted to EUR 1,156 thousand.

3.4 International business

Urbas Group's business consolidation is an ongoing process that consists in leveraging itself on the synergies of all its companies through the branches in place so they can all identify, propose and run any kind of projects within the Group's business scope, that is: real estate, construction (in the broadest sense), renewable energies and industrial.

Until the second half of 2020 Urbas Group's international business was mainly focused on developing real estate activities with an opportunistic approach. Such a strategy consisted in analysing business opportunities arising from an international contact network, and participating in real estate activities through reliable local partners by creating vehicle companies for land development in order to mitigate local risks and align with the local partners' interests.

Through the incorporation of the construction company Murias in the first quarter of 2020, target projects were extended to construction works where Murias specialists could create value for the local partners in performing their activity. The search for civil engineering projects for Murias was mainly focused on projects financed by multilateral bodies (primarily, the EBRD, IADB, the World Bank and the Asian Development Bank).

This strategy resulted in two large projects: the development of the Cienfuegos tourist complex in Cuba and the development of mixed-use buildings in Dubai. Both projects share a common characteristic, that is, the land is provided by the owners, which are publicly-owned companies; therefore, they are considered public-private partnerships.

In addition to these projects, market research in other countries has been conducted and remains in progress in the following markets: Saudi Arabia, Oman, Bangladesh and Bosnia-Herzegovina. Different operations have been analysed according to the financing possibilities available in each market.

The incorporation of the construction companies Joca and Ecisa to the Group has contributed international projects in progress together with their own international development plans and built-up experience that adds great value to Urbas Group as an international corporation.

Ecisa brings in a project pipeline currently in progress in Algeria, as well as prior experience in Qatar and Chile.

Joca, in turn, has a strong international footprint with a project pipeline in Portugal, Panama, Colombia and Bolivia and a track record of projects performed in Peru and Ecuador in the past.

In addition to their construction activity, these companies also contribute diverse brands that supplement projects in high value-adding sectors such as water and sewerage, gas supply, railway construction and facilities. Altogether they produce manifold maintenance and operation contracts in addition to the traditional construction

contracts. Such added value has positioned these companies as a benchmark in those countries, giving the Group great strength to undertake projects overseas.

At present, Urbas Group has four international hubs for marketing and executing projects in three continents:

- ✓ Colombia: also covering the markets of Panama, Mexico, Costa Rica and Dominican Republic.
- ✓ Bolivia: also covering Paraguay, Peru, Ecuador and Chile.
- ✓ Algeria: that covers northern Africa.
- ✓ Saudi Arabia: covering the Middle East including Egypt.

Additionally, follow-up activities on the projects run in Cuba and other countries are performed by the central office in Madrid, until the relevant subsidiaries are established. Portugal is considered to be part of the Iberian market.

In 2021 the international business accounted for 18% of the Group's total revenue with the following distribution: Latin America (EUR 26,599 thousand), Africa (EUR 559 thousand) and rest of Europe (Portugal: EUR 8,994 thousand).

4. PROFIT FOR THE YEAR 2021

After the aforementioned corporate acquisitions, Urbas Group's **revenue** in 2021 totalled EUR **201,552** thousand (2020: EUR 21,522 thousand), **profit from operations** stood at EUR **15,561** thousand (2020: EUR 7,270 thousand), and **profit before tax** reached EUR **65,650** thousand (2020: EUR 12,126 thousand).

The **basic and diluted earnings per share** rose year-on-year standing at EUR 0.00174 and EUR 0.00171 per share, respectively (2020: EUR 0.00029 and EUR 0.00029 per share, respectively).

By **operation segment**, revenue in 2021 was as follows: Real Estate: EUR 15,926 thousand; Construction: EUR 184,471 thousand; and Energy and Industry: EUR 1,156 thousand.

Urbas's EBITDA totalled EUR 22,245 thousand (2021: EUR 8,594 thousand). Excluding the figures of the interrupted activities and effects of significant income and expense line items that may have an impact on the Company's profit, such as financial restructuring or operating costs, excess provisions, legal and counsel expenses relating to business combinations and/or restructuring costs, **adjusted EBITDA** for 2021 totalled **EUR 25,877 thousand** (2020: EUR 5,702 thousand).

At 31 December 2021 and at consolidated level the following figures were reported:

- ✓ **Total assets** amounted to EUR **1,170,798** thousand (2020: EUR 610,324 thousand);
- ✓ **Working capital** (working assets less working liabilities) stood at EUR **467,307** thousand (2020: EUR 297,966 thousand);

- ✓ The **market value of real estate assets** (Gross Asset Value or GAV) stood at EUR **801,370** thousand (2020: EUR 603,288 thousand);
- ✓ The Group's **land portfolio** totalled EUR 17.9 million square metres;
- ✓ **Equity** reached EUR **587,259** thousand (2020: EUR 332,547 thousand).
- ✓ **Paid-in capital** amounted to EUR **434,511** thousand (2020: EUR 346,395 thousand); and
- ✓ **Net financial debt** stood at EUR **239,139** thousand, including the financial debt incurred in the corporate acquisitions performed over the year (2020: EUR 211,743 thousand). In 2021, **Urbas reduced its total financial debt by EUR 161 million**; as a result, its debt ratio improved against 2020 standing at 39.8% (2020: 63.8 %).

5. FINANCING AND RESTRUCTURING OF FINANCIAL DEBT

Regarding new financing facilities obtained by Urbas Group, noteworthy is the formalisation of a line of credit totalling EUR 80 million in 2020 through a financing agreement with the investment fund Roundshield Partners LLP (an entity authorised and regulated by the Financial Conduct Authority – FCA) for a minimum term of 24 months and a maximum of 48 months, tied to an annual payable interest rate of 10%.

To this end, mortgage guarantees have been raised on certain real estate assets of Urbas Group. Such financing was intended to refinance the existing debt and carry out certain real estate developments.

The formalisation of this line of credit was key and strategic for Urbas. On the one hand, it has made it possible to negotiate and rearrange the corporate financial debt held with banks and investment funds. On the other, it has enabled the Group to kick off the business plan of the real estate development activity, which is already underway.

Also, in the second half of 2021 a line of credit with the fund Global Tech Opportunities 10 (a fully-owned subsidiary of WGTO Securitization Fund) was executed for EUR 42,800,000 that will be available up to 30 months. At 31 December 2021 the first and second tranche had been drawn down in the amount of EUR 7,800 thousand through the issue of 780 convertible bonds (with a par value of EUR 10,000 each). At 31 December, a total of 280, 140 and 10 bonds had been converted into 186,667 thousand, 100,000 thousand and 7,143 thousand shares, respectively (issued and registered, of which 186,667 thousand are being traded and the rest are pending to be admitted to trading).

With regard to the reduction and restructuring of the financial debt held with banks and various investment funds, **Urbas has reached agreements that have enabled it to amortise a total of EUR 153 million of such debt in the first 9 months of 2021**, through the settlement of EUR 28 million, the delivery of assets amounting to EUR 2 million, the capitalisation of debt that was either enforced and/or agreed in the amount of EUR 49 million, and a financial debt release of EUR 73 million resulting in finance income for the same amount.

Also, Urbas **amortised a portion of its financial debt in the last quarter of 2021 totalling EUR 8 million** through the delivery of assets and a financial debt reduction of EUR 3.9 and EUR 4.1 million, respectively.

Worth mentioning is the agreement reached with SAREB on 30 June 2021, which was formalised on 21 September 2021 and resulted in the payment of EUR 10,730 thousand and a debt release or forgiveness of EUR 35,904 thousand (finance income), the debt held with said entity at 31 December 2021 amounting to EUR 6,500 thousand to be repaid in 2024 (tied to a 2% interest rate with the possibility of turning it into shares of the Group at SAREB's choice).

Also, the Annual General Meeting held on 6 August 2021, in accordance with Section 319 of the Mercantile Register Regulations and Article 511 of the Consolidated Spanish Companies Law, resolved to issue standard bonds and debentures –convertible and/or exchangeable for shares of Grupo Urbas Grupo Financiero, once or several times up to EUR 200 million in aggregate. This authorisation delegated on the Board of Directors shall be valid for a 5-year term and shall entitle the Board to set the conditions thereof in accordance with the conversion bases agreed by the Annual General Meeting and to increase capital if so required by such conversion, excluding shareholders' pre-emptive rights.

The Board of Directors shall not issue more than EUR 200 million in aggregate nor shall each issue make it mandatory to approve a capital increase in excess of 29% of the total equity resulting therefrom.

After the financial debt repayment and restructuring in 2021 and the consolidation of the newly-acquired companies' debt, exclusively linked to the execution of projects, Urbas continues analysing different options for:

- ✓ obtaining new national and international lines of credit;
- ✓ continuing to restructure and finance its financial debt resulting from the acquisition of companies; and
- ✓ issuing fixed-income securities, both in the short term (commercial papers) and in the long term (bonds).

6. SHARE CAPITAL STRUCTURE

The Annual General Meeting held on 6 August 2021 authorised the Board of Directors to increase the Company's share capital pursuant to Article 297.1b) of the Spanish Companies Law, up to the legally permitted amount, with the possibility of excluding pre-emptive subscription rights, once or several times, within the maximum term of 5 years as from the AGM resolution. This delegation of powers for capital increase excluding pre-emptive subscription rights shall not encompass more than 20% of the share capital at the time of authorisation thereof.

In this regard, the Annual General Meeting held on 6 August 2021 authorised the Board of Directors to increase the Company's share capital up to EUR 155,437,744.23 by compensating credits that meet the requirements set out in Article 301.1 of the Spanish Companies Law, strictly complying with the terms and conditions approved. The Board of Directors was therefore granted the powers to carry out the capital increase agreed within a maximum term until 31 December 2022, establishing the effective capital increase date by credit compensation to take place on one or several dates through the formalisation of the relevant deeds of capital increase.

Based on the aforementioned authorisation, on 17 September 2021 a capital increase by credit compensation was performed (including those arising from the aforementioned corporate acquisitions) in the nominal amount of EUR 85,177,761.99, plus a share premium of EUR 21,294,440.51, the total amount being EUR 106,472,202.47 (EUR 48,965,541.76 to be formalised in 2022).

These shares will be registered with the Mercantile Register to be subsequently admitted to trading.

In addition to reinforcing the Company's shareholders' equity, this capital increase allowed for the entry of new significant shareholders into the Company, who will undoubtedly contribute to the Group's stability and diversification and to Urbas's expansion and internationalisation. Also, and based on the financing agreement with the fund Global Tech Opportunities 10, the following capital increases were carried out:

On 6 August 2021 the share capital was increased by converting 280 bonds through the issuance of 186,666,666 new shares with a par value and a share premium of EUR 2,800 thousand. These shares are registered with the Mercantile Register and have been admitted to trading.

On 22 September 2021 the share capital was increased by converting 10 bonds through the issuance of 7,142,857 new shares with a par value and a share premium of EUR 100 thousand. These shares are registered with the Mercantile Register and are pending to be admitted to trading.

On 1 December 2021 the share capital was increased by converting 140 bonds through the issuance of 100,000,000 new shares with a par value and a share premium of EUR 400 thousand. These shares are registered with the Mercantile Register and are pending to be admitted to trading.

After the aforementioned capital increases, at 31 December 2021, the share capital registered with the **Madrid Mercantile Registered totalled EUR 434,511,277.38**, consisting of 43,451,127,738 shares of EUR 0.010 par value each.

Equity shares above 3% (both direct and indirect) at 31 December 2021, as per the filings made with the CNMV, were as follows:

- ✓ Mr Juan Antonio Ibáñez Fernández, directly through the Dutch entity DARIVENIA MARKETS, BV, controlled by Ms María Pilar López Vegas, the spouse of Mr Juan Antonio Ibáñez Fernández: 20.770%.

- ✓ Mr Juan Antonio Acedo Fernández, indirectly through the Dutch entity QUAMTIUM NETHERLANDAS BV, controlled by the company QUAMTIUM VENTURE S.L., fully owned by Ms Pilar San Segundo López, the spouse of Mr Juan Antonio Acedo Fernández: 20.770%.

- ✓ Compañía Alza Real Estate, S.A., direct owner of 14.287 % of the share capital and indirect owner of 0.005% thereof.

- ✓ Mr José Antonio Bartolomé Nicolás, indirect owner through the companies Euro Cometa, S.L., Desarrollos Imicos, S.L., Arrendaplus, S.L. and Rentas Madrid Capital, S.L. of 4.054% of the share capital.

- ✓ H.H. Sheik Mohamed Bin Khalifa, indirect owner through the entity Al Alfia Holding LLC of 4.849% of the share capital.

- ✓ Mr Alberto Aragonés Monjas, indirect owner through the company Rialpa's World, S.L. of 6.512% of the share capital.

In 2021 a total of 7,607,180,502 shares were traded, tantamount to EUR 143,147,868.85 in cash. Such volume of traded shares implies a turnover of 3.52 times the share capital admitted to trading over the period.

The major **shareholders' agreements** are as follows:

- ✓ At the Board meeting held on 30 April 2021, the shareholder agreement between the Company and the entities Darivenia Markets S.L. and Quamtium Venture S.L. was renewed, these entities being two controlling shareholders thereof. As a result, the term of the agreement was extended until 31 December 2021. The aforementioned shareholders thus proposed to contribute to the Company's stability and leveraging. The agreements to settle the aforementioned payments and obligations resulted in the granting of a certain equity interest in Urbas Group by way of consideration.

- ✓ On 19 October 2021 a shareholder agreement was executed between Robisco Capital Markets, S.L., indirect holder of 20.77 % of the Company's share capital, and Rialpa's Word S.L., which holds 6.52% thereof after the acquisition of the construction group Joca and the approval of the Company's last capital increase. In accordance with said agreement, both parties shall exercise their voting rights individually at the Annual General Meeting. Should no agreement be reached between the parties, Robisco Capital Markets, S.L.'s criteria shall prevail (i.e. Mr Antonio Ibáñez Fernández).

- ✓ On 22 November 2021 a shareholder agreement was executed between Quamtium Ventures, S.L., indirect holder of 20.770% of the Company's share capital, and Al Alfia Holding, LLC, which holds 4.849% thereof after the acquisition of the construction group Ecisa and the lodging of the Company's last capital increase with the Mercantile Register. In accordance with said agreement, both parties shall exercise their voting rights individually at the Annual General Meeting. Should no agreement be reached between the parties, Quamtium Ventures, S.L.'s criteria shall prevail (Mr Antonio Acedo Fernández).

7. TREASURY SHARES

At the Annual General Meeting of 6 August 2021 the Board of Directors was authorised to buy back treasury shares either directly or through one or more affiliates or investees within the limits, requirements and hypotheses permitted by law.

Said authorisation shall be valid for a 5-year term as of the date of this Annual General Meeting and shall be subject to the fulfilment of all other applicable legal requirements. Furthermore, it shall be performed solely under a buy-back or a stabilisation programme pursuant to the CNMV Regulations on market abuse or Circular 1/2017 on liquidity contracts.

At 31 December 2021 Urbas did not hold any treasury shares nor did it perform any transactions with treasury shares during 2021.

8. BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Pursuant to the resolution adopted by the Annual General Meeting on 19 July 2016, the Company's Bylaws were amended to comply with Act 31/2014 of 3 December. Section 16b of the Bylaws and Section 19 of the Board Regulations state that it is the duty of the Annual General Meeting of Grupo Urbas Grupo Financiero S.A. to appoint the members of the Board of Directors, ratify any interim appointments made by the Board and revoke any such appointments.

Section 20 of the Company's Bylaws sets forth that the Board of Directors shall be comprised of the number of Directors to be established by the Annual General Meeting, which shall not be less than five nor more than ten and who, in turn, shall elect the Chairman and the Secretary. By the same token, Article 211 of the Spanish Companies Law states that "should the corporate bylaws establish only a minimum and a maximum number, the AGM shall determine the number of directors within the limit set forth by the law". The Annual General Meeting held on 6 August 2021 resolved to set the number of directors at nine.

The Chief Executive Officer holds broad representation and management powers to attend to the Company's and the Group's ordinary matters. At the Board meeting held on 14 January 2019, QUAMTIUM VENTURE, S.L. was appointed as the Company's CEO.

The Board of Directors of Urbas has changed based on the resolutions adopted by the Annual General Meeting held on 6 August 2021 whereby the number of non-executive directors was increased. Therefore, at the reporting date of these consolidated financial statements, the Board composition was as follows:

- ✓ Chairman QUAMTIUM VENTURE, S.L., represented by Juan Antonio Acedo Fernández
- ✓ Director: SANZAR ASESORÍA S.L., represented by Ignacio María Florentino Checa Zavala
- ✓ Director: Luis Ramos Atienza
- ✓ Director: Adolfo José Guerrero Hidalgo
- ✓ Director: Pablo Cobo Moral
- ✓ Director: Jesús García de Ponga
- ✓ Director: Alberto Aragones Monjas
- ✓ Director: Jaime Polanco Soutullo
- ✓ Director: Joao Jose de Gouveira

Furthermore, Urbas has reinforced its management team by appointing highly regarded senior management members in December 2021 with the aim of implementing its 2021-2024 business plan. See Note 29.2 "Senior Management" in the consolidated financial statements for 2021.

8. RISK MANAGEMENT

See Note 12 "Our risk management" in the consolidated financial statements for 2021.

9 R&D&I

Neither the Parent Company nor the consolidated Group incurred any expenses on this account during 2021.

9. AVERAGE PERIOD OF PAYMENT TO SUPPLIERS

See Note 22 "Trade and other payables" in the consolidated financial statements for 2021.

10. STATEMENT OF NON-FINANCIAL INFORMATION

The non-financial information and diversity-related information required by Act 11/2018 is disclosed in the consolidated Non-financial Information Statement that is an integral part of the consolidated Directors' Report of Urbas Group and is attached as an appendix hereto. Furthermore, it is also available on the Company's website (www.grupourbas.com) and on the CNMV's website (www.cnmv.es).

11. ANNUAL CORPORATE GOVERNANCE REPORT AND ANNUAL REPORT ON DIRECTORS' REMUNERATION

Pursuant to Article 538 of the Spanish Companies Law, the consolidated Directors' Report includes the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration as a separate section. Said reports are an integral part of the consolidated Directors' Report and are attached as an appendix hereto. They are also available on the Company's website (www.grupourbas.com) and on the CNMV's website (www.cnmv.es).

12. EVENTS AFTER THE REPORTING PERIOD

See Note 32 "Events after the reporting period" in the consolidated financial statements for 2021.

CERTIFICATE OF AUTHORISATIO FOR ISUE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONSOLIDATED DIRECTORS' REPORT FOR THE YEAR 2021

The Board of Directors of Urbas Grupo Financiero, S.A. hereby certifies:

That the consolidated financial statements and the consolidated directors' report for the year 2021, as initially prepared on 31 March 2022, were restated by the Managing Body in order to report the novation agreements signed with Rialpa's World, S.L. and Mr Alberto Aragones Monjas, based on the accounting records of the entity and its subsidiaries pursuant to applicable standards. Likewise, the accounting information contained in the consolidated directors' report matches that contained in the entity's consolidated financial statements for the year 2021.

That the consolidated financial statements present a fair view of Urbas Group's equity and financial position at 31 December 2021, as well as of the consolidated results of the fiscal year then ended. It is further stated that the amounts contained in the consolidated statements of cash flows are true.

That the foregoing documents (the consolidated financial statements and the consolidated directors' report) are transcribed hereinabove and have all been signed by the secretary of the Board of Directors.

That, in compliance with Section 37 of the Code of Commerce and Article 253 of the Consolidated Spanish Companies Law, said documents were unanimously authorised for issue by the Board of Directors at the meeting held on 28 April 2022.

That the aforementioned documents will be submitted to approval by the Annual General Meeting, if applicable, in compliance with Article 164 of the Consolidated Spanish Companies Law.

In witness thereof, all the directors stamp their signatures hereunto:

Chairman QUAMTIUM VENTURE, S.L. (represented by Juan Antonio Acedo Fernández)	Director: PABLO COBO DEL MORAL
Director: ADOLFO JOSE GUERRERO HIDALGO	Director: SANZAR ASESORÍA, S.L. (represented by Ignacio Checa Zavala)
Director: JOAO JOSE DE GOUVEIA (signed by proxy by Juan Antonio Acedo Fernández, as he was abroad at the time of this formalisation)	Director: LUIS RAMOS ATIENZA
Director: JESÚS GARCÍA DE PONGA	Director: JAIME DE POLANCO SOUTULLO (signed by proxy by Ignacio Checa Zavala, as he was abroad at the time of this formalisation)
	Non-director Secretary: Manuel Jesús Martínez y López