Global Dominion Access, S.A. and subsidiaries

Audit Report,
Consolidated Annual Accounts at 31 December 2020
and Directors' Report for 2020

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

Independent auditor´s report on the consolidated annual accounts

To the shareholders of Global Dominion Access, S.A.:

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Global Dominion Access, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at December 31, 2020, and the income statement, statement of other comprehensive income, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at December 31, 2020, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

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

Key audit matters

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

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Key audit matters	How our audit addressed the key audit matter
Recovery of goodwill	
The Group's goodwill represents a substantial part of its assets, amounting to €301 million at year-end. As indicated in Notes 4.1.a) and 7 to the accompanying consolidated annual accounts, the Group carries out tests on the recoverability of the amounts recorded under this consolidated balance sheet heading on an annual basis. Such impairment testing is based mainly on estimated cash flows of the cash generating units (value in use) to which the assets analysed relate and therefore require that Group Management makes judgements and significant estimates. These estimates include, among other things, expectations regarding sales, EBITDA on sales, growth rate projections, estimates of discounts rates in order to calculate the present value of cash flows, etc. The most important assumptions used by the Group in its analysis are summarised in Note 7 to the accompanying consolidated annual accounts. Deviations in these rates and estimates trigger significant variations in the calculations performed and therefore in the analysis of the recoverability of goodwill. Considering the relevance of the judgments and estimates made by management, the analysis of this area is a key matter in our audit.	First, we gained an understanding of the internal process used by Group Management to test goodwill for impairment, verifying the calculation criteria applied for consistency and the methodology of value in use established in the applicable regulations. For cash flows, we checked not only the calculations made but also the projected annual cash flows, based on the plans and budgets approved by Group Management, against those actually obtained, and we analysed the key assumptions used to determine the growth rates and proyected EBITDA on sales, verifying them against available comparables (historical results and sector margins) and analysing, if appropriate, their reasonableness using available third-party contracts or agreements. Regarding the discount rates applied, those were assessed with the collaboration of our firm's experts team. For the sensitivity analyses disclosed in the notes to the accompanying consolidated annual accounts, we have verified the reasonableness of the calculations made and the coherence of the variations and assumptions taken into account with respect to possible changes. As a result of our analysis and tests performed, we consider that Group Management's conclusion concerning the absence of impairment of goodwill, the estimates made and the information disclosed in the accompanying consolidated annual accounts are adequately supported and are consistent with the information currently available.

Key audit matters	How our audit addressed the key audit matter
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Revenue recognition on contracts corresponding to long-term complex projects in the B2B Projects 360º segment	
In its B2B Projects 360º segment, (Notes 1, 5 and 24 to the accompanying consolidated annual accounts), the Group operates in certain circumstances under long-term complex contracts which may include different execution or performance obligations to be carried out in different periods. In 2020 the revenue recognised on these complex contracts amounts to €102 million. As indicated in Notes 2.21.b) and 4.1.c) to the accompanying consolidated annual accounts, the Group recognises revenues on these long-term complex contracts using the percentage of completion method, based on the percentage of total costs incurred with respect to total estimated costs of the contract performance obligations. The accounting recognition of revenues under these contracts requires Group Management to apply judgements and significant estimates when both interpreting the contracts and estimating costs and the percentage of completion. Group Management's judgements in analysing the contracts, the assumptions taken into account and in the estimates made have a significant impact on the recognition of revenues recognised in the Group's consolidated annual accounts, therefore we consider this area a key matter in our audit.	Our analysis mainly consisted of: • Understanding the specific contract terms and conditions and checking the Group's understanding on them. • Understanding the requirements, responsibilities and performance obligations assumed by the Group. • Looking at the contract price and its assignment to each performance obligation. • Verifying the criteria applied by the Group to estimate margins on the contract for each performance obligation and the percentage of completion used. • Analysis of possible deviations, if appropriate, of work in progress for the main projects and its corresponding impacts on revenue recognition. • Performance of tests of verification using supporting documentation of the costs incurred and the level of completion of performance obligations. • Evaluation of the calculations performed to determine the level of completion of the work and verification of the accounting recognition of collection rights and revenue recognised in 2020 and accumulated at the end of the reporting period. Based on our analysis and tests performed, in the context of our audit, we verify that the accounting criteria, the estimates and calculations carried out by the Group to determine recognition of income for these complex long-term contracts are consistent with the evidence obtained.

Key audit matters	How our audit addressed the key audit matter
Recoverability of deferred tax assets	
The Group recognises deferred tax assets amounting to €46 million as non-current assets (Notes 2.18.b), 4.1.d) and 21 to the accompanying consolidated annual accounts), which recovery depends on the generation of taxable income in future years. Recovery of these deferred tax assets is analysed annually by the Group by estimating the tax bases for the next years. The estimation of future tax bases is based on the business plans of the different Group companies and the planning possibilities permitted under applicable tax legislation. Taking into account the different tax groups in which the Group companies are taxed (Note 2.18.a)) to the accompanying consolidated annual accounts. Therefore, the conclusion concerning the recovery of the deferred tax assets recognised on the consolidated balance sheet is subject to judgments and significant estimates by Group Management with respect to both future tax results and applicable tax legislation in the different jurisdictions in which it operates. Therefore, the analysis of this area has been considered key in our audit.	On the basis of the business plans, which are based on the plans and budgets approved by Group Management, we have compared annual projected flows with real flows obtained and analysed the key assumptions used to determine growth rates and proyected EBITDA on sales, verifying them against available comparables (historical results and sector margins) and analysing if appropriate, their reasonableness using available third-party contracts or agreements. We gained an understanding and assessed the criteria used by the Group's tax Management to estimate the possibility of using and recovering deferred tax assets in subsequent years. As part of these analysis, with the collaboration of our tax experts, we reviewed the tax adjustments taken into account to estimate taxable income, applicable tax legislation and the decisions concerning the possibilities of using applicable tax benefits with respect to the Group companies. The analyses performed permitted us to verify that the calculations and estimates made by the Group and the conclusions reached in relation to the recognition and recovery of deferred tax assets are consistent with the current situation, with expectations of the future results of the Group and individual companies and tax planning possibilities available under current legislation.

Other information: Consolidated Directors' Report

Other information comprises only the consolidated directors' report for the 2020 financial year, the formulation of which is the responsibility of the Parent company´s directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover consolidated the directors' report. Our responsibility regarding the consolidated directors' report, in accordance with legislation governing the audit practice, is to:

a) Verify only that the consolidated statement of non-financial information and certain information included in the Annual Corporate Governance Report, as referred to in the Auditing Act has been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the consolidated directors' report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated directors' report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated directors' report is consistent with that contained in the consolidated annual accounts for the 2020 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit committee for the consolidated annual accounts

The Parent company´s directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

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

The Parent company´s audit committee is responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.

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

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

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

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

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

- Conclude on the appropriateness of the Parent company´s directors´ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor´s report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to 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 annual accounts, including the disclosures, and whether the consolidated annual accounts 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 annual accounts. 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 company´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 company´s audit committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the audit committee those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Parent company´s audit committee, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are therefore the key audit matters.

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

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital file of the European single electronic format (ESEF) of Global Dominion Access, S.A. and its subsidiaries for the 2020 financial year that comprise an XHTML file which includes the consolidated annual accounts for the financial year and XBRL files with tagging performed by the entity, which will form part of the annual financial report.

The directors of Global Dominion Access, S.A. are responsible for presenting the annual financial report for the 2020 financial year in accordance with the formatting and markup requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation).

Our responsibility is to examine the digital file prepared by the Parent company´s directors, in accordance with legislation governing the audit practice in Spain. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the consolidated annual accounts included in the aforementioned digital files completely agrees with that of the consolidated annual accounts that we have audited, and whether the format and markup of these accounts and of the aforementioned files has been affected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital file examined completely agree with the audited consolidated annual accounts, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the Parent company´s audit committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent company's audit committee dated February 23, 2021.

Appointment period

The General Ordinary Shareholders' Meeting held on May 6, 2020 appointed PricewaterhouseCoopers Auditores, S.L. as auditors for a period of 1 year for the year ended December 31, 2020.

Previously, we were appointed by resolution of the General Shareholders' Meeting for an initial period and we have been auditing the accounts uninterruptedly since the year ended December 31, 1999.

Services provided

Services provided to the Group for services other than the audit of the accounts are detailed in Note 35 to the consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original in Spanish signed by Jose Antonio Simón Maestro (15886)

February 23, 2021

DOMINION

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

Consolidated Annual Accounts and Consolidated Directors' Report for the financial year ended 31 December 2020

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2020
(Thousand Euro)

ASSETS	Note	As of 31 December 2020	As of 31 December 2019
NON CURRENT ASSETS			
Property, Plant and Equipment	6	120,099	105,461
Goodwill	7	301,450	302,868
Other intangible assets	7	43,700	46,189
Non-current financial assets	8	28,273	6,711
Investments accounted for using the equity method	9	14,204	18,069
Deferred tax assets	21	45,955	46,552
Other non-current assets	10	4,015	13,437
		557,696	**539,287**
CURRENT ASSETS			
Inventories	11	50,750	53,002
Trade and other receivables	10	260,885	250,821
Assets per contract	2.21 and 24	97,667	79,706
Other current assets	10	11,371	8,397
Current tax assets	28	14,392	17,466
Other current financial assets	8	41,098	59,933
Cash and cash equivalents	12	237,626	141,545
		713,789	**610,870**
TOTAL ASSETS		**1,271,485**	**1,150,157**

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2020
(Thousand Euro)

EQUITY AND LIABILITIES	Note	As of 31 December 2020	As of 31 December 2019
NET WORTH			
Share capital	13	21,187	21,187
Own shares	13	(17,980)	(1,021)
Share premium	13	214,640	289,065
Retained earnings	14	124,946	56,884
Cumulative exchange differences	14 and 15	(36,210)	(23,866)
Shareholders' equity attributable to parent company's shareholders		**306,583**	**342,249**
Non-controlling shares	17	**13,158**	**11,434**
		319,741	**353,683**
NON-CURRENT LIABILITIES			
Deferred income		51	292
Non-current provisions	23	33,906	29,451
Long-term borrowed capital	18	154,350	70,343
Deferred tax liabilities	21	7,277	7,421
Non-current derivative financial instruments	18	2,078	-
Other non-current liabilities	20	70,086	61,292
		267,748	**168,799**
CURRENT LIABILITIES			
Short-term provisions	23	7,539	4,418
Short-term borrowed capital	18	34,044	14,335
Trade and other payables	19	476,851	478,660
Liabilities per contract	2.1 and 24	86,228	46,585
Current tax liabilities	28	24,597	30,557
Current derivative financial instruments	18	895	3,390
Other current liabilities	20	53,842	49,730
		683,996	**627,675**
TOTAL NET WORTH AND LIABILITIES		**1,271,485**	**1,150,157**

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT RELATING TO THE FINANCIAL YEAR ENDING 31 DECEMBER 2020 (Thousand Euro)

	Note	Financial year ending 31 December 2020	2019
CONTINUING OPERATIONS			
OPERATING INCOME		**1,045,645**	**1,158,092**
Net turnover	5 and 24	1,029,612	1,149,312
Other operating income	24	16,033	8,780
OPERATING EXPENSES		**(1,013,996)**	**(1,101,502)**
Consumption of raw materials and secondary materials	11	(582,078)	(634,268)
Employee benefit expenses	26	(276,263)	(308,640)
Amortisations	6 and 7	(48,371)	(47,145)
Other operating expenses	25	(106,651)	(111,018)
Profit/(loss) on sale/impairment of assets	30	(633)	(373)
Other expenses		-	(58)
OPERATING PROFIT		**31,649**	**56,590**
Finance income	27	1,121	689
Finance costs	27	(14,969)	(12,716)
Net exchange differences	27	1,316	(1,580)
Variation in the fair value of assets and liabilities attributed to profit and loss	27	5,643	(1,655)
Share in net income (loss) of associates	9 and 27	(3,489)	5,417
PROFIT BEFORE TAX		**21,271**	**46,745**
Income tax	28	(8,219)	(4,496)
PROFIT ON CONTINUING OPERATIONS AFTER TAXES		**13,052**	**42,249**
LOSS ON DISCONTINUED OPERATIONS AFTER TAX	36	**(63)**	**(6,252)**
PROFIT FOR THE YEAR		**12,989**	**35,997**
PROFIT/(LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	17	**455**	**3,066**
PROFIT ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		**12,534**	**32,931**
Basic and diluted earnings from continuing and discontinued operations attributable to parent company shareholders (expressed in euros per share)			
- Basic and diluted earnings from continuing operations	29	0.0749	0.2315
- Basic and diluted earnings from discontinuing operations	29	(0.0004)	(0.0369)

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FORT THE YEAR ENDED 31 December 2020
(Thousand Euro)

	Note	Financial year ending 31 December 2020	2019
PROFIT FOR THE YEAR		**12,989**	**35,997**
OTHER COMPREHENSIVE PROFIT/(LOSS)			
Entries that may not be subsequently classified to profit/(loss):			
- Actuarial gains	22	(685)	(904)
- Tax rate		204	264
		(481)	(640)
Entries that may be subsequently classified to profit/(loss):			
- Cash flow hedges	18	(2)	(43)
- Cash flow hedges for equity-consolidated companies (net of fiscal effect)	9	(317)	(584)
- Translation differences	14 and 15	(12,084)	(2,960)
- Tax rate		-	14
		(12,403)	(3,573)
Entries transferred to profit/(loss):			
- Translation differences of discontinuing operations	14, 15 and 36	-	6,101
		-	6,101
Total other comprehensive profit/(loss)		**(12,884)**	**1,888**
TOTAL COMPREHENSIVE PROFIT/(LOSS) OF THE PERIOD NET OF TAXES		**105**	**37,885**
Attributable to:			
- Parent company shareholders		(609)	34,765
- Non-controlling interests	17	714	3,120
TOTAL COMPREHENSIVE PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		(609)	34,765
Attributable to:			
- Continuing operations		(546)	34,916
- Discontinued operations	36	(63)	(151)

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES TO NET WORTH DURING THE FINANCIAL YEAR ENDING 31 DECEMBER 2020.
(Thousand Euro)

	Share capital (Note 13)	Own shares (Note 13)	Share premium (Note 13)	Retained earnings (Note 14)	Cumulative exchange differences (Notes 14 and 15)	Non-controlling interests (Note 17)	Total Net Worth
Balance at 01 January 2019	**21,187**	**(1,041)**	**289,065**	**27,835**	**(26,953)**	**7,720**	**317,813**
Profit (Loss) of the financial year	-	-	-	32,931	-	3,066	35,997
Other comprehensive profit/(loss) for the year	-	-	-	(1,253)	3,087	54	1,888
Total comprehensive profit/(loss) for 2019	**-**	**-**	**-**	**31,678**	**3,087**	**3,120**	**37,885**
Dividends (Note 17)	-	-	-	-	-	(594)	(594)
Changes in the scope of consolidation and other movements	-	-	-	-	-	1,188	1,188
Treasury share transactions	-	20	-	53	-	-	73
Other movements	-	-	-	(2,682)	-	-	(2,682)
Balance at 31 December 2019	**21,187**	**(1,021)**	**289,065**	**56,884**	**(23,866)**	**11,434**	**353,683**
Profit (Loss) of the financial year	-	-	-	12,534	-	455	12,989
Other comprehensive profit/(loss) for the year	-	-	-	(799)	(12,344)	259	(12,884)
Total comprehensive profit/(loss) for 2020	**-**	**-**	**-**	**11,735**	**(12,344)**	**714**	**105**
Dividends (Note 13 and 17)	-	-	-	(10,844)	-	(1,816)	(12,660)
Transfers (Note 13)	-	-	(74,425)	74,425	-	-	-
Changes in the scope of consolidation and other movements (Note 14)	-	-	-	(5,268)	-	2,826	(2,442)
Treasury share transactions (Note 13)	-	(16,959)	-	-	-	-	(16,959)
Other movements	-	-	-	(1,986)	-	-	(1,986)
Balance at 31 December 2020	**21,187**	**(17,980)**	**214,640**	**124,946**	**(36,210)**	**13,158**	**319,741**

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT FORT THE YEAR ENDED 31 December 2020
(Thousand Euro)

		Financial year ending 31 December	
	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from continuing and discontinued operations	30	85,831	92,050
Interest paid	27	(9,534)	(9,044)
Interest received	27	1,121	689
Taxes paid		(5,093)	(6,537)
		72,325	**77,158**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition/ Removals of subsidiaries, net of cash acquired	20 and 32	(7,451)	(20,844)
Acquisition of property, plant and equipment and intangible assets	6 and 7	(25,719)	(28,075)
Income from sale of tangible fixed assets and intangible assets	30	846	2,909
Acquisition of financial assets	8	(20,000)	(36,211)
Withdrawals of financial assets	8	26,570	9,193
		(25,754)	**(73,028)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Own shares	13	(16,959)	73
Income from borrowed capital	18	108,981	10,129
Amortization of loans	18	(3,571)	(58,399)
Payments for operating leases	6	(22,023)	(20,850)
Capital subsidies subsidies		-	439
Dividends paid	14 and 17	(12,660)	(594)
		53,768	**(69,202)**
EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(4,258)**	**1,043**
NET (DECREASE)/INCREASE IN CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS		**96,081**	**(64,029)**
Cash, cash equivalents and bank overdrafts at the beginning of the year	12	141,545	205,574
Cash, cash equivalents and bank overdrafts at the end of the year	12	237,626	141,545

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

CONSOLIDATED ANNUAL ACCOUNTS REPORT 2020
(Thousand Euro)

1. GENERAL INFORMATION

1.1. ACTIVITY

Global Dominion Access, S.A., (hereinafter the Company or Parent Company) was incorporated on 1 June, 1999 and its registered domicile for Mercantile and tax purposes and its corporate seat are located in Bilbao (Spain), at calle Ibáñez de Bilbao, número 28, planta 8ª 1-B, post code 48009.

In accordance with Article 2 of its articles of association, Global Dominion Access, S.A. engages in the preparation of studies regarding the creation, structure and viability of companies and markets both in Spain and abroad, developing, promoting, directing and managing business activities grouped by production sectors by organizing human and material resources for the group of companies, acquiring those that are already in operation and creating new companies, merging, taking over, spinning off or liquidating them in order to directly carry out the activities as is most appropriate in each case for the most efficient management of the business. Its corporate purpose also includes, amongst other things, assessment, design, analysis, review, consultancy, assessment, supervision, technical assistance, development, updating, manufacturing, supply, installation, assembly, purchase, sale, rental, storage, distribution, deployment, importing, exporting, operations, repairs, maintenance, guarantees, training, education, educational support and the general marketing of products, solutions, equipment, systems and services that are either required or appropriate for their proper use or performance, of any material or immaterial nature, and other lawful activities involving the activities specified below and, in general, related to telecommunications and IT services, specifically those related to the implementation of complex projects that involve joint execution of a number of the the aforementioned activities, through a turn-key model or not.

The Group defines itself as a global Services and Projects company with the aim of providing comprehensive solutions that maximise business process efficiency by means of a different approach and innovative technology application.

The Group's Management submitted the new Strategy Plan during the 2019 financial year, which sets out the strategy for the coming years and the way in which business performance will be assessed. The information broken down into segments has accordingly been modified with respect to previous years to adapt it to the different businesses included in this strategy and to make it easier to understand.

To this regard, we can make a distinction between two operation segments until financial year 2019: Specialised Engineering and Solutions Segment and Multi-technology Services Segment. From financial year 2020 onwards, we have distinguished three different activity segments:

- B2B 360º Projects
- B2B Services
- B2C

To understand these three segments, we must first make a distinction between the two lines of business the Group's activity is based on:

- On the one hand, we have the classic Dominion Group world, B2B ("Business to Business"), where the Group's value proposal is to be a Tier 1 supplier and digital expert who is capable of delivering an end-to-end solution: from the design, management and implementation of the project to the subsequent operation and maintenance (O&M). Two segments can be distinguished in this B2B world:

    - B2B 360º Projects, which refer to projects in which a new production process or a new infrastructure is created, in which the subsequent design, implementation and maintenance is carried out. These are comprehensive projects (typically multi-year), with long-term commercial development processes. This segment comprises a business where visibility is the project portfolio on each date and it typically has a margin profile of more than 15%.

    - B2B Services, which refers to the framework contracts for operation and maintenance outsourcing and process improvement projects. These contracts typically involve recurring revenues with adjusted margins that should come close to a contribution margin of approximately 10%.

- On the other hand, the B2C ("Business to Customer") world, which comprises all end customer-oriented activities: the marketing of electricity and gas supplies, telecommunications services, insurance and other services in the household. In this segment, the Group's value proposal is to serve as a multiple service provider offering all personal and household services in a single, all-encompassing platform. This segment strives to obtain recurring revenue. The most important factors to measure business are the number of customers (or services) and their mean "lifetime value". Only work is currently performed in this sector in Spain.

Just as was stated the year before, but now only focusing on the B2B world, the Group offers its solutions in three main fields of activity or expertise:

- T&T (Technology and Telecommunications), in which it offers solutions in sectors such as Health, Education, Telecommunications, Transport, Logistics or Public Administration.
- Industry, with solutions for the metal, petrochemical, glass or cement sectors, among others.
- Energy, primarily in the renewables area: photovoltaic, biomass and wind power, and power transmission lines.

Further details regarding this segmentation of the Group's activities are provided in Note 5.

Its facilities are located in Europe (Spain, Germany, France, Italy, the United Kingdom, Poland, Denmark, Slovakia and Portugal), Latin America (Mexico, Peru, Argentina, Chile, Ecuador, the Dominican Republic, Colombia, Guatemala and Panama), the United States and Canada, so on in Asia (Saudi Arabia, India, Oman, Qatar, UAE, Israel, Vietnam, Indonesia and the Philippines), and Africa (South Africa and Angola) and Oceania (Australia and Papua).

The Parent Company has been listed on the stock exchange since 27 April 2016.

1.2. GROUP STRUCTURE

The Company is the Parent of a Group of companies (hereafter, the Group or Dominion Group) in accordance with current legislation. The reporting of consolidated annual accounts is necessary in accordance with accounting principles generally accepted in Spain in order to present a true and fair view of the Group's financial situation and the results of its operations.

Appendix I hereto sets out the identification details of the Subsidiaries, partnerships and affiliates included in consolidation under the full consolidation method and equity method.

Appendix II hereto sets out the identification details of the joint ventures (UTEs) and joint operations included in consolidation under the proportional method.

The following companies are included in the consolidation with the application of the equity method of accounting (Note 9):

%

(Thousand Euro)

	effective shareholding	
	2020	**2019**
Advanced Flight Systems, S.L.	30%	30%
Sociedad Concesionaria Chile Salud Siglo XXI, S.A.	15%	15%
Bas Project Corporation, S.L.	35%	35%
Cobra Carbon Grinding B.V.	50%	50%
Medbuying Group Technologies, S.L.	45%	45%
Miniso Lifestyle Spain, S.L.	49.70%	49.70%

1.3. SIGNIFICANT EVENTS IN THE CURRENT REPORTING FINANCIAL YEAR

With the Covid-19 Coronavirus outbreak in China in December 2019 and its global spread to many countries over the course of the first few months of FY 2020, the World Health Organisation declared the outbreak to be an international pandemic on 11 March 2020.

The significant risks this virus poses to human health has lead to the Governments of most of the affected countries implementing restrictive measures to contain and reduce the spread of this virus. Some of these measures, particularly those which have limited movement, have had major repercussions on the global economy and have cast considerable uncertainties over the future progress of many businesses.

In Spain, on 14 March 2020, the Council of Ministers declared a state of alarm, passing Royal Decree

463/2020. The state of alarm in Spain was initially envisaged to last 15 days, but was extended on various occasions, ending on 21 June 2020. However, complete normality has not been recovered at any moment in the year with cases fluctuating upwards and downwards, a situation which worsened towards the end of the year, resulting in a state of alarm being declared again on 25 October for an initial term of 15 days, which could be prolonged for up to 6 months. This lead to new containment measures being implemented and it became apparent that the recovery process would be extremely slow.

The lockdown measures implemented since the state of alarm was declared by the Spanish Government and the Autonomous Governments have ranged from shutting down all non-essential activities, initially with a significant impact on a large number of industries, to less severe restrictions, focused on trade and travel, and in particular on the hotel and catering industry, affecting these sectors and all industries directly associated to them in a significant way.

Internationally, the situation has been similar, with some differences between continents. That said, it must be pointed out that some countries that were less affected by the first wave, such as Germany or Sweden, have suffered to a greater extent in the second wave. The impact on their respective economies has varied in line with the impact of the pandemic and the stringency of the measures adopted by each government. In all cases, cross-border travel, whether for work or leisure purposes, has been affected the most, with significant effects noted across the board.

This situation gave rise to significant uncertainties and repercussions, not only economically and financially for companies, but also in other areas such as commerce, labour and taxation. Local, national and European authorities launched various measures and initiatives to alleviate the effects of the crisis and its effect on economic activity. In this regard, the Group took the measures it deemed appropriate to protect the Group' s social interest, including special measures to guarantee workplace safety and to protect its employees' health.

These measures have been adapted to take account of the changing health situation in each geographical area, the instructions received and the instruments that are made available at any given time by the different public administrations, as well as the pandemic's effect on the business in each specific case.

The contingency plans envisaged for these situations were put in place from the very outset, enabling a significant amount of business continuity in the terms described below. To this end, we have implemented organisational crisis management measures, adapted to each business, both individually (the management of situations of contagion or isolation) and collectively. These measures are now being adapted in line with new developments and the pandemic and, whenever has it has been necessary, additional measures have also been added, ensuring a balance between people's well-being and business continuity.

It should be noted that, as a result of the implemented contingency plans, the Group has not had any major problems in fulfilling its contractual obligations, and therefore does not expect any significant consequences to arise as a result of failure to fulfil contracts due to the epidemic.

To provide consistent, comparable, relevant and reliable financial information and sufficient disclosure and transparency for whoever reads these Consolidated Financial Statements, a more detailed explanation has been included below regarding the impact the pandemic has had on the Group's various activities in terms of margins and profit and loss: EBITDA (operating profit/loss excluding the cost of amortisation and depreciation), EBITA (operating profit/loss excluding the cost of amortisation of intangible assets from joint ventures) and Net profit/loss and in the risk management strategy of the Group.

At a corporate level, daily Management Committee Meetings have been held since the outbreak of the pandemic to assess the progress of the published data and to determine the appropriate measures to be taken in the different areas of the Group:

- Shared Services: slowing down purchases and other business combinations, as well as the CAPEX of each business, reviewing all structural costs (third party services, leases, etc.), agreeing on voluntary salary reductions for structural personnel and General Management and Area Managers, has led to savings of approximately EUR 240 thousand for the Group.

- Treasury: the optimisation of existing credit lines, comprehensive control of outstanding payments and negotiating deferrals, reviewing the customer backlog, negotiating new credit lines from the EIB and various loans related to the guarantees approved in Royal Decree Law 8/2020 of 17 March (loans guaranteed by the OCI) (Note 18). All measures have been taken in line with financial discipline that forms a part of the Group's management model, taking account of the Group's sound solvency position.

- Human Resources: two main lines of action; firstly, protecting people (constant information, provision of prevention resources and monitoring of cases that have occurred) and, secondly, HR management (the preparation of ERTE (Record of Temporary Employment Regulation) files in Spain, sick leave management, suspensions, working hour changes, etc., all the while ensuring timely wage payment).

As for the effect on business, Covid-19 has affected each the different segments in very different ways both in terms of intensity and amount over time. The main effects are explained below, by segment:

- **B2C** business has been affected the most. This segment is only conduced in Spain and the physical channel has been completely shut down since 14 March, 2020. It will gradually be reopened over the course of June and July. Since then, its business has been affected in varying ways, depending on the progress of the pandemic and the regulations adopted by each Autonomous Community.
  Accordingly, the Net Turnover for this segment has naturally been seriously affected, although overall it has remained positive. To better understand the impact, we must make a distinction between the business which involves selling devices and other items in stores and that which involves supplying energy and telecommunications.

  The former was directly affected by the initial closures. Reopening after this initial period did not bring this business back to normal and the number of customers was generally lower than before the pandemic, although profitability improved slightly. All of this was offset by the various stages of new restrictions implemented over the course of the year. The drop in Adjusted Net

Turnover (excluding the sale of devices, as explained in Note 5) for this area amounted to approximately 30%.

The impact was lower for supplies, as income from active supplies before March remained consistent every month over the course of the year (with the corresponding churn rate). Also, to make comparisons with the previous year, we must take into account that Alterna Operador Integral, S.L. (an energy supply management company) was incorporated in March 2019 whereby 10 months of business activity was performed in FY 2019. In contrast, the pandemic has had a significant effect on new service customers. The initial complete and subsequent partial shutdown of the physical channel and the temporary suspension of telecommunications portability processes have had a significant impact on the segment's growth rate, curbing the rate of new service customers. Taking both effects into account, the adjusted net turnover in the segment as a whole grew by 42% (Note 5).

The main costs incurred in this segment relate to personnel expenses and renting premises. Accordingly, the available measures were implemented since the pandemic broke out. In terms of personnel expenses, different ERTEs have been applied, affecting approximately 90% of the division's workforce (at their peak times) (more than 1,700 people in the financial year).

In terms of renting premises, leases for stores and warehouses have been negotiated and the effect of this on the current liabilities recorded has amounted to approximately EUR 2.2 million (Note 6). This has been recorded in the consolidated profit and loss account for financial year 2020. Specifically, a total of 252 store leases were renegotiated whilst a further 54 stores were closed during the year.

The **B2B Services** segment was affected very differently, closely tied to the restrictions on the various types of activity performed in each country. Accordingly, the effect was subject to the different labour regulations in place in each country, as well as to the different measures adopted by the respective governments

The effects on this segment are related to the temporary shutdown of various industrial plants and a downturn in network activity, both in the electricity and telecommunications sectors, where activity has been limited to basic network maintenance, bringing deployments and improvements to a standstill. The activity drops in this segment and during the first half of the year were can be quantified at between 40% and 70% when most affected, whilst at the end of the year, and supported by the predominantly essential nature of the services provided, almost complete recovery has been possible.

The effects started with the lockdown measures implemented in Spain, followed by Peru, Chile and Mexico, with these countries most affected in the Group; before this effect extended across the rest of Europe. The effect was less pronounced in Persian Gulf countries and Australia.

The measures taken in this case essentially consisted in doing away with outsourcing, implementing ERTEs in Spain (affecting over 1,000 people) and terminating contracts in other countries (around 460 people as a result of contract termination) and, also, implementing a reorganisation plan to adapt to the new workloads. Approximately 40% of this segment's workforce has, as some time during the year, been included in one of the aforementioned measures. Vehicle, premises and machinery rental contracts have also been renegotiated and the effect of this on the current liabilities recorded has amounted to approximately EUR 0.2 million (Note 6). This has been recorded in the consolidated profit and loss account for financial year 2020. A total of 88 leases have been renegotiated.

As the year has gone on, and despite the numerous setbacks, the situation has gradually returned to a more normal situation, although it has never returned to complete normality. The new restrictions tend to affect the industrial sector to a lesser extent, but this depends on the country and activity. Moreover, that fact that much of the activity involves long-term contracts has contributed towards the recovery.

- Finally, the effect has been relatively limited in the **B2B 360º Projects** segment. Although it was the first of the Group's segments to be directly affected as a result of a project in Thailand being shut-down for 15 days, subsequent stoppages have been sporadic, as is the case of the "lock-downs". Also, with regards to renewable projects in Mexico and Argentina, some of the projects have experienced temporary interruptions.

  It should be pointed out that these have all been temporary interruptions and they were all resumed in the year. None of the projects in our backlog have been cancelled.

The Group has continually reassessed its exposure to the risks created by the pandemic. In particular, it should be pointed out, as stated above, that frequent Management Committees were held on a daily basis during the initial periods of this financial year. This has made it possible to react quickly and decisively whenever problems have arisen. Note 3 to these consolidated financial statements includes the effects on the assessment of the different financial market risks.

The Group' s management model has also proved to be the best guarantee for overcoming this situation. It is based on four key aspects:

- Financial discipline, which has put the Group in an optimum cash position to endure the decline in activity and to meet the commitments of the financial debt that is due in 2020 (EUR 3.5 million from the EIB) and payment of the dividend scheduled for 2020 (EUR 11 million were paid in July 2020). Moreover, the payment commitments relating to acquisitions made in previous years and in the year (earn outs) relating to this FY 2020 amounted to EUR 9.7 million.

- Diversification whereby profits (loss) do not depend on the decisions of a single country, customer or sector.

- Decentralisation, which has enabled the Group companies to adapt to the different local circumstances, with an adjusted central structure and a flexible cost structure.

- Digitalisation, which has solved employee mobility restrictions in a record time as the Group was already familiar with digital platforms.

Accordingly, although there are still many uncertainties and the effects of this pandemic are not yet completely clear, the Group has announced that the Strategy Plan (2019-202) for the coming years will remain the same, and that 2020 will constitute a temporary gap, meaning that the Plan will be extended an extra year so as to achieve the goals, i.e. it will end in 2023 rather than in 2022 - Strategy Plan (2019-2023).

1.4. CHANGES IN THE SCOPE OF CONSOLIDATION

Financial year 2020

a) B2B 360º Projects

On 25 February 2020, the Directors of the Group companies in the merger balance sheet prepared to include **the following in the common plan for absorption merger: Global Dominion Access, S.A, as the absorbing company, and Dominion Smart Solutions, S.A., Beroa Thermal Energy, S.L., Visual Line, S.L.U., ECI Telecom Ibérica, S.A.U., Dominion West África, S.L.U. and Wind Recycling, S.L.U., as the absorbed companies**, considering the merger balance for all of these to be the balance sheet for the year ended 31 December 2019. This process was approved by the General Shareholders' Assembly of the absorbing company on 6 May 2020 and notarized and recorded in the Registry of Companies on 30 September 2020. This merger process will not affect the Group's consolidated financial statements.

b) B2B Services

At the beginning of financial year 2020, 22.5% of the shares of the subsidiary **Visual Line, S.L.** were purchased for EUR 169 thousand. Accordingly, on 31 December 2020, the Group held 100% of this subsidiary.

On 30 April 2020 a trade agreement was entered into under which the **production unit** that provides **Redhat**

technology-based IT services was sold to a third party. This unit consists of a series of contracts with 6 customers, 15 people and an annual activity of EUR 2.5 million (according to data for the last full year). The total operation price amounted to EUR 500 thousand, recorded as capital gains in the income statement for FY 2020, on the Other operating income line.

On 29 June 2020, the minority shareholder of the subsidiary Interbox Technology, S.L. exercised its purchase option for 15% of the shares of this subsidiary for EUR 900 thousand, generating EUR 793 thousand of capital gains. Accordingly, as from that date the Group holds a 60% stake in the subsidiary (2019: 75% stake).

On 30 June 2020, the sale of all the shares of the subsidiary **Dominion Networks, S.L.**, which provides last-mile telecommunications maintenance services in Spain, was published as a relevant event. The purchase price (Equity Value), which includes all items, was agreed to be EUR 13.5 million, which, after subtracting the balances for current assets receivable and net cash, would yield an Enterprise Value of approximately EUR 11 million, and have entailed accounting capital gains at the closing date of approximately EUR 6 million, with these capital gains already including an amount of approximately EUR 1.2 million being negotiated with the seller, the future receipt of which would entail even more capital gains to be recorded in the Other operating income line.

With this sale, from the second quarter of 2020 the Group will no longer include approximately EUR 25 million of annual turnover in its consolidated turnover which is associated with this activity, as well as approximately 250 people. Doing this, the Group is divesting in low value-added contracts, with extremely limited efficiency improvements, and focusing on more profitable types of contracts. This activity formed part of the B2B T&T Services (formerly T&T Services) group of CGUs and does not lead to any changes in assessing the recoverability of the net assets of the aforementioned group.

On 4 August 2020, the purchase and sale contract under which the Group acquires 100% of the shares of **Dimoin Calderería, S.A.** was notarised (Note 32). The Spanish company Dimoin specialises in the design and construction of tanks and other industrial facilities and this transaction is in line with the Group's intention to incorporate new capacities and increase the added value of its comprehensive range of industrial services, making it the One Stop Shop platform for customers in the sector and will form part of the activities carried out by the B2B Industrial Services CGU. The base price of the shares was set at EUR 498 thousand paid out during the year, with a variable portion relating to the adjustment to be applied based on the working capital and net financial debt ultimately acquired. This variable portion has been estimated at a total of EUR 358 thousand to be paid in 2021.

On 4 September 2020, the investment and shareholder agreement between Dominion, as investor, and the partners of **Facility Management Exchange, S.L. (FAMAEX)** (Note 32) entered into on 30 July 2020, under which the Group, by way of various sale and purchase transactions and a capital increase, acquired 80% of the shares, was made public. The Spanish startup Famaex offers multi-point companies (such as restaurant groups, estate agents, retail chains or clinics) comprehensive maintenance services for all their nationwide establishments. Through its own digital platform, it connects these establishments with a large network of professionals whenever they need it. It allows them to track all incidents resolved in real time. Its disruptive business model is in line with the Group's core goal of helping customers streamline their processes, in this case by implementing platform technology-based solutions. This activity formed part of the B2B T&T Services CGU grouping. The agreement was formalised through two acquisition operations with different shareholders and a capital increase, which entailed the payment of a total of EUR 422 thousand which was paid during the year. The agreement provides for a variable payment based on the mean EBIT for the 15 month period from 1 January 2021 to 30 March 2022, for which zero valuation was estimated on the basis of current expectations. A reciprocal sale and purchase option was also entered into between the Group and the shareholders in relation to the remaining shares (20%), whose value is indexed according to the average EBIT for the company for the next 8 years, taking the net financial debt at the time into account, which, as this is a start-up and considering the occurrence probabilities, has been deemed to have a value of zero.

On 3 December 2020, the purchase and sale of the remaining 30% of the shares of the subsidiary **The Telecom Boutique, S.L.**, whose initial 70% was acquired in 2018, were executed. The fixed price for these purchases amounted to EUR 1 million, with a variable portion comprising two contingent prices indexed against EBITDA for financial years 2022 and 2027, respectively, which were valued at a total of EUR 1,560 thousand. No payments were made in relation to this transaction in 2020.

Finally, on 29 December 2020, a sale and purchase agreement was entered into whereby the Group acquired 100% of the shares of Hivisan, S.L. (Note 32), a Spanish company that provides construction work and maintenance services for industrial plants, metal structures, industrial boilermaking, pressure vessels, the construction of machinery, pipelines and gas facilities and industrial assemblies, and will be included in the activities performed by the B2B Industrial Services CGU. The transaction involves an outright sale and purchase of 70% of the shares and a reciprocal sale and purchase option on the remaining 30%. The price of the acquired shares has a base price of EUR 1 million which will be adjusted in line with the working capital and financial debt ultimately acquired. This adjustment will be settled two months after the transaction is completed and is expected to result in a reduction in the base price of EUR 200 thousand. The price of the purchase and sale option is indexed against the average value of the company's EBITDA for the next 3 years, valued at EUR 750 thousand. No amount has been paid for the transaction in financial year 2020.

c) B2C

On 11 December 2019, the subsidiary company The Phone House Spain, S.L. raised to public instrument the contract for its acquisition of 90% of the equity interests of the Spanish company **Netsgo Market, S.L.**, whose activity comprises recommendation marketing, cashback and promotional discounts through the device application known in the market as "Fulltip" (the application) and the online platform available on the fulltip.com website, also known in the market as "Fulltip" (the platform) which it offers end consumers (B2C). The purchase agreement involves the acquisition of the equity interests of 90% of members for a sale price of 1 euro and the assumption of credit rights by these shareholders for an amount of EUR 570 thousand. Given that the take-over of this company was made after the start of financial year 2020, it has been included in the scope of consolidation since 1 January 2020. On 10 September 2020, the contract for the swapping of shares of the subsidiaries The Phone House Spain, S.L.U. and Connected World Services Europe, S.L.U. for shares in **Zwipit, S.A.** was raised to a public instrument. Zwipit is a Spanish company that carries out the following activities: buying old handheld devices to refurbish and resell them and providing services for insurance companies in relation to the reception of damaged devices and restoring their residual value. The acquisition transaction consisted in the acquisition of 99.7% of the company's shares in exchange for 2.36% of the shares of the subsidiaries The Phone House Spain, S.L.U. and Connected World Services Europe, S.L.U., valued at an aggregate amount of EUR 2,403 thousand, and a cash payment of EUR 1,500 thousand.

Financial year 2019

a) B2B 360 Projects

On 1 February 2019, Dominion implemented the first stage of the purchase of **Bygging India Limited ("BIL")** in which it has acquired 51% of the share capital for the amount of INR 416 million (EUR 5.1 million at the transaction exchange rate). During the second stage, the shareholders holding 49% of the share capital have a put option for the remaining 49%, which can be exercised in the fourth and fifth year following acquisition. Likewise, the Group is the holder of a purchase option which can be exercised in the fifth year following acquisition. For this second tranche, the price remains linked to the effective performance of BIL during the periods, depending on the case, which will be directly appraised by the generation of discretionary cash flow provided by BIL. The maximum price to be paid by the Group for the entire operation will not exceed 5 times the average EBITDA and, in any case, will not be less than the carrying amount value of BIL at the end of the valuation period. The option was valued at INR 697 million (EUR 8 million on the acquisition date).

b) B2B Services

On 11 January 2019, through the company Abside Smart Financial Technologies, S.L., Dominion acquired a share in **Smart Analytics, S.A.**, a company whose corporate purpose comprises: market research; technology consultancy; training, sale of HW and SW; marketing of IT packages; SW development; presentation of IT services; HW rental, import and export of IT equipment; e-commerce; advertising agency; events, retail sale of fashionwear; gardening and landscaping and acting as intermediaries in legal and consultancy services in matters relating to new technologies; market analysis and research, the conducting of all types of studies and analyses on consumer and user behaviour in relation to traditional and digital media; professional services for Big Data and Data Science, as well as the design, development and marketing of technologies applied to information on market consumers.

Abside purchased 50% of the shares of Smart Analytics, 90,563 shares, paying EUR 430 thousand, and subsequently made a capital increase of EUR 570 thousand: EUR 121 thousand through the creation of 121 thousand new shares at a par value of 1 euro each and an issue premium of EUR 449 thousand. Therefore, Abside's shareholding increases to 70%, holding 211,337 shares. It also entered into a reciprocal sale and purchase option for 20%, which can be implemented in three windows in 2022, 2024 or 2026, as well as a reciprocal sale and purchase option on the remaining 10%, which can be implemented in 2029, subject to the implementation of the first sale option. The option price was indexed against the average EBITDA obtained in the 3 years prior to the option and the Net financial debt on that date and it was determined to be EUR 1.3 million. In 2020 and before the end of the acquired net assets price assignation process, this liability was re-estimated and considered to be zero with the corresponding liability removed. Finally, on 30 June 2020, a non-extinguishing modifying novation agreement was entered into in relation to the investment and shareholders agreement entered into in 2019, nullifying the sale options of the non-controlling shareholders. It should be noted that the Group holds a 51% stake in Abside whereby the effective acquisition ratio is 35.7% (2019: 51%).

On 28 June 2019, an investment agreement was signed for the acquisition of 70% of the shares of the Australian company **SGM Fabrication & Construction PTY Ltd.**, dedicated to the provision of industrial solutions and services for the heavy steel materials sector. The transaction amounted to AUD 1 million, EUR 617 thousand at the exchange rate on the date of the transaction, through a capital increase and 1 July 2019 was set as the date from which the ownership of the shares would be understood to be transferred.

On 30 July 2019, the Brazilian subsidiary **Dominion Instalaçoes e Montanges do Brasil Ltd** was declared insolvent by the Brazilian courts. From this date, a trustee/liquidator took over management of the subsidiary and control over it was lost whereby it was no longer consolidated. The effect of the amount recorded as Profit from discontinued operations in 2019 basically consisted of the translation differences accumulated in net worth until the date of the de-consolidation (Note 36). This company's business, which represented all of Dominion's business in Brazil, was considered to be a discontinued operation as of September 2018.

On 2 September 2019, the **reverse merger in which the subsidiary Dominion Digital, S.L.U. absorbed its parent company Global Near, S.L.,** both wholly-owned companies of the Group, and the immediate partial spin-off of the absorbing company, which transferred the business activities carried out by Dominion Digital, S.L.U. to Dominion Instalaciones y Montajes, S.A.U., was recorded in a public instrument. At that time, Dominion Instalaciones y Montajes, S.A.U. changed its name to Dominion Smart Solutions, S.A.U. Both the merger and the spin-off took accounting effect from 1 January 2019 and did not generate any accounting effect whatsoever for the consolidated Group. In September 2019, the subsidiary company Dominion Digital, S.L.U. changed its name to Nahitek Digital, S.L.U. It should be noted that in 2020, as we stated at the beginning of this section, Dominion Smart Solutions, S.A.U. took part in the merger with the parent company of the Group, Global Dominion Access, S.A.

In addition, on 2 October 2019, the final sale of all the shares of the subsidiary **Nahitek Digital, S.L.U.** to a third party not belonging to the Group was formalized once the conditions precedent established in the preliminary purchase agreement entered into on 12 July 2019 with this third party were met. The price agreed in this agreement established an initial fixed price of EUR 5,000 thousand and a maximum contingent price of EUR 732 thousand pursuant to achieving certain sales levels established for financial years 2019 and 2020. The net book value of the sold company on the transaction date was EUR 526 thousand, whereby capital gains from the transaction amounted to approximately EUR 5,200 thousand, recorded in the income statement under Other Operating Income.

On September 6, 2019, the Group's subsidiary Dominion Industry & Infrastructures, S.L. acquiring 100% of the shares of the Spanish company **Wind Recycling, S.L.**, a company providing technical engineering services, was recorded in a public instrument. The fixed price amounted to 1 euro, considering that the net financial debt and working capital of the acquired company was zero. As provided for in the purchase agreement, the price adjustment involved an additional payment of EUR 42 thousand.

Moreover, and as part of the Scheme to transform renewable energy activities into a 360º model that integrates the entire value chain from the promotion to the commissioning and maintenance of renewable energy projects, Dominion Energy, S.L. incorporated the following Spanish companies in 2019:

- Proyecto Solar Pico del Terril, S.L.
- Proyecto Solar Monte Bonales, S.L.
- Villaciervitos Solar, S.L.
- Pamaco Solar, S.L.
- Linderito Solar, S.L.
- Rio Alberite Solar, S.L.
- Rio Guadelteba Solar, S.L.
- Pico Magina Solar, S.L.
- Desarrollos Green BPD 4, S.L.
- Desarrollos Green BPD 5, S.L.
- Desarrollos Green BPD 6, S.L.

c) B2C

On 11 March 2019 the Group entered into a contract for the acquisition of 60% of the share capital plus an option to purchase an addition 20% of the shares of the Spanish company **Alterna Operador Integral, S.L.**, an energy consumption manager operating under the Alterna trademark.

The operation was structured in two tranches. In an initial tranche, 60% of the share capital of Alterna was acquired, for the price of EUR 5.9 million, payable on the signing date. In a second tranche, Dominion is the holder of a call option for the purchase of an additional 20% of the shares, exercisable in 2020 for a price that is three times the EBITDA generated by Alterna in 2020, valued at EUR 3.5 million. At the end of financial year 2020, the Group was in negotiations with the minority shareholders of this subsidiary with the decision taken to not exercise the aforementioned call. Accordingly, the corresponding liabilities were derecognised and 60% of the company was integrated (2019: 80%).

Changes in the scope of consolidation concerning companies accounted for under the equity method are set out in Note 9.

1.5. PREPARATION OF THE ACCOUNTS

These consolidated annual accounts were prepared by the Board of Directors on 22 February 2021 and are pending approval by Shareholders at a General Meeting, however, the Management of the parent company understands that they will be approved without modifications.

2. SUMMARY OF THE MAIN ACCOUNTING POLICIES

The main accounting policies adopted when preparing these consolidated annual accounts are described below. Except for the matter indicated in Note 2.1.2 below, the accounting policies have been applied consistently to all posted years.

2.1. BASIS OF REPORTING

The Group's consolidated annual accounts at 31 December 2020 have been drawn up in accordance with the International Financial Reporting Standards (IFRS) and the interpretations issued by the Committee for the Interpretation of the IFRS (CIIFRS) adopted for application in the European Union (IFRS-EU) and approved under European Commission Regulations in force at 31 December 2020.

The consolidated annual accounts have been prepared on a historical cost basis, with the exception of financial assets and liabilities at fair value through profit or loss, the derivatives that qualify as hedge accounting.

The preparation of consolidated annual accounts in accordance with IFRS-EU requires the application of certain significant accounting estimates. It also requires that management exercise judgement in the process of applying the accounting policies. Note 4 details the areas that require a higher level of judgement or entail greater complexity, and areas where assumptions and estimates have a significant effect on the consolidated annual accounts.

The profit and loss account for financial years 2020 and 2019 do not include any unusual items requiring breakdown or reconciliation of figures.

As a result of the coming into effect of some International Financial Reporting Standards from 01 January 2020, the Parent company has adapted its consolidated annual accounts to these standards. The standards that became effective are detailed below.

The consolidated annual accounts are not affected by any aspect that may contravene applicable reporting bases.

2.1.1 LIST AND A SUMMARY OF STANDARDS, AMENDMENTS AND INTERPRETATIONS PUBLISHED TO DATE

a) Mandatory standards, amendments and interpretations for all years starting on or after 01 January 2020.

IAS 1 (Amendment) and IAS 8 (Amendment) "Definition of materiality (or relative importance)"

These amendments clarify the definition of "material", introducing, as well as items that are omitted or inaccurate that may influence the decisions of users, the concept of "obscure" information. These amendments ensure that the IFRS are more consistent, although they are not expected to have a significant impact on the preparation of the financial statements.

These standards will apply for annual reporting periods beginning on or after 1 January 2020.

The Group has considered these modifications for the preparation of its consolidated financial statements, although it does not significantly change the Group's previous practice as it believes that it is already taking these details into account in its estimates.

IFRS 9 (Amendment), IFRS 7 (Amendment) and IAS 39 (Amendment) "Interest rate benchmark reform"

These amendments provide certain exemptions in relation to the interest rate benchmark reform (IBOR). These exemptions are related to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.

The amendments will apply for annual reporting periods beginning on or after 1 January 2020.

The Group has considered this modification for the preparation of the consolidated financial statements, although it does not significantly change the Group's previous practice.

IFRS 3 (Amendment) "Business combinations":

These amendments will help to determine whether the operation concerns the acquisition of a business or of a group of assets. The amended definition emphasises the fact that the output of a business is to provide goods and services to customers, while the former definition focussed on offering profitability in the form of dividends, lower costs or other financial benefits to investors or others. In addition to altering the wording of the definition, additional guidance has been provided. To be considered a business, an acquisition must include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to assess when both elements are present (even for companies at an early stage that have not generated outputs). To constitute a business without outputs, it will now be necessary to count on organised labour.

These amendments effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period.

The Group has considered this modification for the preparation of the consolidated financial statements, although it does not significantly change the Group's previous practice.

Amendments to references to the Conceptual Framework in IFRS

The IASB has issued a revised conceptual framework that will be used in the development of accounting standards. Although no changes have been made to any of the accounting standards in force, organisations that rely on the conceptual framework to determine their accounting policies for transactions, events or conditions that are not covered by the issued accounting standards will have to apply the revised conceptual framework as of 1 January, 2020.

The Group has considered this modification for the preparation of the consolidated financial statements, although it does not significantly change the Group's previous practice.

IFRS 16 (Amendment) "Covid-19 related rental concessions"

The IASB has published an amendment to IFRS 16 "Leases" that provides an optional practical exemption to tenants when evaluating whether a rental concession related to COVID-19 is a modification of the lease. Tenants may choose to account for such rental concessions in the same way as they would if they were not lease modifications. In many cases, this will result in the concession being accounted for as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The amendment does not give lessors the same facility, who have to apply the current requirements of IFRS 16 and consider whether or not there has been an amendment of the corresponding lease.

Pursuant to IFRS-EU, the amendments must be applied retrospectively and are applicable no later than 1 June, 2020 for financial years beginning on 1 January, 2020.

The Group reviewed the concessions obtained as a result of Covid-19 up to 31 December 2020 to ascertain the accounting implication of these concessions. The vast majority of the concessions obtained came about in businesses using physical stores with leased premises to perform their activities. Accordingly, the effect recorded from the application of the aforementioned exemption stemming from the rental concessions granted which were the direct result of Covid-19 amounted to EUR 2.4 million, and this has been recognised in the profit and loss account.

b) Standards, amendments and interpretations not yet in force, although could be taken in advance

IFRS 4 (Amendment) "Extension of the temporary exemption from the application of IFRS 9"

In accordance with the postponement of the effective date of IFRS 17 "Insurance contracts", the modification changes the expiration date for the temporary exemption in IFRS 4 "Insurance contracts" regarding the application of IFRS 9 " Financial instruments ", requiring entities to apply IFRS 9 for annual periods beginning on or after January 1, 2023, rather than on or after January 1, 2021

The Group is studying these amendments, however it does not consider that their future application will have a significant effect on it.

IFRS 9 (Amendment), IAS 39 (Amendment), IFRS 7 (Amendment), IFRS 4 (Amendment) and IFRS 16 (Amendment) "Interest rate benchmark reform" Tranche 2"

The IASB has undertaken a two-phase project to consider which exemptions, if any, to provide for the purposes of the

benchmark interest rate reform ("the IBORs"). Phase 1 amendments, issued in September 2019, provided temporary exemptions from the application of specific hedge accounting requirements to relationships affected by uncertainties arising as a result of the IBOR reform ("the Phase 1 exemptions one"). Phase 2 amendments address issues arising from the implementation of the reforms, including the replacement of a benchmark rate with an alternative one.

The modifications will apply to the financial years beginning on or after 01 January 2021, although earlier application is permitted.

The Group is studying these amendments, however it does not consider that their future application will have a significant effect on it.

c) Standards, interpretations and amendments of existing standards that cannot be early adopted or have not been adopted by the European Union

At the date of these Consolidated Annual Accounts were prepared, the IASB and IFRS Interpretations Committee had published the following standards, amendments and interpretations that have not yet been adopted by the European Union.

IFRS 10 (amendment) and IAS 28 (amendment) "Sale or contribution of assets between an investor and its associate or joint venture".

These amendments clarify the accounting treatment of the sale or contribution of assets between an investor and its associates and joint ventures. This will depend on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a business. The investor will recognise the total gain or loss when the non-monetary assets constitute a "business". If the assets do not meet the definition of a business, the investor should recognise the profit or loss to the extent of other investors' interests. The amendments will only be applicable when an investor sales or contributes assets to its associate or joint venture.

Originally, these amendments to IFRS 10 and IAS 28 were forward-looking and effective for the financial years commencing from 1 January 2016 onwards. However, at the end of 2015, the IASB took the decision to postpone the effective date of these amendments (without setting a new specific date), given the fact that it is planning a more extended review that could simplify the accounting of these transactions and other aspects regarding the accounting of associates and joint ventures.

The Group is studying these amendments, however it does not consider that their future application will have a significant effect on it.

IFRS 17 "Insurance Contracts".

In May 2017 the IASB completed its long-term project to develop an accounting standard on insurance contracts and published the IFRS 17 "Insurance Contracts". IFRS 17 replaces IFRS 4 "Insurance Contracts" which currently enables a wide variety of accountancy practices. IFRS 17 will require fundamental accounting changes for all companies issuing insurance and investment contracts with discretionary participation features.

The standard is applicable for the financial years from 1 January 2021 onwards, permitting an earlier application if IFRS 15 "Ordinary revenue from contracts with customers" and IFRS 9 "Financial instruments". The IFRS 17 is pending adoption by the EU.

The Group is studying this new standard, however it does not consider that its future application will have a significant effect on it.

IFRS 17 (Modification) "Modifications to IFRS 17"
To address some of the concerns and problems raised regarding implementing IFRS 17, the IASB established specific amendments and clarifications designed to facilitate the implementation of this new standard, although these amendments do not alter the standard's basic principles. In addition to this, the mandatory effective date of IFRS 17 was pushed back to yearly periods starting from 1 January 2023. The modification of IFRS 17 is pending adoption by the EU.

The Group is studying this new standard, however it does not consider that its future application will have a significant effect on it.

IAS 1 (Amendment) "Classification of liabilities as current or non-current"

These amendments clarify that the liabilities are classified as current or non-current, depending on the rights that exist at the end of the reporting year. Classification is not affected by the organisation's expectations or events after the closing date of the financial year (e.g. the receipt of a waiver or a breach of the agreement). The amendment also clarifies what IAS 1 means when it refers to the "settlement" of a liability. The effective date of these amendments is 1 January, 2022, although early adoption is allowed.

However, an alteration was implemented in July 2020 to change the effective date of the amendment to 1 January 2023. These modifications are pending approval by the EU.

The Group is studying this modification, however it does not consider that its future application will have a significant effect on it.

IAS 16 (Amendment) "Property, plant and equipment - Income obtained before the intended use"

It is prohibited to deduct from the cost of an item of property, plant and equipment any income obtained from the sale of items produced while the organisation is preparing the asset for its intended use. Revenue from the sale of such items, together with production costs, is now recognised in the income statement. The amendment also clarifies that an organisation is testing whether the asset is functioning properly when assessing the technical and physical performance of the asset The financial performance of the asset is not relevant to this assessment. Therefore, an asset may be able to operate as intended by the management and be subject to depreciation before it has reached the operating performance level expected by the management. These amendments come into effect on 1 January, 2022. This amendment is pending approval by the EU.

The Group is studying this modification, however it does not consider that its future application will have a significant effect on it.

IAS 37: 'Onerous Contracts – Cost of Fulfilling a Contract'

The amendment explains that the direct cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling contracts. It also clarifies that, before a separate provision for an onerous contract is established, the organisation recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract. These amendments come into effect on 1 January, 2022. The modification is pending approval by the EU.

The Group is studying this modification, however it does not consider that its future application will have a significant effect on it.

IFRS 3: (Amendment) 'Reference to the Conceptual Framework'

IFRS 3 has been updated to refer to the 2018 Conceptual Framework in order to determine what constitutes an asset or a liability in a business combination (CF 2001 was referred to previously).. A new exception has also been added to IFRS 3 for liabilities and contingent liabilities. These amendments come into effect on 1 January, 2022. The modification is pending approval by the EU.

The Group is studying this modification, however it does not consider that its future application will have a significant effect on it.

Annual improvements to IFRS. 2018 – 2020

The amendments affect IFRS 1, IFRS 9, IFRS 16 and IAC 41 and apply to the financial years beginning on or after 1 January, 2022. The main amendments relate to:

- IFRS 1 " First time adoption of the IFRS": IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. This amendment allows organisations that have taken this exemption to also measure accumulated translation differences using the amounts accounted for by the parent, based on the latter's transition date to IFRS.
- IFRS 9 "Financial instruments": The amendment addresses which costs must be included in the 10% test for derecognition of financial liability accounts. The costs or fees could be paid to third parties or to the lender. Depending on the amendment, costs or fees paid to third parties will not be included in the 10% test.
- IFRS 16 "Leases": Illustrative Example 13 accompanying IFRS 16 has been changed to remove the illustration of lessor payments related to lease improvements, thus eliminating any possible confusion over the treatment of lease incentives.
- IAS 41 "Agriculture": This amendment removes the requirement to exclude cash flows for taxation when measuring fair value according to NIC 41.

The Group is studying these improvements, however it does not consider that their future application will have a significant effect on it.

2.1.2 CHANGES IN ACCOUNTING POLICIES

The Group applied IFRS 16 "Leases" for the first time in the consolidated financial statements for the financial year commencing 1 January 2019.

The depreciation of the right-of-use asset is on a straight-line basis during the useful life of the asset or the term of lease.

The Group prospectively adopted IFRS 16 from 1 January 2019 onwards, although it did not restate the comparative figures for FY 2018, as permitted under the specific transition provisions of the standard. Therefore, the reclassifications and adjustments arising from the new leasing rules were recognised in the opening balance sheet at 1 January 2019.

The Group analysed all its leases, finding that the most significant ones are in the B2C segment. These leases primarily refer to the leasing of real estate and vehicle fleets. The payments associated with short term leases, of 12 months or less, as well as leases of low value are recognised as an expense in the income statement for the financial year. This basically concerns the leasing of machinery and other equipment, computing equipment and small items of office furniture.

The assets and liabilities arising from a lease were initially measured on a present value basis. The liabilities were valued at the present value for the remaining payments for leases, deducted using the lessee's incremental borrowing rate, at 1 January 2019. The weighted average incremental borrowing rate of the lessee applied to the lease liabilities at 1 January 2019 was 2%, given that the Group's most significant leases are based in Spain and that the leases in its foreign companies are of little significance. In financial year 2020 the main leases continue to be based in Spain.

As this is the first application of this accounting policy, the Group recognised right-of-use assets and lease liabilities of approximately €42.3 million and €42.6 million, respectively, at 31 December 2019, while the initial effect at the start of financial year 2019 was EUR 52.8 million. The right-of-use assets recognised were basically related to the leasing of business premises for performing Commercial Services, vehicle fleets, basically using the B2C and B2B Commercial Services activity, offices and, to a lesser extent, equipment and vehicles for directors.

The negative net impact on profit for financial year 2019 amounted to approximately EUR 0.3 million. On the other hand, the effect on the operating results has resulted in an improvement of approximately EUR 2 million, affecting almost exclusively the B2C and B2B Services Segments, (CGU B2B Commercial Services).

2.2. CONSOLIDATION PRINCIPLES

a) Subsidiaries and business combinations

Subsidiaries are all entities (including special-purpose companies) over which the Group has control. The Group controls an entity when it is exposed, or has right, to obtain a few variable performances for his implication in the informed one and has aptitude to use his power on her to influence these performances.

Subsidiaries are consolidated from the date on which control is transferred to the Group, and they are de-consolidated from the date that control ceases.
The Group applies the acquisition method to account for business combinations. The consideration paid for the acquisition of a subsidiary consists of the fair values of the assets transferred, the liabilities

incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability that originates from a contingent consideration agreement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Whenever there is a difference in the settlement of any part of the consideration in cash, then the future amounts to be paid shall be discounted at their current value on the date of exchange. The discount rate used is the entity's incremental borrowing rate of interest, with the rate being the one that could be obtained for a similar loan from a financial institution under comparable terms and conditions.

Any contingent compensation to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to fair value of the contingent consideration that is deemed to be a financial liability, are recognised in the profit and loss account. Contingent consideration that is classified as net worth is not remeasured, and its subsequent settlement is accounted for under the net worth.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group’s share of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, in case of being a purchase on favourable terms, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. The accounting policies followed by subsidiaries have been modified where necessary to ensure consistency with policies adopted by the Group.

The accompanying Exhibit I sets out the identification particulars of subsidiaries.

31 December is the year end for all the annual accounts/ financial statements used in the consolidation process.

Non-controlling interests in subsidiaries' profit or loss and net worth will be recognised separately in the following consolidated accounts: the balance sheet, profit and loss account, comprehensive income statement and the statement of changes in equity

b) Changes in the ownership interests in subsidiaries without any change in control

The Group recognises transactions involving non-controlling interests that do not result in loss of control as transactions with the owners of the Group's equity in their capacity as owners. In acquisitions of non-controlling interests, the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recognised in net worth. Gains or losses on disposals of non-controlling interests are also recognised in net worth.

c) Disposal of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

d) Joint Arrangements

The Group applies IFRS 11 to all the joint agreements. The investments in joint agreements under IFRS 11 qualify as joint operations or as joint business, depending on the rights and commitments of every investor. The Group has evaluated the nature of its joint agreements and has determined, except in the case of Cobra Carbon Grinding B.V. that are joint arrangements.

A joint operator will recognize, with respect to its interest in a joint venture:

- Its assets, including its interest in the jointly-held assets;
- Its liabilities, including its share in the jointly-incurred liabilities;
- Its revenue from ordinary activities arising on the sale of its interest in the product deriving from the joint venture;
- Its share in the revenue from ordinary activities arising on the sale of the product produced by the joint venture; and
- Its expenses, including its share in the jointly-incurred expenses.

For detailed information on integrated Temporary Consortia (UTEs) and other joint ventures, see Note 34.

e) Equity method

Associates are all entities over which the Group has significant influence but not control, generally accompanying a equity interest of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes any goodwill (net of impairment) identified on acquisition (Note 2.7.a). Note 2.8 outlines the impairment policy in respect of non-financial assets, including goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss.

The Group's share of its associates post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

At each reporting date, the Group determines if there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of the impairment loss as the difference between the recoverable amount of the associate and its carrying amount and recognises the amount adjacent to "share of profit/(loss) of associates" in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with policies adopted by the Group.

Dilution gains or losses arising in associates are recognised in the consolidated income statement.

2.3. SEGMENT FINANCIAL REPORTING

Operating segments are reported consistently with the internal reporting provided to the chief operating decision-makers (Note 5). The highest decision-making body is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body has been identified as being the Group's Executive Committee.

According to Note 1 of the consolidated annual account, the information broken down into segments was modified with respect to previous years to adapt it to the different businesses included in the new strategy of the Group and to make it easier to understand.

Note 5 to the consolidated financial statements provides the new segmentation and data for the year ended 31 December 2019, which are included for comparative purposes.

2.4. FOREIGN CURRENCY CONVERSION

a) Functional and reporting currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). All Group companies use the currency of their country of domicile as their functional currency.

The consolidated annual accounts are reported in euro, which is the Parent Company's functional and reporting currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in net worth as qualifying cash flow hedges and qualifying net investment hedges.

Exchange gains and losses are reported in the consolidated income statement under "Net exchange differences".

The non-monetary items assessed on the basis of fair value in foreign currency are converted using the exchange rates based on which the fair value was determined. The exchange differences in assets and liabilities recorded based on fair value are featured as parts of the profit or loss in the fair value. For example, the exchange differences in non-monetary assets and liabilities, such as shares in capital maintained at fair value with changes in profit and loss, are recognised in the result of the financial year as part of the profit or loss in the fair value and the exchange differences in non-monetary assets, such as shares in capital classified as being at fair value with changes in other comprehensive profit/loss being included in other comprehensive profit/loss.

c) Group companies

The results and the financial situation of all the Group companies who have an operating currency different from the reporting currency, except for the two subsidiary companies in Argentina, considered a hyperinflationary economy in 2018, are exchanged into the reporting currency as follows:

(i) Assets and liabilities for each balance sheet reported are translated at the closing rate at the date of the balance sheet;

(ii) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) All resulting Exchange differences are recognized as a separate component of the consolidated net worth.

On consolidation, any exchange differences arising from the translation of net investments in foreign operations and loans and other instruments in foreign currency and designated as hedges of such investments are taken to net worth. When realised, or when the investment ceases to be classified as a net investment in a foreign operation, these differences are recognised in the income statement as part of the gain or loss on the sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The Group has designated certain loans granted to foreign subsidiaries as net investments in a foreign business and the losses on exchange arising during the year have been classified under the heading "Cumulative differences on exchange rate" of the net worth in the negative amount of EUR 4,254 thousand in 2020 (in 2019 negative differences on exchange totalled EUR 411 thousand). The cumulative amount of differences on exchange deriving in this respect and included under the heading Cumulative differences on exchange rate in net worth at 31 December 2020 amounted to EUR -14,965 thousand (2019: -EUR 10,711 thousand, after excluding the Brazilian companies). The liquidation of these loans is not provided or is likely to be done in the near future.

The Group has not defined hedge derivatives for net foreign investments at 31 December 2020 and 2019.

d) Financial information in hyperinflationary economies

The financial statements of Argentine subsidiaries whose operating currency is that of a hyperinflationary economy were restated in financial year 2018 for the purposes of being presented in uniform currency at the closing date in accordance with the provisions in the NIC 29 "Financial Information in Hyperinflationary Economies":

Argentina was declared as a hyperinflationary economy since 1 July 2018, due to accrued inflation over the last three years having exceeded 100% in accordance with the variation in the Internal Wholesale Price Index published by the National Institute of Statistic and Census of Argentina.

Argentina recorded a cumulative inflation rate of 36.1% in 2020 (2019: 53.5%) and the average exchange rate of the Argentine peso against the euro was 80.7868 (2019: 53.8894).

As a result of this, the balance sheets at 31 December 2018 of two associated subsidiary companies which the Group maintains in Argentina, Dominion Baires, S.A and Dominion Industry de Argentina, S.A. (Annex I), were retroactively restated as from the last adjustment undertaken by both companies which dates back to 2003, following the indications of the IFRIC 7 "Application of the Restatement Procedure according to the NIC 29". With regard to the restatement calculation, the indexes set forth by the Technical Resolution of the Governing Board 439/18 published by the Argentine Federation of Professional Councils were used. In this sense, it must be taken into account that both companies contributed non-current assets at 31 December 2020 and 2019 for the amount of EUR 0.4 M and EUR 0.7 M, respectively, and the contribution to the consolidated operating result of financial year 2020 totalled EUR -2.3 M (31 December 2019: EUR 0.7 M). The effect registered as the result of monetary gain by applying the requirements of NIC 29 totalled EUR 0.5 M (31 December 2019: EUR 0.3 M) included in the "Financial expenses" section in the consolidated profit and loss account for financial years 2020 and 2019. The decision was made to present the inflation and exchange rate adjustments together in the Cumulative exchange rate difference.

2.5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised at cost less accumulated depreciation and any accumulated impairment losses, except for land, which is reported net of impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers of any gains/losses on qualifying cash flow hedges of foreign currency purchases of tangible fixed assets transferred from net worth.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Lands are not depreciated. Depreciation of other productive assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	Estimated Operating Life (years)
Buildings	25 - 50
Plant and machinery	10 - 20
Other fittings and furniture	6 - 15
Other fixed assets	4

The asset's residual value and useful life are reviewed and adjusted, if appropriate, at each consolidated balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Profit and loss on the sale of tangible fixed assets are calculated by comparing the revenue obtained against the carrying value and are included in the income statement in "Other income and expenses".

2.6. BORROWING COST

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised in profit or loss.

2.7. INTANGIBLE ASSETS

a) Goodwill

The Group tests annually whether goodwill has suffered any impairment. As a result of the extraordinary circumstances caused by the coronavirus (Covid-19) health crisis, when preparing these consolidated financial statements, the Group reassessed the estimated impairment loss on goodwill.

Also, Note 1 to these consolidated financial statements sets out the reasons why the Group' s segmentation has been changed. This has led to the need for additional restatement of the current CGUs in order to determine the level at which management calculates goodwill. To this regard, in line with the definition of a CGU or CGU group as the smallest group of assets that generates cash inflows irrespective of inflows from other assets or groups of assets, there have been no CGU changes as such, although they have been reorganised to bring them in line with the defined segments. Consequently, the CGU groupings from financial year 2020 onwards have been as follows:

CGU grouping until 2019	**CGU grouping as of 2020**
Specialist Engineering and Solutions	B2B 360 Projects
T&T services	B2B T&T Services
Industrial Services	B2B Industrial Services
Commercial services	B2B Business Services
	B2C

As illustrated in the table above, two variations have been taken into account in the reassessment of the CGU groupings:

- Solutions which are not 360º Projects. These are smaller solutions to support regular services or are they are digital and will be included in the B2B T&T Services CGU grouping as of 2020. From now onwards, the B2B P360º Projects CGU grouping will coincide with the Segment of the same name and will include all major renewable energy EPC projects, tall structure projects and major 360º Solutions.

- B2C Services. These services are separated from the Commercial Services CGU grouping and a separate CGU grouping is created for these, which includes household services, where the range of services covers more than just telephony (energy, insurance, etc.) and where the customer is the end-consumer.

(Thousand Euro)

Goodwill at 31 December 2019 was also reallocated to the new CGUs as explained above, applying the relative fair value of these CGU groupings at 1 January 2020:

Cash-Generating Units Groupings considered until 31.12.2019

	2019
Specialist Engineering and	156,597
T&T services	26,803
Industrial Services	41,737
Commercial services	77,731
	302,868

Cash-Generating Units Groupings considering new groupings from 2020

	2019
B2B 360 Projects	136,451
B2B T&T Services	46,949
B2B Industrial Services	41,737
B2B Business Services	22,118
B2C	55,613
	302,868

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates which, for FY 2020, we have reassessed to take account of any implication caused by the Covid-19 pandemic. Note 7 provides details of the estimates made in the calculation.

With respect to the assumptions made to project the EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization, essential for calculating free cash flow) of the CGU groups and their future growth, and the evolution of the profitability of the various CGU groups, as mentioned in Note 1.3, our strategy for the next few years stays the same and we see 2020 as a parenthesis in this strategy therefore requiring an extra year for full completion. Accordingly, we do not detect any impairment risks that could affect the conclusions of the analyses and estimates made as of 31 December, 2019, including sensitivity analyses. Note 7 provides further information on the goodwill recoverability tests.

The use values for each group of CGUs at 31 December 2020 exceed the net asset value to be recovered for each of them in all circumstances. This excess above the net assets to be recovered does not fall below 20% in any of the cases, considering the strictest hypotheses and circumstances.

Goodwill assessment restructuring as at 1 January 2020 has not led to any additional impairment.

b) Research & development expenses

Research expenditure is recognised as an expense as incurred. The costs incurred in development projects (associated with the design and testing of new products or product upgrades) are recognised as an intangible asset when the success of the development is deemed probable taking into account its technical and commercial feasibility, management intends to complete the project and has the technical and financial resources to do so, has the ability to use or sell the asset and generate potential economic benefits and the costs involved may be reliably estimated. Other development expenses are recognised as costs when they are incurred. Development costs previously recognised as expenses are not recognised as an asset during subsequent financial years. Development costs with a finite useful life that have been capitalised are amortised from the start of commercial production of the product on a straight-line basis over the period in which it is expected to generate economic benefits, which does not exceed five years.

Any intangible assets so recognised are subject to impairment testing under IAS 36. In financial years 2020 and 2019, the relevant impairment tests were performed and no impairment was detected.

c) Trademarks and licences

Trademarks and licences acquired from third parties are reported at cost. Those acquired through business combinations are recognised at fair value at the acquisition date.

In 2019, the useful life of the "Phone House" brand was re-estimated as a result of the changes in the Group's strategy for its adaptation and market trend in the retail sector, where The Phone House operates predominantly. Accordingly, a defined useful life of ten years has been considered, with the ""Phone House"" brand starting to amortise on a straight-line basis from the middle of the 2019 financial year. Furthermore, at 2020 year-end, impairment tests were performed with no indications of any impairment to be recorded.

d) Customer portfolio and order backlog

Under this heading the Group includes the associated value of the customer and order backlog acquired for consideration as part of the business combinations carried out in each financial year. These assets arise when the purchase price of the assets acquired is allocated and are initially carried at fair value using the "Multi-period excess earnings (MPEE) valuation method," which is based on the present value of operating cash flows net of supporting asset charges. Following recognition, the Group amortises the customer portfolio and order backlog on a straight-line basis over the estimated period in which they will contribute cash flows to the Group, generally 4 to 10 years for the customer portfolio and 4--5 years for the order backlog.

In financial years 2020 and 2019, the relevant impairment tests were performed and no impairment was detected.

e) IT applications

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with developing or maintaining computer software programs are recognised as an expense when incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that are deemed likely to generate economic benefits in excess of costs beyond one year, are recognised as intangible assets. Directly attributable costs include software developer costs and an appropriate portion of relevant overheads. In 2020, the Group capitalised as computer software the amount of EUR 6,391 thousand relating to the cost of work carried out internally to develop software, charged to the item "Employee benefit expenses" in the consolidated income statement for 2019 (2019: EUR 9,769 thousand).

Computer programs acquired from third parties, or developed in-house that are capitalised, are amortised over their estimated useful lives, which do not exceed four years.

2.8. IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped together at the lowest level where cash flows can be separately identified (cash generation units).

Non-financial assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9. FINANCIAL ASSETS

2.9.1 CLASSIFICATION

The Group has classified its financial assets in the following evaluation categories:

- Those which are evaluated subsequent to fair value (either with changes in other comprehensive profit/loss or in profit/loss), and
- those valued at their amortised cost.

The classification depends on the entity business model to manage the financial assets and the contract terms of the cash flows of the assets and investments.

For assets valued at fair value, profits and losses are registered in profit/loss or in other comprehensive profits/losses. Investments in equity instruments not held for trading will depend on whether or not the Group made an irrevocable decision at the time of initial recognition for accounting for investment in equity at fair value with changes in other comprehensive profit/loss.

The Group reclassifies the investments in financial assets when, and only when, the business model used to manage these assets changes.

2.9.2 RECOGNITION AND EVALUATION

Investments and financial assets

Regular purchases and sales of financial assets are recognised on the trade date; the date on which the Group commits to purchase or sell the asset. The Group removes financial assets when they mature or when the rights to the cash flows for the financial assets have been transferred, and the Group has performed a substantial transfer of all the risks and benefits inherent in its ownership.

At the time of initial recognition, the Group assessed financial assets at fair value and, if a financial asset is not at reasonable value with changes in results (VRR), the costs of the transaction that are directly attributable to the purchase of the financial assets. The transaction costs of financial assets registered at fair value with changes in results are recorded as expenses in profits/losses.

Financial assets with embedded derivatives are considered in their entirety when determining if their cash flows are exclusively the payment of principal and interests.

Debt instruments

The subsequent appraisal of the debt instruments depend on the business model of the Group to manage the assets and the characteristics of the cash flow of the assets. There are three evaluation categories in which the Group classifies its debt instruments:

- Amortised cost: The assets maintained for contract cash flow hedges (as applicable) when these cash flows only represent the principal payments and interests are appraised at amortised cost. The interest income of these financial assets are included in financial income pursuant to the effective interest rate method. Profit or loss arising from deregistering is directly recorded in profits/losses and is included in other profits/(losses), together with the profits and losses arising from exchange rate differences, as applicable. Impairment losses are recorded in a separate section of the profit and loss account.

- Fair value with changes in other comprehensive profit/loss: The assets maintained for contract cash flow hedges and to sell financial assets, when the cash flows of the assets only represent the payments of principal and interests. They are appraised at fair value with changes in other comprehensive profit/loss. Book value transactions are carried over to other comprehensive profit/loss, except the recognition of profit or loss from impairment, ordinary income from interests and profit and loss from differences in exchange rates which are recorded in profit/loss. When the financial assets are derecognised, the cumulative profit or loss previously recorded under other comprehensive profit/loss is reclassified from net worth to profits/losses and also recorded under other profits/(losses). Income from interest on these financial assets are included in financial income following the effective interest rate method. Profit and loss from exchange rate differences are recorded under other profits/(losses) and expenses due to impairment losses are recorded in a separate section of the profit and loss account.

- Fair value with changes in profit/loss: Assets which do not meet the criteria for amortised cost of for fair value with changes in other comprehensive profits/losses are recorded at fair value with changes in profits/losses. Profit or loss from a debt investment subsequently recognised at fair view with changes in profits/losses is recognised in profits/losses and is recorded as net under other profits/(losses) in the financial year in which they arise.

Net worth instruments

The Group appraises all investments in net worth at fair value. When the Group Management opted to record profit and loss at fair value for investments in net worth in other comprehensive profit/loss, there is no subsequent reclassification of profits and losses at fair view in profits/losses, following investment account deregistering. Dividends from these investments remain recorded as profit or loss for the financial year as part of other income when the company's right to receive payments is established.

Changes in the fair value of the financial assets at fair value with changes in profit or loss are reported in other profit/(loss) the income statement, when applicable. Loss from impairment (and reversion of losses from impairment) related to investment in net worth valued at fair value with changes in other comprehensive profits (losses are not presented separately from other changes in fair value.

2.9.3 IMPAIRMENT

The Group appraisal is based on the expected credit losses related to its assets at amortised cost and at fair value with changes in other comprehensive profit/loss. The method applied for impairment losses depends of whether or not there has been a significant credit risk increase.

The value correction for losses of financial assets is based on the hypothesis on default risk and expected rates of losses. The Group exercises judgement when performing these hypotheses and selecting the variables for the calculation of the impairment loss based on past experience, the existing market conditions, as well as the probable estimates at the end of each financial year on which is being reported.

For trade payable, the Group applies a simplified approach permitted by IFRS 9, which requires that the forecast lifecycle losses be recognised from the initial recognition of the accounts payable (Note 10). The provision for impairment to be recorded by the expected losses is performed taking into account the clients' markets in each line of activity (Note 3.1.c)). A coefficient is applied for each calculation based on the history of default payments in recent financial years, referenced to a multiplier depending on the macro-economic conditions which affect the markets where the Group performs its activity.

2.10 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITY

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

a) Hedges of the fair value of recognised liabilities (fair value hedge);
b) Hedges of a particular risk associated with a recognised asset/liability or a highly probable forecast transaction (cash flow hedge); or
c) Hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, including whether changes in cash flows of the hedging instruments are expected to offset changes in cash flows of the hedged items. The Group documents its risk management objectives and strategy for undertaking its hedge transactions.

The fair values of the derivative financial instruments designated in hedging relations are described in Note 18. The total of the fair value of a hedging derivative is classified as asset or non-current liability if the remaining maturity of the hedged item is greater than 12 months; it is classified as asset or current liability if the remaining maturity of the hedged item is less than 12 months. The business derivatives are classified as assets or current liabilities.

Cash flow hedges that qualify for hedge accounting

The efficient part of the changes in fair value of derivatives which are assigned and classified as cash flow hedges are recorded in the cash flow hedges reserve in net worth. The profit or loss related to the inefficient part are immediately recorded in profit/loss, under other income/(expenses).

Profit or loss relating to the efficient part of the interest rate swaps which are generated by variable loans are recorded as profit/loss under the section "Financial expenses" as soon as the interest expense is accrued by the hedged loans.

When term contracts are used to cover envisaged transactions, the Group generally only assigns the change in the fair value of the term contract related to the spot component as the hedging instrument. Profit and loss relating to the efficient part of the change in component spot of term contracts are recorded in the cash flow hedges reserve in net worth. A change in the forward item of the contract in relation to the hedged item ("aligned term item") is recognised under other comprehensive profit/loss in the costs of the hedging reserve under net worth. In some cases, profit and loss relating to the efficient part of the change in fair value of complete term contracts are recorded in the cash flow hedges reserve in net worth.

Amounts accumulated in net worth are reclassified in the periods when the hedged item affects profit or loss as follows: Gains or losses corresponding to the effective portion of interest rate swaps covering floating rate loans are recognised in profit or loss under finance cost at the time as the interest cost on hedged loans.

When a hedging instrument matures, is sold or terminates, or when hedging no longer meets the hedging accounting criteria, any accumulated deferred profit or loss of the hedging in net worth at that time remains as net worth until the envisaged transaction takes place, resulting in the recognition of a non-financial asset such as inventories. When the envisaged transaction is no longer expected, the cumulative profit or loss and deferred hedge costs that figured in net worth are immediately reclassified under profit or loss for the year.

Net investment hedge

The net investment hedges in business abroad are recorded similarly to the cash flow hedges.

Any profit or loss in the hedge instrument related with the efficient part of the hedge is recognised in comprehensive profit/loss and accumulates in reserves in net worth. The profit or loss related to the inefficient part are immediately recorded in profit/loss.

The cumulative profit and loss in net worth are reclassified to profit/loss when the business is partially disposed of abroad.

Derivatives which are not qualified for hedge accounting

Specific derivative instruments are not qualified for hedge accounting The changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit / loss under Change in fair value of financial instruments.

2.11 INVENTORIES

Inventories are measured at the lower of purchase cost and net realisable value. The purchase price is calculated in accordance with the weighted average price method. In the case of product manufacturing, production costs include the direct and indirect manufacturing costs.

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

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 TRADE ACCOUNTS RECEIVABLE

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets.

Furthermore, pursuant to IFRS 15, advance commission payments in the energy supply business (B2C segment), which are obtained in connection with the acquisition of new customers through a network of distributors, are recognised in the balance sheet as prepayments and amortised on a straight-line basis over the customer's expected useful life.

Trade accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For trade payable, the Group applies a simplified approach permitted by IFRS 9, which requires that the forecast lifecycle losses be recognised from the initial recognition of the accounts payable. For the calculation, the Group considers the clients' markets for each line of activity, past experience on the percentage of default or the volumes of receivables and another series of variables (Note 3.1. c)).

Financing through the discounting of bills of exchange is not written off from trade receivables until they are collected and is reflected as bank financing.

Financing by means of non-recourse factoring or the sale of trade receivables triggers the derecognition of the receivable as all associated risks are transferred to the financial institution in question (Note 10).

2.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.14 SUBSCRIBED CAPITAL

Ordinary shares are classified as net worth.

Incremental costs directly attributable to the issue of new shares or options are shown in net worth as a deduction, net of tax, from the proceeds.

When a Group company acquires shares of the parent company (treasury shares), the consideration paid, including any directly attributable incremental cost (net of income tax) is deducted from equity attributable to the parent's equity owners until the shares are cancelled, reissued or sold. When these shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in net worth attributable to the parent's shareholders.

2.15 GOVERNMENT GRANTS

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to tangible fixed assets are included in deferred income as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

The benefit of a loan at a lower rate than that of the market granted by a public entity is valued as the difference on the accounts and the amount received; a subsidy is recognised in the amount of this difference and is recorded in the consolidated income statement or in liabilities as a deferred government subsidy depending on whether the loan finances current expenses or investments in tangible fixed assets.

2.16 SUPPLIERS – TRADE ACCOUNTS PAYABLE

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer their settlement for at least 12 months after the end of the consolidated reporting period.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Financial liabilities are eliminated when the specific obligation in the contract has been fulfilled, cancelled or expired. The difference between the book value of a financial liability that has been cancelled or transferred to another party and the consideration paid, including any non-cash or liability transferred asset assumed, is recognised in the income statement as other financial income or expenses.

In May 2019, The Group made public their incorporation to a promissory note programme, the "Dominion 2019 Promissory Note Programme" in the Alternative Fixed Income Securities Market (MARF) with a maximum active balance limit of EUR 75 million and with maturity dates of up to 24 months. Borrowings obtained under this plan have been subject to the same valuation rules as those indicated above for external financing. Note 18 indicates the existing situations at 31 December, 2020 and the corresponding details.

2.18 CURRENT AND DEFERRED TAXES

a) Corporate income tax

Corporate Income Tax expense for the year comprises current and deferred tax and is calculated on the basis of profit before tax, adjusted for any permanent and/or temporary differences envisaged in the tax laws enacted or substantively enacted at the balance sheet date regarding the calculation of taxable income in the countries where the Company and its subsidiaries operate. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. The tax is also recognised in the income account except when it relates to items recognised in other global results or directly in net worth. In this case this is also recognised in the other global results or directly in net worth respectively.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and if necessary, it establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Tax credits and deductions and the tax effect of applying unused tax losses that have not been capitalised are treated as a reduction in income tax expense for the year in which they are applied or offset.

On the other hand, and as of 1 January, 2015, the regional consolidated tax group was created, being its head company Global Dominion Access, S.A. The rest of companies are the following:

- Dominion Investigación y Desarrollo, S.L.U.
- Dominion E&C Iberia, S.A.U. (formerly Beroa Iberia, S.A.U.)
- Dominion Energy, S.L.U.
- Instalaciones Eléctricas Scorpio, S.A.
- Energy Renewables 8, S.L.
- Dominion Servicios Medioambientales, S.L.U.
- Desarrollos Green BPD 1, S.L.
- Desarrollos Green BPD 2, S.L.
- Desarrollos Green BPD 3, S.L.
- Desarrollos Green BPD 4, S.L. (included in 2020)
- Desarrollos Green BPD 5, S.L. (included in 2020)
- Desarrollos Green BPD 6, S.L. (included in 2020)
- Dominion Renewable 1, S.L.
- Dominion Renewable 2, S.L.
- Dominion Renewable 3, S.L.
- Dominion Renewable 5, S.L.
- Dominion Renewable 6, S.L.
- Dominion Renewable 7, S.L.
- Linderito Solar, S.L.
- Pamaco Solar, S.L.
- Pico Magina Solar, S.L.
- Proyecto Solar Monte Bonales, S.L.
- Proyecto Solar Pico del Terril, S.L.
- Rio Alberite Solar, S.L.
- Rio Guadalteba Solar, S.L.
- Villaciervitos Solar, S.L.

The Spanish tax group was set up on 1 January 2015 with Bilcan Global Services, S.L being the controlling party and the rest:

- Dominion Centro de Control, S.L.U.
- Sur Conexión, S.L.
- Tiendas Conexión, S.L.
- Eurologística Directa Móvil 21, S.L.U.
- Dominion Industry & Infrastructures, S.L.
- The Phone House Spain, S.L.U.
- Connected World Services Europe, S.L.U.
- Smart House Spain, S.A.U.
- Netsgo Market, S.L. (included in 2020)

Outside Spain it exists the following fiscal groups:

- In Germany: led by the subsidiary Beroa Technology Group GmbH and in which Dominion Deutschland GmbH, Burwitz Montage-Service GmbH and Karrena Betonanlagen und Fahrmischer GmbH (dormant) participate.
- In the USA: led by the subsidiary Global Dominion Access USA and in which also participate Karrena LLC, Commonwealth Dynamics Inc., Commonwealth Constructors Inc, ICC Commonwealth Corporation and Capital International Steel Works Inc.

The other Dominion Group companies file their tax individually.

b) Deferred taxes

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated annual accounts. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except when the Group can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets deriving from the carryforward of unused tax credits and unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the tax assets can be utilised. In the case of tax allowances in respect of investments, the tax credit is accrued as a decrease in expense over the period during which the items of tangible fixed assets that generated the tax credit are depreciated (Note 2.5); this right is recognised with a credit to deferred income. Tax deductions in respect of R&D investment are classified, depending on the nature of the subsidy, upon recognition as operating grants so long as the R&D costs have not been capitalised (Note 2.15).

Deferred tax assets corresponding to utilised or recognised tax credits relating to R&D activities are recognised in profit or loss on a systematic basis over the periods during which the Group companies expense the costs associated with these activities, based on management's assessment that treatment as a grant best reflects the economic substance of the tax credit. Accordingly, in keeping with IAS 20, the Group treats the tax credit recognised or used as other operating income.

The deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and the tax base of the investments in business abroad when the Group is capable of controlling the date on which the temporary differences will be carried forward and it is probable that these will not be carried forward in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset the amounts recognised under these headings and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 EMPLOYEE BENEFITS

a) <u>Pension commitments</u>

The Group's plans are funded through payments to insurance companies or externally-administered funds, determined by periodic actuarial calculations. The Group has deferred contribution of non-significant amounts and defined benefit plans. A defined benefit plan defines the amount of benefits that an employee will receive, normally on the basis of one or more factors such as age, years of service and compensation.

A defined benefit plan is a plan under which the Group pays fixed contributions to a fund and is required to pay additional contributions if the fund does not have sufficient assets to pay all employees the benefits related to the services provided in the current year and prior years.

The liability recognised in the balance sheet in connection with defined benefit plans is the present value of defined benefit commitments at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the obligation is calculated by discounting the estimated future cash outflows using the interest rates of high quality corporate bonds denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to net worth (in other comprehensive income) in the period in which they arise in the case of post-employment benefits and in the income statement in the case of long-term employee benefits.

The past-service costs are recognised immediately in the income statement.

b) Dismissal compensation

Dismissal benefits are paid to employees as a result of the Group's decision to terminate employment contracts before the retirement age or when employees voluntarily agree to resign in return for benefits offered by the Company. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or as a result of an offer of termination benefits made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

c) Benefit and bonus participation plans

The Group recognizes a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the parent company's shareholders after certain adjustments. The Group recognizes a provision when contractually obliged or when there is a past practice that has created a constructive obligation.

d) Variable remuneration plans based on the value of the Parent Company's shares payable in cash

Liabilities with regard to appreciation rights of cash-settled shares of the Group's controlling Company are recognised as expense for remuneration to employees during the corresponding service period. Liabilities are recalculated on each date on which the information is presented and they are presented as remuneration obligations to employees on the balance sheet.

2.20. PROVISIONS

Provisions for specific liabilities and charges are recognised when:

(i) The Group has a present legal or constructive obligation as a result of past events;

(ii) It is probable that an outflow of resources will be required to settle the obligation; and

(iii) The amount has been reliably estimated.

Restructuring provisions include employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the probability of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

2.21. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable on the sale of goods and services in the ordinary course of the Group's business activities, stated net of discounts, returns and value added taxes and after the elimination of intragroup sales. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific performance obligations have been met for each of the Group's activities. The amount of revenue cannot be reliably determined until all of the contingencies associated with the sale have been settled. Revenue is recognised as follows:

a) Sales of goods

Sales of goods are recognised when a Group company has delivered the products to the customer, the customer has accepted the products and it is probable that the future economic benefits will flow to the seller. Accumulated experience is used to estimate and provide for returns at the time of sale.

The Group's activity is focused on the provision of services, nevertheless, as part of the B2C Services activity, sales are performed of devices along with the corresponding telephone services required for the activity and which do not generate added value for the Group. As indicated in the following section the part of the sales and purchases of devices to operators whose risk does not reside with the Group, where the Group acts as agent, are not recorded as Group transactions, only recognising the commissions which correspond to it as agent.

b) Provision of services

B2B Services Segment:

The Group renders telecommunications system integration and technological consulting services in networks and automatic mechanisms, carrying out all phases of the project, including engineering, supply, installation and launch of public and private entities and companies and industrial maintenance services, controlling the entire productions process through outsourcing. These services are rendered in accordance with a specific date and materials, or a fixed price contract.

Revenues from specific dates and materials contracts, which normally relate to the rendering of telecommunications integration services, are recognised at the rates stipulated in the contract to the extent that personnel performs the hours and direct expenses are incurred.
The revenue deriving from fixed-price contracts for both engineering maintenance and network installation as well as industrial maintenance is recognized based on the degree of completion method

in accordance with the services performed or the percentage completion of the agreements compared with total services or construction contracts to be fulfilled. These types of agreements are short-term in nature and normally the estimated degree of completion does not exceed a 1.5 month invoicing time horizon at the end of the year for technology services and no more than one month for industrial services.

The expected losses in these contracts are immediately recognised as financial year costs provided they are known and can be quantified.

Moreover, the services grouped together under the activity of Commercial Services mainly correspond to services where the companies act in some cases as the principle to the contract concluded with the customer and recognise all sale and purchase transactions and in other cases it acts as a commission agent only recognising the income from the amount of the fee agreed for each transaction, whilst no risk exists for the Group on the inventory in its power and accounts receivable and it does not have the capacity to set the price of sale.

The commercial transactions income not recognized in the "net turnover" of the Group's consolidated profit and loss account as a result of acting as agent in service agreements, amounted to EUR 296.0 million in 2020 (EUR 328.6 million in 2019). These operations have a residual margin.

When the Group acts some cases as principal in the contract with the operator, revenue is recognized when it is probable that the Group will receive economic benefits or income derived from the transaction and the amount of revenue and costs incurred or to be incurred can be measured reliably. Revenue is measured at the fair value of the counterparty received or receivable, less any discounts, sales on price and other similar items that the Company grant an, where applicable, interest included in the nominal value of the loans. The indirect taxes on transactions which can be chargeable to third parties not take of the incomes.

B2C Segment:

The services encompassed in the B2C segment include the sale of various services to end consumers and households, telephony services, insurance and energy. In the case of services, the companies act in some cases as the principle to certain contracts taken out with the customer and recognise all sale and purchase transactions and in other cases it acts as a commission agent only recognising the income from the amount of the fee agreed for each transaction, whilst no risk exists for the Group on the inventory in its power and accounts receivable and it does not have the capacity to set the price of sale. As regards energy sales, the main activity here is the sale, marketing and distribution of any type of energy, particularly electricity, from any production source.

With the acquisition of Alterna Operador Integral, S.L. In 2019 (Notes 1 and 32), the Group incorporated energy marketing activities in Spain, which supplements the Group's B2C services on offer. Energy marketing in Spain is based on principles of the customer having freedom to choose and contract the services of the supplier. As a deregulated activity, marketing is remunerated on the basis of freely agreed terms between the parties. This marketing activity targets two types of customers, private individuals (retail) and companies (SMEs). For the former, electricity is sold at the market cost price plus a fixed management fee, whilst for the latter, a 1-year contract is established and the sale price is fixed, guaranteeing electricity is supplied at a fixed price under contracts with market "traders".

B2B 360 Projects Segment:

When the services rendered are offered to provide increased efficiency and competitiveness to a production process that continues to be managed by the customer, they are classified as Solutions. These solutions are normally supplied based on a fixed-price agreement.

The revenue deriving from these types of projects is recognized based on the degree of completion method in accordance with the services performed or the percentage completion of the agreements compared with total services or construction contracts to be fulfilled. The contract assets of minor works does not normally represent a significant percentage of the total income due to the fact that the invoice milestones are normally linked to costs that are incurred and include an adjustment for estimated margins at any given moment. Larger projects or EPCs involve a higher degree of estimates based on the existing situation of the Project at the end of the year and for which the income associated with the costs incurred to date plus the project's estimated margin is recognized. The normal estimation time horizon for the income obtained through the degree of completion of these projects does not exceed three months of invoicing at the end of each year.

When the contracts include multiple execution obligations the transaction price will be allocated to each execution obligation based on the independent sale prices. When these are not directly observable, they are estimated on the basis of the expected cost plus the margin.

In contracts which feature variable prices, these are recognised when it is highly likely that they will not be reversed and are estimated based on the probability that the obligations or conditions determining them are met. To this end, the Group analyses the conditions and the experience from past financial years in similar contracts.

If circumstances arise that modify initial estimations of revenues, costs or degree of completion, these estimations are reviewed. Revisions could lead to increases or decreases in estimated revenues and costs, and are reflected in the income statement in the period in which the circumstances that have led to such revisions are known by client. Specifically, for contract extensions, these sales are only recorded when the income is approved by the client.

The income recognised based on the degree of completion (invoices not yet issued) at 31 December 2020 total EUR 98 million (Note 24) and the provisions recognised as liability related to the analysis of the degree of completion and advances from customers in connection with these projects, total EUR 86 million (Note 24), which results in 11 million net, which represents 1.1% on the consolidated net turnover amount for the year (2019: EUR 33 million, 2.9%, on the consolidated turnover) (Note 24).

c) Interest income

Interest income is recognised using the effective interest rate method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.

d) Royalty income

Revenue from royalties is recognised on an accruals basis in accordance with the substance of the relevant agreements.

e) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.22. LEASES

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease component based on their relative stand-alone prices. However, for real estate leases in which the Group is a

lessee, it has decided not to separate the lease and non-lease components, counting them as a single lease component.

The terms of the lease are negotiated on an individual basis and contain a wide variety of terms and conditions. The lease agreements do not impose any other covenant other than the real guarantees on the leased assets that are maintained by the lessor. Leased assets cannot be used as collateral for the purpose of financial debt.

Leases are recognised as a right-of-use asset and the corresponding liability on the date on which the leased asset is available for use by the Group.

The assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including fixed payments in substance), less any lease incentive to collect
- variable lease payments that depend on an index or rate, initially measured according to the index or rate at the start date
- amounts expected to be paid by the Group as residual value guarantees
- the exercise price of a call option if the Group is reasonably certain that it will exercise that option, and
- penalty payments on termination of the lease, if the term of the lease reflects the Group's exercise of that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are discounted using the interest rate implied in the lease. If that rate cannot be easily determined, which is generally the case for leases in the Group, the lessee's incremental rate of indebtedness is used, being the rate that the lessee would have to pay to borrow the funds needed to obtain an asset of similar value to the asset for right of use in a similar economic environment with similar terms, guarantees and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to index or rate-based lease payments take effect, the lease liability is reassessed and adjusted against the right-to-use asset.

Lease payments are apportioned between principal and finance cost. The finance cost is charged to income over the lease period so as to produce a constant periodic interest rate on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost, comprising:

- the amount of the initial measurement of the lease liability
- any rental payments made on or before the start date, less any rental incentives received
- any initial direct costs, and
- restoration costs.

The depreciation of the right-of-use assets is generally on a straight-line basis during the useful life of the asset or the term of lease, whichever is less. If the Group has reasonable certainty that a purchase option will be exercised, the right-of-use asset is depreciated over the useful life of the underlying leased asset.

The payments associated with short term leases for machinery and all leasings of low value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

In determining the lease term, management considers all facts and circumstances that create an economic incentive

to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Most of the extension options for office and vehicle leases have not been included in the lease liability as the group could replace the asset at no significant cost or business interruption.

2.23. DIVIDEND DISTRIBUTION

Dividend distribution to the Parent Company's shareholders is recognised as a liability in the Group's consolidated annual accounts in the period in which the dividends are approved by the parent company's shareholders.

2.24. ENVIRONMENTAL DISCLOSURES

Costs incurred by the Group as part of its business activities that are intended to protect the environment and/or improve its environmental record are expensed currently. When these expenses involve incorporations into tangible fixed assets, with the aim of minimising the environmental impact and protecting and improving the environment, they are accounted for as the highest value of the fixed asset.

2.25. CURRENT AND NON-CURRENT BALANCES

Those amounts with longer maturity to 12 months from the closing date of the period are considered as non-current balances, assets and liabilities.

3. FINANCIAL RISK MANAGEMENT:

3.1. FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

In the broadest sense, the management of financial risks aims to control the incidents generated by fluctuations in exchange and interest rates. Finance Management at the dominant Company, to which it pertains, is responsible for the arrangement of financial instruments which enable as far as possible participation in favourable environments relating to movements in the exchange and interest rates to be compatible with the limitation, in part or in whole, of the adverse effects due to an unfavourable environment. Financial market risk management has been adapted to incorporate the current uncertainty brought about by the overall situation caused by Covid-19's impact in financial year 2020.

a) Market Risk

(i) Exchange rate risk

The presence of the Dominion Group in the international market requires it to arrange an exchange rate risk management policy. The basic objective is to reduce the negative impact on operations in general and on the income statement in particular of the variation in interest rates such that it is possible to protect against adverse movements and, if appropriate, leverage favourable development.

In order to arrange such a policy, Dominion Group uses the concept of Management Scope. This concept encompasses all collection / payment flows in a currency other than the euro expected to materialise over a specific time period. The Management Scope includes assets and liabilities denominated in foreign currency and firm or highly probable commitments for purchases or sales in a currency other than the euro. Assets and liabilities in foreign currency are subject to management, irrespective of timing scope, while firm commitments for purchases or sales that form part of the management scope will be subject to the same if their forecast inclusion in the balance sheet takes place in not more than 18 months.

Following the definition of Management Scope, in order to manage risks the Group uses a series of financial instruments that in some cases permit a certain degree of flexibility. These instruments will basically be as follows:

- Forward currency purchases/ sales: An exchange rate known at a specific date is fixed which may, moreover, be subject to timing adjustments in order to adapt and apply it to cash flow.

- Other instruments: Other hedging derivatives may also be used, the arrangement of which will require specific approval by the relevant management body. This body will have to be informed beforehand as to whether or not it complies with the necessary requirements to be regarded as a hedging instrument, therefore qualifying for the application of the rule on hedge accounting.

Details of open exchange rate insurance contracts for financial years 2020 and 2019 are provided in Note 18. During financial years 2020 and 2019, the Group used certain currency forward contracts in Mexican pesos and dollars the effect of which was basically recorded on the consolidated profit and loss account for the financial year.

The Group protects against loss of value as a result of movements in the exchange rates other than the euro in which its investments in foreign operations are denominated by similarly denominating, to the extent possible, its borrowings in the currency of the countries of these operations if the market is sufficiently deep or in a strong currency such as the dollar, insofar as dollar correlation to the local currency is significantly higher than that of the euro. Correlation, estimated cost and depth of the debt and derivative market determine the policy in each country.

The Group has several investments in operations abroad with net assets expressed in the local currency of the country and exposed to currency change risks. The translation volatility of those net assets in currencies other than Euro on net worth as well as on profit or loss are detailed below.

If at 31 December 2020 and 2019, the value of the euro had been reduced / increased by 10% with respect to all other functional currencies, all other variables remaining constant, net worth would have been lower/higher, by EUR 5,059 thousand and EUR 6,894 thousand, respectively in 2020, (higher and lower by EUR 6,789 thousand and EUR 5,703 thousand, respectively in 2019) owing to the effect of the assets contributed by the subsidiaries operating in a functional currency different from the euro.

(Thousand Euro)

If the average exchange rate of the euro in 2020 had fallen / increased by a further 10% with respect to all functional currencies other than the euro, all other variables being equal, profits after tax for the year would have been EUR 973 thousand and EUR 214 thousand lower/higher respectively (EUR 842 and EUR 838 thousand higher/lower in 2019), mainly as a result of the exchange gains / losses on the conversion of accounts receivable denominated in currencies other than the euro.

Sensitivity to the exchange rate of the main currencies in the conversion process for the net assets of the subsidiary companies whose operating currency is not the euro is summarised in the table attached (revaluation or devaluation of the euro with regard to other currencies):

Financial year 2020

	Effect on Equity		Effect on income	
	+10%	**-10%**	**+10%**	**-10%**
Mexican peso	(402)	487	(59)	67
US Dollar	(1,700)	2,003	(74)	17
Saudi riyal	(1,196)	1,240	(221)	48
Argentine peso	517	547	695	330
Peruvian sol	(365)	446	18	(22)
Australian Dollar	(612)	812	(39)	112
Indian Rupee (IR)	(800)	978	(174)	213
Chilean peso	(259)	317	60	(73)
Polish zloty	(242)	64	(420)	281

(Thousand Euro)

Financial year 2019

	Effect on Equity		Effect on income	
	+10%	-10%	+10%	-10%
Mexican peso	(409)	468	20	(56)
US Dollar	(1,784)	2,167	(289)	340
Saudi riyal	(1,365)	1,661	(155)	182
Argentine peso	(277)	179	(116)	(18)
Peruvian sol	(451)	552	(8)	9
Australian Dollar	(560)	706	(117)	164
Indian Rupee (IR)	(712)	871	(211)	258
Chilean peso	(339)	415	67	(81)
Polish zloty	194	(230)	(29)	44

(ii) Price risk

The Group generally has zero exposure to equity instrument price risk because it has no investments of this kind held by the Group and/or classified in the consolidated balance sheet for 2020 as fair value with changes in profit/loss or fair value with changes in other comprehensive profit/loss.

The energy marketing activity does not create an additional price risk due to the fact that the sales prices are agreed on the basis of the purchase prices, transferring this risk directly to the customer.

(iii) Interest rates

Dominion Group's borrowings are largely benchmarked to variable rates, for one part of the financial debt, exposing the Group to interest rate risk, with a direct impact on the income statement. The general objective of interest rate risk management strategy is to reduce the adverse impact of increases in interest rates and to leverage as far as possible the positive impact of potential interest rate cuts.

In order to attain this objective, the management strategy will be arranged through financial instruments that enable such flexibility. The possibility is expressly envisaged of arranging hedges for identifiable and measurable portions of flows, which enables, if appropriate, the completion of the efficiency test evidencing that the hedging instrument reduces the risk of the hedged component in the part assigned and is not incompatible with the established strategy and objectives.

The Management Scope encompasses the borrowings recognised in the consolidated balance sheet of the Group. Circumstances may occasionally arise in which the hedges arranged cover the loans already committed in the final stage of formalization and where the principal should be protected against an increase in the interest rate.

In order to manage this risk factor, the Group uses financial derivatives that may qualify as hedging instruments and therefore hedge accounting. The relevant accounting standard (IFRS 9) does not specify the type of derivatives that may be considered hedging instruments except for options issued or sold. It does, however, specify the conditions required for such consideration. As with respect to the management of the exchange rate risk, the arrangement of any financial derivative which is suspected not to comply with the necessary conditions to be regarded as a hedge will require the express approval of the relevant management body. For reference, the basic hedging instrument will be the following:

- Interest rate swaps: Through these derivatives, these Group segments convert the variable interest rate reference of a loan to a fixed reference with respect to either all or part of the amount of the loan, affecting all or part of the life of the loan.

Sensitivity to the interest rates included in the annual accounts is limited to the direct effect of changes in interest rates applied to financial instruments subject to recognized interest in the balance sheet. It is worth considering most of the financial borrowing in the Group in 2020 and 2019 is agreed to fixed interest rates or interest rate swaps. The sensitivity of the income statement to a 1% change in interest rates (considering financial instruments as hedging derivatives) would have an effect of approximately EUR 723 thousand on Profits before tax recorded in 2020 (2019: EUR 345 thousand), considering its impact on financial borrowings linked to variable interest rates. In addition, the Group's net financial debt amounts to over EUR -87 million (2019: over EUR -113 million) which, combined with an increase in market interest rates, would entail a rise, albeit moderate, of the profitability of the financial investments contracted. This profitability will partially offset the negative impact of a higher financial cost.

b) Liquidity risk

The prudent management of the liquidity risk entails maintaining sufficient cash and available financing through sufficient credit facilities. In this respect, the Group's strategy is to maintain, through its treasury department, the necessary financing flexibility through committed credit lines. Additionally, and on the basis of its liquidity needs, Dominion Group uses liquidity financial instruments (factoring without recourse and the sale of financial assets representing receivables, through which the risks and rewards on accounts receivable are transferred) that, in accordance with Group policy, do not exceed approximately one-thirds of overdue trade and other receivable balances in order to maintain liquidity levels and the structure of working capital required under its business plans.
Management follows up the Group's liquidity reserve forecasts together with the development of the Net Financial Debt. Following the spread of Covid-19, this monitoring is now carried out on a daily basis. To this regard, the Group's financial management implemented a wide range of actions to maximise liquidity possibilities in the most unpredictable moments of the pandemic. It should be noted that the pandemic hit when the Group was in a strong position with excellent solvency and liquidity. Having said this, certain measures were deemed necessary to provide further reassurance during periods of declining activity and significant amounts of uncertainty regarding both time and amounts. Further details regarding these measures are provided in Note 1 above.

These actions include loans granted by Instituto de Crédito Oficial (ICO) for a total of EUR 100 million, new promissory notes issued in the Alternative Fixed Income Securities Market (MARF) as of March 2020, new credit lines taken out with the European Investment Bank (EIB) and ICO for a total of approximately EUR 50 million (at 31 December 2020 this amount was not drawn down) to pursue the R&D&I strategy, and, naturally, in-depth monitoring of customer receipts and payments that form part of the normal working capital process.

(Thousand Euro)

The Group's liquidity reserve calculation and the Net Financial Debt at 31 December 2020 and 2019 is provided below:

	2020	2019
Cash and cash equivalents (Note 12)	237,626	141,545
Other current financial assets (Note 8)	41,098	59,933
Undrawn borrowing facilities (Note 18)	182,313	143,552
Liquidity reserve	**461,037**	**345,030**
Liabilities with credit institutions (Note 18)	188,394	84,678
Derived financial instruments (Note 18)	2,973	3,390
Cash and cash equivalents (Note 12)	(237,626)	(141,545)
Other current financial assets (Note 8)	(41,098)	(59,933)
Net financial debt	**(87,357)**	**(113,410)**

The evolution of net debt in the financial years 2020 and 2019 is shown in the following table:

Financial year 2020:

	Cash and deferred credits (Note 12)	Other current financial assets (Note 8)	Liabilities with credit institutions (Note 18)	Derivative financial instruments (Note 18)	Total
Net financial debt start	**(141,545)**	**(59,933)**	**84,678**	**3,390**	**(113,410)**
Cash flows	(90,285)	19,508	105,409	-	34,632
Foreign exchange adjustments (*)	(4,258)	(673)	(2,734)	-	(7,665)
Changes in consolidated scope (Note 32)	(1,538)	-	1,041	-	(497)
Other non-monetary transactions	-	-	-	(417)	(417)
Net financial debt at the end of 2020	**(237,626)**	**(41,098)**	**188,394**	**2,973**	**(87,357)**

(Thousand Euro)

Financial year 2019:

	Cash and deferred credits (Note 12)	Other current financial assets (Note 8)	Liabilities with credit institutions (Note 18)	Derivative financial instruments (Note 18)	Total
Net financial debt start	**(205,574)**	**(30,994)**	**129,741**	**1,153**	**(105,674)**
Cash flows	67,653	(29,761)	(48,289)	-	(10,397)
Foreign exchange adjustments (*)	(1,043)	822	(849)	-	(1,070)
Changes in consolidated scope (Note 32)	(2,581)	-	4,075	-	1,494
Other non-monetary transactions	-	-	-	2,237	2,237
Net financial debt at the end of 2019	**(141,545)**	**(59,933)**	**84,678**	**3,390**	**(113,410)**

(*) Companies with balance sheets expressed in currencies other than the euro (translation differences in net worth), as well as currencies other than the currency of the country where is presented (exchange differences in profit and loss).

For the purposes of this calculation the Group does not consider the heading of "Other current and non-current liabilities" to be financial debt (Note 20).

The Finance Department monitors forecasts of the Group's liquidity needs in order to optimise cash while maintaining sufficient availability of credit facilities not drawn by the Group considering the liquidity excess existing at 31 December 2020 and in years 2020 and 2019, whilst always bearing in mind meeting the limits and covenants set forth in financing.

There are no restrictions regarding the use of cash and cash equivalents.

As illustrated in the table above, the Group's positive cash position at both 31 December 2020 and 31 December 2019, having weathered what are considered to be the most challenging stages of the pandemic, is the best indicator that the Group's liquidity position is not at risk.

(Thousand Euro)

Below is a table setting out a breakdown of the working capital reported in the Group's consolidated balance sheet at 31 December 2020, on a comparative basis with the figures at 31 December 2019:

	2020	**2019**
Inventories	50,750	53,002
Trade and other receivables	260,885	250,821
Assets per contract	97,667	79,706
Other current assets	11,371	8,397
Current tax assets	14,392	17,466
Operating current assets	**435,065**	**409,392**
Other current financial assets	41,098	59,933
Cash and other cash equivalents	237,626	141,545
CURRENT ASSETS	**713,789**	**610,870**
Trade and other payables	476,851	510,639
Liabilities per contract	86,228	14,606
Current tax liabilities	24,597	30,557
Short-term provisions	7,539	4,418
Other current liabilities (*)	29,137	27,136
Operating current liabilities	**624,352**	**587,356**
Other current liabilities (*)	24,705	22,594
Short-term liabilities with credit institutions	34,044	14,335
Current derivative financial instruments	895	3,390
CURRENT LIABILITIES	**683,996**	**627,675**
OPERATING WORKING CAPITAL	**(189,287)**	**(177,964)**
TOTAL WORKING CAPITAL	**29,793**	**(16,805)**

(*) Accrued wages and salaries and accruals and prepayments are included in other operating current liabilities. The other items analysed in Note 20 are carried as non-operating current liabilities.

(Thousand Euro)

Although the magnitude of working capital taken into consideration in an isolated manner is not a key parameter for understanding the Group's financial statements, it actively manages working capital through net operating capital and net current and non-current financial debt, based on the solidity, quality and stability of relationships with its customers and suppliers, as well as the exhaustive monitoring of its situation with financial institutions, which in many cases automatically renew loans. It should also be noted that the business covered by the activity of the group of CGU B2B Commercial Services in the B2B Services segment normally operates with negative goodwill and sales that are recovered in cash, and expenses for purchases or services that have normal payment maturity dates.

One of the Group's strategic lines is to ensure the optimisation and maximum saturation of the resources devoted to the business. The Group therefore pays special attention to the net working capital invested in the business. In keeping with this and as in previous years, major efforts have been made to control and reduce the collection periods for trade and other receivables and to minimise services rendered pending invoicing. Similarly, the Company constantly optimises supplier payment terms, standardising policies and conditions throughout the Group.

As a result of the above it may be confirmed that there are no liquidity risks at the Group.

The table below sets out an analysis of the Group's financial liabilities that will be settled, grouped together by maturity, in accordance with the time to maturity at the balance sheet date stipulated in the contract. The amounts shown in the table relate to the cash flows (including the interest that will be paid) stipulated in the contract without discounting. Balances payable in the coming 12 months equal their carrying value, given that the effect of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	More than 5 years
At 31 December 2020			
Bank borrowings and promissory notes (Note 18)	20,367	167,385	642
Other liabilities	54,737	66,519	3,567
At 31 December 2019			
Bank borrowings (Note 18)	16,441	72,637	4,130
Other liabilities	53,120	55,653	5,639

c) Credit risk

Risk management

Credit risks are managed by customer groups. The credit risk deriving from cash and cash equivalents, derivative financial instruments and bank deposits is considered immaterial in view of the credit standing of the banks with which the Group works. In certain circumstances that give rise to specific liquidity risks at these financial institutions, the appropriate provisions to cover them are allocated if necessary.

Furthermore, the Group maintains specific policies for the management of this customer credit risk, taking into account their financial position, past experience and other factors. It should be noted that a significant part of its customers consist of companies with high credit ratings (Note 5.c) or official entities whose operations are financed through loans from international financial institutions.

In order to minimise this risk in trade receivable balances, the Group's strategy is based on the arrangement of customer credit insurance policies and the setting of customer credit limits.

Days sales outstanding is within the range of 15 days (mainly for commercial services) and 180 days. However, historically it has been considered that due to the characteristics of the Group's customers balances receivable due in between 120 and 180 days entail no incurred credit risk. It should also be noted that a portion of the sales made by the Commercial Services CGU grouping are received in cash and the credit risk incurred is nearly zero. The Group continues to consider that these outstanding balances still present good credit quality.

The analysis of the age of outstanding assets that are not accountably impaired is provided in Note 10.

Security

For some trade accounts receivable, the Group can obtain security by way of bonds, deeds of commitment or letters of credit which can be applied if the other party infringes the contract terms.

Financial asset impairment loss.

The Group has four types of financial assets which are subject to the model of expected credit losses:

- Trade accounts receivable for the sale of services.
- Assets per contract related with solutions and services the recognition of which in income is performed based on the degree of project completion.
- Loans and credits recorded at amortised cost.
- Cash and cash equivalents

Although cash and cash equivalents are also subject to the requirements of impairment loss of the IFRS 9, the impairment loss identified is immaterial.

Within the estimate of expected loss an additional risk to that calculated in previous years is also considered, arising from the effects of Covid-19 on the credit risk itself (default risk), the amount at risk if the debtor does not pay (exposure to default) and the estimated loss as a result of default (loss if default occurs).

Trade accounts receivable and assets per contract.

The Group applies the simplified focus of the IFRS 9 in order to evaluate the expected credit losses which uses a value adjustment due to expected losses during the entire life for the trade accounts receivable and assets per contract.

In order to evaluate the expected credit losses, the trade accounts receivable and assets per contract were regrouped based on the characteristics of the shared credit risk and days past maturity. The assets per contract are related with the work not invoiced based on the degree of completion and fundamentally have the same risk characteristics as the trade accounts receivable for the same contract types. As such, the Group has concluded that the expected loss rates for the trade accounts receivable are a reasonable approximation of the loss rates for the assets per contract.

The expected loss rates are based on the payment profiles for the sales during a period of 36 months before the end of each financial year and the corresponding historical credit losses during this period. The historic loss rates are adjusted to reflect the current and prospective information on macroeconomic factors which affect the clients' capacity to settle accounts receivable. The Group has identified the GDP and the unemployment rate in the countries where it sells its goods and services as the most relevant factors and, as such, adjusts the historic loss rates according to the changes expected in these factors.

(Thousand Euro)

The effect on the value adjustment for trade receivables and contract assets arising from the additional Covid-19 risk has been calculated at an additional 0.1% of the Group's overall sales which has been recognised as a greater expense in the income statement for the year, applying primarily to the B2B and B2C Services segments.

On this basis, the value adjustments were determined due to losses at 31 December 2020 and 31 December 2019 as follows, both for the trade accounts receivable (Note 10) and for assets per contract:

31 December 2020	**Current**	**More than 60 days past maturity**	**More than 120 days past maturity**	**Total**
Average expected loss rate	1% - 1.5%	5.0% - 10%	65% - 75%	
Gross carrying amount - trade accounts receivable	252,324	7,652	27,369	287,345
Gross carrying amount - assets per contract	97,667	-	-	97,667
Value adjustments for losses	(4,449)	(617)	(21,492)	(26,558)

31 December 2019	**Current**	**More than 60 days past maturity**	**More than 120 days past maturity**	**Total**
Average expected loss rate	1% - 1.5%	5.0% - 10%	65% - 75%	
Gross carrying amount - trade accounts receivable	244,462	6,468	16,763	267,693
Gross carrying amount - assets per contract	79,706	-	-	79,706
Value adjustments for losses	(3,679)	(350)	(12,923)	(16,952)

(Thousand Euro)

The value adjustments for losses for trade accounts receivable and assets per contract at 31 December 2020 are reconciled with the value adjustments for losses at the start as follows:

	Assets per contract	Trade accounts receivable
31 December 2019	**80**	**16,872**
Inclusions for scope registration (Note 32)	-	576
Value adjustments for losses - calculated under NIC 9	-	4,307
Increase in value adjustments for losses of accounts receivable recognised in profit and loss during the financial year.	18	6,127
Accounts receivable eliminated during the financial year for uncollectability.	-	(510)
Carrying forward of the unused amount	-	(912)
At 31/12/2020	**98**	**26,460**

	Assets per contract	Trade accounts receivable
31 December 2018	**91**	**14,069**
Inclusions for scope registration	-	3,738
Increase in value adjustments for losses of loans recognised in profit and loss during the financial year.	-	2,879
Accounts receivable eliminated during the financial year for uncollectability.	(11)	(3,226)
Carrying forward of the unused amount	-	(588)
At 31/12/2019	**80**	**16,872**

The trade accounts receivable and the assets per contract suffered impairment and are cancelled when there is no reasonable expectation of recovery. The indicators that there is no reasonable expectation of recovery include, amongst others, the fact that a debtor does not commit to a payment plan with the Group and the lack of contractual payments during a period exceeding 180 days as from the due date.

The impairment losses in the trade accounts receivable and assets per contract are presented as net impairment losses as part of operating profit. The subsequent recovery of amounts cancelled previously are credited against the same item.

3.2. FAIR VALUE ESTIMATION

IFRS 13, 'Fair value measurements' explains how to estimate fair value when other international accounting standards so require. This standard stipulates the fair value disclosure requirements applicable to non-financial assets and liabilities.

IFRS 13 defines fair value as the value that would be received or paid, in an orderly transaction on the measurement date, for an asset or liability, regardless of whether this value is directly observable or has been estimated using valuation techniques. To this end the data used must be consistent with the assumptions that market participants would use in considering such a transaction.

Although IFRS 13 leaves the principles set down in other standards intact, it does establish the overall framework for measuring assets and liabilities at fair value when doing so is mandatory under other standards and stipulates additional fair value disclosure requirements.

The Group complies with IFRS 13 requirements in measuring its assets and liabilities at fair value when such fair value measurement is required under other international financial reporting standards.

On the basis of the contents of IFRS 13 and in accordance with IFRS 7 on financial instruments measured at fair value, the Group reports on how it estimates fair value by level using the following fair value hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (Tier 1)
- Inputs other than Tier 1 quoted prices that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices) (Tier 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Tier 3).

(Thousand Euro)

The following table presents the assets and liabilities that are valued at fair value at 31 December 2020 and 2019:

	2020	2019
Derived financial instruments (Notes 8 and 18) (Tier 2)	-	346
Financial assets at FV with change in profit and loss (Note 8) (Tier 3).	500	-
Total assets at fair value.	**500**	**346**
Derived financial instruments (Note 18) (Tier 2)	(2,973)	(3,390)
Other liabilities valued at fair value (Note 20) (Tier 3).	(11,026)	(23,311)
Total liabilities at fair value.	**(13,999)**	**(26,701)**

There were no transfers between the tiers during financial years 2020 and 2019.

a) Tier 1 financial instruments

The fair value of the financial instruments that are marked on active markets is based on market prices at the balance sheet date. The listed market price used for financial assets is the ordinary buy price. A market is considered to be active when the listed prices are easily and regularly available through a stock market, financial brokers, industry institution, a pricing service or a regulatory entity and those prices reflect current market transactions that take place on a regular basis between parties that operate under conditions of mutual independence. The listed market price used for the financial assets held by the Group is the current buy price. These instruments are included in Tier 1. The Group does not have any of these financial instruments.

b) Tier 2 financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods such as estimated discounted cash flows and makes assumptions based on existing market conditions at each balance sheet date. If the significant inputs that are required to calculate the fair value of an instrument are observable, the instrument is included in Tier 2.

The specific measurement techniques applied to financial instruments are:

- Fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.
- Fair value of forward foreign exchange contracts is determined using forward exchange rates quoted at the consolidated balance sheet date.
- It is assumed that the book value of credits and debits for commercial operations is close to their fair value.
- Fair value of financial liabilities for financial reporting purposes is estimated by discounting future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

Tier 2 instruments relate to the derivative financial instruments (Note 18).

c) Financial instruments at fair value in Tier 3

If one or more of the significant inputs are not based on data observable in the market, the financial instrument is included in Tier 3.

Instruments included in Tier 3 correspond to the contingent compensation of the business combinations performed during recent financial years. Those liabilities have been valued according to the stipulations specified in the contract of purchase where involved financial parameters (EBITDA and net financial debt) that must be considered in the future (Note 20).

The key assumption to measure these liabilities is based on future expected returns to be generated by the activities/companies acquired (Notes 1 and 20). The assumptions used for these estimates match with the detailed in the impairment test of funds of trade (Note 7.a). The progress of these businesses over 2020, which was affected by the Covid-19 pandemic, has been taken into account when calculating the applicable formulae in accordance with the contracts entered into in each case and has led to changes in the valuations recorded at year-end.

(Thousand Euro)

Modifications of 5% in EBITDA (estimated maximum variation upwards or downwards to which the EBITDA could be exposed), would imply a variation in financial liabilities to pay upwards 0.4 million euros or downwards 0.9 million euros, taking into account that some agreements include maximum prices to be paid (2019: 0.8 million euros upwards and 1.3 million euros downwards), without this implying a need to modify the consolidated goodwill.

At 31 December 2020 and 2019 the Group does not record any agreements to offset financial assets and liabilities.

3.3. CAPITAL RISK MANAGEMENT

The Group's capital management objectives are to safeguard its capacity to continue operating on a going-concern basis in order to obtain a return for shareholders and profits for other equity instrument holders and maintain an optimal equity structure by reducing its cost.

In order to maintain or adjust the capital structure, the Group could adjust the amount of dividends payable to shareholders, refunding capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the leverage ratio. This ratio is calculated as net financial debt divided by total capital employed by the business. Net debt is calculated as total borrowings plus current financial liabilities less cash, cash equivalents and current financial assets, all of which as shown in the consolidated annual accounts. Total capital employed is calculated as net worth, as shown in the consolidated annual accounts plus net financial debt.

In 2020 the Group's strategy, as was the case in prior years, has consisted of maintaining a leverage ratio of approximately 0.4. Leverage ratios at 31 December 2020 and 2019 were as follows:

	As of 31 December	
	2020	**2019**
Borrowings (Note 18)	188,394	84,678
Derived financial instruments (Note 18)	2,973	3,390
Minus: Cash and cash equivalents and current financial assets (Notes 8 and 12)	(278,724)	(201,478)
Net financial debt (Note 3.1.b) (*)	(87,357)	(113,410)
Net worth	319,741	353,683
Total capital employed in the business	232,384	240,273
Leverage index	(0.38)	(0.47)

(*) For the purposes of this calculation the Group does not consider the heading of "Other financial liabilities" to be financial debt (Note 20).

The Group presents a net cash position at 31 December 2020 and 2019. Management considers that the existing liquidity and credit facilities not utilised at 31 December 2020 are sufficient to fund the Dominion Group's organic and inorganic growth that is envisaged according to the Strategy Plan presented in 2020. Combined with efficient management of funds and the focus on improving business profitability, this will allow borrowings to be serviced and shareholder return expectations to be fulfilled.

At 31 December 2020 and 2019, the Group had concluded contracts for loans with financial entities subject to the obligation to comply with specific financial ratios (Note 18), which are being met at year-end.

The borrowings obtained this year from the loans guaranteed by the ICO entail the obligation to use this amount for the Group's working capital requirements and not to restructure the Group's existing financial debt, an obligation which the Group has fulfilled.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Notes 2.7 and 7).

Considering the uncertainty brought about by the Covid-19 pandemic referred to in Note 1.3, when estimating the future financial forecasts included in the calculations, we believe it is appropriate to perform a weighted average of the different possible scenarios, considering 3 scenarios ranging from the most optimistic to the most pessimistic situations with respect to a complete solution to the adverse effects caused by the pandemic in relation to annual sales growth. Note 7 provides details of the possible scenarios and the estimated occurrence rates.

With respect to the assumptions made to project the EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization, essential for calculating free cash flow) of the CGUs and their future growth, the most probable scenario has been used according to the Management model so that underperformance in respect of this gross margin is considered unlikely.

If the estimated rate used to discount the cash flows had been 200 basic points higher than management's estimates, the Group would still not have needed to reduce the carrying amount of goodwill (Note 7). Note 7.a.2 provides details of the results of this analysis and a quantification of the sensitivities that have been defined.
With respect to the assumptions made to project the EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization, essential for calculating free cash flow) of the CGUs and their future growth, the most conservative scenario was used so that underperformance is considered unlikely. Simulations with nulls growth rates and 10% variations in EBITDA or reductions of 10% of expect revenues do not indicate the need for impairment provisions in either 2020 or 2019 (Note 7).

b) Estimate of the fair value of assets, liabilities and contingent liabilities associated with a business combination and effective takeover date

In business combinations, the Group classifies or designates, at the acquisition date, the identifiable assets acquired and liabilities assumed as necessary, based on contractual agreements, financial conditions, accounting policies and operating conditions or other pertinent circumstances that exist at the acquisition date in order to subsequently measure the identifiable assets acquired and liabilities assumed, including contingent liabilities, at their acquisition date fair values. It may also be necessary to use estimates in these transactions in order to value the contingent amounts (Note 20).

The measurement of the assets acquired and liabilities assumed at fair value requires the use of estimates that depend on the nature of those assets and liabilities in accordance with their prior classification and which, in general, are based on generally accepted measurement methods that take into consideration discounted cash flows associated with those assets and liabilities, comparable quoted prices on active markets and other procedures, as disclosed in the relevant notes to the annual report, broken down by nature. In the case of the fair value of property, plant and equipment, fundamentally consisting of buildings used in operations, the Group uses appraisals prepared by independent experts.

The Company's practices to modify the governing body at the companies and businesses acquired at the time the acquisition is formally concluded and obtains a majority of the members and Chairs of those bodies. From that time on it has the authority to take key decisions regarding the acquired business and the main policies to be followed, regardless of the time at which the payments agreed under the transactions are effectively made (Note 1).

c) Degree of advancement or completion of the service agreements.

The accounting of services provision contracts according to the degree of completion or progress thereof is based, in most cases, on estimations of the total of costs incurred on the total ones estimated for project completion. Changes in these estimations have impact in the recognized results of the works in accomplishment. The estimations are constantly monitored and adjusted if necessary (Note 2.21).

As indicated in Note 2.21, the Group operates, in its 360º B2B projects segment, in specific circumstances, via long-term contracts which may include different execution or performance obligations to be undertaken during different time periods.

The accounting recognition of the revenue derived from these contracts requires the Group's Management to apply judgement and significant estimates both in the interpretation of the contracts and in the estimate of their costs and degree of completion and, more specifically in relation with:

- Identification of the different performance obligations.
- Assignment of the individual prices for each performance obligation.
- Identification of the time periods during which the different performance obligations take place.
- Estimate of the total costs required to complete the performance obligations and, subsequently, the planned margins for each of them.
- Control of the real costs incurred.
- Estimate of the amount of revenue to be registered as the specific performance obligation is being met.
- Analysis of other possible agreements not included in the main contract.

The estimates for revenue, the costs or the degree of completion towards finalisation are reviewed if the circumstances change. Any resulting increase or decrease in the estimated revenue or costs is reflected in the financial year result where the circumstances which give rise to the review are known by the Management.

d) Income tax

The Group is subject to income taxes in numerous jurisdictions. A detailed analysis is required in determining the worldwide provision for income taxes. The Group recognises deferred taxes which, in accordance with prevailing legislation in different tax jurisdictions, result from multiple temporary differences in respect of assets and liabilities. Nonetheless, there are certain transactions and calculations with respect to which the ultimate calculation of the tax is uncertain in the ordinary course of business.

The calculation of income tax expense did not necessitate significant estimates except with respect to the amount of tax credits recognised in the year.

The estimate of the future tax bases is based on the business plans for the different companies in the Group and in the planning possibilities as permitted by the applicable legislation. Considering, in each case, the different tax consolidation groups which affect the different Group companies (Note 2.18a).

The recovery of these deferred tax assets is analysed on an annual basis by the Group using the estimate of the tax bases for a reasonable period of time, according to the applicable accounting and tax regulations, adjusting the sufficient amount in the result for the period analysed if required.

If the actual final result differs by - 10% in relation to Management estimates, then the variations in the deferred tax assets would decrease and the income tax recorded would increase by approximately EUR 0.1 million (2019: EUR 0.1 million) and if these variations develop positively, these asset deferred taxes will increase and income tax will decrease by approximately €0.1 million (2019: EUR 0.5 million).

At those companies that still record a negative tax base, the corresponding tax credits are not recognised until the Company is making profit. There also would not be a significant impact for those companies that generated a positive tax base provided the estimated time horizon in which they may be applied is reasonable (Note 21). No significant impact on the total capitalized tax credits at 31 December 2020 and 2019 were detected by the sensitivity analysis that was performed.

e) Fair value of derivatives or other financial instruments

The fair value of financial instruments that are not quoted in an active market (e.g. OTC derivatives) is determined by using valuation techniques. The Group exercises judgement in selecting a range of methods and making assumptions which are based primarily on prevailing market conditions at the consolidated reporting date.

Note 3.2 provides a sensitivity analysis for changes to the main assumptions with regard to the measurement of principal financial instruments.

In relation to the valuation of the derivative associated with the listed price of the Global Dominion Access, S.A.'s (Nota 18) share on the market, a variation of 10% downwards or upwards in the share price would affect the result of the financial year by increasing/decreasing by EUR 978 thousand respectively. (2019: increasing/decreasing by EUR 949 thousand).

f) Pension benefits

The present value of the Group's pension obligations depends on a series of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for employee benefits are based in part on current market conditions. Note 22 contains further information and a sensitivity analysis for changes to the most significant estimates.

g) Product or service warranty

Warranty product or service risks are recognised when there is a firm claim not covered by the relevant insurance policy.

Management estimates the related provision for future warranty claims based on historical warranty claim information, by considering the specific conditions of each claim as a function of technical reviews and estimations based on the experience with each of the rendered services, as well as recent trends that might suggest that past cost information may differ from future claims.

4.2. SIGNIFICANT JUDGEMENTS WHEN APPLYING ACCOUNTING POLICIES

The most significant judgements and estimates that have been taken into account when applying the accounting policies described in Note 2 relate to:

- Premises and calculations required in the analysis of the impairment of goodwill, as described in Notes 2.7.a), 4.1.a) and 7.
- Estimate of the recognition and application of tax credits, as described in Notes 2.18.b), 4.1.d), 21 and 28.
- Degree of advancement or completion of the service agreements in Notes 2.21 and 4.1.c).
- Estimate of the useful lives of tangible fixed assets in Note 2.5.
- Impairment losses of financial assets based on the indications of the IFRS 9 (Note 3.1.c))

5. SEGMENT FINANCIAL REPORTING

The Group's Management Committee, comprised of a Chief Executive Officer and the members of the Group's executive Management, has been identified as the ultimate decision-making body in the Group. The Management Committee reviews the Group's internal financial information for the purposes of evaluating performance and assigning resources to segments.

Management has determined operating segments based on the structure of the information examined by the Board of Directors. For these purposes, the Group's business is analysed from the point of view of products and services offered, and the information is also classified geographically merely for informational purposes.

As we have indicated in Note 1, the Group defines itself as a global Services and Projects company with the aim of providing comprehensive solutions that maximise business process efficiency by means of a different approach and innovative technology application.

In FY 2019, the Group's Management submitted its strategy to be followed over the coming years and the way in which business performance will be assessed. The information broken down into segments has accordingly been modified with respect to previous years to adapt it to the different businesses included in this strategy and to make it easier to understand.

In this regard, we distinguished two operating segments until financial year 2019: Specialised Solutions & Engineering and Multi-Technology Services. From financial year 2020 onwards, we will distinguish three different activity segments:

- B2B 360º Projects
- B2B Services
- B2C

To understand these three segments, we must first make a distinction between the two lines of business the Group’s activity is based on:

- On the one hand, we have the classic Dominion Group world, B2B ("Business to Business"), where the Group's value proposal is to be a Tier 1 supplier and digital expert who is capable of delivering an end-to-end solution: from the design and management of the project to the subsequent operation and maintenance (O&M). Two segments can be distinguished in this B2B world:

    - B2B 360º Projects, which refer to projects in which a new production process or a new infrastructure is created, in which the subsequent design, implementation and maintenance is carried out. These are comprehensive projects (typically multi-year), with long-term commercial development processes. This segment comprises a business with the key being the project portfolio on each date and it typically has a margin profile higher than that of services - more than 15%.

    - B2B Services, which refers to the framework contracts for operation and maintenance outsourcing and process improvement projects, which are typically very closely connected with a maintenance contract. These contracts typically involve recurring revenues with adjusted margins that should come close to a contribution margin of approximately 10%.

- On the other hand, the B2C ("Business to Customers") world, which comprises all end customer oriented activities: the marketing of electricity and gas supplies, telecommunications services, insurance and other services in the household. In this segment, the Group's value proposal is to serve as a multiple service provider offering all personal and household services in a single, all-encompassing platform. This segment strives to obtain recurring revenue, shifting from being a retailer selling third-party services to being a supplier with its own customers. The most important factors to measure business are the number of customers (or services) and their mean "lifetime value".

(Thousand Euro)

Just as was stated the year before, but now only focusing on the B2B world, the Group offers its solutions in three main fields of activity or expertise:

- T&T (Technology and Telecommunications), in which it offers solutions in sectors such as Health, Education, Telecommunications, Transport, Logistics or Public Administration.

- Industry, with solutions for the metal, petrochemical, glass or cement sectors, among others.

- Energy, primarily in the renewables area: photovoltaic, biomass and wind power, and power transmission lines.

The Board of Directors manages the aforementioned operating segments relating to continued activities based, mainly, on the evolution of the most relevant figures that are defined as turnover (sales) and the contribution margin (calculated as operating profits excluding depreciation or possible impairment and general structural expenses not directly attributed to the activities of the business segments).
The information received by the Board of Directors also includes all other income and expenses that make up the income statement, as well as investments in assets and the evolution of non-current assets, although all of these items and amounts are analysed and managed jointly and globally at the Group level.

The most significant non-current investment item focuses on goodwill that is distributed among segments as follows:

Segment	31.12.2020	31.12.2019(*)
B2B 360 Projects (Note 7)	134,767	136,451
B2B Services (Note 7)	109,710	110,804
B2C (Note 7)	56,973	55,613
	301,450	**302,868**

(*) Segment data for financial year 2019 has been restated to take into account the segmentation change in 2020 and for comparative purposes.

(Thousand Euro)

a) Segmented information

Segment information submitted to the Board of Directors relates to the contribution margin and this is the indicator that is used to manage the Group's segments.

	B2B 360 Projects	B2B Services	B2C	Total
31 December 2020				
Consolidated turnover	280,889	465,093	283,630	1,029,612
Other direct operating income and expenses in the segments	(232,221)	(414,007)	(277,414)	(923,642)
Contribution margin	**48,668**	**51,086**	**6,216**	**105,970**
31 December 2019(*)				
Consolidated turnover (*)	287,979	543,205	318,128	1,149,312
Other direct operating income and expenses in the segments (*)	(239,165)	(480,056)	(299,023)	(1,018,244)
Contribution margin	**48,814**	**63,149**	**19,105**	**131,068**

(*) Segment data for financial year 2019 has been restated to take into account the segmentation change in 2020 and for comparative purposes.

	Multi-technology Services	Specialist Engineering and Solutions	Total
Financial year 2019			
Consolidated turnover	790,547	358,765	1,149,312
Other direct operating income and expenses in the segments	(716,473)	(301,771)	(1,018,244)
Contribution margin	**74,074**	**56,994**	**131,068**

Transactions between the different companies making up the Group at any given time are executed at market price.

(Thousand Euro)

The Group's Management Committee uses the adjusted Net Turnover value to assess the performance of the B2C segment. This value is calculated by removing device sales in the B2C Services business from the consolidated Net Turnover. The adjusted consolidated turnover at the end of 2020 amounted to EUR 911 thousand (in 2019 it amounted to EUR 947 thousand). This elimination is in line with management's assessment of business performance, considering that the volume of B2C Service operations device sales have a residual margin that skews the actual operating margin of the segment's business.

Below is a reconciliation between the contribution margin provided by the segments and consolidated profits at 31 December 2020 and 31 December, 2019:

	2020	**2019**
Contribution margin:	105,970	131,068
- Overall unattributed structural income and expenses (1)	(25,951)	(27,333)
- Amortisations/impairment (Notes 6 and 7)	(48,371)	(47,145)
- Financial income/(expense) (2) (Note 27)	(12,532)	(13,607)
- RV change of Financial Instruments (Note 27)	5,643	(1,655)
- Share in profits obtained by associates (Note 27)	(3,489)	5,417
- Corporate income tax (Note 28)	(8,219)	(4,496)
- Profit/loss after tax from discontinued operations	(63)	(6,252)
Consolidated profit/(loss)	**12,988**	**35,997**

(1) These amounts fundamentally relate to fixed and general structural expenses (indirect personnel costs and other overheads) that are not directly attributable to business segments.

(2) Includes the headings: Financial income, Financial expenses and Exchange differences

(Thousand Euro)

Segment assets and liabilities and investments in the year are as follows:

	B2B 360 Projects	B2B Services	B2C	Total
31.12.2020				
Property, Plant and Equipment	36,456	47,335	36,308	120,099
Intangible assets and goodwill	146,703	123,883	74,564	345,150
Associate investments	14,204	-	-	14,204
Remaining Assets	353,792	328,197	110,043	792,032
Total assets	**551,155**	**499,415**	**220,915**	**1,271,485**
Total liabilities	**408,909**	**415,851**	**126,984**	**951,744**
Fixed asset additions (Notes 6 y 7)	21,927	18,437	18,397	58,761
Removals of fixed assets net of depreciation (Notes 6 and 7)	(728)	(1,012)	(1,039)	(2,779)
Net investments during the year (Notes 6 y 7)	**21,199**	**17,425**	**17,358**	**55,982**
31.12.2019 (*)				
Property, Plant and Equipment	14,468	41,108	49,885	105,461
Intangible assets and goodwill	152,004	120,800	76,254	349,058
Associate investments	17,819	-	250	18,069
Remaining Assets	292,667	299,898	85,004	677,569
Total assets	**476,958**	**461,806**	**211,393**	**1,150,157**
Total liabilities	**275,584**	**356,319**	**164,571**	**796,474**
Fixed asset additions (Notes 6 y 7)	11,737	3,022	34,559	49,318
Removals of fixed assets net of depreciation (Notes 6 and 7)	(724)	(42)	(2,925)	(3,691)
Net investments during the year (Notes 6 y 7)	**11,013**	**2,980**	**31,634**	**45,627**

(*) Segment data for financial year 2019 has been restated to take into account the segmentation change in 2020 and for comparative purposes.

(Thousand Euro)

Details of the segment assets and liabilities and investments in 2019 according to the above segmentation were as follows:

	Multi-technology Services	Specialist Engineering and Solutions	Total
31.12.2019			
Property, Plant and Equipment	88,622	16,839	105,461
Intangible assets and goodwill	174,298	174,759	349,057
Associate investments	250	17,819	18,069
Remaining Assets	339,637	337,933	677,570
Total assets	**602,807**	**547,350**	**1,150,157**
Total liabilities	**410,790**	**385,684**	**796,474**
Fixed asset additions	27,112	11,737	38,849
Withdrawal of fixed assets net of depreciation	(2,243)	(724)	(2,967)
Net investment for the year	**24,869**	**11,013**	**35,882**

Inter-segment sales are performed under market conditions and excluded from consolidation. There are no consolidation adjustments between segments, or any unassigned assets or liabilities.

The amounts presented to the Management Committee for segment assets and ordinary turnover are measured using an approach which is consistent with that used for the financial statements. Segment assets are allocated based on the segment's activities and the physical location of the asset.

(Thousand Euro)

b) Information regarding geographical areas

Information relating to the net revenues and non-current assets by geographic area is as follows:

	31.12.2020	31.12.2019(*)
Turnover (according to final market)		
B2B 360 Solutions		
Spain	26,828	25,395
The rest of Europe	54,288	52,114
America	98,008	114,947
Asia, Oceania and others	101,765	95,523
	280,889	287,979
B2B Services		
Spain	202,414	240,767
The rest of Europe	75,778	83,537
America	136,479	163,974
Asia, Oceania and others	50,422	54,927
	465,093	543,205
B2C		
Spain	283,630	318,128
	283,630	318,128
Total	**1,029,612**	**1,149,312**

(*) Segment data for financial year 2019 has been restated to take into account the segmentation change in 2020 and for comparative purposes.

(Thousand Euro)

Those countries where the Group obtains a significant turnover in large geographical areas shown in the previous table are: Germany with total sales to the tune of EUR 70,622 thousand (2019: EUR 57,825 thousand), Mexico with total sales of EUR 89,032 thousand (2019: EUR 75,887 thousand); the USA with total sales of EUR 37,528 thousand (2019: EUR 58,151 thousand), Argentina with total sales for the amount of EUR 8,741 thousand (2019: EUR 19,307 thousand), Chile with total sales of EUR 38,950 thousand (2019: EUR 42,209 thousand); Middle East countries (Saudi Arabia and the Arabic Gulf countries) with total sales of EUR 25,377 thousand (2019: EUR 29,422 thousand), and Peru with total sales of EUR 29,931 thousand (2019: EUR 20,693 thousand).

	2020	2019
Non-current assets (fixed tangible assets and intangible assets, by geographical location of the activity)		
Spain	248,196	256,131
The rest of Europe	155,569	140,535
America	46,561	41,335
Asia, Oceania and others	14,923	16,517
Total	**465,249**	**454,518**

Excluding goodwill, those countries where a significant portion of the amount of the remaining non-current assets are concentrated would be Germany with a total of EUR 88,934 thousand (31 December 2019: EUR 115,404 thousand) and Germany with a total amount of EUR 16,028 thousand (31 December 2019: EUR 19,151 thousand).

c) Customer details

During the first half of 2020 and in FY 2019, no sales were made in excess of 10% of the consolidated turnover and the turnover for each segment, for any customer individually.

(Thousand Euro)

6. PROPERTY, PLANT AND EQUIPMENT

Set out below is a breakdown of property, plant and equipment showing movements:

Financial year 2020

	Balance at 31.12.19	Entries in the scope of consolidations (Note 32)	Initial effect IFRS 16 (Note 2)	Additions	Removals	Transfers and other movements (*)	Balance at 31.12.20
Cost							
Land	3,551	37	-	7	-	82	3,677
Buildings	81,851	-	-	29,505	(754)	(2,602)	108,000
Plant and machinery	119,786	1,672	-	10,433	(2,699)	(2,490)	126,702
Other Fittings and Furniture	20,890	272	-	763	(1,045)	(167)	20,713
Tangible assets in progress and	836	-	-	19	(79)	(622)	154
Other fixed assets	9,515	468	-	7,073	(85)	(2,394)	14,577
	236,429	2,449	-	47,800	(4,662)	(8,193)	273,823
Amortisation							
Buildings	(27,895)	-	-	(21,246)	446	-	(48,695)
Plant and machinery	(75,523)	-	-	(5,508)	2,013	3,683	(75,335)
Other Fittings and Furniture	(18,033)	(1,366)	-	(1,212)	539	2,331	(17,741)
Other tangible fixed assets	(9,517)	(847)	-	(1,694)	62	43	(11,953)
	(130,968)	(2,213)	-	(29,660)	3,060	6,057	(153,724)
Net book value	105,461						120,099

(*) It includes the effect of exchange fluctuations affecting tangible fixed assets in the currency of foreign subsidiaries and other movements and other transfers between items.

Financial year 2019

	Balance at 31.12.18	Entries in the scope of consolidations (Note 32)	Initial effect IFRS 16 (Note 2)	Additions	Removals	Transfers and other movements (*)	Balance at 31.12.19
Cost							
Land	3,401	150	-	-	-	-	3,551
Buildings	22,511	68	48,187	11,030	-	55	81,851
Plant and machinery	99,550	4,782	-	7,840	(1,441)	9,055	119,786
Other Fittings and Furniture	18,591	1,015	-	4,640	(3,519)	163	20,890
Tangible assets in progress and	720	66	-	424	(160)	(214)	836
Other fixed assets	11,304	-	4,602	1,810	(49)	(8,152)	9,515
	156,077	6,081	52,789	25,744	(5,169)	907	236,429
Amortisation							
Buildings	(10,099)	(37)	-	(17,759)	-	-	(27,895)
Plant and machinery	(68,310)	(1,911)	-	(5,755)	1,108	(655)	(75,523)
Other Fittings and Furniture	(13,311)	(771)	-	(4,894)	943	-	(18,033)
Other tangible fixed assets	(8,095)	-	-	(1,581)	159	-	(9,517)
	(99,815)	(2,719)	-	(29,989)	2,210	(655)	(130,968)
Net book value	56,262						105,461

(*) It includes the effect of exchange fluctuations affecting tangible fixed assets in the currency of foreign subsidiaries and other movements and other transfers between items.

a) Tangible fixed assets by geographical area

Set out below is a breakdown of tangible fixed assets by geographical location at 31 December 2020 and 2019 (million euro):

	Million euro					
	2020			2019		
	Cost	Accumulated amortisation	Net book value	Cost	Accumulated amortisation	Net book value
Spain	118	(71)	47	90	(47)	43
The rest of Europe	74	(35)	39	65	(41)	24
America	62	(35)	27	63	(32)	31
Asia and Oceania	20	(13)	7	18	(11)	7
	274	**(154)**	**120**	**236**	**(131)**	**105**

(Thousand Euro)

b) Tangible fixed assets not earmarked for operations

At 31 December 2020 and 2019 there are no tangible fixed assets not earmarked for operations.

c) Tangible fixed assets affected by guarantees

At 31 December 2020 and 2019 there were no tangible fixed assets in guarantee of debt with financial entities.

d) Insurance

The Group has taken out a number of insurance policies to cover risks relating to its tangible fixed assets. The coverage provided by these policies is considered sufficient.

e) Right-of-use assets and lease liabilities

The initial impact as well as changes for the year for the right-of-use assets and lease liabilities are as follows:

	Right-of-use assets				Lease liabilities		
	Buildings	**Other fixed assets**	**Am. Accumulated**	**TOTAL ASSETS**	**Long-term**	**Short-term**	**TOTAL LIABILITIES**
1 January 2020	**55,291**	**6,141**	**(19,134)**	**42,298**	**30,255**	**12,315**	**42,570**
Inclusions in the scope of consolidations	541	-	(92)	**449**	357	92	**449**
Registrations	31,903	6,969	-	**38,872**	25,577	13,295	**38,872**
Disposals	(5,110)	(239)	-	**(5,349)**	-	(5,156)	**(5,156)**
Amort expen./Payments	-	-	(20,637)	**(20,637)**	-	(21,931)	**(21,931)**
Debt revaluation costs	-	-	-	**-**	212	-	**212**
Renegotiations	-	-	-	**-**	(2,467)	-	**(2,467)**
Maturity transfer	-	-	-	**-**	(10,504)	10,504	**-**
31 December 2020	**82,625**	**12,871**	**(39,863)**	**55,633**	**43,430**	**9,119**	**52,549**

As stated in Note 2.1.1, as a result of the rental concessions granted in relation to COVID-19, the Group has recorded EUR 2.4 million in the consolidated income statement by applying the exemption established in the amendment published in relation to IFRS 16 in 2020.

(Thousand Euro)

f) Capitalisation of borrowing costs

The Group did not capitalise any borrowing costs in 2020 and 2019.

7. GOODWILL AND INTANGIBLE FIXED ASSETS

Set out below is an analysis of the main intangible asset classes showing movements in assets generated internally and other intangible assets:

Financial year 2020

	Balance at 31.12.19	Entries in the scope of consolidations (Note 32)	Additions	Removals	Transfers and other movements (*)	Balance at 31.12.20
Cost						
Goodwill	302,868	2,616	-	(1,300)	(2,734)	301,450
Development	1,070	-	1,608	(163)	625	3,140
Trade marks	8,928	-	-	-	-	8,928
IT applications	66,693	-	8,933	(89)	(531)	75,006
Clients portfolio	31,865	2,475	-	-	-	34,340
Other Intangible Assets	6,019	-	420	(477)	1,439	7,401
	417,443	5,091	10,961	(2,029)	(1,201)	430,265
Amortisation						
Development	(242)	-	(823)	-	-	(1,065)
Trade marks	(893)	-	(893)	163	-	(1,623)
IT applications	(43,650)	-	(11,189)	212	885	(53,742)
Clients portfolio	(20,426)	(134)	(3,702)	-	108	(24,154)
Other intangible assets	(3,175)	-	(2,104)	477	271	(4,531)
	(68,386)	(134)	(18,711)	852	1,264	(85,115)
Net book value	**349,057**					**345,150**

(*) It includes the effect of exchange fluctuations affecting intangible assets in the currency of foreign subsidiaries and other movements and other transfers between items.

(Thousand Euro)

Financial year 2019

	Balance at 31.12.18	Entries in the scope of consolidations (Note 32)	Additions	Removals	Transfers and other movements (*)	Balance at 31.12.19
Cost						
Goodwill	286,859	15,378	-	-	631	302,868
Development	208	-	862	-	-	1,070
Trade marks	8,928	-	-	-	-	8,928
IT applications	56,920	13	10,832	(1,617)	545	66,693
Clients portfolio	29,663	2,202	-	-	-	31,865
Other Intangible Assets	5,478	-	1,411	(594)	(276)	6,019
	388,056	17,593	13,105	(2,211)	900	417,443
Amortisation						
Development	(185)	-	(57)	-	-	(242)
Trade marks	-	-	(893)	-	-	(893)
IT applications	(35,590)	(6)	(9,292)	1,609	(371)	(43,650)
Clients portfolio	(14,851)	-	(5,575)	-	-	(20,426)
Other intangible assets	(2,338)	-	(1,339)	594	(92)	(3,175)
	(52,964)	(6)	(17,156)	2,203	(463)	(68,386)
Net book value	**335,092**					**349,057**

(*) It includes the effect of exchange fluctuations affecting intangible assets in the currency of foreign subsidiaries and other movements and other transfers between items.

a) Testing for impairment losses on goodwill

Changing the definition of segmentation in 2020 also led to the following changes to the identified cash-generating unit (CGU) groupings identified, although they are not significant:

- B2B 360º Projects: this encompasses a significant portion of the business in the previous Specialist Engineering and Solutions CGU such as major 360º EPC project, renewable energy projects and tall structure projects. However, these are smaller solutions to support regular services or are they are digital and will be included in the B2B T&T Services CGU grouping as of 2020.

- B2B T&T Services: This includes those businesses that were previously grouped as part of the T&T Services CGU and also includes smaller solutions that were previously included in the Solutions CGU, but which, according to the new Group definition, are included as part of this CGU as they involve similar risks and operations.

- B2B Industrial Services: this includes the same CGU groupings as previously included in the Industrial Services CGU.

- B2B Commercial Services: this includes the CGU grouping that was included in the former Commercial Services CGU, once those relating to B2C services have been removed, as is explained below.

- B2C: It includes those services targeted at end-consumers and households involving energy marketing, Telco, insurance and other household-related services.

Note 2.7.a) above provides a comprehensive explanation of the reasons for and traceability of the CGU grouping changes made in 2020.

(Thousand Euro)

With this consideration, the distribution at the CGU group level is set out below:

	Goodwill	
Groups of Cash-Generating Units	**2020**	**2019 (*)**
B2B 360 Projects	134,768	136,451
B2B T&T Projects	46,621	46,949
B2B Industrial Services	40,953	41,737
B2B Business Services	22,118	22,118
B2C Services	56,990	55,613
	301,450	**302,868**

(*) Segment data relating to 31 December 2019 has been restated to take into account the segmentation change in 2020 and for comparative purposes.

The recoverable amount of a CGU or group of CGUs is determined based on value-in-use calculations. These calculations use cash flow projections based on five-year financial budgets approved by management. Cash flows for periods over five years are extrapolated on the basis of a prudent assumption concerning the estimated growth rates that are always lower than the average long-term growth rate for the business in which each of the CGU groups operates.

We have reassessed the recoverability analysis that was performed on 31 December 2019 taking account of the CGU changes explained in Note 2.7.a), using the same hypotheses adapted to the business distribution under the new CGU groupings. The results are very similar to those stated in the consolidated financial statements for 2019.

IAS 36 requires at least annual impairment tests for goodwill and intangible assets assigned an indefinite useful life. Moreover, as us the case for other non-financial assets, there must always be an impairment indicator of the assets in question. The circumstances brought about by the Covid-19 pandemic, such as the temporary discontinuation of operations or the immediate drop in demand and profitability, are obviously factors that could lead to impairment. Note 1.3 provides a detailed explanation of the effects on each business and, as a result, it was deemed appropriate that a goodwill impairment test be conducted on 31 December 2020, with any necessary modifications made to the main hypotheses applied and taking account (as far as was possible) of the uncertainty factor by considering possible scenarios and the probability that they could occur.

(Thousand Euro)

a.1) Key assumptions used in the calculation of value-in-use

Given the existing uncertainty, when estimating future financial forecasts included in the calculations, a weighted average of the different possible scenarios has been deemed appropriate.

The scenarios developed to quantify the effects of Covid-19 in these financial forecasts are divided into three types:

- Scenario 1: This is the most optimistic and assumes that all confinement and travel restrictions will be lifted in the first quarter of 2021 and that there will be no resurgence after this. It assumes that the entire world's population will have been vaccinated by the end of 2021. The graph showing improved activity and cost-effectiveness parameters will be u-shaped.

- Scenario 2: This scenario assumes that confinement and travel restrictions will be lifted over the course of 2021. This scenario assumes that we will become immune to the virus as a result of the population being vaccinated, but this will occur at a slower rate than in the previous scenario, continuing through 2022. New but less virulent and less lethal waves of the virus could still occur. The graph showing improved activity and cost-effectiveness parameters is still u-shaped, but rises somewhat more gradually and with some oscillations.

- Scenario 3: This is the most pessimistic scenario. The population is receiving vaccinations very slowly, either due to problems with vaccine supplies or organisational problems in the governments of each country. Outbreaks of the disease or mutations and new strains of the virus could emerge, rendering current vaccines useless. Restrictions will remain in place through 2021 and could continue into 2022. In this case, the graph showing improved activity and cost-efficiency does not reach fully recovered levels in the mid-term.

The weightings management has assigned to each of the aforementioned scenarios are based on a conservative estimate of the likelihood of each scenario happening, and these are summarised below:

	Weightings
Scenario 1	20%
Scenario 2	70%
Scenario 3	10%

(Thousand Euro)

As in prior years, the pre-tax discount rate was determined on the basis of the weighted average cost of capital (WACC) plus a premium to reflect the tax effect. The WACC was determined using the capital asset pricing model (CAPM), which is widely used for discount rate calculation purposes. In certain instances, the discount rate calculation additionally factors in a specific risk premium to reflect the characteristics of each CGU group and the risk profile intrinsic to the cash flow projections of each CGU.

Covid-19 has also affected virtually all of the applied discount rate calculation items by including macroeconomic uncertainty in each country as well as the effect of greater public deficits caused by this additional uncertainty, the volatility in some sectors (this is not the case in most of the sectors the Group operates in, but there is always collateral damage that must be considered) and, in general, greater investor risk aversion.

The discount rate applied (WACC) to cash flow projections in the three specified scenarios amounts to:

	2020	**2019 (*)**
Groupings of Cash Generating Units 2020		
B2B 360 Projects	10.5%	10.2%
B2B T&T Projects	11.0%	9.8%
B2B Industrial Services	7.6%	6.6%
B2B Business Services	6.0%	4.7%
B2C Services	6.0%	4.7%

(*) Segment data relating to 31 December 2019 has been restated to take into account the segmentation change in 2020 and for comparative purposes.

	31.12.2019
Groupings of Cash Generating Units 2019 and previous years	
Specialist Engineering and Solutions	10.2%
T&T services	9.8%
Industrial Services	6.6%
Commercial services	4.7%

The WACCs applicable to each group of CGUs will determine the weight of the cash flows generated in different countries with different country risk characteristics that give rise to higher WACCs in Latin America and Asia (between 12% and 16%), for example, than in Spain, the rest of Europe and the USA (between 6% and 8%).

The discount rate is after tax and reflects the specific risk related to relevant CGUs.
EBITDA (earnings before income taxes and depreciation/amortization) is determined by Group management in the strategic plans, taking into account the overall situation in the markets in which the

(Thousand Euro)

Group operates, their expected evolution, group operations with a similar structure to the current structure and based on prior year experience. These EBITDAs (operating result plus amortizations) vary by type of business as follows:

Groupings of Cash Generating Units 2020	EBITDA on sales 2020	2019 (*)
B2B 360 Projects	11.5%-14%	9.9%-11.4%
B2B T&T Projects	7.0%-9.5%	9.5%-9.8%
B2B Industrial Services	7.5%-8.7%	7.5%-8.8%
B2B Business Services	9%-11%	7%-11%
B2C Services	10%-12%	10.5%-12.0%

(*) Segment data relating to 31 December 2019 has been restated to take into account the segmentation change in 2020 and for comparative purposes.

Groupings of Cash Generating Units 2019 and previous years	2019
Specialist Engineering and Solutions	9.9%-11.4%
T&T services	9.5%-9.8%
Industrial Services	7.5%-8.8%
Commercial services	10.5%-12.0%

This uncertainty brought about by Covid-19 has also been factored into the EBITDA forecast in the impairment test carried out at the end of the financial year ended 31 December 2020. The EBITDAs taken into account in this test were negative in some cases for 2020 and in the most pessimistic scenario this was also the case even in the following year for some of the CGU groupings. However, gradual recovery was considered in terms of achieving the Group' s Strategy Plan with a one year delay, depending on which scenario was considered, with the EBITDA-to-sales ratios of the previous financial year ultimately achieved.

The EBITDA-to-sales ratios of the 360º Projects CGU grouping for 2020 were higher than in 2019, which are the same as those that were applied to the previous Solutions CGU grouping, as the new grouping does not involve any smaller solutions with lower margins.

The approved business plan sales projections indicated a generic compound annual growth rate (CAGR) of 5% in accordance with the expected organic growth demanded by the Group businesses, which is still being met in the last years of the forecasts used. However, when presenting the various scenarios described above, growth rates of less than 5% were considered for the first years, of between 3% and 4% in scenario 2 and of between 0% and 1% in scenario 3, with increases slightly over 5% in the recovery periods following the health crisis and levelling off in the last few years at 5%.

Other net movements forecast in cash and flows related to taxes are added to these EBITDAs until free cash levels after tax generated in each year are reached.

The result of using cash flows before tax and a discount rate before tax does not differ significantly from the result of using cash flows after tax and a discount rate after tax.

Cash flows beyond five years, which is the period covered by the Group's projections, are calculated using a normalized and sustainable flow over time based on the fifth year estimate, with prudent assumptions with respect to the expected future growth rate (growth rate of 0.5%), eliminating all those extraordinary or non-recurring items and based on estimates of GDP growth and the inflation rate in the various markets, as well as evaluating the necessary level of investment for these growth rates. These flows are updated to calculate residual value, taking into account the discount rate applied in the projections, less the growth rate taken into consideration. We used this future growth rate forecast for the impairment test carried out at 31 December, 2020, as we feel that it is sufficiently restrictive, even in an uncertainty scenario like the current one.

a.2) Analysis results

The Group has verified that in financial years 2020 and 2019 goodwill did not suffer any impairment and there is sufficient estimated value-in-use in accordance with the assumptions indicated in the preceding paragraphs regarding the CGU's net assets, and the estimate is higher than 30% - 100% in all CGU groups.

On performing the same impairment test for financial year 2019, taking the new CGU grouping used in 2020, there were no goodwill impairment issues for that year either.

The Group also found no goodwill impairment losses in financial year 2020, with enough value-in-use estimated based on the hypotheses set out for the various scenarios regarding the net assets of each CGU grouping to be able to assert that none of the cases will result in any impairment losses.

Note 4.1 includes a sensitivity analysis of the calculation of the impairment loss on goodwill.

(Thousand Euro)

b) Foreign currency goodwill

Goodwill is expressed in the following currencies:

	2020	2019
Euro	277,909	276,878
US Dollar	14,240	15,571
Indian Rupee (IR)	7,654	8,575
Columbian Peso	1,244	1,424
Chilean peso	265	281
Australian dollar	139	138
	301,451	**302,867**

c) Clients portfolio

The heading "Clients portfolio" fundamentally includes EUR 34.3 million in cost and EUR 24.2 million in accumulated amortization at 31 December 2020 (EUR 31.9 million of cost at 31 December 2019 and EUR 20.4 million of accumulated amortization at 31 December 2019) in customer portfolio and backlog resulting from the analysis of the assignment of purchase price by business combinations.

d) Trade marks

The "Commercial Brands" caption includes the fair value assigned to the "Phone House" brand within the context of the business combination of the 2017 financial year. In line with Note 2.7, in 2019, the useful life of the "Phone House" brand was re-estimated as a result of the changes in the Group's strategy for its adaptation and market trend in the retail sector, where The Phone House operates predominantly. Accordingly, a defined useful life of ten years was considered from the date of the re-estimate, with the ""Phone House"" brand starting to amortise on a straight-line basis from the middle of the 2019 financial year.

(Thousand Euro)

8. FINANCIAL ASSETS AND DERIVATIVES

Movements in the Group's financial assets and derivatives relate to:

	Financial Assets at Amortised Cost	Financial assets at fair value, with changes in results	Derived financial assets (Note 18)	Total
At 31 December 2018	**37,174**	**-**	**-**	**37,174**
Registrations	48,710	-	-	48,710
Disposals	(20,999)	-	-	(20,999)
Entries/(changes) in scope of consolidation	724	-	-	724
Finance income	689	-	346	1,035
At 31 December 2019	**66,298**	**-**	**346**	**66,644**
Registrations	20,000	500	-	20,500
Disposals	(18,548)	-	-	(18,548)
Financial income/(expense)	1,121	-	(346)	775
At 31 December 2020	**68,871**	**500**	**-**	**69,371**
2020				
Non-current	27,773	500	-	28,273
Current	41,098	-	-	41,098
2019				
Non-current	6,711	-	-	6,711
Current	59,587	-	346	59,933

All financial assets maintained by the Group at 31 December 2020 and 2019 that have not fallen due or suffered impairment during the year are considered to be of high quality.

a) Financial assets at amortised cost and at fair value

	2020	2019
Long term guarantee deposits	5,551	5,038
Long-term loans	22,722	1,673
Short term deposits and deductions	4,117	3,416
Short-term loans	36,981	56,517
	69,371	**66,644**

In financial years 2020 and 2019, no amounts were pledged.

Long-term and short-term loans include, amongst other items, the amount granted to associate companies for EUR 20 million and EUR 23.3 million, respectively (Note 33). (2019: EUR 26.5 million).

The average returns were between 0.1% and 6.5% (based on the countries: Spain, Europe, USA and India) in financial year 2020 (2019: 0.1% and 6.5%).

Maximum credit risk exposure at the reporting date is the carrying value of assets.

(Thousand Euro)

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a) Investments accounted for using the equity method

	Balance at 31.12.2019	Registrations	Disposals	Other movements	Dividends	Financial income (expense)			Balance at 31.12.2020
						On results	On equity – cumulative differences on exchange rate	On equity – Cash-flow hedges	
Financial year 2020									
Companies included using the equity method	18,069	-	-	482	(485)	(3,488)	(57)	(317)	14,204

	Balance at 31.12.2018	Registrations	Disposals	Other movements	Dividends	Financial income (expense)			Balance at 31.12.2019
						On results	On equity – cumulative differences on exchange rate	On equity – Cash-flow hedges	
Financial year 2019									
Companies included using the equity method	16,570	5,096	(6,175)	1,228	-	2399 (*)	(465)	(584)	18,069

(*) Profit from shareholdings in associate companies also includes capital gains from the sale of 15% of the shares in Sociedad Concesionaria Siglo XXI for EUR 3,018 thousand.

(Thousand Euro)

The information relating to investment on associates, equity method companies are:

	% effective interest		Value of interest		Interest in results		Total (100%) Assets		Total (100%) Liabilities	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Advanced Flight Systems,	30%	30%	38	134	(96)	(135)	1,939	2,682	(1,571)	(992)
Sociedad Concesionaria Chile Salud Siglo XXI, S.A. (**)	15%	15%	2,254	2,427	686	2551 (*)	265,335	230,387	(216,509)	(219,722)
Bas Project Corporation,	35%	35%	7,412	10,758	(3,346)	3,001	186,758	47,126	(161,995)	(20,495)
Cobra Carbon Grinding B.V.	50%	50%	-	-	-	-	577	609	(834)	(804)
Medbuying Group Technologies, S.L.	45%	45%	4,500	4,500	-	-	50,701	24,689	(40,692)	(14,700)
Miniso Lifestyle Spain, S.L.	49.7%	49.7%	-	250	(733)	-	5,446	7,293	(7,630)	(7,981)
			14,204	**18,069**	**(3,489)**	**5,417**				

(*) Includes both the profit attributable to the Group and the capital gain from the sale of shares in 2019.
(**) A dividend of EUR 485 thousand was distributed in 2020.

In March 2019, Global Dominion Access, S.A. implemented the agreement for the incorporation of a newly formed joint venture named Medbuying Group Technologies, S.L. together with Xfera Móviles, S.A.U. and Euskaltel, S.A., for the purpose of centralising the purchasing by these companies of mobile terminals, routers and other accessories related to the area of telecommunications. This will make it possible to obtain synergies for the simplification of the purchasing processes, making them more efficient.

Each partner in this joint venture will retain full independence and decision-making capacity with regard to its policy and strategy for mobile terminals and other devices included in the agreement.

Both Xfera Móviles, S.A.U. and Dominion Global Access, S.A. have a 45% holding each in Medbuying Group Technologies, S.L., while Euskaltel, S.A. has 10%. It has a share capital of EUR 10 million.

On 21 March 2019, The Phone House Spain, S.L.U. acquired 49.7% of the equity interests in Miniso Lifestyle Spain, S.L. a company based in Madrid and whose corporate purpose is the retail sale of a range of products and utensils for the home and for consumption, including cosmetics, electronic products, clothing and accessories, stationery, toys and kitchenware, for a total amount of EUR 250 thousand.

(Thousand Euro)

In financial year 2019, the resolution for the sale of 15% of the shares in the Chilean associated company Sociedad Concesionaria Siglo XXI, S.A. Came into force. Specifically, in June 2019, following the distribution of a dividend of EUR 3.9 million gross of taxes (EUR 2.5 million net of taxes) and the return of a shareholder loan of EUR 2.8 million, the agreement for the sale of 15% of the shares in the Chilean associated company signed on 25 April 2019 with a third party, was put into effect. The share sale price, net of required taxes, amounted to EUR 5.1 million, generating a profit of EUR 3 million in the consolidated account.

The shares held by the Group in Sociedad Concesionaria Salud Siglo XXI S.A. are pledged in guarantee of a debt that this company has with a number of financial entities.

In both 2020 and 2019, the profit or loss of associate companies adjusted in relation to the margins that had not arisen in relation to third parties on each date was included.

The recoverability of investments accounted for using the equity method was assessed in 2020 and 2019 and no impairment was found.

The breakdown of assets and liabilities as current and non-current of investments in associates:

	(100%) Assets		**(100%) Liabilities**	
At 31 December 2020	**Non-Current**	**Currents**	**Non-Current**	**Currents**
Advanced Flight Systems, S.L.	1,769	170	-	(1,571)
Sociedad Concesionaria Chile Salud Siglo XXI, S.A.	135,032	130,303	(159,280)	(57,229)
Bas Project Corporation, S.L.	13,129	173,629	(82,228)	(79,767)
Cobra Carbon Grinding B.V.	526	51	(785)	(49)
Medbuying Group Technologies, S.L.	13	50,688	-	(40,692)
Miniso Lifestyle Spain, S.L.	1,892	3,554	-	(7,630)
	152,361	**358,395**	**(242,293)**	**(186,938)**

	(100%) Assets		**(100%) Liabilities**	
At 31 December 2019	**Non-Current**	**Currents**	**Non-Current**	**Currents**
Advanced Flight Systems, S.L.	1,459	223	-	(992)
Sociedad Concesionaria Chile Salud Siglo XXI, S.A.	209,151	21,236	(189,308)	(30,414)
Bas Project Corporation, S.L.	9,506	37,620	-	(20,495)
Cobra Carbon Grinding B.V.	552	57	(758)	(46)
Medbuying Group Technologies, S.L.	21	24,668	-	(14,700)
Miniso Lifestyle Spain, S.L.	1,226	6,067	-	(7,981)
	221,915	**89,871**	**(190,066)**	**(74,628)**

(Thousand Euro)

10. LOANS AND RECEIVABLES AND OTHER ASSETS

a) Trade and other receivables

	2020	2019
Customers	283,563	265,270
Minus: Provision for impairment losses on receivables (Note 3.1.c).	(26,460)	(16,872)
Trade receivables - Net	257,103	248,398
Sundry debtors	3,782	2,423
Trade and other receivables	**260,885**	**250,821**

Trade receivable and debtor balances do not vary from their fair value on the basis of their cash flows discounted at market rates.

The trade receivables section records those balances arising on the sale of products, and in 2020 a portion of this amount, EUR 897 thousand, was recognised as non-current as it is expected to be recovered in the long term (2019: EUR 4,759 thousand).

Since financial year 2018 with the application of the IFRS 15, and as commented in the Notes 2.1.1 and 24, the number of customers by percentage of completion, which forms a part of the " Customers, outstanding invoices to be issued " balance is classified in a differentiated way on the balance sheet under "Assets per contract" and "Liabilities per contract." Additionally, as shown in Note 19, at 31 December 2020 and 2019 advance payments from clients existed for the total amount of EUR 61.2 and 31.9 million respectively which, in this case, refer to future sales which have already been invoiced or for which advance payments have been received.

At 31 December 2020 and 2019, there are no balances of customers and accounts receivable prepaid in financial entities. These transactions, when made, are recorded as a bank loan (Note 18).

The amounts covered by non-recourse factoring or account receivable sales agreements at year-end have been derecognised as the risks of ownership have been transferred to the financial institutions and the Group has no continuing involvement. At 31 December 2020 this balance amounts to 72.2 million (2019: EUR 87.2 million).

(Thousand Euro)

Based on the calculation performed regarding the recovery of financial assets at amortised cost, no recoverability risks were identified in relation to these balances.

There is no credit risk concentration in relation to trade receivables, as the Group has a significant number of customers worldwide.

Days sales outstanding falls within the range of 15 days (mainly for commercial services) and 180 days. However historically, it has been considered that, given the characteristics of the Group's customers, balances receivable due in less than 120 to 180 days entail no credit risk incurred due to being within the normal collection period in the sector. For the most part, these amounts are payments related to trade discrepancies to be resolved in the short-term. It should also be noted that a portion of the sales made by the activity of group of CGUs of B2B Commercial Services and part of B2C are received in cash and the credit risk is nearly zero. The Group considers the creditworthiness of these outstanding balances to be good and understands that there has been no impairment at all and that they are not in arrears.

The analysis of the age of outstanding accounts is as follows:

	2020	2019
Between 2 and 4 months	31,959	58,393
Between 4 months and 12 months	48,430	10,067
Over 12 months	19,926	16,440
	100,315	84,900
(Provision)	(26,460)	(16,872)
	73,855	**68,028**

When IFRS 9 on Financial Instruments came into force, the Group began recording a provision for trade impairment using the simplified expected loss model. In Note 3.1.c), there is an impairment analysis of the trade accounts receivable at 31 December 2020 and the bases for this calculation.

The credit quality of trade receivable balances not due or impaired may be classed as high and with no credit risk. The Group has no collateral covering the collection on outstanding amounts at 31 December 2020 and 31 December 2019.

The maximum credit risk exposure at the reporting date is the carrying value of each account receivable, as broken down above.

The movement corresponding to financial years 2020 and 2019 in accordance with the requirements of the IFRS 9 are featured in Note 3.1.c).

The carrying value of current trade receivables and assets per contract (Note 24), excluding the effect of impairment provisions, are denominated in the following currencies (thousands of euros):

	2020	**2019**
Euro	264,351	218,467
US Dollar	25,784	32,527
Mexican peso	6,472	8,155
Brazilian real	212	212
Pound sterling	1,064	647
Saudi Riyal	9,801	11,459
EAU Dirham	2,726	3,882
Argentine peso	1,188	1,763
Australian dollar	3,611	4,446
Polish zloty	6,509	12,452
Chilean peso	29,451	23,446
Peruvian sol	5,496	3,608
Indian Rupee (IR)	15,532	13,494
Others	9,033	12,921
	381,230	**347,479**

(Thousand Euro)

b) Other assets

	2020	2019
Non-current loans with related parties (Note 33)	-	732
Other non-current receivables	-	1,718
Customers – non-current balances (Note 10 a))	897	4,759
Costs of non-current client acquisition	3,118	6,228
Other non-current assets receivables	**4,015**	**13,437**
Current loans with associated enterprises	732	-
Other current receivables	443	77
Accruals and deferred income	7,657	5,116
Costs of current client acquisition	2,539	3,204
Costs of current client acquisition	**11,371**	**8,397**

The Group only recognises as an asset all the costs incurred to obtain a new contract with client in those cases in which it is estimated that these costs will be recovered in the future. These client acquisition costs are those in which the Group would not have incurred if the contract had not been obtained and are focused on the energy marketing activity acquired in the course of this year (Notes 1 and 32) These costs are recorded in the operating results in accordance with the expected "Lifetime Value" of the contracts with clients, estimated at 48 months.

(Thousand Euro)

11. INVENTORIES

	2020	2019
Commercial	48,244	50,172
Advances to suppliers	2,506	2,830
	50,750	**53,002**

The Group maintains insurance policies to cover the risks affecting its inventories and it considers that this coverage is sufficient.

The cost of assets sold breaks down as follows:

	2020	2019
Opening balance	**50,172**	**64,369**
Entry into the scope of consolidation (Note 32)	193	2,235
Purchases/Changes in provisions	579,957	617,836
Final balance	**(48,244)**	**(50,172)**
Cost of sales	**582,078**	**634,268**

The value of inventories includes the value of the following provisions for obsolescence, the movements for which are provided below:

	2020	2019
Opening balance	**11,650**	**9,057**
Allocations (Note 25)	449	2,313
Balance write-offs/Transfers	(2,881)	280
Final balance	**9,218**	**11,650**

12. CASH AND OTHER CASH EQUIVALENTS

There are no restrictions to treasury disposals or cash equivalents.

(Thousand Euro)

The carrying amount of cash at Group companies is denominated in the following currencies:

	2020	2019
Euro	181,933	83,152
US Dollar	21,545	31,570
Mexican peso	4,813	258
Pound sterling	573	522
Saudi Riyal	3,354	2,998
Chilean peso	3,256	4,735
Argentine peso	4,245	382
Polish Zlotys	1,532	3,585
Peruvian sol	4,990	3,504
Indonesian Rupee	65	1,842
Vietnamese dong	2,770	1,050
Canadian dollar	2,797	3,890
Columbian peso	535	764
Indian Rupee (IR)	444	497
Others	4,774	2,796
	237,626	**141,545**

13. CAPITAL AND SHARE PREMIUM

		No. of shares	Subscribed capital	Share premium	Own shares
At 31 December 2018		**169,496,963**	**21,187**	**289,065**	**(530)**
Operations with treasury shares		-	-	-	(491)
At 31 December 2019		**169,496,963**	**21,187**	**289,065**	**(1,021)**
Operations with treasury shares		-	-	-	(16,959)
Transfer to voluntary reserves	(Note 14)	-	-	(74,425)	-
At 31 December 2020		**169,496,963**	**21,187**	**214,640**	**(17,980)**

(Thousand Euro)

a) Share capital

The composition of the share capital and the share premium remains stable and with no changes since the controlling company was listed on the stock market during financial year 2016.

There are no restrictions on the free transfer of the shares.

At 31 December 2020 and 2019, the following companies participated in 10% or more of the share capital:

	2020		2019	
	Number of shares	Interest percentage	Number of shares	Interest percentage
Acek Desarrollo y Gestión Industrial, S.L.	22,978,560	13.56%	22,119,353	13.05%

b) Share premium

At the Shareholders' Meeting held on 6 May 2020, prior to the distribution of a dividend out of unrestricted reserves, the shareholders approved a transfer from the unrestricted reserve, Additional paid-in capital to the "Previous years' losses" account in the Parent Company's balance sheet for an amount of EUR 74,425 thousand.

This reserve is unrestricted.

c) Treasury shares

At 31 December 2020, the Parent company held a total number of 5,493,741 shares representing 3.24% of the share capital at that date (2019: 320,186 shares representing 0.18%), whose book value on the said date amounted to EUR 17,980 thousand (2019: EUR 1,021 thousand). During financial year 2020, 5,173,555 own shares were purchased, respectively (2019: sold and purchased 886,940 and 897,985 own shares, respectively). These operations did not result in capital gains/losses credited to the consolidated net worth for financial year 2020 (2019: capital gain of EUR 54 thousand against equity).

Pursuant to the mandate conferred by the General Shareholders' Meeting held on 06 May 2020, whereby the parent company's Board of Directors is empowered to acquire, at any time and as many times as is deemed appropriate, shares in Global Dominion Access, S.A., through any legal means, including a charge to profits for the year and/or to unrestricted reserves, and to subsequently sell or redeem such shares, in accordance with Article 146 and 509 and concordant articles of the Spanish Companies Act. This mandate is valid up to 6 May 2025.

Pursuant to this authorisation, on 26 February 2020 the Board of Directors announced its agreement to

implement a scheme to buy its own shares back to reduce the Parent's share capital through the cancellation of its own shares, thereby contributing to the shareholder remuneration policy by increasing the profit per share.

The maximum limit of the scheme is 5% of the share capital, which corresponds to a maximum of 8,475,000 shares for a maximum cash amount of EUR 35 million. The scheme will run for one year from the publication date of the agreement; however, the Company reserves the right to terminate the buyback scheme if, before the end of the scheme, it has acquired shares for a purchase price that amounts to the maximum cash amount or the maximum number of shares that is permitted, or if any other situation arises whereby it is advisable to do so.

d) Dividends

At the Annual Shareholders' Meeting held on 6 May 2020, the shareholders of the Parent resolved to allocate a final gross dividend of EUR 0.0648 per share in the Company with entitlement to receive it, and this is recorded under unrestricted reserves. The maximum gross amount to be allocated is EUR 10,983,403.2024, if all the Company's ordinary shares are allocated.

The allocations were made on 6 July 2020, for an amount of EUR 10,844 thousand.

(Thousand Euro)

14. RETAINED EARNINGS

The movements in the accounts for Cumulative earnings and Cumulative exchange rate differences were as follows:

	Retained earnings and first-conversion reserves					
	Legal reserve	Reserves in consolidated companies and effect of first conversion (Note 16)	Losses and earnings	Subtotal	Cumulative exchange differences (Note 15)	Total
At 31 December 2018	**1,855**	**(1,245)**	**27,225**	**27,835**	**(26,953)**	**882**
Distribution of 2018 profit (Note 2.1.1)	-	27,225	(27,225)	-	-	-
Profit/(loss) attributable to parent Company shareholders	-	(1,253)	32,931	31,678	3,087	34,765
Capital gain for the sale of own shares	-	53	-	53	-	53
Changes in scope and other movements	-	(2,682)	-	(2,682)	-	(2,682)
At 31 December 2019	**1,855**	**22,098**	**32,931**	**56,884**	**(23,866)**	**33,018**
Distribution of 2019 profit	152	21,935	(32,931)	(10,844)	-	(10,844)
Profit/(loss) attributable to parent Company shareholders	-	(799)	12,534	11,735	(12,344)	(609)
Transfer of Reserve for Issue Premium	-	74,425	-	74,425	-	74,425
Changes in scope and other movements	-	(7,254)	-	(7,254)	-	(7,254)
At 31 December 2020	**2,007**	**110,405**	**12,534**	**124,946**	**(36,210)**	**88,736**

The consolidation scope changes in 2020 are explained in detail in Note 1.4 and mainly relate to changes in shareholdings with minority shareholders of subsidiaries (Note 17), including, where acquisitions are concerned, the total price paid for them.

(Thousand Euro)

a) Legal reserve

In accordance with the Spanish Companies Act, 10% of profits of the Parent company must be transferred to the legal reserve each year until it represents at least 20% of share capital. At 31 December 2020, the amount of the reserve does not reach this limit.

The legal reserve may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of capital after the increase.

Except for the previously mentioned purpose and as long as it does not exceed 20% of the capital stock, this reserve can only be allocated to the compensation of losses and as long as there are no other sufficient reserves available for this purpose.

b) Proposal for profit distribution

The distribution of parent company's profits in 2020, calculated in accordance with accounting principles applicable in Spain (legislation applicable to the parent company) to be submitted to Shareholders at a General Meeting, as well as the approved distribution for 2019, are as follows:

	Under GAAP criterion	
	2020	**2019**
Distribution base		
Profit/(loss) for the year	5,064	1,516
	5,064	**1,516**
Distribution		
To legal reserve	506	152
To voluntary reserves	4,558	1,364
	5,064	**1,516**

(Thousand Euro)

15. CUMULATIVE EXCHANGE DIFFERENCES

The breakdown of the cumulative exchange difference by country at the 2020 and 2019 year ends is as follows:

	2020	2019
Countries		
Mexico	(9,851)	(6,872)
Argentina	(5,792)	(3,582)
Chile	(5,210)	(3,973)
Peru	(1,506)	(559)
USA	(8,113)	(4,695)
Arabia	(3,118)	(3,434)
Others	(2,620)	(751)
	(36,210)	**(23,866)**

(Thousand Euro)

16. RESERVES IN CONSOLIDATED COMPANIES AND EFFECT OF FIRST CONVERSION

This heading records, in addition to the reserves in consolidated companies, the effects of the adjustments of the conversion to IFRS-EU on the date of first-time application, 1 January 2011.

Reserves and retained earnings that are subject to some kind of legal condition for use originating from fully consolidated companies classified by country relate to:

	2020	2019
Countries		
Spain	2,806	4,705
Denmark	968	1,081
Italy	10,569	9,236
France	903	903
Poland	807	868
Others	252	25
	16,305	**16,818**

17. NON-CONTROLLING SHARES

Movements in Non-controlling interests are as follows:

	2020	2019
Opening balance	**11,434**	**7,720**
Net income/(expense) directly recognised in Net Worth:		
- Profit for the year	455	3,066
- Other comprehensive income for the year	259	54
Changes in the scope and other movements	2,826	1,188
Dividends	(1,816)	(594)
Final balance	**13,158**	**11,434**

(Thousand Euro)

The dividends from financial year 2020 correspond to subsidiary companies of the Beroa Subgroup in Italy, Arabia and Germany (2019: Beroa in Arabia, Germany and Bahrein) (Appendix I).

Changes in the scope of consolidation included in the movement mainly relate to changes in the non-controlling interests in the subsidiaries Alterna, The Phone House, Interbox and The Telecom Boutique, as explained in Note 1.4.

The distribution by groups of CGUs is set out in the table below:

	2020	**2019 (*)**
CGU Grouping		
B2B 360 Projects	1,591	2,211
B2B T&T Services	2,001	2,500
B2B Industrial Services	3,206	3,754
B2B Business Services	2,375	1,184
B2C Services	3,985	1,785
	13,158	**11,434**

(*) Segment data for financial year 2019 has been restated to take into account the segmentation change in 2020 and for comparative purposes.

The breakdown of non-controlling interests by Company is as follows (thousand euro):

	Non-controlling %	Non-controlling interest	Result attributable to non-controlling interests	100% Assets	100% Liabilities	100% Result
Financial year 2020						
Chimneys and Refractories International S.R.L.	10%	1,591	40	26,474	(10,566)	397
Karrena Arabia Co.Ltd	45%	3,576	711	11,735	(3,788)	1,580
Interbox Technology, S.L.	25%	2,282	248	178,204	(172,498)	619
Abside Smart Financial Technologies, S.L.	49.99%	1,865	(506)	7,126	(3,396)	(1,012)
Alterna Operador Integral, S.L. (*)	40%	3,225	239	34,052	(27,075)	1,497
The Phone House Spain, S.L.	2.37%	875	(365)	153,638	(114,094)	(15,452)
Other minor items		(256)	88	-	-	-
		13,158	**455**			

(*) As stated in Note 1.4, in financial year 2020, the decision was made to not exercise the option for the additional 20% of the shares acquired, whereby 60% (2019) has been included in the financial year: 80%)

	Non-controlling %	Non-controlling interest	Result attributable to non-controlling interests	100% Assets	100% Liabilities	100% Result
Financial year 2019						
Chimneys and Refractories International S.R.L.	10%	2,187	419	37,310	15,439	4,188
Karrena Arabia Co.Ltd	45%	4,207	909	12,442	3,094	2020
Interbox Technology, S.L.	25%	1,293	735	160,293	155,121	2,939
Abside Smart Financial Technologies, S.L.	49.99%	2,339	(142)	8,862	4,184	(284)
Alterna Operador Integral, S.L. (*)	20%	1,425	630			
Other minor items		(17)	515			
		11,434	**3,066**			

(*) As stated in Note 1.4, in financial year 2020, the decision was made to not exercise the option for the additional 20% of the shares acquired, whereby 60% (2019) has been included in the financial year: 80%)

Positive differences on exchange generated in 2020 and attributable to non-controlling interests amount to EUR 259 thousand (2019: negative differences amount to EUR 54 thousand).

(Thousand Euro)

18. BORROWINGS

a) Bank loans and credit facilities

	2020	2019
Non-current		
Bank loans and credit facilities	154,350	70,343
	154,350	70,343
Current		
Bank loans and credit facilities	21,044	4,335
Promissory Note Programme	13,000	10,000
	34,044	14,335
	188,394	**84,678**

The Group has the policy of diversifying its financial markets and, accordingly, there is no loan/credit risk concentration with respect to balances with banks since it works with various institutions.

On 11 November 2016, the parent company entered into a syndicated loan agreement with four financial institutions, divided into two tranches (tranche A - loan - and tranche B - "revolving" credit line). This contract has been renewed four times: the first on 4 December 2017, whereby the repayment terms and the repayment rate were modified and an additional tranche A2 was added to the loan section, in US dollars; then, on 4 December 2018, the second renewal was made, in which the maturity date of tranche B was modified; the second renewal was made on 4 December 2018, when the maturity date of tranche B was modified; thirdly, on 12 July 2019, the third renewal was signed with the revolving tranche (tranche B) amount being modified, simultaneously reducing the loan section in euros (tranche A1) by the same amount by which tranche B was extended and, likewise, the financing prices and repayment terms of all the tranches were modified again. Finally, the fourth renewal was signed on 10 December 2020, extending the maturity of part of the revolving tranche (tranche B). The calculations of the current value of the discounted cash flows using the new terms of each renewal compared to using the original interest rate did not vary by more than 10% from the value of the cash flow from the original liability. Accordingly, no amount was recognised in the income statement for 2019 and the preceding years.

Accordingly, after the series of renewals, the tranches included in the syndicated loan contract are as follows:

Tranche A1 consists of a loan of EUR 20 million to restructure the Group's non-current financial liabilities. Tranche A2 consists of a loan, in US dollars, for a total of USD 35.6 million and tranche B is a "revolving" credit line for EUR 50 million.

For tranches A1 and A2, there is no change to the amortization profile, establishing six-monthly amortizations with the first instalment in January 2021 and which entails the amortization of 5% in 2021, 7.5% in 2022, 12.5% in 2023 and 75% in 2024. Regarding tranche B, the first due date was set at 19 July 2022 for EUR 11.2 million, whilst the second due date was set at 19 July 2023 for EUR 38.8 million. The latter due date may be extended for an additional year, subject to the acceptance of the funding bodies.

At 31 December 2020, the Group had drawn down EUR 20 million of tranche A1 (2019: EUR 20 million) and USD 35.6 million of tranche A2, EUR 29,035 thousand (2019: USD 35.6 million, EUR 31,749 thousand). No sum had been drawn from the revolving credit of tranche B at 31 December, 2020 and at 31 December 2019.

This financing bears a Euribor interest rate plus a market spread. Tranche A1 has three hedging derivative financial instruments, as indicated in the following section of this same note.

Additionally, on 18 November 2016, the Group entered into a loan agreement with the European Investment Bank (EIB) for a maximum of EUR 25 million for development funding under the "Smart Innovation" programme. At 31 December 2020 and 2019 it is fully drawn down, with outstanding balances at each date amounting to EUR 17.9 million and EUR 21.4 million, respectively. This financing matures in December 2025 and is repayable at a rate of EUR 3.57 million per year from 2019 to 2025.

On 10 and 22 July 2020, the Group secured loans totalling EUR 50 million from the European Investment Bank (EIB) and Instituto de Crédito Oficial (ICO) - EUR 25 million each - to execute the "Smart Innovation 2" R&D&I investment project. Both loans are repayable over 10 years with a 3-year grace period and annual repayments. As of 31 December 2020, both loans were undrawn.

Both the syndicated loans and the loans indicated in the previous paragraph granted by the EIB and ICO are secured by guarantees furnished by the following Group companies: Dominion E&C Iberia, S.A.U, Bilcan Global Services, S.L., Dominion Centro de Control, S.L.U., Dominion Investigación y Desarrollo, S.L.U., Eurologística Directa Móvil 21, S.L.U., Interbox Technology, S.L., Sur Conexión, S.L.U., Tiendas Conexión, S.L.U., Dominion Deutschland GmbH, Dominion Novocos, GmbH, Beroa Technology Group GmbH, F&S Feuerfestbau GmbH & Co KG, Ampliffica Mexico, S.A. de C.V., Dominion Industry México S.A. de C.V., Mexicana de Electrónica Industrial S.A. de C.V., Dominion Polska Sp. Z.o.o., Dominion Steelcon A/S, Dominion Smart Innovation, S.A. de C.V. (merged with DM Informática S.A. de C.V. in 2019), Dominion Perú Soluciones y Servicios, SAC, Dominion Energy, S.L.U., Dominion Industry & Infrastructures, S.L., The Phone House Spain, S.L.U., Dominion Spa, Insatalaciones Eléctricas Scorpio, S.A.U.,Dominion Global PTY Limited, Dominion Servicios Medioambientales, S.L.U., Smart House Spain, S.A.U., Alterna Operador Integral, S.L. and ICC Commonwealth Corporation. In both cases, the Group has obtained commitments to include additional guarantors, if necessary, representing at least 75% of the Group's annual EBITDA, assets and revenue.

All these financings are subject to meeting certain ratios, which is normal in the market for these contracts, related to EBITDA, net financial debt and shareholders' equity. At 31 December 2020 and 2019, these ratios were met.

On 4 May 2020, the parent company incorporated a promissory note issuance programme called the "Dominion 2020 Promissory Note Programme" in the Alternative Fixed Income Securities Market (MARF) with a maximum limit of EUR 75 million and with maturity dates of up to 24 months. On 6 May 2019, Global Dominion Access, S.A. incorporated a promissory note issuance programme, the "Dominion 2019 Promissory Note Programme" in the Alternative Fixed Income Securities Market (MARF) with a maximum limit of EUR 75 million and with maturity dates of up to 24 months. At 31 December 2020, the outstanding balance amounted to EUR 13 million maturing in less than 12 months. The programme will serve as a way to diversify the financing of the working capital requirements of the Dominion Group and as an alternative to bank financing for this purpose.

In April 2020 and pursuant to Royal Decree-Act 8/2020 of 17 March on extraordinary emergency measures to address the economic and social impact of Covid-19, article 29 of which establishes State guarantees provided by the Ministry of Economic Affairs and Digital Transformation managed by the OCI for companies and self-employed workers, which are managed by financial institutions, the Parent Company entered into loans with eight financial institutions for a total of EUR 100 million. One of these loans matures in full in the third year, in 2023, whilst the other seven are paid off in monthly or quarterly instalments over the next 5 years, with a one-year grace period, i.e. the last instalment is deferred until 2025. All loans bear a market interest rate - in some cases a fixed rate and in other cases a variable rate linked to Euribor plus a market difference. These loans were fully drawn at 31 December, 2020.

Also, EUR 3,571 thousand of the EIB loan was paid back in financial year 2020 (2019: EUR 39,571 thousand paid back) as follows: EUR 20,000 thousand for tranche B of the syndicated loan, EUR 16,000 thousand for tranche A1 of the syndicated loan and EUR 3,571 thousand for the loan granted by the EIB.

Also, in financial year 2020, the French subsidiary Dominion Global France S.A.S. received a loan of EUR 3 million from 3 French banks under the Covid aid scheme granted by the French Ministry of Economy, with a subsidised interest rate and an initial maturity term of 12 months, which can be extended to 5 years. All loans were drawn down at 2020 year-end.

Also, in 2020, the US subsidiary Global Dominion Access USA entered into a credit facility policy with USD 6 million limit, of which USD 2.4 million was drawn down at 2020 year-end.

(Thousand Euro)

Non-current borrowings have the following maturities:

	2020	2019
Between 1 and 2 years	30,810	6,529
Between 3 and 5 years	123,540	59,794
More than 5 years	-	4,020
	154,350	**70,343**

The effective interest rates at the balance sheet dates were the usual market rates (basically Euribor plus market reference rates) and there was no significant difference with respect to other companies of a similar size and with similar risks and borrowing levels.

Borrowings and credit facilities from credit institutions generate a market interest rate in accordance with the currency concerned plus a spread that ranges between 17 ans 487 basic points (2019: between 20 and 487 basis points).

The carrying amounts and fair values of current and non-current borrowings do not differ significantly, as a large part of the debt is recent, and all amounts accrue interest at market rates, considering existing interest rate hedges. The carrying amount of the Group's borrowings is denominated in the following currencies:

	2020	2019
Euro	154,052	52,612
US Dollar	32,474	31,840
Indian Rupee (IR)	1,868	226
	188,394	**84,678**

As of 31 December 2020 the Group has drawn down balances from lines of credit from financial institutions in the amount of EUR 2,507 thousand (2019: EUR 516 thousand). The total amount of these credit facilities, together with other unused credit facilities, amounted to EUR 182,313 thousand (2019: EUR 143,552 thousand).

(Thousand Euro)

The Group has the following unused credit facilities:

	2020	2019
Variable rate:		
- maturing in less tan one year	82,313	93,552
- maturing in more tan one year	100,000	50,000
	182,313	**143,552**

This loan is not secured by real property.

b) Derivative financial instruments

	2020		2019	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps				
- Cash flow hedges	-	(583)	-	(686)
Exchange rate hedges				
- Cash flow hedges	-	(230)	-	-
- no hedging	-	(262)	346	(518)
Equity Swap	-	(1,898)	-	(2,186)
	-	**(2,973)**	**346**	**(3,390)**

Swaps (interest rate)

The Group maintains cash flow hedging derivatives which were contracted in prior years posted at a value of EUR 403 thousand at 31 December, 2020 (EUR 436 thousand at 31 December, 2019). The notional principal amount for this interest rate swap contract (from variable to fixed) outstanding at 31 December 2020 amounted to EUR 1.3 million (2019: EUR 1.3 million), which is classified as a hedging instrument. The fixed interest rate applied totals 4.87% and the main variable interest rate of reference is the DKK-CIBOR-DKNA13.

(Thousand Euro)

Additionally, in 2016, in connection with the new syndicated financing agreement described above, the parent company entered into three interest rate swap contracts with financial institutions under which the Group will pay a fixed rate on the Tranche-A1 financing. The notional amounts of the derivatives decrease proportionately as Tranche A1 is repaid. At 31 December 2020 the valuation of these derivative financial instruments was EUR 180 thousand (2019: EUR 250 thousand). In July 2019, as a result of the syndicated loan novation in which tranches A1 and B were modified, these hedges were restructured to adapt them to the new notional amount and repayment model.

	2020		
	Notional Principal	**Interest Rate**	**Maturity**
Hedging derivative 1	6,667	0.452%	2024
Hedging derivative 2	6,667	0.452%	2024
Hedging derivative 3	6,666	0.452%	2024
	20,000		

	2019		
	Notional Principal	**Interest Rate**	**Maturity**
Hedging derivative 1	6,667	0.452%	2024
Hedging derivative 2	6,667	0.452%	2024
Hedging derivative 3	6,666	0.452%	2024
	20,000		

Exchange rate hedges

During financial year 2020, currency hedging operations were undertaken for certain transactions made in a currency other than that of the company in question. Transactions open at 31 December 2020 correspond to trade transactions in US dollars against euros.

	Notional Principal (thousands of USD)	Maturity date	Value (thousands of Euros)	As hedge accounting
USD sale – transaction 1	15,000	30/03/2021	(119)	Yes
USD sale – transaction 2	35,000	05/01/2021	(262)	No
USD sale – transaction 3	1,796	11/03/2021	(111)	Yes
	51,796			

Transactions that do not qualify as hedge accounting have had their variations recognised in the income statement, and those that qualify as hedge accounting in reserves (Note 2.10).

Equity swaps

In financial year 2017, the controlling company entered into a derivative instrument associated with the quoted market price of the shares of Global Dominion Access, S.A. and settled in cash. The underlying asset of the transaction amounted to 2.6 million shares (Note 33) and the instrument maturity is planned for 31 March 2022. At 31 December 2020 the valuation of these derivative financial instruments was EUR - 1,898 thousand (2019: EUR - 2,186 thousand).

(Thousand Euro)

19. TRADE AND OTHER PAYABLES

	2020	2019
Suppliers	467,604	469,684
Sundry creditors	9,247	8,976
	476,851	**478,660**

The fair value of these amounts payable does not differ from their carrying value.

The breakdown of the average term of Spanish trade payables settlement during 2020 in relation to the legally-permitted payment terms stipulated in Spanish Law 15/2010 of 5 of July, is as follows (days):

	2020	2019
Average period of payment to suppliers	43	45
Ratio of transactions settled	46	46
Ratio of transactions not yet settled	28	43

	2020	2019
Total payments made	646,658	684,204
Total payments outstanding	135,792	139,599

In 2020 and 2019, the mean supplier payment period for Dominion Group companies operating in Spain was calculated based on the criteria established in the single additional provision of the Resolution of 29 January 2016 of the Spanish Institute of Accounting and Accounts Auditing, amounting in 43 days (45 days in 2019).

The Spanish companies of the Dominion Group adapted their in-house processes and payment terms policy pursuant to Law 15/2010 (as amended by Law 31/2014) and Royal Decree-Law 4/2013, which amended Law 3/2004 laying down measures to prevent late payment in business transactions. To this regard, the contract terms with commercial suppliers in 2020 included payment periods of 60 days or less, pursuant to the terms agreed between the parties.

(Thousand Euro)

The payments to suppliers during financial year 2020 that have exceeded the legal deadline are derived from circumstances outside the established policy payments, among which are mainly: delay in issuing invoices (legal obligation of the supplier), closing agreements with suppliers for the delivery of goods or the provision of services, or timely processing operations.

20. OTHER LIABILITIES

	2020	2019
Non-current		
Suppliers of fixed assets	674	837
Deferred taxes and social security	1,675	2,340
Non-current debts from company acquisitions	11,283	22,931
Other non-current debts	56,454	35,184
	70,086	**61,292**
Current		
Suppliers of fixed assets	1,597	2,455
Salaries, wages and commissions payable	26,849	26,291
Accruals and prepayments	2,288	845
Current debts from company acquisitions	5,308	7,132
Other current debts	17,800	13,007
	53,842	**49,730**

The fair value of these assets does not differ significantly from carrying value.

Balances with asset suppliers at 31 December 2020 and 2019 basically relate to the outstanding balance is payable for the acquisitions of intangible and material assets (Notes 6 and 7).

Deferred debts with Public Administrations include payment obligations derived from business combinations performed during previous financial years for which a final payment schedule was negotiated which is planned to start as from 2020.

(Thousand Euro)

Details of the debts from company acquisitions between one period and another is as follows (Notes 1.3, 3.2 c) and 32):

	2020	2019
Non-current		
Chimneys and Refractories International, S.R.L.	513	-
Grupo Eléctrico Scorpio, S.A.	-	9,000
Activity branch Go Specialist	-	300
Bygging India Limited	8,358	8,711
Smart Analytics, S.L.	-	1,300
Alterna Operador Integral, S.L.	-	3,500
Hivisan, S.L. (Note 32)	750	-
The Telecom Boutique, S.L.	1,560	-
Others	102	120
	11,283	**22,931**
Current		
Chimneys and Refractories International, S.R.L.	-	4,355
Dominion Global France S.A.S (formerly Beroa France S.A.S)	-	309
Grupo Eléctrico Scorpio, S.A.	3,150	-
ICC Commonwealth Corporation previously (International Chimney Corporation)	-	1,968
Instalaciones Eléctricas Scorpio, S.A.	-	500
Dimoin Caldereria, S.A. (Note 32)	358	-
Hivisan, S.L. (Note 32)	800	-
The Telecom Boutique, S.L.	1,000	-
	5,308	**7,132**

(Thousand Euro)

The movements made during the years in relation to these headings are as follows:

	2020	2019
Debts from company acquisitions: Opening balance	**30,063**	**26,462**
Additions and financial updating	7,569	26,201
Disposals	(1,300)	-
Payments and asset clearing (Note 27)	(10,835)	(23,473)
Re-estimation of the liabilities at FV with effect on income	(5,464)	664
Translation differences and transfers	(3,442)	209
Debts from company acquisitions: Final balance	**16,591**	**30,063**

Debts from company acquisitions:

These current and non-current items are analysed below by transaction:

- Business combinations from previous financial years:

  - Purchase in 2016 of certain energy assets from Grupo Eléctrico Scorpio, S.A. The transaction price was estimated at EUR 17,800 thousand, EUR 390 thousand of which were paid in 2016, a promissory note of EUR 1,410 thousand was issued which was settled in 2017. The remaining amount, EUR 16,000 thousand, included a deferred payment of EUR 7 million due in 2018 and a contingent amount of EUR 9 million, calculated as 33% of the management EBITDA generated by the acquired business in the five years subsequent to the acquisition (excluding upcoming projects on the transaction date) which, based on the terms and conditions of the sales contract, is payable in 2022, a liability which was re-estimated at 31 December 2019 being held at the maximum established of EUR 9 million. At 31 December 2020, compensation payable was restated at EUR 4 million, of which EUR 850 thousand was offset by a payment on account made the previous year. The outstanding amount payable at 31 December 2020 of EUR 3,150 thousand was paid in financial year 2021 before the annual accounts were prepared.

- Acquisition of shares in 2016 in the American company: International Chimney Corporation The transaction price was 19,063 thousand dollars (17,385 thousand euros at the exchange rate on the transaction date), of which 6,150 thousand dollars (5,609 thousand euros at the exchange rate on the transaction date) were paid in 2016 when the transaction was completed, 5,000 thousand dollars were paid in 2017 and 4,000 thousand dollars were paid in 2018. The remaining amount which, at 31 December 2018 was 3,913 thousand dollars, corresponded to a contingent price the maturity of which is 2020, determined on the average EBITDA based generated by that company in the period 2017-2019 equivalent, at 31 December 2018, to EUR 3,406 thousand. An individual agreement was reached in 2019 with the former shareholder whereby USD 2,805 thousand was paid in 2019 and USD 2,208 thousand would be paid in 2020, leaving the year-end debt, at the exchange rate on that date, at EUR 1,968 thousand with the respective shortfall recorded under financial profit or loss. USD 2,208 thousand (EUR 1,998 thousand) were paid in financial year 2020, thereby settling the debt in full.

- Acquisitions in 2018: In financial year 2019, EUR 6,761 thousand relating to Instalaciones Eléctricas Scorpio, Ditecsa Colombia and Dominion Servicios Medioambientales business combinations were settled, leaving EUR 800 thousand outstanding at 31 December 2019 relating to Scorpio and the Go Specialist activity business combinations which are calculated based on the forecast future returns generated by the acquired activities/companies. The excess resulting from the closed transactions was recorded in the financial statement. In financial year 2020, liability from the acquisition of the Go Specialist business was re-estimated, resulting in a revenue of EUR 300 thousand, which was recorded in the income statement for financial year 2020. Regarding the acquisition of Scorpio, the outstanding amount at 31 December 2019 was settled with EUR 334 thousand being paid on the one hand and the difference being recorded in the profit and loss account.

- The business combinations acquired during financial year 2019 (Note 32) were performed for a total price of EUR 26.2 million, of which EUR 12.7 million were paid during financial year 2019. The remaining amounts at 31 December 2019 relate to the contingent payments for the acquisitions of the Indian company Bygging and the Spanish company Alterna. Its valuation is based on the expected future returns on the acquired activities. In 2020, before the purchase price allocation process was completed, the purchase option that was entered into in 2019 with the previous shareholders of Smart Analytics was cancelled as the conclusion was reached that it would be exercised. Accordingly, it was completely derecognised at the amount it had been recorded at, i.e. EUR 1,300 thousand. The contingent liability that resulted from the acquisition of the Indian company Bygging was also restated at the end of 2020, both due to its financial correction effect and the exchange rate effect, amounting to EUR 0.6 million and EUR - 1 million, respectively, with the resulting estimate deemed appropriate. Finally, the contingent liability from Alterna was cancelled and the decision was made not to exercise the existing purchase option.

| Business combinations from financial year 2020:

- The business combinations acquired during financial year 2020 (Note 32) were performed for a total price of EUR 6.9 million (including the acquisition of the additional stake of The Telecom Boutique), of which EUR 2.4 million were paid during financial year 2020. The remaining amounts at 31 December 2020 relate to the contingent payments for the acquisitions of Dimoin, Famaex, Hivisan and 30% of The Telecom Boutique. Its valuation is based on the expected future returns on the acquired activities. In financial year 2021 and before these annual accounts were drawn up, a payment of EUR 700 thousand was paid in relation to the business combinations of Hiivisan.

| On the other hand, the Group maintained certain commitments to purchase equity from non-controlling interests:

- Regarding the French subsidiary Beroa France, SAS (Annex I), involving the obligation to acquire the remaining 6.38% of this subsidiary, the price for which was established at an actual value of EUR 309 thousand in 2019 under separate agreements with the shareholders, was paid in full in 2020.

(Thousand Euro)

- In the Italian subsidiary Chimneys and Refractories International S.R.L. (Annex I) there was a commitment for the purchase of shares amounting to 20% of the non-controlling shares of this subsidiary for the amount of EUR 4,696 thousand, with final due date in 2020, of which EUR 541 thousand were paid in 2017, EUR 258 thousand in 2018 and EUR 843 thousand in 2019 and which, after modifications of the option price between the parties in 2018 and 2019 which increased the amount to be paid, left the remaining amount pending of EUR 4,355 thousand at 31 December 2019. EUR 3,513 thousand was paid in financial year 2020, leaving an outstanding debt of EUR 513 thousand payable in 2023, as per the new agreement adopted in the current financial year. Accordingly, revenue of EUR 329 thousand was recorded.

The item "Other current and non-current debts" relates to the amount pending of loans received from public bodies at subsidised interest rates, amounting to approximately EUR 4.7 M (2019: EUR 4.7 million), on the other hand, the debt relating to application of IFRS 16 "Leases", for a total of EUR 52.5 million (Note 2.1.2), of which EUR 43.4 million relates to non-current liabilities and EUR 9.1 million to current liabilities (2019: EUR 42.6 million, of which EUR 30.3 million relate to non-current liabilities and EUR 13.3 million to current liabilities) and, finally, some contract liabilities relating to prepayments received for construction contracts which are expected to translate into income in the long term, totalling EUR 14.8 million.

Other non-current liabilities have the following due dates:

	2020	**2019**
Between 1 and 2 years	12,349	10,873
Between 3 and 5 years	50,502	44,780
More than 5 years	7,235	5,639
	70,086	**61,292**

(Thousand Euro)

21. DEFERRED TAXES

Deferred taxes are as follows:

	2020	2019
Deferred tax assets:		
- Deferred tax assets to be recovered after more than 12 months	43,403	40,034
- Deferred tax assets to be recovered within 12 months	2,552	6,518
	45,955	46,552
Deferred tax liabilities:		
- Deferred tax liabilities to be recovered after more than 12 months	(5,771)	(6,389)
- Deferred tax liabilities to be recovered within 12 months	(1,506)	(1,032)
	(7,277)	(7,421)
Net	**38,678**	**39,131**

The overall movement in the deferred tax account is as follows:

	2020	2019
Opening balance	**39,131**	**41,045**
(Charged) against/credited to the income statement (Note 28)	(55)	1,006
(Charged) against/credited to net worth	-	(2,682)
Entry into the scope of consolidation (Note 32)	(549)	(105)
Other movements (*)	151	(133)
Final balance	**38,678**	**39,131**

(*) It includes the effect of exchange differences.

(Thousand Euro)

Movements during the year in deferred tax assets and liabilities are as follows:

Deferred tax assets	**Tax losses**	**Tax credits**	**Other temporary differences**	**Total**
At 31 December 2018	**36,256**	**3,908**	**10,114**	**50,278**
(Charged) against/credited to profit and loss	234	3	(2,950)	(2,713)
(Charged) against/credited to Net Worth (Note 28)	(2,959)	-	277	(2,682)
Entries into the scope of consolidation (Note 32)	-	-	1,789	1,789
Translation differences	(120)	-	-	(120)
At 31 December 2019	**33,411**	**3,911**	**9,230**	**46,552**
(Charged) against/credited to profit and loss	1,439	(1,838)	996	597
Conversion differences and other movements	151	-	(1,345)	(1,194)
At 31 December 2020	**35,001**	**2,073**	**8,881**	**45,955**

The temporary differences basically relate to book expenses, which will be deductible in subsequent years, corresponding to different tax treatment of the recognition of income in certain countries and the provisions.

Deferred tax liabilities	**Unrestricted depreciation and others**
At 31 December 2018	**9,233**
(Charged) against/credited to profit and loss	(3,719)
Entries into the scope of consolidation (Note 28)	1,894
Exchange rate differences (Note 32)	13
At 31 December 2019	**7,421**
(Charged) against/credited to profit and loss	(542)
Entries/(changes) in scope of consolidation	549
Exchange rate differences (Note 32)	(151)
At 31 December 2020	**7,277**

Scope additions in deferred tax assets and liabilities relate to the transactions described in Note 32.

(Thousand Euro)

The details of the tax credits on existing tax bases and existing deductions by tax group during the year is as follows:

Breakdown of tax credits	**Tax bases and capitalised deductions**	**Remaining tax credit**	**Total**
Tax Group Bizkaia (Note 2.19)	16,709	3,630	20,339
Tax Group Common Territory (Note 2.19)	8,900	5,573	14,473
Tax Group Germany (Note 2.19)	2,863	-	2,863
Tax Group United States (Note 2.19)	3,560	391	3,951
The rest of the companies that are taxed individually	2,969	3,721	6,690
Total	**35,001**	**13,315**	**48,316**

The most relevant capitalized tax credits relate to the Basque tax group (Note 2.19). The Group has performed a recoverability analysis based on the approved business plan (Note 7). The capitalization of tax credits is limited by the recoverability of the deferred tax assets generated by each company prior to the creation of the new tax consolidation group. Based on that analysis all of the capitalized tax credits would be recoverable within 10 years. The Basque tax group's tax credits mature in 30 years.

The recoverability analysis for the tax group in the common territory was also based on the approved business plan. The capitalization of tax credits is limited by the recoverability of the deferred tax assets generated by each company prior to the creation of the new tax consolidation group. Based on that analysis all of the capitalized tax credits would be recoverable within 10 years. The tax-loss carryforwards in the common territory do not become statute barred.

The tax-loss carryforwards generated by the Tax Group in Germany do not become statute barred and those generated by the Tax Group in the United States become statute barred after 20 years.

(Thousand Euro)

22. OBLIGATIONS TO PERSONNEL

The breakdown of provisions for employee benefits by country is as follows:

	2020	2019
Itemisation by country		
Germany (1)	11,673	11,588
France (2)	674	701
Total (Note 23)	**12,347**	**12,289**

The commitments of post-employment plans and other long-term benefits to the personnel that the Group guarantee to certain collectives are disclosed by country, the following ones:

1. Post-employment benefit plans and other non-current employee benefits in Germany that are fully covered by an internal fund.

    - Non-current employee benefits:

        - Length of service awards
        - Supplements deriving from partial retirement agreements

    - Post-employment benefits:

        - Lifetime retirement pensions
        - Benefit plans guaranteed by the Group for its employees are defined retirement benefit commitments. The Group guarantees lifetime income starting at retirement for those employees that started working for the Company before 1 January 2001 and that have worked at the Company for 10 years at the time of retirement.

2. Post-employment benefit plans in France that are covered by an internal fund.

    - The benefit plans guaranteed by the Group for its employees.

    - The retirement benefit depends on the number of years worked at the Company.

(Thousand Euro)

Movements in the provisions by type of plan and by country are as follows:

	Germany	France	Total
At 31 December 2018	**11,285**	**719**	**12,004**
Cost for current services	-	-	-
Interest expense/(income)	210	-	210
(Gains) / losses due to changes in actuarial assumptions	811	93	904
Payment of benefits	(718)	(111)	(829)
At 31/12/2019	**11,588**	**701**	**12,289**
Cost for current services	16	4	20
Interest expense/(income)	108	4	112
(Gains) / losses due to changes in actuarial assumptions	685	-	685
Payment of benefits	(724)	(35)	(759)
At 31/12/2020	**11,673**	**674**	**12,347**

The financial-actuarial assumptions taken into consideration in the actuarial valuations are as follows:

	Germany		France	
	2020	**2019**	**2020**	**2019**
Interest Rate	0.75%	0.99%	0.50%	0.5%
Future growth in salaries	2.50%	2.50%	2.00%	2.0%
Future growth in pensions	1.50%	1.50%	2.00%	2.0%
Mortality table	Heubeck 2018 G	Heubeck 2018 G	INSEE 2013-2015	INSEE 2013-2015
Retirement age	63	63 years	62	62 years
Measurement method	P.U.C.	PUC	PUC	PUC

The curve used to determine the interest rate for the most significant commitments: "IBoxx € Corporates AA Subindices von Markit1".

The average weighted term of the defined benefit obligations falls within the range of 6.8-13.5 years.

(Thousand Euro)

In the Group's most significant plans, the expected lives of men and women based on the mortality tables used are as follows:

	Germany		France	
	2020	2019	2020	2019
Life expectancy of a person retiring at year-end:				
- Men	22.12	21.97	23.1	23.1
- Women	25.74	25.63	27.7	27.7
Life expectancy of a person retiring 20 years after year-end:				
- Men	24.92	24.96	24.84	24.56
- Women	28.0	28.0	27.96	27.69

Contributions to these pension plans during the next year 2020, would amount to approximately EUR 100 thousand.

The percentage of the defined benefit commitment to changes in the main weighted assumptions is as follows:

	Germany			France		
	Change in assumptions	Increase in assumptions	Reduction in assumptions	Change in assumptions	Increase in assumptions	Reduction in assumptions
Financial year 2020						
Interest Rate	0.8%	1.3%	0.25%	1.50%	1.50%	1.50%
Commitment variation	0.00%	-5.50%	6.09%	0.00%	-4.50%	2.00%
Financial year 2019						
Interest Rate	0.50%	5.50%	6.05%	1.00%	0.75%	0.75%
Commitment variation	0.00%	-5.50%	6.08%	0.00%	-4.50%	2.50%

The preceding sensitivity analysis is based on a change in an assumption while all other assumptions remain the same.

(Thousand Euro)

23. PROVISIONS

Movements in the Group's provisions in 2020 and 2019 are as follows:

	Other provisions	Obligations to personnel. (Note 22)	Total
At 31 December 2018	**19,866**	**12,004**	**31,870**
Interest expense/(income)	-	210	210
(Gains) / losses due to changes in actuarial assumptions	-	904	904
Inclusion within perimeter	1,021	-	1,021
Allocations (Note 25)	5,317	-	5,317
Reversal (Note 25)	(1,073)	-	(1,073)
Payments	(3,121)	(829)	(3,950)
Transfers and other movements	(430)	-	(430)
At 31/12/2019	**21,580**	**12,289**	**33,869**
Interest expense/(income)	-	132	132
(Gains) / losses due to changes in actuarial assumptions	-	685	685
Allocations (Notes 25 and 26)	11,285	-	11,285
Inclusion in the scope of consolidation (Note 32)	339	-	339
Reversal (Note 25)	(137)	-	(137)
Payments	(6,818)	(759)	(7,577)
Transfers and other movements (*)	2,849	-	2,849
At 31/12/2020	**29,098**	**12,347**	**41,445**
Non-current provisions			**33,906**
Short-term provisions			**7,539**

(*) These primarily relate to the reallocation of items corresponding to provisions on other lines.

The other provisions can basically be itemised as follows:

- Provisions of EUR 4,683 thousand (2019: EUR 3,766 thousand) corresponding to the total coverage of likely risks related to legal proceedings underway, basically, in Europe.

- Provision of EUR 11,633 thousand (2019: EUR 5,970 thousand) related to liabilities for obligations with employees, excluding post-employment benefit plan (Note 22), basically for the commitments required in the current legislation in each country (basically Spain, Italy and Arabia).

(Thousand Euro)

- Provisions of EUR 12,781 thousand (2019: EUR 11,844 thousand) corresponding to the hedging of business operating risks, of which EUR 6,946 thousand are considered to be payable in the long term (2019: EUR 9,517 thousand) and EUR 5,835 thousand in the short term (2019: EUR 2,327 thousand).

24. OPERATING INCOME

a) Breakdown of turnover

The breakdown of turnover is given below between the sale of goods and the provision of services. The reality of the Group's business is comprised of the rendering of services for projects, nevertheless, as part of the B2C activity, the purchase/sale of devices is included as usual operations in those contracts where the Group acts as principal.

	2020	**2019**
Sale of devices (Commercial Services Business)	118,594	202,000
Provision of Services	911,018	947,312
	1,029,612	**1,149,312**

(Thousand Euro)

b) Breakdown of ordinary revenues from contracts with clients

The Group obtains revenues from the transfer of goods and services over time and at a specific point in time in the following service lines and activity areas:

CGU grouping as of 2020	B2B Services Segment					
	B2B 360 Projects	B2B T&T Services	B2B Industrial Services	B2B Business Services	B2C	Total
2020						
Ordinary revenues from external clients	**280,889**	**206,164**	**163,271**	**95,658**	**283,630**	**1,029,612**
Point at which ordinary revenues are						
At a specific point in time	-	100,523	-	95,658	283,630	479,811
Over time	280,889	105,641	163,271	-	-	549,801
	280,889	**206,164**	**163,271**	**95,658**	**283,630**	**1,029,612**
2019 (*)						
Ordinary revenues from external clients	**287,979**	**203,350**	**242,485**	**97,370**	**318,128**	**1,149,312**
Point at which ordinary revenues are						
At a specific point in time	-	82,821	-	97,370	318,128	498,319
Over time	287,979	120,529	242,485	-	-	650,993
	287,979	**203,350**	**242,485**	**97,370**	**318,128**	**1,149,312**

(*) Segment data for financial year 2019 has been restated to take into account the segmentation change in 2020 and for comparative purposes.

	Solutions and Specialized Engineering Segment		Multi-technological Services Segment			
CGU grouping prior to 2020	Complex projects	Other projects	Industrial Services	T&T services	Commercial services	Total
2019						
Ordinary revenues from external clients	**118,231**	**240,534**	**242,488**	**132,561**	**415,498**	**1,149,312**
Point at which ordinary revenues are						
At a specific point in time	-	-	-	82,821	415,498	498,319
Over time	118,231	240,534	242,488	49,740	-	650,993
	118,231	**240,534**	**242,488**	**132,561**	**415,498**	**1,149,312**

As stated in Note 2.21 b) the B2B Services segment does not include commercial sales transactions resulting from operating as an agent for EUR 296.0 million in financial year 2020 (EUR 328.6 million in financial year 2019).

Also, the ordinary revenue for the B2B 360 Projects Segment includes EUR 102.3 million relating to long-term complex projects (2019: EUR 118.2 million).

The amount of the ordinary revenues broken down by geographical areas is described in Note 5 b) on Segmentation.

Of revenues, the invoiced amounts by currency reflected in thousand euros are as follows:

	2020	2019
Euro	711,565	849,728
US Dollar	129,812	104,889
Mexican peso	11,478	17,118
Pound sterling	1,125	754
Saudi Riyal	19,022	21,821
EAU Dirham	4,674	5,756
Argentine peso	10,850	9,338
Peruvian sol	29,931	20,693
Chilean peso	42,804	42,209
Polish zloty	7,569	13,062
Australian dollar	23,675	23,543
Canadian dollar	5,846	6,273
Columbian peso	3,088	2,485
Indian Rupee (IR)	22,426	23,793
Others	5,747	7,850
	1,029,612	**1,149,312**

(Thousand Euro)

In Financial Year 2020 the "Other operating income" section includes both the capital gain on the sale of Dominion Networks (Note 1.4) and the profit and loss account effect of an increase in the stake in the Danish joint venture New Horizons in Infrastructures NHID (Annex II) from previous financial years, operating subsidies, capital subsidies and other miscellaneous revenue.

In Financial Year 2019 the "Other operating income" section basically comprised capital gains on the sale of Nahitek for EUR 5 million, operating subsidies, capital subsidies transferred to profit (loss) for the year totalling EUR 1 million and other miscellaneous revenue amounting to EUR 1 million.

c) Assets and liabilities related to contracts with clients

The Group recognised the following assets and liabilities related to contracts with clients:

	2020	**2019**
Current assets for contracts	97,765	79,786
Impairment losses (Note 3.1.c))	(98)	(80)
Total assets for contracts	**97,667**	**79,706**
Liabilities for contracts	86,228	46,586
Total current liabilities for contracts	**86,228**	**46,586**

Practically the entire total for assets and liabilities for contracts relating to the previous financial year were invoiced and collected throughout financial year 2020 as indicated in the Note on accounting policies (Note 2.1.21). Those corresponding to financial year 2020 are expected to be undertaken in 2021.

(Thousand Euro)

25. OTHER OPERATING EXPENSES

	2020	2019
Supplies	4,966	3,462
Transport	3,076	8,966
Repairs	3,783	3,602
Operating leases	186	3,134
Services of independent professionals	17,616	19,632
Net provision / (Reversion) for impairment on receivables (*)	9,522	1,904
Net provision / (Reversion) for obsolescence (Note 11)	449	2,313
Variation of other provisions (Note 23)	7,648	4,244
Communications	556	803
Travel expenses	42,816	47,676
Insurance	3,495	2,771
Taxes	1,956	275
Advertising and publicity	10,107	11,698
Office material	475	472
Other operating expenses	-	66
	106,651	**111,018**

(*) This includes the impairment allowance plus the allowance for estimated losses under IFRS 9 as stated in Note 3.1.c).

26. EMPLOYEE BENEFIT EXPENSES

	2020	2019
Salaries and wages	217,538	240,562
Social Security expense	39,544	50,507
Other social expenses	10,042	10,490
Personnel restructuring costs	9,139	7,081
	276,263	**308,640**

(Thousand Euro)

In financial year 2020, the workforce was restructured, primarily in the B2C segment, both for the chain of stores and all other business processes. This was done through a Redundancy Scheme (ERE) which was accepted and reported at the end of October. It affected 435 people with 323 of these having left before the end of financial year 2020 and the rest at the beginning of 2021. The total cost of this redundancy programme amounted to EUR 7.1 million, which includes all associated costs, all of which are included in the profit or loss in financial year 2020.

As explained in Note 1.3, as a result of the Covid-19 pandemic, a number of redundancy plans (ERTEs) were implemented in 2020, primarily in Spain, which affected 62% of the workforce in Spain at the end of the year before the ERE mentioned in the previous point was taken into account.

The average number of employees in the Group, not counting the average number of people subject to these lay-offs in the financial year, is as follows, according to their category:

	Number	
Category	**2020**	**2019**
Male/Female Director	76	66
Officer in Charge	377	326
Technician	1,872	1,671
Skilled worker	5,802	6,129
Male/Female Clerk	584	887
	8,711	**9,079**

The distribution of personnel and Board members at 31 December 2020 and 2019 by gender is as follows:

	2020			**2019**		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Category						
Members of the Board of Directors	8	3	11	10	2	12
Male/Female Director	63	10	73	66	10	76
Officer in Charge	314	68	382	276	74	350
Technician	1,643	356	1,999	1,584	385	1,969
Skilled worker	5,443	1,036	6,479	5,311	361	5,672
Male/Female Clerk	278	321	599	303	1,260	1,563
	7,749	**1,794**	**9,543**	**7,550**	**2,092**	**9,642**

(Thousand Euro)

In financial years 2020 and 2019, we had not staff working for companies whose operations have been discontinued.

27. FINANCIAL RESULT

	2020	2019
Interest income:		
- Other financial interest and revenues (Note 8)	1,121	689
Financial expenses:		
- Interest on loans from credit institutions	(9,585)	(9,705)
- Updating of leasing liabilities (IFRS 16) (Notes 6 and 22)	(212)	(2,556)
- Financial expenses with project partners (*)	(5,172)	(455)
Net gains/(losses) from transactions in foreign currency	1,316	(1,580)
Variation in the fair value of assets and liabilities recognised in profit and loss	5,643	(1,655)
Share in results obtained by associates (Note 9)	(3,489)	5,417
	(10,378)	**(9,845)**

(*) Financial expenses arising from complex multi-year projects relating to the awarding of economic rights to control these projects.

The item "Financial expenses" includes EUR 4.6 million in costs associated with prepaid invoices and other working capital financing, as well as the cost of bank guarantees and other financial expenses (2019: EUR 4.3 million).

28. TAX SITUATION

The Group's current tax balance relates to current amounts generated with respect to public entities for Value Added Tax (VAT), Personal Income tax Withholdings, Social Security and other similar taxes.

The breakdown of corporation tax for the financial year is as follows:

	2020	2019
Current Tax	(8,164)	(5,502)
Net variation in deferred tax assets (Note 21)	(55)	1,006
	(8,219)	**(4,496)**

(Thousand Euro)

The reconciliation of reported consolidated profit and the aggregate corporate income tax base is as follows:

	2020	2019
Consolidated book profit for the year before taxes for continued operations	21,270	46,745
Consolidated book profit for the year before taxes for discontinued operations	(63)	(6,252)
Consolidation adjustments (**)	8,931	(11,193)
Aggregated pre-tax profit of the consolidated companies	**30,138**	**29,300**
Permanent differences (***)	(11,107)	(5,212)
Tax loss carryforwards offset (*)	(7,690)	-
Total tax base (Taxable income)	**11,341**	**24,088**

(*) Tax loss carryforwards offset in companies pertaining to the Biscay Regional Tax Group and the State Tax Group where the previous tax base is positive.
(**) Consolidation adjustments in financial year 2020 mainly relate to shareholding provisions, the impact on accumulated exchange rate differences from permanent financing (Note 2.4.c) and other consolidation adjustments (2019: mainly relate to shareholding provisions, the impact on accumulated exchange rate differences from permanent financing (Note 2.4.c), results of discontinued operations and other consolidation adjustments).
(***) In 2020 permanent differences mainly relate to capital gains arising from Networks sales (2019: capital gains arising from Nahitek Digital, S.L.U. sales). (Note 1.3)

(Thousand Euro)

The tax on the profit before tax of the Group differs from the theoretical amount that would have been obtained using the weighted average tax rate applicable to profit of the consolidated companies as follows:

	2020	**2019**
Profit before tax for continued operations	21,270	46,745
Profit before tax for discontinued operations	(63)	(6,252)
Consolidated profit before tax	**21,207**	**40,493**
Tax calculated on nominal tax rates	14,082	9,572
Tax effect of:		
- Next tax results of associated	(3,783)	(1,300)
- Permanent differences	(2,176)	(2,637)
- Capitalization of tax loss carry for wards	(55)	(1,006)
- Other movements	151	(133)
	8,219	**4,496**

Corporate income tax expense/(income) is as follows:

	2020	**2019**
Current tax for continued and discontinued operations	8,164	5,502
Capitalisation of tax credits	3,982	(237)
Other movements in temporary differences	(3,927)	(769)
	8,219	**4,496**

The net capitalization of tax credits mainly relates to the capitalisation of tax loss carryforwards in the State Tax Group, to the tax loss carryforwards offsetting mentioned above in this note.

(Thousand Euro)

The theoretical tax rates vary in accordance with the various locations, and the most important are as follows:

	Nominal rate	
	2020	2019
Basque Country	24%	24%
Rest of Spain	25%	25%
Mexico	30%	30%
United States of America	21%-25%	21%-25%
Rest of America	21%-35%	21%-35%
Rest of Europe (Average rate)	15%-35%	15%-35%

The applicable legislation for Corporation Tax settlements during financial year 2020 for the Controlling Company is that corresponding to the Regional Regulation 11/2013 of 5 December for Corporation Tax.

Notwithstanding the rights of the Public Treasury with respect to the tax obligations accruing during the time it was in force. In general terms, the years not statute-barred by the various bodies of tax legislation applicable to each Group companies are open to inspection, ranging between 4 and 6 years as from the time the tax obligation falls due and the deadline for filing tax returns.

The Parent Company's Directors have calculated the amounts associated with this tax for 2020 and 2019 and those years open to inspection in accordance with legislation in force at each year end with the understanding that the final outcome of several legal procedures and appeals that have been filed in this respect will not have a significant impact on the annual accounts taken as a whole.

29. EARNINGS PER SHARE

a) Basic

Basic earnings per share are calculated by dividing the profit attributable to the Parent Company's shareholders by the weighted average number of outstanding ordinary shares for the year, excluding treasury shares acquired by the Product Company (Note 13).

	2020	2019
Profit attributable on continuing operations to the Company's shareholders (thousand euros)	12,534	39,183
Weighted average number of outstanding ordinary shares (thousand)	167,248	169,235
Basic earnings per share for continuing operations (euros per share)	**0.0749**	**0.2315**

	2020	2019
Profit/(Loss) on discontinued operations to the Company's shareholders (thousand euros)	(63)	(6,252)
Weighted average number of outstanding ordinary shares (thousand)	167,248	169,235
Basic earnings per share for discontinuing operations (euros per share)	**(0.0004)**	**(0.0369)**

b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding ordinary shares to reflect the conversion of all potentially dilutive ordinary shares. The Company has no potentially dilutive ordinary shares.

(Thousand Euro)

30. CASH GENERATED FROM OPERATIONS

	2020	2019
Profit (loss) for the year	**12,989**	**35,998**
Adjustments for:		
- Taxes (Note 28)	8,219	4,496
- Depreciation of tangible fixed assets (Note 6)	29,660	29,989
- Amortisation of intangible assets (Note 7)	18,711	17,156
- Other income and expenses	8,097	-
- (Profit)/ loss on the sale of tangible fixed assets	633	58
- Net movements in provisions (Notes 23 y 25)	11,148	(4,683)
- Interest income (Note 27)	(1,121)	(689)
- Interest expense (Note 27)	14,969	12,716
- Exchange rate differences (Note 27)	(1,316)	1,580
- Variation in the fair value of assets and liabilities recognised in profit and loss (Note 27)	(5,643)	1,655
- Translation differences transferred to profit or loss	-	6,101
- Share in losses /(gains) in associates (Note 8)	3,489	(5,417)
Variations in working capital (excluding the effects of the acquisition and differences in the consolidation exchange rate):		
- Inventories (Note 11)	638	13,729
- Trade and other receivables (Note 10)	(51,793)	(28,686)
- Other assets	(9,088)	(1,643)
- Other current liabilities	6,077	(5,285)
- Trade and other payables (Notes 2.4.c y 19)	40,162	14,975
Cash generated from operations	**85,831**	**92,050**

(Thousand Euro)

In the cash flow statement, proceeds from the sale of tangible fixed assets and intangible assets include:

	2020	2019
Carrying amount (Notes 6 and 7)	1,479	2,967
Gain /(loss) on the sale of fixed assets	(633)	(58)
Amount received for the sale of fixed assets	**846**	**2,909**

31. COMMITMENTS, GUARANTEES AND OTHER INFORMATION

a) Commitments for the purchase or sale of assets

There were no commitments to buy or sell assets at year-end 2020 or end of the previous year, 2019.

b) Operational leasing commitments

As from 2008 the Group has leased various offices and warehouses under non-cancellable operating lease contracts. These contracts are for terms ranging between 5 and 10 years, and are mostly renewable at expiration under market conditions. The Group also rents facilities and machinery under cancellable operating lease contracts. The Group is required to provide six months advance notice of the termination of these contracts.

Since 1 January 2019, the group has recognised right-of-use assets for these leases, except for short-term and low value leases - consult Notes 2.22 and Note 2 for further details.

Total future minimum payments for non-cancellable operational leases are shown below:

	2020	2019
Less than one year	15,787	20,734
Between one and five years	21,178	27,436
More than 5 years	1,677	1,139
	38,642	**49,309**

(Thousand Euro)

c) Other information (guarantees)

The Group has granted guarantees for works and services rendered to customers and commercial guarantees totalling approximately EUR 161 million (2019: EUR 171 million).

These guarantees issued by financial institutions are presented to customers as a compromise of the good performance of contracts, advanced payments received from customers, the coverage of warranty periods and the support for proposal or tenders. The failure of these commitments entail the implementation of these guarantees with cash out flow, whose probability of occurrence is considered remote.

32. BUSINESS COMBINATIONS

Financial year 2020

a) B2B Services

On 4 August 2020, the purchase and sale contract under which the Group purchases 100% of the shares of **Dimoin Calderería, S.A.** was made public. The Spanish company Dimoin specialises in the design and construction of tanks and other industrial facilities and this transaction is in line with the Group's intention to incorporate new capacities and increase the added value of its comprehensive range of industrial services, making it the One Stop Shop platform for customers in the sector and will form part of the activities carried out by the B2B Servicios Industriales CGU grouping. The base price of the shares was set at EUR 498 thousand paid out during the year, with a variable portion relating to the adjustment to be applied based on the working capital and net financial debt ultimately acquired. This variable portion has been estimated at a total of EUR 358 thousand to be paid in 2021.

The movement in cash funds on the operation was as follows:

	Amount
Consideration paid during the year	498
Cash and cash equivalents acquired	(48)
	450

(Thousand Euro)

Below is a summary of the net assets acquired and the goodwill resulting from this transaction:

	Amount
Purchase price	856
Fair value of the net assets acquired	856
Goodwill (Note 7)	**-**

This goodwill embodied the future economic benefits and synergies the acquired businesses are expected to generate within the Group.

The fair values of the net assets acquired as part of this business combination are broken down below:

	Fair value
Intangible fixed assets	968
Property, Plant and Equipment	39
Inventories	193
Trade accounts receivable and other accounts receivable	514
Cash and Cash Equivalents	48
Acquired assets	**1,762**
Liabilities with credit institutions.	5
Deferred tax liabilities	242
Trade payables and Other liabilities	659
Liabilities acquired	**906**
Total Net Assets Acquired	**856**

The process to allocate the purchase price to the assets and liabilities acquired, based on an internal valuation, was completed in 2017.

(Thousand Euro)

In recognising and calculating the net assets acquired at fair value, EUR 968 thousand were allocated to the customer backlog in the purchased company at the time of purchase. This amount was recorded under "Other intangible assets" under non-current assets in the consolidated balance sheet and amortisation started in financial year 2020 in line with the estimated useful life of this backlog, which was considered to be 3 years. Intangible assets have been valued using the "MERM" method, which takes the profit excess in relation to contributory assets required for intangible asset operation as the basis for the calculation. This calculation took account of the existing backlog considering an EBITDA margin of approximately 13% and a percentage of contributory assets of no more than 3% of sales. A tax rate of 25% has been applied and the discount rate used after tax was 8%.

On 4 September 2020, the investment and shareholder agreement between Dominion, as investor, and the partners of **Facility Management Exchange, S.L. (FAMAEX)** entered into on 30 July 2020, under which the Group, by way of various sale and purchase transactions and a capital increase, acquired 80% of the shares, was made public. The effective takeover date was deemed to be 1 September 2020. The business activity carried out by this Spanish startup Famaex is included in the B2B T&T Services CGU grouping. The agreement was formalised through two acquisition operations with different shareholders and a capital increase, which entailed the payment of a total of EUR 422 thousand which was paid during the year. The agreement provides for a variable payment based on the mean EBIT for the 15 month period from 1 January 2021 to 30 March 2022, for which zero valuation was estimated on the basis of current expectations. A reciprocal sale and purchase option was also entered into between the Group and the shareholders in relation to the remaining shares (20%), whose value is indexed according to the average EBIT for the company for the next 8 years, taking the net financial debt at the time into account, which, as this is a start-up and considering the occurrence probabilities, has been deemed to have a value of zero.

The movement in cash funds on the operation was as follows:

	Amount
Consideration paid during the year	422
Cash and cash equivalents acquired	(197)
	225

(Thousand Euro)

Below is a summary of the net assets acquired and the goodwill resulting from this transaction:

	Amount
Total consideration of the operation	422
Fair value of the net assets acquired	(55)
Goodwill (Note 7)	**477**

The fair values of the net assets acquired as part of this business combination are broken down below:

	Fair value
Trade accounts receivable and other accounts receivable	436
Cash and Cash Equivalents	197
Acquired assets	**633**
Minority	(14)
Trade payables and Other liabilities	702
Liabilities and minorities acquired	**688**
Total Net Assets Acquired	**(55)**

The process of allocation of the price paid to the assets acquired based on a valuation carried out internally has not yet been fully completed.

On 29 December 2020, a purchase and sale agreement was entered into whereby the Group acquired 100% of the shares of **Hivisan, S.L.**, a Spanish company whose activity falls under the B2B Industrial Services CGU grouping. The transaction involves an outright sale and purchase of 70% of the shares and a reciprocal sale and a purchase option on the remaining 30%. The price of the acquired shares has a base price of EUR 1 million which will be adjusted in line with the working capital and financial debt ultimately acquired. This adjustment will be settled two months after the transaction is completed and is expected to result in a reduction in the base price of EUR 200 thousand. The price of the purchase and sale option is indexed against the average value of the company's EBITDA for the next 3 years, valued at EUR 750 thousand. No amount has been paid for the transaction in financial year 2020. In financial year 2021 and before these annual accounts were drawn up, the first instalment of EUR 800 thousand was paid up.

(Thousand Euro)

The movement in cash funds on the operation was as follows:

	Amount
Cash and cash equivalents acquired	(1,247)
	(1,247)

Below is a summary of the net assets acquired and the goodwill resulting from this transaction:

	Amount
Total consideration of the operation	1,550
Fair value of the net assets acquired	1,550
Goodwill (Note 7)	**-**

The fair values of the net assets acquired as part of this business combination are broken down below:

	Fair value
Intangible fixed assets	1,192
Property, Plant and Equipment	197
Trade accounts receivable and other accounts receivable	1,724
Cash and Cash Equivalents	1,247
Acquired assets	**4,360**
Liabilities with credit institutions.	1,036
Deferred tax liabilities	307
Short-term provisions	326
Trade payables and Other liabilities	1,141
Liabilities acquired	**2,810**
Total Net Assets Acquired	**1,550**

The process of allocation of the price paid to the assets acquired based on a valuation carried out internally has not yet been fully completed.

(Thousand Euro)

In recognising and calculating the net assets acquired at fair value, EUR 1,192 thousand were allocated to the customer backlog in the purchased company at the time of purchase. This amount was recorded under "Other intangible assets" under non-current assets in the consolidated balance sheet and amortisation will begin in line with the estimated useful life of this backlog, which was considered to be 4 years. Intangible assets have been valued using the "MERM" method, which takes the profit excess in relation to contributory assets required for intangible asset operation as the basis for the calculation. The calculation of intangible assets considered a rotation rate and a margin of the customer backlog based on the submitted history, as well as a percentage of contributory assets of 3% of sales or less. A tax rate of 25% has been applied and the discount rate used after tax was 8%.

b) B2C

On 11 December 2019, the subsidiary company The Phone House Spain, S.L. raised to a public instrument the contract for its acquisition of 90% of the equity interests of the Spanish company **Netsgo Market, S.L.** The purchase agreement involves the acquisition of the equity interests of 90% of members for a sale price of 1 euro and the assumption of credit rights by these shareholders for an amount of EUR 570 thousand, recorded in the fair value of the acquired net assets. Given that the take-over of this company was made after the start of financial year 2020, it has been included in the scope of consolidation since 1 January 2020

The movement in cash funds on the operation was as follows:

	Amount
Cash and cash equivalents acquired	4
	4

Below is a summary of the net assets acquired and the goodwill resulting from this transaction:

	Amount
Fair value of the net assets acquired	(763)
Goodwill (Note 7)	**763**

This goodwill embodied the future economic benefits and synergies the acquired businesses are expected to generate within the Group.

(Thousand Euro)

The fair values of the net assets acquired as part of this business combination are broken down below:

	Fair value
Intangible fixed assets	180
Trade accounts receivable and other accounts receivable	32
Cash and Cash Equivalents	(4)
Acquired assets	**208**
Minority	(85)
Trade accounts payable	25
Other liabilities	1,031
Liabilities and minorities acquired	**971**
Total Net Assets Acquired	**(763)**

The process to allocate the purchase price to the assets acquired, based on an internal valuation, was fully completed in 2020.

On 10 September 2020, the contract for the swapping of shares of the subsidiaries The Phone House Spain, S.L.U. and Connected World Services Europe, S.L.U. for shares in **Zwipit, S.A.** was raised to a public instrument. Zwipit is a Spanish company that carries out the following activities: buying old handheld devices to refurbish and resell them and providing services for insurance companies in relation to the reception of damaged devices and restoring their residual value. The acquisition transaction consisted in the acquisition of 99.7% of the company's shares in exchange for 2.36% of the shares of the subsidiaries The Phone House Spain, S.L.U. and Connected World Services Europe, S.L.U., valued at an amount of EUR 2,403 thousand, and a cash payment of EUR 1,500 thousand.

The movement in cash funds on the operation was as follows:

	Amount
Consideration paid during the year	1,500
Cash and cash equivalents acquired	(50)
	1,450

(Thousand Euro)

Below is a summary of the net assets acquired and the goodwill resulting from this transaction:

	Amount
Consideration transferred	3,903
Fair value of the net assets acquired	124
Goodwill (Note 7)	**3,779**

This goodwill embodied the future economic benefits and synergies the acquired businesses are expected to generate within the Group. No intangible assets were identified as qualifying for recognition. It should be noted that, as explained above, the transaction partly involved a swap whereby a portion of the acquisition price and the goodwill generated by the 2.36% of the subsidiaries paid as part of the value (amounting to EUR 2,403 thousand) constitutes reallocation of the goodwill that previously existed in the Group.

The fair values of the net assets acquired as part of this business combination are broken down below:

	Fair value
Intangible fixed assets	1
Non-current financial assets	62
Trade accounts receivable and other accounts receivable	165
Cash and Cash Equivalents	50
Acquired assets	**278**
Short-term provisions	13
Trade accounts payable	141
Liabilities acquired	**154**
Total Net Assets Acquired	**124**

The process of allocation of the price paid to the assets acquired based on a valuation carried out internally has not yet been fully completed in 2020, although additional adjustments are not expected.

The turnover for the business combinations and integrated results obtained in the financial year ending on 31 December 2020 totalled EUR 3 million and EUR 0.1 million respectively. If the business combinations had been performed on 1 January 2020, these amounts would have been EUR 12 and EUR 0.2 million respectively.

Financial year 2019

a) B2B 360 Projects (previously Specialist Engineering and Solutions segment)

On 10 December 2018, the signing of a preliminary agreement for the acquisition of 51% of the share capital of the Indian company **Bygging India Limited** ("BIL"), extendable up to 100%, was made public.

The operation was structured in two tranches. During a first tranche, the Group acquired 51% of the share capital of BIL for the amount of 416 million INR (5.1 million euros). During a second tranche, the shareholders holding 49% of the share capital had a put option for the remaining 49%, which can be exercised in the fourth and fifth year following acquisition. Likewise, the Group was the holder of a purchase option which can be exercised in the fifth year. For this second tranche, the price remained linked to the effective performance of BIL during the periods, depending on the case, which will be directly appraised by the generation of discretionary cash flow provided by BIL. The maximum price to be paid by the Group for the entire operation will not exceed a calculated value based on 5 times the average EBITDA and, in any case, will not be less than the carrying amount value of BIL at the end of the valuation period. The option was valued at 697 million rupees (EUR 8 million) on the acquisition date, and was restated at the end of each accounting period.

The scope of the business acquired with BIL represented recurring revenue of between 20 and 25 million euros annually.

The execution of the operation was concluded on 1 February 2019 once the usual conditions precedent for these types of transactions were met.

The acquisition of BIL enabled entering the market in India to grow in an industrial field of activity both in Services and Solutions. Likewise, it contributed to the start of a platform for international projects, thereby optimising operating and manufacturing costs.

The acquisition came within the framework of Dominion's diversification, digitization and growth model, on its road towards compliance with its Strategic Plan.

The movement in cash funds on the operation was as follows:

	Amount (*)
Consideration paid during the year	5,135
Cash and cash equivalents acquired	(131)
At 31 December 2019	**5,004**

(*) Original amount stated in INR converted to EUR using the acquisition date exchange rate.

Below is a summary of the net assets acquired and the goodwill resulting from this transaction:

	Amount (*)
Purchase price	13,846
Fair value of the net assets acquired	5,427
Goodwill (Note 7)	**8,419**

(*) Original amount stated in INR converted to EUR using the acquisition date exchange rate.

This goodwill was assigned to the future economic benefits and synergies of the acquired businesses within the Group, with the process to assign the Fair Price paid for the net assets acquired completed, these having been acquired at the beginning of financial year 2020, with no new net assets having been identified.

(Thousand Euro)

100% of the net assets acquired at fair value as part of this acquisition are broken down below:

Fair Value	**Fair value (*)**
Fixed assets	3,252
Deferred tax assets	1,789
Inventories	2,235
Trade accounts receivable and other accounts receivable	9,702
Cash and Cash Equivalents	131
Acquired assets	**17,109**
Non-current provisions	1,021
Borrowings	3,671
Deferred tax from liabilities	1,344
Trade accounts payable	5,646
Liabilities acquired	**11,682**
Total Net Assets Acquired	**5,427**

(*) Original amount stated in INR converted to EUR using the acquisition date exchange rate.

On identifying and evaluating the assets acquired and liabilities assumed, the Group's management recorded impairments on a number of existing trade receivables amounting to EUR 2.4 million and provisions amounting to EUR 1 million relating to specific operating contingencies on the date of the business combination. This process was completed in financial year 2020.

b) B2B (previously the Multi-technology Services Segment)

On 11 January 2019, through the Group company Abside Smart Financial Technologies, S.L., Dominion acquired a share in **Smart Analytics, S.A.**, a company whose corporate purpose comprised: market research; technology consultancy; training, sale of HW and SW; marketing of IT packages; SW development; presentation of IT services; HW rental, import and export of IT equipment; e-commerce; advertising agency; events, retail sale of fashionwear; gardening and landscaping and acting as intermediaries in legal and consultancy services in matters relating to new technologies; market analysis and research, the conducting of all types of studies and analyses on consumer and user behaviour in relation to traditional and digital media; professional services for Big Data and Data Science, as well as the design, development and marketing of technologies applied to information on market consumers.

(Thousand Euro)

Abside purchased 50% of the shares of Smart Analytics. 90,563 shares, paying EUR 430 M and, with the subsequent capital increase of EUR 570 thousand, its shareholding increased to 70%. It also entered into a reciprocal sale and purchase option for 20%, which can be implemented in three windows in 2022, 2024 or 2026, as well as a reciprocal sale and purchase option on the remaining 10%, which can be implemented in 2029, subject to the implementation of the first option. The option price was indexed against the average EBITDA obtained in the 3 years prior to the option and the net financial debt on that date and it was determined to be EUR 1.3 million at the time of acquisition. Before the end of the acquisition price assignation process, the recorded contingent portion was reassessed considering that it would not materialise, with the liability reversed against the initially recorded goodwill. In fact, on 30 June 2020, a non-extinctive modification novation agreement was signed in relation to the investment and shareholder agreement executed in 2019, cancelling the sale options of the non-controlling shareholders, which corroborates the disposal of the corresponding liability. It should be noted that the Group holds a 51% stake in Abside whereby the effective acquisition ratio is 35.7% (2019: 51%).

The movement in cash funds on the operation was as follows:

	Amount
Consideration paid during the year	1,000
Cash and cash equivalents acquired	(570)
	430

Below is a summary of the net assets acquired and the goodwill resulting from this transaction:

	Amount
Purchase price (*)	1,000
Fair value of the net assets acquired	144
Goodwill (Note 7)	**856**

(*) The 2019 annual accounts included an amount of EUR 2,300 thousand, an additional EUR 1,300 thousand relating to the purchase option that was cancelled in 2020.

This goodwill was assigned to the future economic benefits and synergies of the acquired businesses within the Group, with the process to assign the Fair Price paid for the net assets acquired completed, these having been acquired in financial year 2020, with no new net assets having been identified.

(Thousand Euro)

The fair values of the net assets acquired as part of this business combination are broken down below:

	Fair value
Fixed assets	13
Trade accounts receivable and other accounts receivable	54
Cash and Cash Equivalents	570
Acquired assets	**637**
Minority	144
Borrowings	137
Trade accounts payable	212
Liabilities and minorities acquired	**493**
Total Net Assets Acquired	**144**

c) B2C (previously the Multi-technology Services Segment)

On 11 March 2019 the Group entered into a contract for the acquisition of 60% of the share capital plus an option to purchase an addition 20% of the shares of the Spanish company **Alterna Operador Integral, S.L.**, an energy consumption manager operating under the Alterna trademark.

The operation was structured in two tranches. In an initial tranche, 60% of the share capital of Alterna was acquired, for the price of EUR 5.9 million, payable on the signing date. In a second tranche, Dominion became the holder of a call option for the purchase of an additional 20% of the shares, exercisable in 2021 for a price that is three times the EBITDA generated by Alterna in 2020, valued at EUR 3.5 million at the time of purchase. As stated in Notes 1.4 and 20, this contingent liability was cancelled in 2020 as the purchase option was not expected to be used.

The movement in cash funds on the operation was as follows:

	Amount
Consideration paid during the year	5,900
Cash and cash equivalents acquired	(1,206)
	4,694

(Thousand Euro)

Below is a summary of the net assets acquired and the goodwill resulting from this transaction:

	Amount
Purchase price	9,400
Fair value of the net assets acquired	3,188
Consolidation adjustment elimination of goodwill in associate companies (*)	1,540
Goodwill (Note 7)	**4,672**

(*) Adjustment relating to the portion of the capital gains obtained by the associate company BAS Project Corporation from the sale applicable to the 35% held by the Group.

This goodwill was assigned to the future economic benefits and synergies of the acquired businesses within the Group, with the process to assign the Fair Price paid for the net assets acquired completed, these having been acquired in financial year 2020, with no new net assets having been identified.

d) B2B (previously the Multi-technology Services Segment)

On 28 June 2019, an investment agreement was signed for the acquisition of 70% of the shares of the Australian company **SGM Fabrication & Construction PTY Ltd.**, dedicated to the provision of industrial solutions and services for the heavy steel materials sector. The transaction amounted to AUD 1 million, EUR 617 thousand at the exchange rate on the date of the transaction, through a capital increase and 1 July was set as the date from which the ownership of the shares would be understood to be transferred.

The movement in cash funds on the operation was as follows:

	Amount (*)
Consideration paid during the year	617
Cash and cash equivalents acquired	(674)
	(57)

(*) Original price stated in Australian dollars (USD) translated to euro using the acquisition-date exchange rate.

Below is a summary of the net assets acquired and the goodwill resulting from this transaction:

	Amount (*)
Purchase price	617
Fair value of the net assets acquired	481
Goodwill (Note 7)	**136**

(Thousand Euro)

(*) Original price stated in Australian dollars (USD) translated to euro using the acquisition-date exchange rate.

This goodwill was assigned to the future economic benefits and synergies of the acquired businesses within the Group, with the process to assign the Fair Price paid for the net assets acquired completed, these having been acquired in financial year 2020, with no new net assets having been identified.

The fair values of the net assets acquired as part of this business combination are broken down below:

	Fair value (*)
Fixed assets	55
Trade accounts receivable and other accounts receivable	944
Cash and Cash Equivalents	674
Acquired assets	**1,673**
Minority	207
Borrowings	267
Trade payables and Other liabilities	718
Liabilities and minorities acquired	**1,192**
Total Net Assets Acquired	**481**

(*) Original price stated in Australian dollars (USD) translated to euro using the acquisition-date exchange rate

Another minor business combination was executed in 2019. Specifically, **Wind Recycling, S.L.** was taken over and its effects were immaterial in each of the balance sheet items and did not give rise to any appreciable goodwill.

The turnover for the business combinations and integrated results obtained in the financial year ending on 31 December 2019 totalled EUR 82.2 million and EUR 5.4 million respectively. If the business combinations had been performed on 1 January 2019, these amounts would have been EUR 95.8 and EUR 6.0 million respectively.

(Thousand Euro)

The fair values of the net assets acquired as part of this business combination are broken down below:

	Fair value
Fixed assets	2,242
Other financial assets	724
Trade accounts receivable and other accounts receivable	9,577
Cash and Cash Equivalents	1,206
Acquired assets	**13,749**
Minority	797
Deferred tax liabilities	550
Trade payables and Other liabilities	9,214
Liabilities and minorities acquired	**10,561**
Total Net Assets Acquired	**3,188**

The process to allocate the purchase price to the assets acquired and liabilities assumed, based on an internal valuation, was completed in 2020 prior to preparing the annual consolidated income statement.

In recognising and calculating the assets acquired and liabilities assumed at fair value, EUR 2.2 million were allocated to the customer backlog by the energy operator at the time of purchase. This amount was recorded under "Other intangible assets" under non-current assets in the consolidated balance sheet and amortisation will begin in line with the estimated useful life of this backlog, which are being amortised over an estimated useful life of 4/5 years. The calculation was performed using the "MERM" method, based on the excess of earnings over contributing assets required to operate intangible assets. The calculation took account of the number of backlog customers incorporated until the acquisition date, taking their estimated "Life Time Value" (in line with the useful life over which time the intangible asset will be amortised) into account, according to whether they are electricity or gas customers, multiplying this by the average revenue generated per customer - applied historically - and taking account of the respective proportion of costs and expected working capital consumption to determine the cash flows for the next four years. A 25% tax rate was applied to these cash flows and deducted at an after-tax rate of 11.3%, which included a risk premium given the type of intangible asset in question. This value also included the current hypothetical tax savings that a third party would obtain on purchasing this asset.

33. TRANSACTIONS WITH AFFILIATED PARTIES

Related parties are considered to be the companies forming part of the Dominion Group, as well as the Directors and key executives and close family members of the Dominion Access Group.

a) Senior management remuneration and loans

The total remuneration paid in 2020 to senior management personnel, excluding that included in Compensation paid to the members of the Board of Directors amounted to EUR 1,847 thousand (2019: EUR 1,988 thousand). EUR 200 thousand of severance payments were also settled in financial year 2020.

During financial year 2020, a payment of EUR 21 thousand was made to pension funds or plans established for the members of Senior management (2019: EUR 25 thousand).

The Group has health insurance policies taken out that gave rise to an annual payment EUR 10 thousand in 2020 (2019: EUR 10 thousand).

Regarding the supplementary incentive that the General Shareholders' Meeting passed in 2017 (section e) of this Note), the relevant contracts were entered into with all senior management members entitled to this incentive in financial year 2020, and the respective provisions were recorded in the Group's profit and loss account.

The Group settled the civil liability insurance premium for all senior management and directors for any damages caused by actions or omissions whilst carrying out their duties, with an annual premium of EUR 35 thousand having been settled during the financial year. (2019: EUR 25 thousand).

(Thousand Euro)

b) <u>Balances and transactions during the year with group companies and related parties</u>

The detail of balances is as follow:

Debtors / (Creditors)	**2020**	**2019**
Trade and other receivables (*)	29,944	20,435
Current credits (**)	23,263	26,500
Non-current credits (**)	20,000	-
Suppliers and other payables (*)	(39,807)	(31,567)

(*) They basically correspond to transactions performed during 2020 and 2019 by the Specialist Engineering and Solutions segment with the associated Bas Project Corporation, S.L. and its subsidiaries and Sociedad Concesionaria Siglo XXI (Annex I) and with the Danish JV, NHID (Annex II) and the activity carried out by the Business Services CGU group with the associate Medbuying Group Technologies, S.L. (Annex I).

(**) This basically includes the credit granted to Bas Project Corporation, S.L.

The details of transactions is as follow:

(Charges) / Income	**2020**	**2019**
Net turnover (*)	26,452	70,420
Income from services rendered	15	50
Consumptions and supplies (*)	(48,466)	(34,520)
Finance income	674	272

(*) They basically correspond to transactions performed during 2020 and 2019 by the Specialist Engineering and Solutions segment with the associated Bas Project Corporation, S.L. and its subsidiaries and Sociedad Concesionaria Siglo XXI (Annex I) and with the Danish JV, NHID (Annex II) and the activity carried out by the Business Services CGU group with the associate Medbuying Group Technologies, S.L. (Annex I).

(**) This basically includes the credit granted to Bas Project Corporation, S.L.

Non-current loans amounting to EUR 20,000 thousand relate to a loan that was granted to the associate company BAS Projects Corporation, S.L. to cover the backlog of renewable energy projects at this associate company under the IPP (Independent Power Producer) business model.

Also, in 2020, EUR 485 thousand were received from dividends from associate companies, specifically from the Chilean company Sociedad Concesionaria Salud Siglo XXI (2019: EUR 3,900 thousand from the same associate company).

There are no guarantees provided in relation to these pending amounts.

(Thousand Euro)

c) Remuneration of the Directors of the parent company

During 2020 and 2019 the amount paid to the Board of Directors is shown in the following table and is comprised of the following items and amounts:

	2020	2019
Salaries and extraordinary remunerations	2,215	940
Other compensation	14	14
	2,229	**954**

Contributions totalling EUR 8 thousand were made in 2020 to pension plans or funds established for former or current members of the parent company's Board of Directors (2019: EUR 8 thousand).

As regards life insurance premiums, the Group has policies for the CEO covering death and permanent disability, for which premiums totalled EUR 6 thousand in 2020 (2019: EUR 6 thousand).

Furthermore, the contract with the CEO contains a clause under which a severance payment doubling his annual compensation is payable if the employment relationship is terminated.

During financial year 2018, an incentive agreement was signed for the CEO based on the evolution of the quoted market price for the controlling Company's shares which was liquidated in financial year 2020. A new incentive agreement was entered into in 2020 which was also based on the evolution of the listed price. Section e) of this Note explains these arrangements in greater detail.

In financial year 2020, the Appointments and Remuneration Committee of the Board of Directors also adopted new resolutions relating to the remuneration of the different members of the Board of Directors.

Except for the items indicated in the preceding paragraphs, the members of the Company's Board of Directors have not received any compensation consisting of profit sharing or bonuses.

As stated in section a) of this Note, the Group paid the relevant civil liability insurance premium for all senior management and Directors for damages incurred as a result of actions or failure to perform certain actions whilst performing their duties, with a single premium specified in that section.

(Thousand Euro)

d) Loans to shareholders of the parent company

	2020	2019
Loans to shareholders and Directors	732	732
	732	**732**

In year 2014, a credit of EUR 1,500 thousand was granted to a member of the Board & Directors in connection with a capital increase. During the financial year of 2017, partial cancellation was performed for a total amount of EUR 768 thousand.

e) Remunerations based on the evolution of the quoted market price for the controlling Company's shares

On 3 May 2017, the Shareholders' Meeting approved the right to receive a long-term additional incentive based on the increase in the quoted value of the shares of the Parent company for the Chief Executive and certain board members of the Group. Pursuant to this agreement, the maximum number of share rights that are assignable to beneficiaries shall be 2,600,000.

During 2018, an agreement was concluded for the Chief Executive Officer of an economic incentive linked to the evolution of the market price for the shares of Global Dominion Access, S.A., in which the Chief Executive Officer is assigned 1,300,000 rights for the increase in the value of the market price of Global Dominion Access, S.A.'s share, divided by its base market price, 3 euros per share and the closing value of the average market price at the end of the generation period, whilst this plan can be settled in cash. The incentive generation period runs from 1 January 2017 to 31 December 2019 or 2021, at the beneficiary's choice and the settlement dates for both periods are February 2020 and February 2022. The beneficiary requested settlement of the aforementioned incentive at the beginning of financial year 2020 and payment was made in March 2020 for a total calculated amount of EUR 845 thousand.

In financial year 2020, the contracts relating to this supplementary incentive were entered into for all the senior management members entitled to it, with the respective provision recorded in the Group's income statement. These incentives accrue from 1 January 2017 to 31 December 2021 and will be settled in 2022.

(Thousand Euro)

Following the positive report from the Appointments and Remuneration Committee, the Board of Directors passed a new remuneration package for the CEO, once it had been approved by the Annual General Shareholders' Meeting of the Parent Company on 6 May 2020, which provides long-term variable remuneration subject to share price performance. This agreement has the same terms that were provided in the previous one, also granted to the Chief Executive Officer assigning 1,300,000 rights for the increase in the value of the market price of Global Dominion Access, S.A.'s share, divided by its base market price, 3 euros per share and the closing value of the average market price at the end of the generation period, whilst this plan can be settled in cash. The incentive vesting period spans from 1 January 2020 to 31 December 2021, which will be settled in cash in financial year 2022.

f) Conflicts of interest

In order to avoid conflicts of interest with the parent company, during 2020 the Directors occupying positions on the Board of Directors complied with the obligations established in Article 228 of the Spanish Companies Act. Both Directors and persons related to them have abstained from conflicts of interest as stipulated by Article 229 of that legislation, and during the year no direct or indirect conflict of interest was reported to the Company's Board of Directors.

34. JOINT OPERATIONS

The Group participates in several temporary joint ventures and other joint ventures. The amounts that are indicated below represent the Group’s stake in the assets, liabilities, sales and results of the joint ventures. These amounts have been included in the consolidated balance sheet and income statement:

	2020	**2019**
Current assets	87,257	56,042
Current liabilities	(55,712)	(42,547)
Turnover	55,645	40,403
Total expenses	(37,239)	(31,580)
Attributed profit and loss	17,985	8,823

The average number of employees in the temporary joint ventures and other joint ventures approximately totals 70 people, considering them as a whole and excluding the share hold percentage of the Group (2019: 49 persons).

35. OTHER INFORMATION

a) Fees of the auditors and group or related companies

The fees charged by PricewaterhouseCoopers Auditores, S.L. and other firms of the PwC network for auditing the annual accounts for 2020 total EUR 930 thousand (2019: EUR 980 thousand). This amount includes the audit of the annual accounts of the individual companies and the consolidated annual accounts.

Other services provided by PricewaterhouseCoopers Auditores, S.L. and other firms associated with the PricewaterhouseCoopers trademark have amounted to EUR 49 thousand (2019: EUR 48 thousand). Of these other services, during financial year 2020, the services provided to the Group by PricewaterhouseCoopers Auditores, S.L., other than auditing the annual accounts, totalled the amount of EUR 86 thousand (2019: EUR 28 thousand) and they correspond to reports on procedures agreed on ratios tied to financing contracts, that referring to the information in relation to the Internal Control over the Financial Reporting System (ICSFR) and the review of the information included in the Non-financial Reporting Statement contained in the management report for the consolidated annual accounts of the controlling Company.

The amount of the fees contracted with other firms for auditing the annual accounts of other investee companies amounted to EUR 213 thousand in 2020 (2019: EUR 215 thousand), a figure which includes the services contracted for the entire period for the companies coming within the scope of consolidation during the year.

b) Environmental issues

The Company bears environmental protection laws in mind when carrying out its operations. The Group believes that it substantially complies with such legislation and it implements procedures to ensure and promote compliance.

(Thousand Euro)

Aware of the relevance sustainability has attained for the stakeholders it interacts with, Dominion's Strategy Plan has included a Sustainability Strategy, which sets out ambitious and specific objectives to this regard, focusing specifically on accurately measuring its effects and taking steps to mitigate these effects. This information is expanded on in the Non-Financial Information Report. During 2020 and 2019, the Group did not make any significant investments of an environmental nature and therefore did not consider it necessary to make any provision for environmental risks or expenses since there are no contingencies relating to the protection and improvement of the environment or any environmental liabilities.

36. DISCONTINUED ACTIVITIES

In September 2018, Global Dominion Access, S.A.'s Board of Directors decided to start an active programme to find a buyer for its Brazilian subsidiary, Dominion Instalaçoes e Montagens do Brasil Ltda, and to discontinue operations in that country. The Group's activity in Brazil, which is performed through this one legal entity and represents the total business in that country, is a CGU within the group of B2B T&T Services CGUs.

Following this decision, the Group proceeded to classify the assets and liabilities to that business as a group of assets and liabilities held for sale in the balance sheet at 31 December 2018.

On 30 July 2019, the Brazilian subsidiary Dominion Instalaçoes e Montanges do Brasil Ltd was declared insolvent by the Brazilian courts. From this date, a trustee/liquidator took over management of the subsidiary and control over it was lost whereby it was no longer consolidated. As a result of the loss of control over this company, the translation differences accumulated in the Group's net worth during the controlling period were transferred to the 2019 financial year profit or loss.

The table below sets out the reconciliation of the loss from discontinued operations in 2019:

	2019
Derecognition of net assets held for sale in Brazil	4,990
Provision for liabilities and charges	(5,126)
Translation differences transferred to profit or loss	(6,101)
Profit / (Loss) for the discontinued operations	**(6,237)**

From the beginning of financial year 2019 until the loss of control, the Brazilian company had no significant transaction volumes.

(Thousand Euro)

The Group also records discontinued operations, deriving from the Beroa subgroup, relating to the companies Karrena Betonanlagen und Fahrmischer GmbH and HIT-Industrietechnik GmbH, which are being liquidated or sold. In financial year 2020, HIT-Industrietechnik GmbH was no longer consolidated in the Group as it was controlled by the insolvency administrator. Accordingly, the Group could not manage its residual assets and liabilities any more. The activities that both companies had been carrying out do not fall into the Group's "core business." In view of the lack of materiality of these companies in relation to the Group's consolidated financial information, their results continue to be recorded under the heading "Profit on discontinued operations after taxes" in the 2020 and 2019 consolidated income statements.

The amount of main magnitudes of those companies is as follow:

	2020	2019
Loss from Discontinued Operations	(63)	(15)
Turnover	-	-

	2020	2019
Total assets	1,138	1,677
Total liabilities	(1,450)	(2,694)

This company's cash flows are immaterial, given the current business volume.

37. SUBSEQUENT EVENTS

On 9 February 2021, through its subsidiary Dominion Servicios Medioambientales, S.L., the Group acquired 51% of the shares of the Spanish company Audere Investment, S.L., which holds 100% of the shares of the Spanish company Tankiac, S.L., a leading company in Europe in the automatic tank cleaning sector with its own patented systems, which combines tank cleaning and hydrocarbon recovery, thereby reducing execution times and process costs by developing it's own proprietary technology. The transaction price consists of a fixed portion of EUR 1,750 thousand and a variable portion, which will ultimately be determined based on financial metrics variations (EBITDA and Net Financial Debt). This business has annual ordinary revenues in the region of EUR 9 million.

On the same date, all of the Group's shares in the Spanish company Smart Analytics, S.L. were sold, accounting for 70% of the shareholdings. The Group's management took this decision based on how difficult medium term monetisation of its business model would be. This transaction does not affect Dominion's industrial data management and processing capacity, and only relates to the development and sale of niche software. The share price was set at EUR 1,200 thousand, payable in 2024 plus the reception of EUR 892 thousand from existing credits. Deferred receipt accrues market interest and during this time the Group will have a pledge for 51% of the sold shares.

At its meeting to draw up these Consolidated Financial Statements held on 22 February 2020, the Board of Directors will propose the agenda for the next General Shareholders' Meeting. One of the items that will be included on the agenda will be the proposed distribution of dividends from the Parent Company's voluntary reserves of EUR 4.2 million.

ANNEX I – Subsidiary Companies, joint ventures and associate companies coming within the Scope of Consolidation

Name and address	Address	Shareholding / Effective Control	Holder company of the equity interest	Reason for consolidation	Activity Segment
Global Dominion Access, S.A. (*)	Bilbao	-	-	-	Holding Company / B2B 360 Projects / B2B Services
Sociedad Concesionaria Salud Siglo XXI, S.A.	Chile	15%	Global Dominion Access, S.A.	Participation method	B2B 360 Projects
Dominion Industry & Infrastructures, S.L. (*)	Barcelona	99.99%	Global Dominion Access, S.A.	Global integration	B2B Services
Desolaba, S.A. de C.V.	Mexico	98%	Dominion Industry & Infrastructures, S.L.	Global integration	Inactive
El Salvador Solar 1, S.A. de C.V.	El Salvador	80%	Dominion Industry & Infrastructures, S.L.	Global integration	Inactive
El Salvador Solar 2, S.A. de C.V.	El Salvador	80%	Dominion Industry & Infrastructures, S.L.	Global integration	Inactive
Montelux, S.R.L.	The Dominican Republic	100%	Dominion Industry & Infrastructures, S.L.	Global integration	Inactive
Abasol S.P.A.	Chile	100%	Dominion Industry & Infrastructures, S.L.	Global integration	Inactive
Rovello S.P.A.	Chile	100%	Dominion Industry & Infrastructures, S.L.	Global integration	Inactive
Pimentell S.P.A.	Chile	70%	Dominion Industry & Infrastructures, S.L.	Global integration	Inactive
Rosinol S.P.A.	Chile	100%	Dominion Industry & Infrastructures, S.L.	Global integration	Inactive
Dominion I&I Audio Visual Recording Equipment & Accessories LLC	United Arab Emirates	49%	Dominion Industry & Infrastructures, S.L.	Global integration	B2B Services
Dimoin Caldereria, S.A. (1)	Madrid	100%	Dominion Industry & Infrastructures, S.L.	Global integration	B2B Services
Hivisan, S.L. (1)	Valladolid	70%	Dominion Industry & Infrastructures, S.L.	Global integration	B2B Services
Dominion Energy, S.L.U. (*)	Bilbao	100%	Global Dominion Access, S.A.	Global integration	B2B 360 Projects
Dominion Centroamericana, S.A.	Panama	100%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Dominion Ecuador Niec, S.A.	Ecuador	70%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Bas Projects Corporation, S.L.	Loiu (Biscay)	35%	Dominion Energy, S.L.U.	Participation method	B2B 360 Projects
Global Dominicana Renovables DRDE, S.R.L.	The Dominican Republic	99.90%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Dominion Renovable 1, S.L.	Bilbao	100%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Dominion Renovable 2, S.L.	Bilbao	100%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Dominion Renovable 3, S.L.	Bilbao	100%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Dominion Renovable 5, S.L.	Bilbao	100%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Dominion Renovable 6, S.L.	Bilbao	100%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Dominion Renovable 7, S.L.	Bilbao	100%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Dominion Renovable 8, S.L.	Bilbao	100%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Desarrollos Green BPD 1, S.L.	Bilbao	100%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Desarrollos Green BPD 2, S.L.	Loiu	100%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Desarrollos Green BPD 3, S.L.	Loiu	100%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Desarrollos Green BPD 4, S.L.	Loiu	100%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Desarrollos Green BPD 5, S.L.	Loiu	100%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Desarrollos Green BPD 6, S.L.	Loiu	100%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Proyecto Solar Pico del Terril, S.L.	Bilbao	100%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Proyecto Solar Monte Solares, S.L.	Bilbao	100%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Villaciervitos Solar, S.L.	Bilbao	100%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Pamaco Solar, S.L. (*)	Bilbao	100%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Bas Italy Prima	Italy	100%	Pamaco Solar, S.L.	Global integration	B2B 360 Projects
Bas Italy Seconda	Italy	100%	Pamaco Solar, S.L.	Global integration	B2B 360 Projects
Bas Italy Terza	Italy	100%	Pamaco Solar, S.L.	Global integration	B2B 360 Projects

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

ANNEX I – Subsidiary Companies, joint ventures and associate companies coming within the Scope of Consolidation

Name and address	Address	Shareholding / Effective Control	Holder company of the equity interest	Reason for consolidation	Activity Segment
Bas Italy Quarta	Italy	100%	Pamaco Solar, S.L.	Global integration	B2B 360 Projects
Bas Italy Quinta	Italy	100%	Pamaco Solar, S.L.	Global integration	B2B 360 Projects
Bas Italy Sesta	Italy	100%	Pamaco Solar, S.L.	Global integration	B2B 360 Projects
Bas Italy Settima	Italy	100%	Pamaco Solar, S.L.	Global integration	B2B 360 Projects
Bas Italy Ottava	Italy	100%	Pamaco Solar, S.L.	Global integration	B2B 360 Projects
Bas Italy Nona	Italy	100%	Pamaco Solar, S.L.	Global integration	B2B 360 Projects
Bas Italy Decima	Italy	100%	Pamaco Solar, S.L.	Global integration	B2B 360 Projects
Bas Italy Undicesima	Italy	100%	Pamaco Solar, S.L.	Global integration	B2B 360 Projects
Bas Italy Dodicesima	Italy	100%	Pamaco Solar, S.L.	Global integration	B2B 360 Projects
Bas Italy Tredicesima	Italy	100%	Pamaco Solar, S.L.	Global integration	B2B 360 Projects
Bas Italy Quatordicesima	Italy	100%	Pamaco Solar, S.L.	Global integration	B2B 360 Projects
Bas Italy Quindicesima	Italy	100%	Pamaco Solar, S.L.	Global integration	B2B 360 Projects
Linderito Solar, S.L. (*)	Bilbao	100%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Verahonroso	Portugal	100%	Linderito Solar, S.L.	Global integration	B2B 360 Projects
Pieramides d'outono	Portugal	100%	Linderito Solar, S.L.	Global integration	B2B 360 Projects
Inquieta Constelaçao	Portugal	100%	Linderito Solar, S.L.	Global integration	B2B 360 Projects
Appealing Sunday	Portugal	100%	Linderito Solar, S.L.	Global integration	B2B 360 Projects
Destrezabissal	Portugal	100%	Linderito Solar, S.L.	Global integration	B2B 360 Projects
Estrategia Coincidente	Portugal	100%	Linderito Solar, S.L.	Global integration	B2B 360 Projects
Rio Alberite Solar, S.L.	Bilbao	100%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Rio Guadalteba Solar, S.L.	Bilbao	100%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Pico Magina Solar, S.L.	Bilbao	100%	Dominion Energy, S.L.U.	Global integration	B2B 360 Projects
Instalaciones Eléctricas Scorpio, S.A. (*)	Loiu	100%	Global Dominion Access, S.A.	Global integration	B2B Services
Scorpio Energy	Oman	60%	Instalaciones Eléctricas Scorpio, S.A.	Global integration	B2B Services
Dominion Colombia, S.A.S	Columbia	100%	Global Dominion Access, S.A.	Global integration	B2B Services
Dominion Servicios Medioambientales, S.L.	Bilbao	100%	Global Dominion Access, S.A.	Global integration	B2B Services
Original Distribución Spain Iberia, S.A.	Madrid	51%	Global Dominion Access, S.A.	Global integration	B2B Services
Dominion Guatemala, S.A.	Guatemala	99.99%	Global Dominion Access, S.A.	Global integration	B2B Services
Medbuying Group Technologies, S.L.	Bilbao	45%	Global Dominion Access, S.A.	Participation method	B2B Services
Dominion Investigación y Desarrollo S.L.U.	Bilbao	100%	Global Dominion Access, S.A.	Global integration	B2B Services
Interbox Technology S.L	Bilbao	60%	Global Dominion Access, S.A.	Global integration	B2B Services
Dominion Honduras SRL	Honduras	98%	Global Dominion Access, S.A.	Global integration	B2B Services
Global Ampliffica Perú S.A.C.	Peru	99%	Global Dominion Access, S.A.	Global integration	B2B Services
Advanced Flight Systems S.L.	Bilbao	40%	Global Dominion Access, S.A.	Participation method	B2B Services
Smart Nagusi, S.L.	Bilbao	50.01%	Global Dominion Access, S.A.	Global integration	B2B Services
Ampliffica México, S.A. de C.V.	Mexico	99.99%	Global Dominion Access, S.A.	Global integration	B2B Services
Abside Smart Financial Technologies, S.L.	Bilbao	50.01%	Global Dominion Access, S.A.	Global integration	B2B Services
Smart Analytics, S.L.	Bilbao	50.01%	Global Dominion Access, S.A.	Global integration	B2B Services
Dominion Smart Innovation S.A. de C.V	Mexico	99.84%	Global Dominion Access, S.A.	Global integration	B2B Services
Mexicana de Electrónica Industrial, S.A. de C.V.	Mexico	99.99%	Global Dominion Access, S.A.	Global integration	B2B Services
Dominion Baires, S.A.	Argentina	95%	Global Dominion Access, S.A.	Global integration	B2B Services

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

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Name and address	Address	Shareholding / Effective Control	Holder company of the equity interest	Reason for consolidation	Activity Segment
Dominion SPA (*)	Chile	99.99%	Global Dominion Access, S.A.	Global integration	B2B Services /B2B 360 Projects
Dominion Servicios Refractarios Industriales SPA (SEREF)	Chile	90%	Dominion SPA	Global integration	B2B Services
Dominion Perú Soluciones y Servicios S.A.C.	Peru	99%	Global Dominion Access, S.A.	Global integration	B2B Services
Facility Management Exchange, S.L. (1)	Madrid	80%	Global Dominion Access, S.A.	Global integration	B2B Services
Dominion Global France SAS	France	100%	Global Dominion Access, S.A.	Global integration	B2B Services
Dominion Steelcon A/S (*)	Denmark	100%	Global Dominion Access, S.A.	Global integration	B2B 360 Projects
Steelcon Slovakia, s.r.o.	Slovakia	100%	Dominion Steelcon A/S	Global integration	B2B 360 Projects
Labopharma, S.L.	Madrid	80%	Dominion Steelcon A/S	Global integration	Inactive
Dominion Global Pty. Ltd. (*)	Australia	100%	Global Dominion Access, S.A.	Global integration	B2B Services
SGM Fabrication & Construction Pty. Ltd.	Australia	70%	Dominion Global Pty. Ltd.	Global integration	B2B Services
Global Dominion Access USA (*)	USA	100%	Global Dominion Access, S.A.	Global integration	Holding Company
Karrena Cooling Systems, Inc previously (Commonwealth Dynamics Inc) (*)	USA	100%	Global Dominion Access USA	Global integration	B2B 360 Projects
Commonwealth Power (India) Private Limited	India	100%	Commonwealth Dynamics Inc	Global integration	B2B 360 Projects
Commonwealth Constructors Inc	USA	100%	Global Dominion Access USA	Global integration	B2B 360 Projects
Commonwealth Dynamics Limited	Canada	100%	Global Dominion Access USA	Global integration	B2B 360 Projects
Commonwealth Power Chile	Chile	100%	Global Dominion Access USA	Global integration	Inactive
ICC Commonwealth Corporation previously (International Chimney Corporation) (*)	USA	100%	Global Dominion Access USA	Global integration	B2B 360 Projects / B2B Services
Capital International Steel Works, Inc.	USA	100%	ICC Commonwealth Corporation	Global integration	B2B 360 Projects
International Chimney Canada Inc	Canada	100%	ICC Commonwealth Corporation	Global integration	B2B 360 Projects
Karrena LLC	USA	100%	Global Dominion Access USA	Global integration	B2B 360 Projects
Dominion E&C Iberia, S.A.U. (*)	Bilbao	100%	Global Dominion Access, S.A.	Global integration	B2B Services / B2B 360 Projects
Dominion Industry México, S.A. de C.V.	Mexico	99.99%	Dominion E&C Iberia, S.A.U.	Global integration	B2B Services
Dominion Industry de Argentina, S.R.L.	Argentina	100%	Dominion E&C Iberia, S.A.U.	Global integration	B2B Services / B2B 360 Projects
Altac South Africa Propietary Limited	South Africa	100%	Dominion E&C Iberia, S.A.U.	Global integration	Inactive
Dominion Global Philippines Inc.	Philippines	100%	Dominion E&C Iberia, S.A.U.	Global integration	Inactive
Chimneys and Refractories Intern. SRL (*)	Italy	90%	Global Dominion Access, S.A.	Global integration	B2B 360 Projects
Chimneys and Refractories Intern. SPA (in liquidation)	Chile	90%	Chimneys and Refractories Intern. SRL	Global integration	Inactive
Chimneys and Refractories Intern. Vietnam Co. Ltd.	Vietnam	100%	Chimneys and Refractories Intern. SRL	Global integration	B2B 360 Projects
Dominion Arabia Industry LLC	Saudi Arabia	98.30%	Chimneys and Refractories Intern. SRL	Global integration	B2B Services / B2B 360 Projects
Beroa Technology Group GmbH (*)	Germany	100%	Global Dominion Access, S.A.	Global integration	Holding Company
Karrena Betonanlagen und Fahrmischer GmbH (*) (in liquidation)	Germany	100%	Beroa Technology Group GmbH	Global integration	Inactive
Dominion Bierrum Ltd	United Kingdom	100%	Beroa Technology Group GmbH	Global integration	B2B 360 Projects
Dominion Novocos GmbH	Germany	100%	Beroa Technology Group GmbH	Global integration	B2B Services
Beroa International Co LLC	Oman	70%	Beroa Technology Group GmbH	Global integration	B2B Services
Beroa Refractory & Insulation LLC	United Arab Emirates	49%	Beroa Technology Group GmbH	Global integration	B2B Services

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

ANNEX I – Subsidiary Companies, joint ventures and associate companies coming within the Scope of Consolidation

Name and address	Address	Shareholding / Effective Control	Holder company of the equity interest	Reason for consolidation	Activity Segment
Beroa Nexus Company LLC	Qatar	49%	Beroa Technology Group GmbH	Global integration	B2B Services
Dominion Deutschland GmbH (*)	Germany	100%	Beroa Technology Group GmbH	Global integration	B2B Services / B2B 360 Projects
Cobra Carbon Grinding, B.V. (**)	The Netherlands	50%	Dominion Deutschland GmbH	Participation method	B2B Services
Karrena Construction Thérmique S.A.	France	100%	Dominion Deutschland GmbH	Global integration	Inactive
Dominion Polska Z.o.o.	Poland	100%	Dominion Deutschland GmbH	Global integration	B2B 360 Projects
Karrena Arabia Co.Ltd	Saudi Arabia	55%	Dominion Deutschland GmbH	Global integration	B2B Services
Beroa Chile Limitada (in liquidation)	Chile	99.99%	Dominion Deutschland GmbH	Global integration	Inactive
Burwitz Montageservice GmbH	Germany	100%	Dominion Deutschland GmbH	Global integration	B2B Services
F&S Feuerfestbau GmbH & Co KG	Germany	50.96%	Dominion Deutschland GmbH	Global integration	B2B Services
F&S Beteiligungs GmbH	Germany	51%	Dominion Deutschland GmbH	Global integration	B2B Services
Beroa Abu Obaid Industrial Insulation Company Co. WLL	Bahrain	45%	Dominion Deutschland GmbH	Global integration	B2B Services
Bilcan Global Services S.L. (*)	Cantabria	100%	Global Dominion Access, S.A.	Global integration	Holding Company
Eurologística Directa Móvil 21 S.LU.	Madrid	100%	Bilcan Global Services S.L	Global integration	B2B Services
Dominion Centro de Control S.L.U.	Madrid	100%	Bilcan Global Services S.L	Global integration	B2B Services
Tiendas Conexión, S.L.U.	Cantabria	100%	Bilcan Global Services S.L	Global integration	B2B Services
Sur Conexión, S.L.U.	Cantabria	100%	Bilcan Global Services S.L	Global integration	B2B Services
Miniso Lifestyle Spain, S.L.	Madrid	49%	Bilcan Global Services S.L	Participation method	B2B Services
Bygging India Ltd	India	100%	Global Dominion Access, S.A.	Global integration	B2B 360 Projects
Zwipit, S.A. (1)	Madrid	98%	Global Dominion Access, S.A.	Global integration	B2C
Connected World Services Europe, S.L.U. (*)	Madrid	100%	Global Dominion Access, S.A.	Global integration	B2C
Alterna Operador Integral, S.L.	Madrid	60%	Connected World Services Europe, S.L.U.	Global integration	B2C
The Phone House Spain, S.L. (*)	Madrid	100%	Global Dominion Access, S.A.	Global integration	B2C
Canvax Agrupación Interés Económico	Madrid	95%	The Phone House Spain, S.L.	Global integration	R&D activities
Netsgo Market, S.L. (1)		90%	The Phone House Spain, S.L.	Global integration	B2C
Smart House Spain, S.L.U. (*)	Bilbao	100%	The Phone House Spain, S.L.	Global integration	B2C
The Telecom Boutique, S.L.	Madrid	70%	Smart House Spain, S.L.U.	Global integration	B2C

(*) Parent company of all investees appearing subsequently in the table.
(**) Joint ventures: See Note 2.2.d)
(1) Companies included in the scope of consolidation in 2020 together with their subsidiaries.

EXHIBIT II – Joint Ventures (UTEs) and joint operations included in the Scope of Consolidation

Name	Address	% Equity interest	Reason for Consolidation	Activity
Global Dominion Access, S.A.-Adasa Sistemas, S.A.U.-EMTE, S.A., Unión Temporal de Empresas, Law 18/1982, 26 May	Spain	50%	Proportional consolidation	The execution of the Contract "For the modernisation of Environmental and Civil Protection Equipment coordinated by COPECO".
Dominion Industry & Infrastructure, S.L. (formerly Abantia Instalaciones, S.A.) – Construcciones Cots y Claret, S.L. Temporary Business Association, Law 18/1982, of 26 May (UTE Banco de Haiti)	Haiti	70%	Proportional consolidation	Construction of a new administrative building for Banco de la República de Haiti.
Revenga Ingenieros, S.A. and Abantia Instalaciones, S.A.U. Unión Temporal de Empresas Law 18/1982 of 26 May (UTE RACPA)	Spain	50%	Proportional consolidation	Fire detection and interphone systems at Albacete prison (RACPA)
Abantia Instalaciones, S.A.U. – Revenga Ingenieros, S.A. Unión Temporal de Empresas Law 18/1982 of 26 May (UTE CP-Ibiza)	Spain	50%	Proportional consolidation	Fire detection system and comprehensive reform of low voltage system at Ibiza prison
Abantia Mantenimiento, S.A. – Cofely España, S.A.U. Unión Temporal de Empresas Law 18/1982 of 26 May (UTE Manteniment Diagonal 662)	Spain	55%	Proportional consolidation	Maintenance service in common areas of Edificio Diagonal 662
Acsa Obras e Infraestructuras, S.A. – Abantia Mantenimiento, S.A. Unión Temporal de Empresas Law 18/1982 of 26 May (UTE Caps Infraestructures)	Spain	50%	Proportional consolidation	Contract for conservation and maintenance service at 318 infrastructure buildings and contract for conservation and maintenance of logistics facilities
Acsa Obras e Infraestructuras, S.A. – Abantia Mantenimiento, S.A. Unión Temporal de Empresas Law 18/1982 of 26 May (UTE Instalacions Anella Olimpica)	Spain	50%	Proportional consolidation	Preventive, corrective and conductive maintenance, legal technical and event attendance services in the Olympic Risk facilities (Palau Sant Jordi, Estadi Olimpic Lluis Companys)
Construcciones Rubau, S.A. and Abantia Instalaciones, S.A. Unión Temporal de Empresas Law 18/1982 of 26 May (UTE Vila Seca)	Spain	50%	Proportional consolidation	Construction work in the Ferrari Land area of Port Aventura
Dominion Industry & Infrastructure, S.L.; Comsa Instalaciones, S.L.; Isolux Ingeniería, S.A.; Intalaciones Inabensa, S.A.; Elecnor, S.A. (Previously Agelectric, S.A; Elecnor, S.A.; Emte S.A.; Instalaciones Inabensa, S.A. and Isolux WAT. S.A.) Unión Temporal de Empresas Law 18/1982 of 26 May (UTE Energía Línea 9)	Spain	20%	Proportional consolidation	Contract for project preparation and construction work on Barcelona Metro's Line 9 telecommunications, energy distribution and receiving substations system
FCC Industrial e Infraestructuras Energéticas, S.A. (formerly FCC Actividades de Construcción Industrial, S.A.; FCC Servicios Industriales S.A.); Abantia Instalaciones, S.A. and Seridom, Servicios Integrados IDOM, S.A. Temporary Business Association, Law 18/1982, of 26 May (UTE Operadora Termosolar Guzmán)	Spain	22.50%	Proportional consolidation	Operation and maintenance of Guzman Energía, S.L.'s thermosolar plant
Construcciones Pai, S.A.; Construcciones Cots y Claret, S.L.; Constructora D'Aro, S.A.; Abantia Instalaciones, S.A. Unión Temporal de Empresas Law 18/1982 of 26 May (UTE Nova Bages Santiaria)	Spain	25%	Proportional consolidation	Execution of Phase II construction work to extend San Juan de Dios hospital in Manresa.

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

EXHIBIT II – Joint Ventures (UTEs) and joint operations included in the Scope of Consolidation

Name	Address	% Equity interest	Reason for Consolidation	Activity
Sacyr Construcción, S.A.U.; Vopi 4, S.A.; Abantia Instalaciones, S.A.; Valoriza Facilities, S.A.U. Unión Temporal de Empresas Law 18/1982 of 26 de May (UTE Hospital del Mar)	Spain	30%	Proportional consolidation	Refurbishment and extension of Hospital del Mar, Building I – Phase III in Barcelona
Dominion Industry & Infrastructure, S.L. – Siemens Postal, Parcel & Airport Logistics, S.L. Temporary Business Association, Law 18/1982, of 26 May (Joint Venture D.S. Correos 2)	Spain	50%	Proportional consolidation	Contracting of integrated maintenance necessary to configure the automatic processing of correspondence.
Dominion Industry & Infrastructure, S.L.; Serveis Obres I Manteniment, S.L. Temporary Business Association, Law 18/1982, of 26 May (UTE Modul A Diagonal 662)	Spain	55%	Proportional consolidation	Execution of the mechanical, electrical and special installations of the new IM headquarters in Barcelona
Grifols Movaco, S.A.; Dominion Instalaciones y Montajes, S.A.U. Temporary Business Association, Law 18/1982, of 26 May (UTE Grifols-Dominion)	Spain	32.71%	Proportional consolidation	Integrated service, turnkey, for the promotion and monitoring of the adherence of elderly patients in therapeutic care from the medication-therapeutic unit for outpatients at the Miguel Servat University Hospital in Zaragoza
Acsa Obras e Infraestructuras, S.A.U. and Dominion Industry & Infrastructures, S.L. Temporary Business Association, Law 18/1982, of 26 May (UTE Cortinas Ignífugas Anella Olimpica)	Spain	50%	Proportional consolidation	Execution of work to replace the flame retardant screen, modernisation and adaptation to the regulations of the stage systems at the Palau Sant Jordi in Barcelona.
Acsa Obras e Infraestructuras, S.A.U. and Dominion Industry & Infrastructures, S.L. Temporary Business Association, Law 18/1982, of 26 May (UTE Eficiencia Energética Anella Olimpica)	Spain	50%	Proportional consolidation	Execution of the work to improve the facilities at the Olympic Ring.
Vopi 4, S.A. and Dominion Industry & Infrastructures, S.L. Temporary Business Association, Law 18/1982, of 26 May (UTE REA Hospital del Mar)	Spain	50%	Proportional consolidation	Execution of work and installations for the complete renovation of the area dedicated to the post surgical resuscitation unit at the Hospital del Mar in Barcelona.
New Horizons in Infrastructure NHID I/S	Denmark	84.30%	Proportional consolidation	Execution of turnkey projects in emerging countries.
+Elecnor, S.A. – EHISA Construcciones y Obras, S.A. – Global Dominion Access, S.A. – Certis Obres y Servei, S.A.U. Joint Venture Law 18/1982 of 26 May (UTE Treballs Previs 1 Camp Nou)	Spain	45%	Proportional consolidation	Realisation of maintenance and safety work for future Camp Nou - Tender code UP3_085-CON
ACSA Obras e Infrastructuras, S.A.U – Dominion Industry & Infrastructures, S.L. Temporary Joint Venture Law 18/1982 of 26 May (UTE Manteniment ICUB)	Spain	50%	Proportional consolidation	Execution of Contract No. C17003405 the purpose of which is the integral maintenance service of the museums and buildings of the l' Institut de Cultura de Barcelona – LOT-1 awarded by the City Council of Barcelona
Dominion Industry & Infrastructures, SL.L and Exera Energía, S.L., Law 18/1982 of 26 May (Joint Venture Dominion Exera)	Spain	60%	Proportional consolidation	Execution of the contract entered into with Arenales Solar Ps, S.L. consisting in the execution of the entire group of tasks and activities required for the complete Operation and Maintenance of the

EXHIBIT II – Joint Ventures (UTEs) and joint operations included in the Scope of Consolidation

Name	Address	% Equity interest	Reason for Consolidation	Activity
				facilities pertaining to the Arenales solar thermal plant at Morón de la Frontera, Sevilla (Spain).
Instalaciones Eléctricas Scorpio, S.A. - Sociedad de Ingeniería y Dirección de Obras, S.L. Joint Venture Law 18/1982 of 26 May (Joint Venture Mantenimiento Galindo)	Spain	50%	Proportional consolidation	Rendering of services to the Water Consortium to modify a number of technical and control facilities, as well as the complementary and accessory facilities associated with this work.
Afesa Mantenimiento, S.A. - Industry & Infrastructures, S.L. - Investigación y Gestión de Residuos, S.A.U. Joint Venture Law 18/1982 of 26 May (Joint Venture Afesa Dominion IGR CT Velilla) (1)	Spain	20%	Proportional consolidation	Iberdrola service for the dismantling and demolition of units 1 and 2 at the Velilla thermal power plant.
Dominion Siemens Logistics Correos (Joint Venture D.S.L. Correos), Law 18/1982 of 26 May (1)	Spain	50%	Proportional consolidation	Contracting of integrated maintenance necessary to configure the automatic processing of correspondence.
Construcciones Rubau, S.A. and Dominion Industry & Infrastructures, S.L., Joint Venture, Law 18/1982 of 26 May (1)	Spain	40%	Proportional consolidation	Consultancy, project planning, engineering, development, studies, execution, manufacturing, purchase and sale, marketing, assembly, management, commissioning, operation, repair and maintenance of: electrical installations, complete constructions, welding work.

(1) Temporary Joint Ventures included within the consolidation scope in 2020

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2020 (Thousand Euros)

1. COMPANY SITUATION

1.1. ORGANISATIONAL STRUCTURE

Annexes I and II of the Consolidated Annual Accounts provide the details of the subsidiary companies of Global Dominion Access, S.A. included in the scope of consolidation of Dominion, in addition to the Temporary Business Associations (UTE) and joint ventures.

The Company has a transparent, effective corporate governance system oriented towards its corporate goals, which stimulates investor confidence and reconciles the interests of its stakeholders.

The Company's stock market listing was accompanied by an in-depth review of the principles regulating its governance structure, the decision-making processes and the rules establishing channels for relations with stakeholders, giving rise to the current corporate governance model which is continuously being reviewed and improved.

On the basis of prevailing legislation and in line with international best practices accepted by the markets, the system defines and limits the powers of the Group's main governing bodies (General Shareholders' Meeting, Board of Directors and Management Committee) in its By-laws and Regulations, guarantees ethical conduct by means of the Code of Conduct and regulates relations with third parties through corporate policies and internal rules.

As is explained in Note 5 to the Consolidated Annual Accounts and section 1.2 below, the Company primarily operates in three segments: B2B Services, B2B 360 Projects and B2C. B2B Services and B2B 360 Projects where the Group's value proposal is to be a Tier 1 supplier and digital expert who is capable of delivering an end-to-end solution: B2B Projects, which refer to projects in which a new production process or infrastructure is created; B2B Services, which refers to the framework contracts for operation and maintenance outsourcing and process improvement projects. Finally, B2C refers to the customer as a retailer and B2B when the retailer is another company or an institution.

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2020 (Thousand Euros)

1.2. OPERATION

The Company's primary activity consists of assisting its customers to make their business processes more efficient, either through complete outsourcing or through the used of the application of specialized solutions based on technology and software platforms.

The Company was created in 1999 as a technology company focused on providing added value services and solutions to specialized customers in the telecommunications industry. In this very competitive and rapidly growing environment, the Company was forced to adapt to growing innovation, the commoditization of technology and growingly tight margins developing an agile approximation of customer needs that allowed it to obtain positive financial results, supported by strict fiscal discipline.

Dominion has grown and has known how to transfer the skills and methods, which now form part of its value proposition to other sectors, to become a global provider of multi-technology services and specialised engineering solutions in specific market segments.

As part of the process to extend its area of influence, as regards both business sectors and geographies, and in line with its strategic focus on leading the consolidation process under way in its industry, Dominion has completed more than 35 mergers and acquisitions and joint ventures in its history.

No significant acquisition was made during 2020, on the contrary, smaller-sized transactions were performed, referred to as bolt on acquisitions, which enable completing Dominion's capacities in very specific areas of its offer.

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2020 (Thousand Euros)

Dominion carries out business activities in three operating segments: B2B Services, B2B 360 Projects and B2C:

To understand the three segments, we must first make a distinction between two worlds:

- On the one hand, we have the classic Dominion world, B2B ("Business to Business"), where the value proposal is to be a Tier 1 supplier and digital expert who is capable of delivering an end-to-end solution: from the design, management and implementation of the project to the subsequent operation and maintenance (O&M). Two segments can be distinguished in this B2B world:

  - B2B Services, which refers to the framework contracts for operation and maintenance outsourcing and process improvement projects. These contracts typically involve recurring revenues with adjusted margins that should come close to a contribution margin of approximately 10%. Amongst many others, Dominion offers added value services such as the design, implementation, update and maintenance of electric and telecommunications networks, the management of sales and distribution processes and the rendering of inspection, maintenance, repair and renovation services for industrial and energy companies.

  - B2B 360º Projects, which refer to projects in which a new production process or a new infrastructure is created, in which the subsequent design, implementation and maintenance is carried out. These are comprehensive projects (typically multi-year), with long-term commercial development processes. This segment comprises a business where visibility is the project portfolio on each date and it typically has a margin profile of more than 15%. The projects for solutions can be conducted in a wide range of sectors and geographical areas, the key and differentiating factor being the capacity to manage a project. As a general rule, Dominion does not manufacture products, but is responsible for holistic management of projects: design, engineering, equipment purchasing, installation and assembly, seeking financing, etc.

- On the other hand, the B2C ("Business to Customer") world, which comprises all end customer oriented activities: the marketing of electricity and gas supplies, telecommunications services, insurance and other services in the household. In this segment, the Group's value proposal is to serve as a multiple service and omni-channel provider, leading the way in the provision of personal and household services. This segment strives to obtain recurring revenue. The most important factors to measure business are the number of customers (or services) and their mean "lifetime value".

In terms of B2B, Dominion primarily focuses on three areas of activity or specialisation:

- T&T (Technology and Telecommunications), in which it offers solutions in sectors such as Health, Education, Telecommunications, Transport, Logistics or Public Administration.

- Industry, with solutions for the metal, petrochemical, glass or cement sectors, among others.

- Energy, primarily in the renewables area: photovoltaic, biomass and wind power, and power transmission lines.

Dominion's business model is based on the following fundamental principles:

- **Technological and digital focus**

Dominion is a technological company with a clear multi-industry vocation. Nowadays, all sectors find themselves affected by the digital revolution, in some cases allowing a reduction in their production costs, whilst facilitating the creation of a more innovative offer in all of them, dividing up their clientele more efficiently, providing better service, etc. In general, it can be affirmed that Dominion is present in all those sectors in which digitization could entail a relevant change in the way they work.

In each sector in which it is active, Dominion places special emphasis on having in-depth knowledge of the processes and technologies employed, in addition to its process digitization and redesign capacity, which allows new solutions, services and ways of doing things to be proposed. This transversal approach allows transferring the best lessons learnt between industries.

Decentralisation

As regards its team and organisational structure, Dominion focuses on flat and decentralised structures and a global model based on division and country directors.

The Division is the executive line, led by "entrepreneurial" managers, with responsibility to the contribution margin, sharing the same culture and focus on efficiency, as well as multidisciplinary training in technical, economic and people management aspects.

The core structure is small, thus avoiding expensive, inflexible organisations. The corporate services areas are clearly focused on serving the divisions and defining rules within their areas of responsibility. This team has demonstrated an excellent capacity to integrate new teams into Dominion's project, equipping them with the same culture and assuring there are mechanisms to make the most of potential for transversal processes and cross-selling (operational scalability).

Diversification

Dominion has over 1,000 clients in more than 35 countries where it is present.

The vast majority are leading companies in their respective industries that value the one-stop shop opportunity presented by Dominion, comprising two dimensions: geographic (same services and solutions everywhere) and multi-industry, as its teams and technology are able to optimise different services previously provided by several companies while assuring similar standards of quality and occupational safety.

Financial discipline

Dominion sets and drives demanding targets focused on the generation of strong cash flow, the efficient management of working capital and strict discipline with respect to CAPEX, the management of research and development (R&D+i) and organic growth.

Furthermore, it is worth highlighting that seasonality is not considered to be a critical factor in Dominion's sales. There is merely a higher concentration of industrial maintenance in the second half of the year, coinciding with August and December, and also a greater concentration in December and January of sales relating to the B2C activity. 2020 has also been significantly affected by the COVID-19 pandemic and the resulting effect it has had on the world economy. Accordingly, the Group has been affected by this situation, to which end we have taken its relevance into account for our analysis as explained in Note 1.3 of the consolidated financial statements.

2. EVOLUTION AND RESULTS OF THE BUSINESSES

Note 5 to the consolidated annual accounts of the Company broadly explain the evolution of the business in terms of revenue, contribution margin and consolidated results, segmenting the revenue by geographic area.

The main development in 2020 was the global Covid-19 pandemic and the devastating effects it has had on various factors: first and foremost in the health sector, but also economically and socially.

All companies have seen their day-to-day operations affected by the pandemic and business models have been put to the test. The ways and extent to which Covid-19 has affected Dominion are analysed in detail in Note 1.3 of the consolidated financial statements and in the Non-Financial Information Statement.

(Thousand Euros)

That same information compared to 2019 is set out below:

Contribution margin by business segment:

	B2B 360 Projects	B2B Services	B2C	Total
Financial year 2020				
Consolidated turnover	280,889	465,093	283,630	1,029,612
Other direct operating income and expenses in the segments	(232,221)	(414,007)	(277,414)	(923,642)
	48,668	51,086	6,216	105,970
Financial year 2019 (*)				
Consolidated turnover (*)	287,979	543,206	318,128	1,149,312
Other direct operating income and expenses in the segments (*)	(239,165)	(480,057)	(299,023)	(1,018,244)
	48,814	63,149	19,105	131,068

(*) Segment data for financial year 2019 has been restated to take into account the segmentation change in 2020 and for comparative purposes.
(**) Adjusted turnover: consolidated turnover eliminating the sales of devices

Regarding the 2019 segments, the contribution margin was as follows:

	Multi-technology Services	Specialist Engineering and Solutions	Total
Financial year 2019			
Consolidated turnover	790,547	358,765	1,149,312
Other direct operating income and expenses in the segments	(716,473)	(301,771)	(1,018,244)
Contribution margin	**74,074**	**56,994**	**131,068**

All in all the Board of Directors estimates that the results obtained this year are very positive, particularly in the context of the pandemic in which they were achieved.

As Note 5 to the consolidated financial statements illustrates, revenue (when taking adjusted revenue into account) fell slightly from EUR 947 million in 2019 to EUR 911 million in 2020.

Similarly, the contribution margin was EUR 106 million, down from EUR 131 million recorded in 2020. On a segment-by-segment basis, the margin relating to B2B 360º Projects - the least affected segment - was similar to 2019, while the contribution margins in the other segments were lower, consistent with the Covid-19 effects and other effects such as any new investments and divestments.

The most relevant milestones of the year can be put into three categories:

- As mentioned above, the year has been affected by Covid-19. Its effects are analysed in detail in Note 1.3 of the consolidated financial statements and in the Non-Financial Information Statement. In spite of this, Dominion has managed to create value in the current situation and has reported to the Market that the Group's Strategy Plan for the coming years will remain the same, with 2020 regarded as a hiatus, meaning that the Plan will continue for one additional year so that the objectives can be achieved.

- In terms of business, it should be noted that the B2B Services segment continued making headway in the Energy and Industry sectors, securing significant new contracts. Divestments also continued for non-strategic contracts and acquisitions of companies (Famaex, Dimoin and Hivisan) which supplement Dominion's offer in this field, forming part of its "One Stop Shop" strategy.

- As for the B2B 360º Projects segment - the most resilient segment in the pandemic - numerous new project contracts were secured, including a contract to equip a new hospital in Chile. In the renewable energy segment, the first biomass project was completed successfully whilst new projects were also secured.

- As for the B2C segment - most affected by the pandemic - there was a notable increase in the number of customers in terms of services and transformation processes underway requiring organisational adjustments.

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2020 (Thousand Euros)

Dominion's offer reflects several trends the consolidation and acceleration of which increase its market potential. These trends are further elaborated in section 2.5 of the 2020 Non-Financial Information Statement, attached to this document.

2.1 FUNDAMENTAL FINANCIAL AND NON-FINANCIAL INDICATORS

The most relevant financial indicators of the Dominion business are as follows, expressed in thousand euros:

	2020	2019
CONSOLIDATED GROUP:		
Consolidated turnover	1,029,612	1,149,312
Adjusted turnover (*)	911,018	947,312
Gross operating profit (EBITDA) (**)	80,020	103,735
Operating profit (EBIT)	31,649	56,590
Profit before tax (EBT)	21,271	46,745
Profit (loss) for the year from continuing operations	13,052	42,249
Profit (loss) from discontinued operations	(63)	(6,252)
Consolidated profit/(loss)	12,989	35,997
Profit/(loss) attributed to minority interests (profit)	(455)	(3,066)
Profit/(loss) attributed to parent company	12,534	32,931

(*) Adjusted turnover: consolidated turnover eliminating the sales of devices

(**) EBITDA= Operating profit + depreciations and amortization expenses.

The aforementioned financial indicators are generally known and accepted. The calculation has been done in accordance with generally accepted practices and no adjustment has been made to the accounting information taken into consideration and broken down directly in the Group's Consolidated Annual Accounts prepared in accordance with IFRS-EU (International Financial Reporting Standards adapted by the European Union). It should be noted that IFRS 16 was applied for the first time in 2019, affecting some of these indicators, as explained in Note 2.1.2 of the consolidated annual accounts.

Given the wide variety of activities carried out by the Company, the estimation is that there are no industry indicators or alternative performance measures that are sufficiently significant.

2.2 MATTERS RELATING TO THE ENVIRONMENT AND PERSONNEL

This information is discussed in detail in the "Non-financial information statement" which forms part of the Management Report, specifically sections 6 and 7.

2.2.1 ENVIRONMENTAL DISCLOSURES

This information is discussed in detail in the document "Non-financial information statement", section 6 "Environmental issues."

2.2.2. PERSONNEL

This information is discussed in detail in the document "Non-financial information statement", section 7 "Human resources."

3. LIQUIDITY AND CAPITAL RESOURCES

3.1. LIQUIDITY

The prudent management of the liquidity risk entails maintaining sufficient cash and available financing through sufficient credit facilities. In this respect, the Company's strategy is to maintain through the Treasury department the necessary financing flexibility through available funding with undrawn lines of credit. Additionally, and on the basis of liquidity requirements, Dominion uses liquidity financial instruments (non-recourse factoring and the sale of financial assets representing receivables, through which the risks and rewards on accounts receivable are transferred) that, in accordance with Dominion's policy, do not exceed approximately one-third of overdue trade and other receivable balances in order to maintain liquidity levels and the structure of working capital required under its business plans.

The information regarding the Company's liquidity reserve forecasts together with the development of the Net Financial Debt is provided in Note 3.1.b to the consolidated annual accounts.

Management monitors forecasts of the Company's liquidity needs in order to ensure that it has sufficient cash to comply with operating requirements while maintaining sufficient availability of unused credit facilities, even considering the excess liquidity as of 31 December 2020.

Note 3.1.b to the Consolidated Annual Accounts presents a table providing details of working capital. Although the magnitude of working capital taken into consideration in an isolated manner is not a key parameter for understanding the Company's financial statements, it actively manages working capital through net operating capital and net current and non-current financial debt, based on the solidity, quality and stability of relationships with its customers and suppliers, as well as the exhaustive monitoring of its situation with financial institutions the loans of which are automatically renewed in many cases.

One of the Company's strategic lines is to ensure the optimisation and maximum saturation of the resources devoted to the business. Dominion therefore pays special attention to the net working capital invested in the business. In keeping with this and as in previous years, major efforts have been made to control and reduce the collection periods for trade and other receivables and to minimise services rendered pending invoicing. Similarly, the Company constantly optimises supplier payment terms, standardising policies and conditions throughout the Group.

As a result of the above it may be confirmed that there are no liquidity risks of the Company.

Note 18 to the Consolidated Annual Accounts provides details on current and non-current borrowings employed. The Company has a diversification policy for financial markets and, accordingly, there is no loan/ credit risk concentration with respect to balances with banks since the Group works with various institutions.

On 11 November 2016, the parent company entered into a syndicated loan agreement with four financial institutions, divided into two tranches (tranche A - loan - and tranche B - "revolving" credit line). This contract has been renewed four times: the first on 4 December 2017, whereby the repayment terms and the repayment rate were modified and an additional tranche A2 was added to the loan section, in US dollars; then, on 4 December 2018, the second renewal was made, in which the maturity date of tranche B was modified; the second renewal was made on 4 December 2018, when the maturity date of tranche B was modified; thirdly, on 12 July 2019, the third renewal was signed with the revolving tranche (tranche B) amount being modified, simultaneously reducing the loan section in euros (tranche A1) by the same amount by which tranche B was extended and, likewise, the financing prices and repayment terms of all the tranches were modified again. Finally, the fourth renewal was signed on 10 December 2020, extending the maturity of part of the revolving tranche (tranche B). The calculations of the current value of the discounted cash flows using the new terms of each renewal compared to using the original interest rate did not vary by more than 10% from the value of the cash flow from the original liability. Accordingly, no amount was recognised in the income statement for 2019 and the preceding years.

Accordingly, after the series of renewals, the tranches included in the syndicated loan contract are as follows:

Tranche A1 consists of a loan of EUR 20 million to restructure the Group's non-current financial liabilities. Tranche A2 consists of a loan, in US dollars, for a total of USD 35.6 million and tranche B is a "revolving" credit line for EUR 50 million.

For tranches A1 and A2, there is no change to the amortization profile, establishing six-monthly amortizations with the first instalment in January 2021 and which entails the amortization of 5% in 2021, 7.5% in 2022, 12.5% in 2023 and 75% in 2024. Regarding tranche B, the first due date was set at 19 July 2022 for EUR 11.2 million, whilst the second due date was set at 19 July 2023 for EUR 38.8 million. The latter due date may be extended for an additional year, subject to the acceptance of the funding bodies.

Tranche A1 consists of a loan of EUR 20 million to restructure the Group's non-current financial liabilities. Tranche A2 consists of a loan, in US dollars, for a total of USD 35.6 million and tranche B is a "revolving" credit line for EUR 50 million.

This financing bears a Euribor interest rate plus a market spread. Tranche A1 has three hedging derivative financial instruments, as indicated in the following section of this same note.

Additionally, on 18 November 2016, the Group entered into a loan agreement with the European Investment Bank (EIB) for a maximum of EUR 25 million for development funding under the "Smart Innovation" programme. At 31 December 2020 and 2019 it is fully drawn down, with outstanding balances at each date amounting to EUR 17.9 million and EUR 21.4 million, respectively. This financing matures in December 2025 and is repayable at a rate of EUR 3.57 million per year from 2019 to 2025.

On 10 and 22 July 2020, the Group secured loans totalling EUR 50 million from the European Investment Bank (EIB) and Instituto de Crédito Oficial (ICO) - EUR 25 million each - to execute the "Smart Innovation 2" R&D&I investment project. Both loans are repayable over 10 years with a 3-year grace period and annual repayments. As of 31 December 2020, both loans were undrawn.

Both loans are guaranteed by a number of Dominion companies and include the commitment to comply with certain financial ratios, which have been fulfilled successfully at 31 December 2020, as explained in Note 18 to the Consolidated Annual Accounts.

On 4 May 2020, the parent company incorporated a promissory note issuance programme called the "Dominion 2020 Promissory Note Programme" in the Alternative Fixed Income Securities Market (MARF) with a maximum limit of EUR 75 million and with maturity dates of up to 24 months. On 6 May 2019, Global Dominion Access, S.A. incorporated a promissory note issuance programme, the "Dominion 2019 Promissory Note Programme" in the Alternative Fixed Income Securities Market (MARF) with a maximum limit of EUR 75 million and with maturity dates of up to 24 months. At 31 December 2020, the outstanding balance amounted to EUR 13 million maturing in less than 12 months. The programme will serve as a way to diversify the financing of the working capital requirements of the Dominion Group and as an alternative to bank financing for this purpose.

In April 2020 and pursuant to Royal Decree-Act 8/2020 of 17 March on extraordinary emergency measures to address the economic and social impact of Covid-19, article 29 of which establishes State guarantees provided by the Ministry of Economic Affairs and Digital Transformation managed by the OCI for companies and self-employed workers, which are managed by financial institutions, the Parent Company entered into loans with eight financial institutions for a total of EUR 100 million. One of these loans matures in full in the third year, in 2023, whilst the other seven are paid off in monthly or quarterly instalments over the next 5 years, with a one-year grace period, i.e. the last instalment is deferred until 2025. All loans bear a market interest rate - in some cases a fixed rate and in other cases a variable rate linked to Euribor plus a market difference.

Also, EUR 3,571 thousand of the EIB loan was paid back in financial year 2020 (2019: EUR 39,571 thousand paid back) as follows: EUR 20,000 thousand for tranche B of the syndicated loan, EUR 16,000 thousand for tranche A1 of the syndicated loan and EUR 3,571 thousand for the loan granted by the EIB.

This loan is not secured by real property.

Note 18 b) to the Consolidated Annual Accounts provides a detailed explanation of the interest rate hedge derivatives contracted at 31 December 2020 and the Company's exposure to variable-interest bank borrowings.

Note 20 to the Consolidated Annual Accounts shows Other liabilities recognized by the Company, which are fundamentally associated with outstanding payment balances not considered to be financial items. Non-current liabilities mainly relate to settlements for equity interest acquisitions, suppliers of fixed assets, remunerations pending payment and, to a lesser extent, loans received from public entities with a subsidized interest rate.

There are no other restrictions on the use of cash/cash equivalents with the exception of the existing commitments described in Notes 8 and 31 to the Consolidated Annual Accounts that relate to asset purchase, operating lease and, fundamentally, guarantee commitments.

3.2. CAPITAL RESOURCES

The Group's capital management objectives are to safeguard its capacity to continue operating on a going-concern basis in order to obtain a return for shareholders and profits for other equity instrument holders and maintain an optimal equity structure by reducing its cost.

In order to maintain or adjust the capital structure, the Group could adjust the amount of dividends payable to shareholders, refunding capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the leverage ratio. This ratio is calculated as net financial debt divided by total capital employed by the business. Net debt is calculated as total borrowings plus current financial liabilities less cash, cash equivalents and current financial assets, all of which as shown in the consolidated annual accounts. Total capital employed is calculated as net worth, as shown in the consolidated annual accounts plus net financial debt.

(Thousand Euros)

In 2020 the Group's strategy, as was the case in prior years, has consisted of maintaining a leverage ratio of approximately 0.4. Leverage ratios at 31 December 2020 and 2019 were as follows:

	As of 31 December	
	2020	**2019**
Borrowings (Note 18)	188,394	84,678
Derived financial instruments (Note 18)	2,973	3,390
Minus: Cash and cash equivalents and current financial assets (Notes 8 and 12)	(278,724)	(201,478)
Net financial debt (Note 3.1.b) (*)	(87,357)	(113,410)
Net worth	319,741	353,683
Total capital employed in the business	232,384	240,273
Leverage index	(0.38)	(0.47)

(*) For the purposes of this calculation the Group does not consider the heading of "Other financial liabilities" to be financial debt (Note 20).

The Group presents a net cash position at 31 December 2020 and 2019. Management considers that the existing liquidity and credit facilities not utilised at 31 December 2020 are sufficient to fund the Dominion Group's organic and inorganic growth that is envisaged according to the Strategy Plan presented in 2020. Combined with efficient management of funds and the focus on improving business profitability, this will allow borrowings to be serviced and shareholder return expectations to be fulfilled.

At 31 December 2020 and 2019, the Group had concluded contracts for loans with financial entities subject to the obligation to comply with specific financial ratios (Note 18), which are being met at year-end.

The borrowings obtained this year from the loans guaranteed by the ICO entail the obligation to use this amount for the Group's working capital requirements and not to restructure the Group's existing financial debt, an obligation which the Group has fulfilled.

3.3. ANALYSIS OF OFF-BALANCE SHEET CONTRACTUAL OBLIGATIONS AND OPERATIONS

The main off-balance sheet contractual obligations are described in Note 31 to the Consolidated Annual Accounts and fundamentally relate to guarantees that are directly associated with the various business activities and operating lease rates.

4. MAIN RISKS AND UNCERTAINTIES

4.1. OPERATING RISKS

4.1.1. REGULATORY RISK

Notwithstanding the various environmental and safety regulations that affect all activities with which Dominion endeavours to strictly comply, the Company's business is not generally characterised by being subject to regulations the change of which could give rise to a direct and relevant loss of business for Dominion. The changes that may affect the Company's clients and, indirectly, Dominion, are adequately covered in the contracts signed and mitigated by the Company's broad diversification in terms of industries and countries.

Nonetheless, we should point out that Dominion is paying particular attention to the new activities that it is embarking on under the 2019-2022 Strategy Plan, including renewable energy projects. Risks arising in connection with these new activities are assessed separately before they are included in Dominion's Risk System.

Furthermore, and also in the regulatory area, the Company is aware of the need to properly protect its clients and employees' personal data. Over the course of 2020, Dominion has continued to adapt to the new Law in this area, regularly reviewing its activities.

4.1.2. OPERATIONAL RISK

Given the very limited existence of transformation production processes at Dominion, we can state that the primary operating risk lies with the potential inability to adequately execute the Services that the Company provides to its customers. Any error made could lead to property damages or immaterial damages for the Company's customers, mainly consisting of industrial companies.

Dominion attempts to minimise these risks by ensuring the quality of its processes, certifying and maintaining them under continuous review, adequately training its teams both technically and in project management and, fundamentally, supporting its activity in platforms in which business knowledge resides and facilitating quality control over those activities.

Environmental and social sustainability risks are covered at length in the Non-Financial Information Statement.

4.1.3. CUSTOMER CONCENTRATION

Dominion has a broad customer base, the majority of which are leaders in their respective sectors, showing great diversification in terms of geographical location and sector. For this reason, Note 10 of the Consolidated Annual Accounts explains that there is no credit risk concentration with regard to trade accounts receivable.

As explained in Note 5 of the consolidated annual accounts, there is currently no client whose sales represent more than 10% of the Group's consolidated turnover or of each of the segments separately.

4.2. FINANCIAL RISK

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

In the broadest sense, the management of financial risks aims to control the incidents generated by fluctuations in exchange and interest rates. Finance Management at the dominant Company, to which it pertains, is responsible for the arrangement of financial instruments which enable as far as possible participation in favourable environments relating to movements in the exchange and interest rates to be compatible with the limitation, in part or in whole, of the adverse effects due to an unfavourable environment. Financial market risk management has been adapted to incorporate the current uncertainty brought about by the overall situation caused by Covid-19's impact in financial year 2020.

a) Market Risk

(i) Exchange rate risk

The presence of the Dominion Group in the international market requires it to arrange an exchange rate risk management policy. The basic objective is to reduce the negative impact on operations in general and on the income statement in particular of the variation in interest rates such that it is possible to protect against adverse movements and, if appropriate, leverage favourable development.

In order to arrange such a policy, Dominion Group uses the concept of Management Scope. This concept encompasses all collection / payment flows in a currency other than the euro expected to materialise over a specific time period. The Management Scope includes assets and liabilities denominated in foreign currency and firm or highly probable commitments for purchases or sales in a currency other than the euro. Assets and liabilities in foreign currency are subject to management, irrespective of timing scope, while firm commitments for purchases or sales that form part of the management scope will be subject to the same if their forecast inclusion in the balance sheet takes place in not more than 18 months.

Following the definition of Management Scope, in order to manage risks the Group uses a series of financial instruments that in some cases permit a certain degree of flexibility. These instruments will basically be as follows:

- Forward currency purchases/ sales: An exchange rate known at a specific date is fixed which may, moreover, be subject to timing adjustments in order to adapt and apply it to cash flow.

- Other instruments: Other hedging derivatives may also be used, the arrangement of which will require specific approval by the relevant management body. This body will have to be informed beforehand as to whether or not it complies with the necessary requirements to be regarded as a hedging instrument, therefore qualifying for the application of the rule on hedge accounting.

Details of open exchange rate insurance contracts for financial years 2020 and 2019 are provided in Note 18. During financial years 2020 and 2019, the Group used certain currency forward contracts in Mexican pesos and dollars the effect of which was basically recorded on the consolidated profit and loss account for the financial year.

The Group protects against loss of value as a result of movements in the exchange rates other than the euro in which its investments in foreign operations are denominated by similarly denominating, to the extent possible, its borrowings in the currency of the countries of these operations if the market is sufficiently deep or in a strong currency such as the dollar, insofar as dollar correlation to the local currency is significantly higher than that of the euro. Correlation, estimated cost and depth of the debt and derivative market determine the policy in each country.

The Group has several investments in operations abroad with net assets expressed in the local currency of the country and exposed to currency change risks. The translation volatility of those net assets in currencies other than Euro on net worth as well as on profit or loss are detailed below.

If at 31 December 2020 and 2019, the value of the euro had been reduced / increased by 10% with respect to all other functional currencies, all other variables remaining constant, net worth would have been lower/higher, by EUR 5,059 thousand and EUR 6,894 thousand, respectively in 2020, (higher and lower by EUR 6,789 thousand and EUR 5,703 thousand, respectively in 2019) owing to the effect of the assets contributed by the subsidiaries operating in a functional currency different from the euro.

(Thousand Euros)

If the average exchange rate of the euro in 2020 had fallen / increased by a further 10% with respect to all functional currencies other than the euro, all other variables being equal, profits after tax for the year would have been EUR 973 thousand and EUR 214 thousand lower/higher respectively (EUR 842 and EUR 838 thousand higher/lower in 2019), mainly as a result of the exchange gains / losses on the conversion of accounts receivable denominated in currencies other than the euro.

Sensitivity to the exchange rate of the main currencies in the conversion process for the net assets of the subsidiary companies whose operating currency is not the euro is summarised in the table attached (revaluation or devaluation of the euro with regard to other currencies):

Financial year 2020

	Effect on Equity		Effect on income	
	+10%	-10%	+10%	-10%
Mexican peso	(402)	487	(59)	67
US Dollar	(1,700)	2,003	(74)	17
Saudi riyal	(1,196)	1,240	(221)	48
Argentine peso	517	547	695	330
Peruvian sol	(365)	446	18	(22)
Australian Dollar	(612)	812	(39)	112
Indian Rupee (IR)	(800)	978	(174)	213
Chilean peso	(259)	317	60	(73)
Polish zloty	(242)	64	(420)	281

(Thousand Euros)

Financial year 2019

	Effect on Equity		Effect on income	
	+10%	**-10%**	**+10%**	**-10%**
Mexican peso	(409)	468	20	(56)
US Dollar	(1,784)	2,167	(289)	340
Saudi riyal	(1,365)	1,661	(155)	182
Argentine peso	(277)	179	(116)	(18)
Peruvian sol	(451)	552	(8)	9
Australian Dollar	(560)	706	(117)	164
Indian Rupee (IR)	(712)	871	(211)	258
Chilean peso	(339)	415	67	(81)
Polish zloty	194	(230)	(29)	44

(ii) Price risk

The Group generally has zero exposure to equity instrument price risk because it has no investments of this kind held by the Group and/or classified in the consolidated balance sheet for 2020 as fair value with changes in profit/loss or fair value with changes in other comprehensive profit/loss.

The energy marketing activity does not create an additional price risk due to the fact that the sales prices are agreed on the basis of the purchase prices, transferring this risk directly to the customer.

(iii) Interest rates

Dominion Group's borrowings are largely benchmarked to variable rates, for one part of the financial debt, exposing the Group to interest rate risk, with a direct impact on the income statement. The general objective of interest rate risk management strategy is to reduce the adverse impact of increases in interest rates and to leverage as far as possible the positive impact of potential interest rate cuts.

In order to attain this objective, the management strategy will be arranged through financial instruments that enable such flexibility. The possibility is expressly envisaged of arranging hedges for identifiable and measurable portions of flows, which enables, if appropriate, the completion of the efficiency test evidencing that the hedging instrument reduces the risk of the hedged component in the part assigned and is not incompatible with the established strategy and objectives.

The Management Scope encompasses the borrowings recognised in the consolidated balance sheet of the Group. Circumstances may occasionally arise in which the hedges arranged cover the loans already committed in the final stage of formalization and where the principal should be protected against an increase in the interest rate.

In order to manage this risk factor, the Group uses financial derivatives that may qualify as hedging instruments and therefore hedge accounting. The relevant accounting standard (IFRS 9) does not specify the type of derivatives that may be considered hedging instruments except for options issued or sold. It does, however, specify the conditions required for such consideration. As with respect to the management of the exchange rate risk, the arrangement of any financial derivative which is suspected not to comply with the necessary conditions to be regarded as a hedge will require the express approval of the relevant management body. For reference, the basic hedging instrument will be the following:

- Interest rate swaps: Through these derivatives, these Group segments convert the variable interest rate reference of a loan to a fixed reference with respect to either all or part of the amount of the loan, affecting all or part of the life of the loan.

Sensitivity to the interest rates included in the annual accounts is limited to the direct effect of changes in interest rates applied to financial instruments subject to recognized interest in the balance sheet. It is worth considering most of the financial borrowing in the Group in 2020 and 2019 is agreed to fixed interest rates or interest rate swaps. The sensitivity of the income statement to a 1% change in interest rates (considering financial instruments as hedging derivatives) would have an effect of approximately EUR 723 thousand on Profits before tax recorded in 2020 (2019: EUR 345 thousand), considering its impact on financial borrowings linked to variable interest rates. In addition, the Group's net financial debt amounts to over EUR -87 million (2019: over EUR -113 million) which, combined with an increase in market interest rates, would entail a rise, albeit moderate, of the profitability of the financial investments contracted. This profitability will partially offset the negative impact of a higher financial cost.

b) Liquidity risk

The prudent management of the liquidity risk entails maintaining sufficient cash and available financing through sufficient credit facilities. In this respect, the Group's strategy is to maintain, through its treasury department, the necessary financing flexibility through committed credit lines. Additionally, and on the basis of its liquidity needs, Dominion Group uses liquidity financial instruments (factoring without recourse and the sale of financial assets representing receivables, through which the risks and rewards on accounts receivable are transferred) that, in accordance with Group policy, do not exceed approximately one-thirds of overdue trade and other receivable balances in order to maintain liquidity levels and the structure of working capital required under its business plans.

Management follows up the Group's liquidity reserve forecasts together with the development of the Net Financial Debt. Following the spread of Covid-19, this monitoring is now carried out on a daily basis. To this regard, the Group's financial management implemented a wide range of actions to maximise liquidity possibilities in the most unpredictable moments of the pandemic. It should be noted that the pandemic hit when the Group was in a strong position with excellent solvency and liquidity. Having said this, certain measures were deemed necessary to provide further reassurance during periods of declining activity and significant amounts of uncertainty regarding both time and amounts. Further details regarding these measures are provided in Note 1 above.

These actions include loans granted by Instituto de Crédito Oficial (ICO) for a total of EUR 100 million, new promissory notes issued in the Alternative Fixed Income Securities Market (MARF) as of March 2020, new credit lines taken out with the European Investment Bank (EIB) and ICO for a total of approximately EUR 50 million (at 31 December 2020 this amount was not drawn down) to pursue the R&D&I strategy, and, naturally, in-depth monitoring of customer receipts and payments that form part of the normal working capital process.

(Thousand Euros)

The Group's liquidity reserve calculation and the Net Financial Debt at 31 December 2020 and 2019 is provided below:

	2020	2019
Cash and cash equivalents (Note 12)	237,626	141,545
Other current financial assets (Note 8)	41,098	59,933
Undrawn borrowing facilities (Note 18)	182,313	143,552
Liquidity reserve	**461,037**	**345,030**
Liabilities with credit institutions (Note 18)	188,394	84,678
Derived financial instruments (Note 18)	2,973	3,390
Cash and cash equivalents (Note 12)	(237,626)	(141,545)
Other current financial assets (Note 8)	(41,098)	(59,933)
Net financial debt	**(87,357)**	**(113,410)**

The evolution of net debt in the financial years 2020 and 2019 is shown in the following table:

Financial year 2020:

	Cash and deferred credits (Note 12)	Other current financial assets (Note 8)	Liabilities with credit institutions (Note 18)	Derivative financial instruments (Note 18)	Total
Net financial debt start	**(141,545)**	**(59,933)**	**84,678**	**3,390**	**(113,410)**
Cash flows	(90,285)	19,508	105,409	-	34,632
Foreign exchange adjustments (*)	(4,258)	(673)	(2,734)	-	(7,665)
Changes in consolidated scope (Note 32)	(1,538)	-	1,041	-	(497)
Other non-monetary transactions	-	-	-	(417)	(417)
Net financial debt at the end of 2020	**(237,626)**	**(41,098)**	**188,394**	**2,973**	**(87,357)**

(Thousand Euros)

Financial year 2019:

	Cash and deferred credits (Note 12)	Other current financial assets (Note 8)	Liabilities with credit institutions (Note 18)	Derivative financial instruments (Note 18)	Total
Net financial debt start	**(205,574)**	**(30,994)**	**129,741**	**1,153**	**(105,674)**
Cash flows	67,653	(29,761)	(48,289)	-	(10,397)
Foreign exchange adjustments (*)	(1,043)	822	(849)	-	(1,070)
Changes in consolidated scope (Note 32)	(2,581)	-	4,075	-	1,494
Other non-monetary transactions	-	-	-	2,237	2,237
Net financial debt at the end of 2019	**(141,545)**	**(59,933)**	**84,678**	**3,390**	**(113,410)**

(*) Companies with balance sheets expressed in currencies other than the euro (translation differences in net worth), as well as currencies other than the currency of the country where is presented (exchange differences in profit and loss).

For the purposes of this calculation the Group does not consider the heading of "Other current and non-current liabilities" to be financial debt (Note 20).

The Finance Department monitors forecasts of the Group's liquidity needs in order to optimise cash while maintaining sufficient availability of credit facilities not drawn by the Group considering the liquidity excess existing at 31 December 2020 and in years 2020 and 2019, whilst always bearing in mind meeting the limits and covenants set forth in financing.

There are no restrictions regarding the use of cash and cash equivalents.

As illustrated in the table above, the Group's positive cash position at both 31 December 2020 and 31 December 2019, having weathered what are considered to be the most challenging stages of the pandemic, is the best indicator that the Group's liquidity position is not at risk.

CONSOLIDATED DIRECTORS' REPORT FOR 2020 (Thousand Euros)

Below is a table setting out a breakdown of the working capital reported in the Group's consolidated balance sheet at 31 December 2020, on a comparative basis with the figures at 31 December 2019:

	2020	2019
Inventories	50,750	53,002
Trade and other receivables	260,885	250,821
Assets per contract	97,667	79,706
Other current assets	11,371	8,397
Current tax assets	14,392	17,466
Operating current assets	**435,065**	**409,392**
Other current financial assets	41,098	59,933
Cash and other cash equivalents	237,626	141,545
CURRENT ASSETS	**713,789**	**610,870**
Trade and other payables	476,851	510,639
Liabilities per contract	86,228	14,606
Current tax liabilities	24,597	30,557
Short-term provisions	7,539	4,418
Other current liabilities (*)	29,137	27,136
Operating current liabilities	**624,352**	**587,356**
Other current liabilities (*)	24,705	22,594
Short-term liabilities with credit institutions	34,044	14,335
Current derivative financial instruments	895	3,390
CURRENT LIABILITIES	**683,996**	**627,675**
OPERATING WORKING CAPITAL	**(189,287)**	**(177,964)**
TOTAL WORKING CAPITAL	**29,793**	**(16,805)**

(*) Accrued wages and salaries and accruasl and prepayments are included in other operating current liabilities. The other items analysed in Note 20 are carried as non-operating current liabilities.

CONSOLIDATED DIRECTORS' REPORT FOR 2020 (Thousand Euros)

Although the magnitude of working capital taken into consideration in an isolated manner is not a key parameter for understanding the Group's financial statements, it actively manages working capital through net operating capital and net current and non-current financial debt, based on the solidity, quality and stability of relationships with its customers and suppliers, as well as the exhaustive monitoring of its situation with financial institutions, which in many cases automatically renew loans. It should also be noted that the business covered by the activity of the group of CGU B2B Commercial Services in the B2B Services segment normally operates with negative goodwill and sales that are recovered in cash, and expenses for purchases or services that have normal payment maturity dates.

One of the Group's strategic lines is to ensure the optimisation and maximum saturation of the resources devoted to the business. The Group therefore pays special attention to the net working capital invested in the business. In keeping with this and as in previous years, major efforts have been made to control and reduce the collection periods for trade and other receivables and to minimise services rendered pending invoicing. Similarly, the Company constantly optimises supplier payment terms, standardising policies and conditions throughout the Group.

As a result of the above it may be confirmed that there are no liquidity risks at the Group.

The table below sets out an analysis of the Group's financial liabilities that will be settled, grouped together by maturity, in accordance with the time to maturity at the balance sheet date stipulated in the contract. The amounts shown in the table relate to the cash flows (including the interest that will be paid) stipulated in the contract without discounting. Balances payable in the coming 12 months equal their carrying value, given that the effect of discounting is not significant.

	Less than 1 year	**Between 1 and 5 years**	**More than 5 years**
At 31 December 2020			
Bank borrowings and promissory notes (Note 18)	20,367	167,385	642
Other liabilities	54,737	66,519	3,567
At 31 December 2019			
Bank borrowings (Note 18)	16,441	72,637	4,130
Other liabilities	53,120	55,653	5,639

c) Credit risk

Risk management

Credit risks are managed by customer groups. The credit risk deriving from cash and cash equivalents, derivative financial instruments and bank deposits is considered immaterial in view of the credit standing of the banks with which the Group works. In certain circumstances that give rise to specific liquidity risks at these financial institutions, the appropriate provisions to cover them are allocated if necessary.

Furthermore, the Group maintains specific policies for the management of this customer credit risk, taking into account their financial position, past experience and other factors. It should be noted that a significant part of its customers consist of companies with high credit ratings (Note 5.c) or official entities whose operations are financed through loans from international financial institutions.

In order to minimise this risk in trade receivable balances, the Group's strategy is based on the arrangement of customer credit insurance policies and the setting of customer credit limits.

Days sales outstanding is within the range of 15 days (mainly for commercial services) and 180 days. However, historically it has been considered that due to the characteristics of the Group's customers balances receivable due in between 120 and 180 days entail no incurred credit risk. It should also be noted that a portion of the sales made by the Commercial Services CGU grouping are received in cash and the credit risk incurred is nearly zero. The Group continues to consider that these outstanding balances still present good credit quality.

The analysis of the age of outstanding assets that are not accountably impaired is provided in Note 10.

Security

For some trade accounts receivable, the Group can obtain security by way of bonds, deeds of commitment or letters of credit which can be applied if the other party infringes the contract terms.

Financial asset impairment loss.

The Group has four types of financial assets which are subject to the model of expected credit losses:

- Trade accounts receivable for the sale of services.
- Assets per contract related with solutions and services the recognition of which in income is performed based on the degree of project completion.
- Loans and credits recorded at amortised cost.
- Cash and cash equivalents

Although cash and cash equivalents are also subject to the requirements of impairment loss of the IFRS 9, the impairment loss identified is immaterial.

Within the estimate of expected loss an additional risk to that calculated in previous years is also considered, arising from the effects of Covid-19 on the credit risk itself (default risk), the amount at risk if the debtor does not pay (exposure to default) and the estimated loss as a result of default (loss if default occurs).

Trade accounts receivable and assets per contract.

The Group applies the simplified focus of the IFRS 9 in order to evaluate the expected credit losses which uses a value adjustment due to expected losses during the entire life for the trade accounts receivable and assets per contract.

In order to evaluate the expected credit losses, the trade accounts receivable and assets per contract were regrouped based on the characteristics of the shared credit risk and days past maturity. The assets per contract are related with the work not invoiced based on the degree of completion and fundamentally have the same risk characteristics as the trade accounts receivable for the same contract types. As such, the Group has concluded that the expected loss rates for the trade accounts receivable are a reasonable approximation of the loss rates for the assets per contract.

The expected loss rates are based on the payment profiles for the sales during a period of 36 months before the end of each financial year and the corresponding historical credit losses during this period. The historic loss rates are adjusted to reflect the current and prospective information on macroeconomic factors which affect the clients' capacity to settle accounts receivable. The Group has identified the GDP and the unemployment rate in the countries where it sells its goods and services as the most relevant factors and, as such, adjusts the historic loss rates according to the changes expected in these factors.

(Thousand Euros)

The effect on the value adjustment for trade receivables and contract assets arising from the additional Covid-19 risk has been calculated at an additional 0.1% of the Group's overall sales which has been recognised as a greater expense in the income statement for the year, applying primarily to the B2B and B2C Services segments.

On this basis, the value adjustments were determined due to losses at 31 December 2020 and 31 December 2019 as follows, both for the trade accounts receivable (Note 10) and for assets per contract:

31 December 2020	**Current**	**More than 60 days past maturity**	**More than 120 days past maturity**	**Total**
Average expected loss rate	1% - 1.5%	5.0% - 10%	65% - 75%	
Gross carrying amount - trade accounts receivable	252,324	7,652	27,369	287,345
Gross carrying amount - assets per contract	97,667	-	-	97,667
Value adjustments for losses	(4,449)	(617)	(21,492)	(26,558)

31 December 2019	**Current**	**More than 60 days past maturity**	**More than 120 days past maturity**	**Total**
Average expected loss rate	1% - 1.5%	5.0% - 10%	65% - 75%	
Gross carrying amount - trade accounts receivable	244,462	6,468	16,763	267,693
Gross carrying amount - assets per contract	79,706	-	-	79,706
Value adjustments for losses	(3,679)	(350)	(12,923)	(16,952)

(Thousand Euros)

The value adjustments for losses for trade accounts receivable and assets per contract at 31 December 2020 are reconciled with the value adjustments for losses at the start as follows:

	Assets per contract	Trade accounts receivable
31 December 2019	**80**	**16,872**
Inclusions for scope registration (Note 32)	-	576
Value adjustments for losses - calculated under NIC 9	-	4,307
Increase in value adjustments for losses of accounts receivable recognised in profit and loss during the financial year.	18	6,127
Accounts receivable eliminated during the financial year for uncollectability.	-	(510)
Carrying forward of the unused amount	-	(912)
At 31/12/2020	**98**	**26,460**

	Assets per contract	Trade accounts receivable
31 December 2018	**91**	**14,069**
Inclusions for scope registration	-	3,738
Increase in value adjustments for losses of loans recognised in profit and loss during the financial year.	-	2,879
Accounts receivable eliminated during the financial year for uncollectability.	(11)	(3,226)
Carrying forward of the unused amount	-	(588)
At 31/12/2019	**80**	**16,872**

The trade accounts receivable and the assets per contract suffered impairment and are cancelled when there is no reasonable expectation of recovery. The indicators that there is no reasonable expectation of recovery include, amongst others, the fact that a debtor does not commit to a payment plan with the Group and the lack of contractual payments during a period exceeding 180 days as from the due date.

The impairment losses in the trade accounts receivable and assets per contract are presented as net impairment losses as part of operating profit. The subsequent recovery of amounts cancelled previously are credited against the same item.

5. SIGNIFICANT EVENTS FOLLOWING YEAR-END

Consult the description in Note 37 in the consolidated annual accounts.

6. INFORMATION REGARDING THE ORGANISATION'S FORESEEABLE EVOLUTION

Organically speaking, Dominion expects to organically grow at a rate of more than 5% per year in terms of sales and more than 10% in EBITA. As a result, the Company should double its net income in the timeframe of the Plan.

These goals call for a strong balance sheet as well as a strong financial standing to give the company an advantage when bidding for large-scale projects or when taking over companies.

The Company will focus its efforts on five specific areas in order to implement this Plan:

- Differential Value Proposals

Dominion must be able to provide innovative proposals that create barriers and allow the Company to achieve higher profit margins

In the case of B2C, the Company is convinced that we are currently witnessing a complete trade revolution, with emphasis on "customer ownership" constantly gaining ground. Accordingly, the Company is directing its efforts towards the integration of all household services, thereby providing a unique proposal rooted in its strengths: a large customer base, an across-the-board network, the capacity to develop platforms and to combine its own and third party services and brands.

With regard to B2B services, Dominion will extend its "Tier 1" proposal, focusing on improving the efficiency of production processes by combining the following features: selective digitalization based on extensive experience in the relevant processes, a "one stop shop" offer which innovatively integrates different services that are typically provided separately, technological independence and an emphasis on service contract diversification.

Also, with regard to solutions, Dominion will improve the "360" quality of its offer, perfecting its strategy and expanding into new sectors.

- Standing

The Company will concentrate on optimising its position in the value chain so as to improve its relationship with its customers and to ensure that projects are achieved properly and also to ensure both their recurrence and higher margins.

In order to do so, it will reassess the value chains it is involved in to try and pinpoint the best role to take on, particularly bearing in mind the possibilities that digital transformation presents as a tool for efficiency generation and disruption.

- Diversification

Dominion plans use further diversification as a critical tool, not only to create opportunities, but also to manage risks.

This plan will consist of two vectors. Firstly, a geographical approach, focusing on expanding activities to geographical areas where current presence is limited to a small number of activities, thereby creating important economies of scale and increasing the company's focus on specific areas, such as Asia and Africa. Secondly, expanding its focus on the three areas of activity it operates in most of all: T&T, Industry and Energy, diversifying its offer horizontally and vertically, as the case requires.

- Digitalisation

Aside from focusing on digitisation as a means of transforming the processes of its clients and, particularly, of modifying the value chains and creating efficiency, as explained in the points above, Dominion will also further its focus on internal digitalisation, thereby improving and developing new, highly efficient operation control platforms, thereby consolidating the authentic "Dominion brand". Other developments include Dominion's focus on developing the "platform of platforms" concept via which Dominion can provide its customers not only with its own capacities but also with those of its suppliers in an integrated and modular manner (in SaaS format).

- Organisation

The 2019-2022 Plan must include development of the accompanying organisational structure. The company requires an extremely flexible structure, capable not only of carrying out planned actions, but also of adapting to a constantly changing world, a world that demands immediate solutions to issues that have not yet been addressed. In turn, it must also ensure the continuity of its 4Ds model: digitalisation, diversification, decentralisation and fiscal discipline - all key aspects which define Dominion and which must apply to everyone in the organisation.

The Strategy Plan also addresses the need to adapt what kind of company Dominion is with a view towards adapting to a constantly evolving reality that also affects the different concerned parties it works with.

This framework includes the ESG strategy and its alignment with the Global Compact, explained below, which not only addresses minimising negative effects, but is also implemented for business purposes, and it is expected that Dominion's increasing presence in sectors and activities will have a positive impact, such as those sectors related to renewables and health.

This strategy also lays down the type of company that Dominion strives to be for its employees and sets out the main principles regarding the company's relationship with the community, placing emphasis on educational development.

Lastly, the company does not neglect ethical and compliance issues, which are covered by a strict Code of Conduct and a set of specific policies designed to make sure the company carries out its activities responsibly, in compliance with the standards and good practices it is specifically bound to.

This Directors' Report contains certain forward looking information that reflects the plans, forecasts or estimates of its Directors, which are based on the assumptions that they consider to be reasonable. However, the user of this report must bear in mind that the forward looking information must not be considered to be a guarantee of the Company's future performance since those plans, outlooks or estimates are subject to numerous risks and uncertainties that mean that the Company's future performance may not meet initial expectations. These risks and uncertainties are described throughout the Directors' Report mainly, although not exclusively, in the section that covers the main risks and uncertainties faced by the Company.

7. R&D&I ACTIVITIES

Innovation is a strategic activity for Dominion's activities and a key element for its strength and market consolidation. The concept of technological dynamism, the ability of the Dominion team to be permanently up-to-date in technological innovation and competitive intelligence, is closely related to its capacity to take part in R&D&I projects, to compare new ideas and designs.

In order to maintain an adequate level of technological dynamism, so as to bring efficiency to internal and external customers alike, a number of teams at Dominion are taking part in R&D&i projects, organised around research lines defined by the Company and guided by a corporate team which, apart from offering support throughout the process, also helps to organise collaboration with third parties and to coordinate the efforts of the various areas of the Company in order to achieve innovative products and services in the future.

Although the amount recorded under the heading of Expenses for Research, Development and Innovation is of less then 1% of the adjusted total sales volume, in actual fact a far greater effort has been made, given the fact that the process to innovate and to adapt the new designs to the market is mostly directly supported by the accounts of the actual divisions of Dominion, focussed on offering responses to their customer's needs.

The main lines of research in 2020 were Smart Industry, Energy, Smart House, Artificial Vision, Health, e-commerce and Fintech. R&D&I projects are developed based on Dominion's own knowledge, technological progress, our skills in industrial research, development capacity and collaboration with universities, reputable technological centres and other companies that are leaders in their respective industries.

(Thousand Euros)

8. ACQUISITIONS AND DISPOSALS OF TREASURY STOCKS

As indicated in Note 13.c to the Consolidated Annual Accounts Report, the parent company holds a total of 5,493,741 treasury shares at 31 December 2020, representing 3.24% of share capital at that date. The value of these shares in the consolidated balance sheet totals EUR 17,980 thousand.

Pursuant to this authorisation, on 26 February 2020 the Board of Directors announced its agreement to

implement a scheme to buy its own shares back to reduce the Parent's share capital through the cancellation of its own shares, thereby contributing to the shareholder remuneration policy by increasing the profit per share.
The maximum limit of the scheme is 5% of the share capital, which corresponds to a maximum of 8,475,000 shares for a maximum cash amount of EUR 35 million. The scheme will run for one year from the publication date of the agreement; however, the Company reserves the right to terminate the buyback scheme if, before the end of the scheme, it has acquired shares for a purchase price that amounts to the maximum cash amount or the maximum number of shares that is permitted, or if any other situation arises whereby it is advisable to do so.

9. AVERAGE PERIOD OF PAYMENT TO SUPPLIERS

The breakdown of the average term of Spanish trade payables settlement during 2020 in relation to the legally-permitted payment terms stipulated in Spanish Law 15/2010 of 5 of July, is as follows (days):

	2020	2019
Average period of payment to suppliers	43	45
Ratio of transactions settled	46	46
Ratio of transactions not yet settled	28	43

	2020	2019
Total payments made	646,658	684,204
Total payments outstanding	135,792	139,599

In 2020 and 2019, the mean supplier payment period for Dominion Group companies operating in Spain was calculated based on the criteria established in the single additional provision of the Resolution of 29 January 2016 of the Spanish Institute of Accounting and Accounts Auditing, amounting in 43 days (45 days in 2019).

The Spanish companies of the Dominion Group adapted their in-house processes and payment terms policy pursuant to Law 15/2010 (as amended by Law 31/2014) and Royal Decree-Law 4/2013, which amended Law 3/2004 laying down measures to prevent late payment in business transactions. To this regard, the contract terms with commercial suppliers in 2020 included payment periods of 60 days or less, pursuant to the terms agreed between the parties.

The payments to suppliers during financial year 2020 that have exceeded the legal deadline are derived from circumstances outside the established policy payments, among which are mainly: delay in issuing invoices (legal obligation of the supplier), closing agreements with suppliers for the delivery of goods or the provision of services, or timely processing operations.

10. OTHER RELEVANT INFORMATION

10.1. STOCK MARKET INFORMATION

A year marred by the pandemic

As has been the case in most sectors, Dominion's stock market performance in 2020 has been marred by the pandemic and its general impact on the stock market.

We began the year following a positive trend, reaching the year's highest price in February: at €3.87 per share. However, the Covid-19 pandemic's arrival in March resulted in a widespread market fall, during which time Dominion's share price fell by 43% to €2.18 per share (the lowest price of the year). This share price drop was in line with average market drops at that time.

Since then, Dominion's share price performed better than the market average, allowing us to get back to pre-covid levels in the third quarter (September).

As a result of how well our shares performed, the sound quarter-on-quarter results and the positive market trends in the past month following news of vaccine availability, we closed the year at a 3% increase, indicating our performance was 18% better than the IBEX_35.

At 31 December, Dominion shares were listed at €3.76, which translates to EUR 637,309 thousand market capitalisation.

10.2. DIVIDEND POLICY

The 2019-2022 Strategy Plan introduced in May 2019 includes dividend distribution as one of its strategic goals.

To this regard, the distribution of EUR 4,200 thousand Parent Company unrestricted reserves to shareholders will be submitted for approval at the Annual General Meeting.

11. NON-FINANCIAL INFORMATION

Law 11/2018 of 28 December on non-financial information and diversity regulates the disclosure of information relating to these two matters. In an additional document, which forms part of the Consolidated Management Report, Global Dominion Access, S.A. published the Non-Financial Information Statement referring to the Dominion Group in response to the obligations set out in the aforementioned regulations.

12. ANNUAL CORPORATE GOVERNANCE REPORT

The path to the Annual Corporate Governance Report drawn up by Global Dominion Access, S.A. for financial year 2020 and published on the CNMV is provided below.

See:
http://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=1&nif=A95034856

ISSUER'S PARTICULARS

FY end date: 31/12/2020

Taxpayer Id. Code: A95034856

Company Name:

GLOBAL DOMINION ACCESS, S.A.

Registered Address:

IBAÑEZ DE BILBAO, Nº 28, 8ª PLANTA (BILBAO) BISCAY

A. STRUCTURE OF OWNERSHIP

A.1. Complete the following table on the company's share capital:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
27 May 2016	21,187,120.38	169,496,963	169,496,963

State whether there are different classes of shares with different associated rights:

[ ] Yes
[√] No

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

Name or company name of shareholder	% voting rights attached to shares		% voting rights through financial instruments		% total voting rights
	Direct	Indirect	Direct	Indirect	
MAHINDRA & MAHINDRA LIMITED	0.00	3.72	0.00	0.00	3.72
CORPORACIÓN FINANCIERA ALBA, S.A.	0.00	5.00	0.00	0.00	5.00
ALPE 69, S.L.	3.23	0.00	0.00	0.00	3.23
ACEK DESARROLLO Y GESTIÓN INDUSTRIAL, S.L.	2.75	10.80	0.00	0.00	13.56
ELIDOZA PROMOCIÓN DE EMPRESAS, S.L.	5.00	0.00	0.00	0.00	5.00
NORGES BANK	3.04	0.00	0.30	0.00	3.34
INDUMENTARIA PUERI, S.L.	0.00	5.01	0.00	0.00	5.01

List of direct shareholdings:

Name or company name of the indirect holder	Name or company name of the direct holder	% voting rights attached to shares	% voting rights through financial instruments	% total voting rights
CORPORACIÓN FINANCIERA ALBA, S.A.	ALBA EUROPE SARL	5.00	0.00	5.00
ACEK DESARROLLO Y GESTIÓN INDUSTRIAL, S.L.	RISTEEL CORPORATION NV	5.38	0.00	5.38
ACEK DESARROLLO Y GESTIÓN INDUSTRIAL, S.L.	INSTITUTO SECTORIAL DE PROMOCIÓN Y GESTIÓN DE EMPRESAS DOS, S.A.	4.92	0.00	4.92

List the most significant changes in the shareholder structure during the financial year:

Most significant changes:

The INDUMENTA PUERI, S.L. company has indirectly acquired, in different phases, 5.01% of the share capital of the Company.

A.3. Complete the following tables on members of the Board of Directors who hold voting rights on shares in the Company.

Director's name or business name	% voting rights attached to shares		% voting rights through financial instruments		% total voting rights	% of the voting rights that can be transferred through financial instruments.	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. JOSÉ MARÍA BERGARECHE BUSQUET	0.03	0.00	0.00	0.00	0.03	0.00	0.00
MR. ANTONIO MARÍA PRADERA JÁUREGUI	0.04	5.00	0.00	0.00	5.05	0.00	0.00
MR. MIKEL BARANDIARÁN LANDÍN	0.02	5.08	0.00	0.00	5.09	0.00	0.00

% total of voting rights held by the Board of Directors	10.17

List of direct shareholdings:

Director's name or business name	Name or company name of the direct holder	% voting rights attached to shares	% voting rights through financial instruments	% total voting rights	% of the voting rights that can be transferred through financial instruments.
MR. ANTONIO MARÍA PRADERA JÁUREGUI	INVERSIONES ESTRATEGIA Y CONOCIMIENTO GLOBAL CYP, S.L.	2.50	0.00	2.50	0.00
MR. ANTONIO MARÍA PRADERA JÁUREGUI	GRUPO INVERSIONES INSSEC, S.L.	2.50	0.00	2.50	0.00
MR. MIKEL BARANDIARÁN LANDÍN	CARTERA E INVERSIONES BLASTER, S.L.	5.08	0.00	5.08	0.00

A.4. Indicate, as applicable, any family, commercial, contractual or corporate relationships that may exist between owners of significant shareholdings, insofar as these as known by the company, unless they bear little relevance or arise from ordinary trading, except for those reported in section A.6:

Related name or company name	Relationship type:	Brief description
No record		

A.5. Indicate commercial, contractual or corporate relationships between significant shareholders and the company and/or its group, if any, except any that are insignificant and those deriving from ordinary commercial business:

Related name or company name	Relationship type:	Brief description
No record		

A.6. Unless these bear little relevance to the two parties, describe the relations existing between the significant shareholders or representatives on the board and the directors, or their representatives, in the case of directors that are legal persons.

Explain, where appropriate, how significant shareholders are represented. Specifically indicating those directors who have been appointed on behalf of significant shareholders, those whose appointment has been put forward by significant shareholders, or who are bound to significant shareholders and / or entities of their group, indicating the nature of such binding relationships. In particular, mention should be made, as applicable, of the existence, identity and position of board members, or representatives of directors, of the listed company, who are, at the same time, members of the administrative body, or their representatives, in companies that have significant shareholdings in the listed company or in entities within the group of these significant shareholders:

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description / position
MR. JUAN MARÍA RIBERAS MERA	ACEK DESARROLLO Y GESTIÓN INDUSTRIAL, S.L.	ACEK DESARROLLO Y GESTIÓN INDUSTRIAL, S.L.	Juan María Riberas Mera is the natural person designated to represent one of the joint directors of ACEK Desarrollo y Gestión Industrial, S.L.
MR. ANTONIO MARÍA PRADERA JÁUREGUI	ACEK DESARROLLO Y GESTIÓN INDUSTRIAL, S.L.	INSTITUTO SECTORIAL DE PROMOCIÓN Y GESTIÓN DE EMPRESAS DOS, S.A.	Antonio María Pradera Jauregui is the sole director of Instituto Sectorial de Promoción y Gestión de Empresas Dos, S.A.
MR. ANTONIO MARÍA PRADERA JÁUREGUI	INVERSIONES ESTRATEGIA Y CONOCIMIENTO GLOBAL CYP, S.L.	INVERSIONES ESTRATEGIA Y CONOCIMIENTO GLOBAL CYP, S.L.	Antonio María Pradera Jáuregui is chair and CEO of Inversiones, Estrategia y Conocimiento Global CYP, S.L.
MR. ANTONIO MARÍA PRADERA JÁUREGUI	GRUPO INVERSIONES INSSEC, S.L.	GRUPO INVERSIONES INSSEC, S.L.	Antonio María Pradera Jáuregui is sole director of Grupo Inversiones Inssec, S.L.
MS. GOIZALDE EGAÑA GARITAGOITIA	ELIDOZA PROMOCIÓN DE EMPRESAS, S.L.	ELIDOZA PROMOCIÓN DE EMPRESAS, S.L.	Goizalde Egaña Garitagoitia is the director of Elidoza Promoción de Empresas, S.L.

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description / position
MR. MIKEL BARANDIARÁN LANDÍN	MR. MIKEL BARANDIARÁN LANDÍN	CARTERA E INVERSIONES BLASTER, S.L.	Mikel Barandiarán Landin is a joint and several director of Cartera e Inversiones Blaster, S.L.

A.7. Indicate any shareholders' agreements of which the Company has been notified in pursuance of Articles 530 and 531 of the Corporte Entreprise Act. Describe briefly, if applicable, indicating the shareholders bound by the agreement:

[ ] Yes
[√] No

Indicate any concerted actions among Company shareholders of which the Company is aware. Describe briefly, if any:

[ ] Yes
[√] No

Expressly indicate any change or break-up of those agreements or concerted actions, if any, that have taken place during the year:

N.A.

A.8. Indicate whether there is any individual or legal entity that exercises, or can exercise, control over the Company, in accordance with article 5 of the Securities Market Act. Identify it if any:

[ ] Yes
[√] No

A.9. Complete the following tables on the Company's treasury stock:

At the end of the financial year:

Number of direct shares	Number of shares Indirect (*)	Total % on share capital
5,493,741		3.24

(*) Through:

Name or company name of the direct holder of the interest	Number of direct shares
No record	

Explain the significant variations occurring during the financial year:

Explain the significant variations
The number of the Company´s treasury shares is due to the purchasing transactions on its own shares that the Company carried out during the 2020 financial year, under their Company´s own shares purchase programme approved by the Board of Directors within the framework of the authorisation granted by the General Shareholders Ordinary Meeting.

A.10. Indicate the terms and conditions of the authorization granted by the General Meeting to the Board of Directors to issue, repurchase or sell treasury stocks.

In accordance to the sixth agreement of the minutes of the company's general meeting held on 6th May 2020:

"1. Rendering null and void the resolution adopted in the General Shareholders' Meeting of 7 May, 2016,regarding non-execution, authorize the Company so that, directly or through any of its subsidiaries, and for a maximum period of five (5) years as from the date of this General Shareholders' Meeting, it may acquire, at any time and as many times as is deemed fit, shares in Global Dominion Access, S.A. through any means permitted by law, including a charge to profits for the period or to unrestricted reserves, all in conformity with Article 146 and concordant provisions of the Corporte Entreprise Act.

2. Rendering null and void the resolution adopted in the General Meeting of 7 May, 2019,regarding non-execution, authorize the Company to sell to any third parties or to subsequently redeem any treasury shares acquired by virtue of this authorization or of previous authorizations granted by the General Shareholders' Meeting, all pursuant to Article 146 and concordant provisions of the Corporte Entreprise Act. Delegate to the Board of Directors the implementation of the resolutions to sell treasury shares held by the Company from time to time.

3. Approve the terms of these acquisitions, which shall be as follows:

(a) The face value of the shares acquired directly or indirectly, added to the shares already held by the acquiring company and its subsidiaries and, if applicable, the parent company and its subsidiaries, may not exceed ten percent (10%) of the share capital of Global Dominion Access, S.A., observing in any event the restrictions imposed on the acquisition of treasury shares by the regulatory authorities of the market in which Global Dominion Access, S.A.'s stock is listed.
(b) The acquisition, including any shares that the company, or a person acting in his or her own name but for the account of the company, has previously acquired and holds, does not cause equity to fall below the amount of share capital plus reserves restricted by law or by the by-laws. To this end, equity shall mean the amount classed as such in accordance with the criteria followed to prepare the Annual Financial Statements, less the amount of profits taken directly to equity, plus the amount of issued uncalled capital and the face value and share premiums of issued capital recognised in liabilities in the accounts.
(c) The acquisition price must not be below the face value or ten percent (10%) above the quoted price of the shares at the acquisition date or, in the case of derivatives, at the date of the contract giving rise to the acquisition. Treasury shares acquisitions shall comply with the rules and practices of stock markets.
(d) A restricted reserve must be recognised in net worth equivalent to the amount of the treasury shares carried as assets. This reserve must remain in equity until the shares are sold.

4. Express authorization is granted so that the shares acquired by Global Dominion Access, S.A. - directly or via its subsidiaries under this authorization - may be handed over fully or partially to the Company's workers, employees or directors, where there is a recognised right, either directly or as a result of the exercise of options held by them, for the purposes of the final paragraph of Article 146, subsection 1(a) of the Corporte Entreprise Act.

5. Reduce share capital in order to redeem treasury shares of Global Dominion Access, S.A. that may be recognised in its balance sheet, charged to profits or unrestricted reserves and in the amount deemed necessary or advisable from time to time, up to the maximum amount of the treasury shares held from time to time.

Delegate to the Board of Directors the implementation of the aforesaid capital reduction resolution, on one or more occasions and within a maximum period of eighteen months as from the date of this General Shareholders' Meeting, including any formalities, steps and authorizations that may be necessary or required by the Corporte Entreprise Act and other applicable regulations. In particular, the Board of Directors shall be authorized so that, within the period and limits indicated for such implementation, it may determine the date or dates of the specific capital reduction or reductions and their timing and advisability, taking into account market conditions, the share price, the Company's financial and economic situation, its cash resources, reserves and evolution, and any other aspect that may influence the decision; specify the amount of the capital reduction; determine the destination of the amount, whether a restricted reserve or unrestricted reserves, providing guarantees, if applicable, and fulfilling legal requirements; adapt Article 6 of the By-laws to reflect the new share capital figure;request the delisting of the redeemed shares and, in general, adopt any resolutions that may be necessary for the purposes of the redemption and resulting capital reduction, designating the persons who may take part in their formalisation."

It should be noted that the directors have prepared an explanatory report for the proposal presented herein.

A.11. Estimated floating capital:

	%
Estimated floating capital	47.71

A.12. Indicate whether there is any restriction (statutory, legislative or otherwise) on the transferability of securities and/or any voting right restriction. In particular, details should be given of the existence of any type of restriction that may make it difficult to take control of the company through the acquisition of its shares on the market, as well as authorization or prior notice arrangements that, on acquisitions or transfers of financial instruments of the company are applicable by sectoral legislation.

[ ] Yes
[√] No

A.13. Indicate whether the General Shareholders' Meeting has resulted in measures to neutralize a takeover bid under Law 6/2007.

[ ] Yes
[√] No

If so, explain the measures approved and the terms under which the restrictions would become ineffective:

A.14. Indicate whether or not the company has issued securities not traded in a regulated market of the European Union.

[ ] Yes
[√] No

If so, indicate the different classes of shares and, for each one, the rights and obligations conferred.

B. ANNUAL GENERAL MEETING

B.1. Indicate whether there are any differences between the quorums for General Meetings and the minimums stipulated in the Corporte Entreprise Act and, if appropriate, explain.

[ ] Yes
[√] No

B.2. Indicate and explain, if appropriate, if there are any differences between the system used for adopting corporate resolutions in the system stipulated in the Corporte Entreprise Act (SCL):

[ ] Yes
[√] No

B.3. State the rules applicable to the amendment of the Company Articles of Association. Specifically, specification of the majority votes provided for the modification of the articles of association as well as, where applicable, the standards provided for the protection of the rights of shareholders in the modification of the articles of association.

Regulations applicable to the modification of the articles of association of the Company are laid down in the Corporate Enterprise Act, and the Articles of Association do not establish majorities that differ from those laid down in regulations nor terms for the safeguard of shareholders' rights other than those set out in the Corporte Entreprise Act.

B.4. Indicate the attendance figures for the General Shareholders' Meetings held during the year referred to in this report and those of previous years:

	Attendance figures				
Date of the General Meeting	% physically present	% represented by proxy	% by remote voting: Electronic voting	% by remote voting: Others	Total
18 April 2018	71.61	10.81	0.00	0.00	82.42
Of which Floating Capital	5.59	3.17	0.00	0.00	8.76
7 May 2019	39.53	28.07	0.00	0.00	67.60
Of which Floating Capital	7.04	9.95	0.00	0.00	16.99
6 May 2020	46.11	22.00	0.00	0.00	68.11
Of which Floating Capital	1.95	9.09	0.00	0.00	11.04

B.5. Indicate whether there has been any item on the agenda of the General Shareholders' Meetings held during the year that, for any reason, was not approved by the shareholders:

[ ] Yes
[√] No

B.6. State whether any restrictions are established in the Articles of Association, requiring a minimum number of shares to attend General Meetings, or for distance voting.

[ ] Yes
[√] No

B.7. Indicate whether or not it has been established that certain decisions, other than those established by Law, involving an acquisition, disposal, contribution of essential assets to another company or other similar corporate operations, must be submitted for the approval of the General Shareholders' Meeting:

[ ] Yes
[√] No

B.8. Indicate the address and means of access to the company website to information on corporate governance and other information on General Meetings to be made available to shareholders via the website of the Company.

The company's website where it is available the information of corporate governance and other information about the General Shareholders Meetings is: https://www.dominion-global.com/es/inversores/gobierno-corporativo.

C.1. Board of Directors

C.1.1 Maximum and minimum number of directors provided for in the articles of association and the number set by the General Meeting:

Maximum number of Directors	15
Minimum number of Directors	5
Number of directors set by the AGM	11

C.1.2 Complete the following table with the Members of the Board of Directors:

Director's name or business name	Representative	Category of the Director	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MR. JUAN MARÍA RIBERAS MERA		Proprietary shareholder	DIRECTOR	18 July 2019	6 May 2020	GENERAL MEETING RESOLUTION
MR. JOSÉ MARÍA BERGARECHE BUSQUET		Independent	DIRECTOR	4 April 2016	6 May 2020	GENERAL MEETING RESOLUTION
MR. ANTONIO MARÍA PRADERA JÁUREGUI		Proprietary shareholder	CHAIR	1 June 1999	6 May 2020	GENERAL MEETING RESOLUTION
MR. JUAN TOMÁS HERNANI BURZACO		Independent	INDEPENDENT COORDINATOR OF THE BOARD	4 April 2016	6 May 2020	GENERAL MEETING RESOLUTION
MRS. AMAYA GOROSTIZA TELLERÍA		Independent	DIRECTOR	4 April 2016	6 May 2020	GENERAL MEETING RESOLUTION
MS. GOIZALDE EGAÑA GARITAGOITIA		Proprietary shareholder	DIRECTOR	4 April 2016	6 May 2020	GENERAL MEETING RESOLUTION
DON JESÚS MARÍA		Other External	DIRECTOR	4 April 2016	6 May 2020	SHAREHOLDERS' MEETING AGREEMENT

Director's name or business name	Representative	Category of the Director	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
HERRERA BARANDIARÁN						SHAREHODERS' GENERAL MEETING
MR. MIKEL BARANDIARÁN LANDÍN		Executive	CHIEF EXECUTIVE OFFICER	13 July 2001	6 May 2020	GENERAL MEETING RESOLUTION
MR. JORGE ÁLVAREZ AGUIRRE		Executive	DIRECTOR	4 April 2016	6 May 2020	GENERAL MEETING RESOLUTION
MS. ARANTZA ESTEFANÍA LARRAÑAGA		Independent	DIRECTOR	6 May 2020	6 May 2020	GENERAL MEETING RESOLUTION
MR. JAVIER DOMINGO DE PAZ		Other External	DIRECTOR	6 May 2020	6 May 2020	GENERAL MEETING RESOLUTION

Total number of directors	11

Indicate any terminations of employment that, due to resignation or by agreement in the general meeting, have occurred in the Board of Directors during the reporting period.

Director's name or business name	Post occupied by the director at the time of termination of employment	Date of last appointment	Date of termination	Specialist committees they were a member of	Indicate whether the termination of employment occurred before the end of term of office.
MR. FERMÍN DEL RÍO SANZ DE ACEDO	Proprietary shareholder	4 April 2016	6 May 2020	Member of the Audit and Control Committee	NO
MR. ALFREDO PÉREZ FERNÁNDEZ	Proprietary shareholder	4 April 2016	6 May 2020	Member of the Strategy and Operations Committee and of the Corporate Social Responsibility Committee	NO
MR. JUAN MARÍA ROMÁN GONÇALVES	Independent	4 April 2016	6 May 2020	Member of the Audit and Control Committee	NO

C.1.3 Complete the following tables on the Board Members and their different category:

EXECUTIVE DIRECTORS		
Director's name or business name	Position in Company's organization	Profil e
MR. MIKEL BARANDIARÁN LANDÍN	CHIEF EXECUTIVE OFFICER	With a degree in industrial engineering, he started his professional career at Robotiker. He joined Global Dominion Access, S.A. In 1999 from ECI Telecom Iberica, S.A.U. Since 2004 he has held the position of CEO of Global Dominion Access, S.A. He has also held the position of chair of the board of directors of various companies in the group.
MR. JORGE ÁLVAREZ AGUIRRE	DIRECTOR	He graduated in Economics from the Universidad de San Pablo CEU (Madrid). He has held the positions of CEO and member of the Board of Directors of Thermal Energy, S.L.U. since 1997. This He joined Global Dominion Access, S.A. in 2013 as CEO of the industrial division. He is a member of various boards of directors of the companies in the industrial division.

Total number of executive directors	2
% over the board total	18.18

EXTERNAL PROPRIETARY DIRECTORS		
Director's name or business name	Name of the significant shareholder represented or that proposed the appointment	Profil e
MR. JUAN MARÍA RIBERAS MERA	ACEK DESARROLLO Y GESTIÓN INDUSTRIAL, S.L.	He holds a degree in Law and a degree in Business and Economics Science from the Universidad Pontificia de Comillas (ICADE E-3), Madrid. In 1992, he started his professional career in the Gonvarri Group in the business development department, and later took on the role of CEO. In 2005, he promoted the founding of ACEK Renewables, an operator in the renewable energy sector with a unique business model, and took on the role of Executive Chair at ACEK Renewables in 2007. In 2010, he was appointed Executive Chair at Gonvarri and Co-chair of the ACEK Corporation, the family holding. Currently, he holds the roles of Co-chair of the family holding, Chair of Gonvarri Industries, Chair of ACEK Renewables, Executive Chair and CEO of GRI Renewable Industries, Director and Vice-chair of Gestamp and is a member of the Board of Directors of CIE Automotive and other companies. Mr Juan María Riberas Mera is also a patron of the Juan XXIII Foundation, an

EXTERNAL PROPRIETARY DIRECTORS		
Director's name or business name	Name of the significant shareholder represented or that proposed the appointment	Profile
		NGO created to improve the quality of life of adults with intellectual disabilities and promote their social integration.
MR. ANTONIO MARÍA PRADERA JÁUREGUI	MR. ANTONIO MARÍA PRADERA JÁUREGUI	He holds a degree in Civil Engineering from the Universidad Politécnica, Madrid. In 1979 he started his career as the director of the Banco Bilbao, where he remained until 1985. In 1988 he was appointed executive director of Nerisa Global, S.L., remaining there until 1993 when he moved to SEAT as the director of Strategy. He played an important part in the creation of INSSEC in 1995, and was CEO until 2010. Executive Chair of CIE Automotive, S.A. from 2002 until 2017, where he had duties in Strategic Management and Financial Design. As of May 2015, he has been a director of Tubacex, S.A. and, since June 2015, a director of Corporación Financiera Alba, S.A.
MS. GOIZALDE EGAÑA GARITAGOITIA	ELIDOZA PROMOCIÓN DE EMPRESAS, S.L.	She holds a degree in Business Management and Economics from the Universidad de Deusto in San Sebastian, where she went on to take a postgraduate course in "Business Competitiveness and Regional Development" and an "Executive Program in Financial Management". She started her career in 1989 in the Department of Finance at CIBENSA (Compañía Ibérica de Encuadernaciones S.A.) and went on to form part of the team of auditors of Attest Consulting (1990-1992). She was a member of the board of directors of INSSEC, and is currently a director of CIE Automotive, S.A.

Total number of proprietary directors	3
% over the board total	27.27

EXTERNAL INDEPENDENT DIRECTORS	
Director's name or business name	Profile
MR. JOSÉ MARÍA BERGARECHE BUSQUET	He holds a degree in Law and Business Administration from the Universidad de Deusto. His professional career commenced at "El Correo Español - El Pueblo Vasco", from where he developed the Correo Group (Vocento), first as General Manager and then as CEO. Furthermore, he has been a Director at Telecinco, Banco Guipuzcoano and Zeltia during his career. Currently, he holds the Chair of Diana Capital and El Diario Vasco. He is a director of El Correo and IMQ Seguros.
MR. JUAN TOMÁS HERNANI BURZACO	He holds a degree in Industrial Engineering from the Escuela de Ingenieros de Bilbao, and a degree in Business Administration from the Universidad del País Vasco and a Master's Degree in Science (advanced manufacturing) from the Cranfield Institute of Technology. He has carried out, over more than 30 years, various

EXTERNAL INDEPENDENT DIRECTORS	
Director's name or business name	Profile
	functions in the public sector and in the private sphere. He is currently CEO at Satlantis Microsats, S.L.
MRS. AMAYA GOROSTIZA TELLERÍA	Ms. Amaya Gorostiza Telleria has broad experience managing industrial and service companies. Currently, he holds the chair of Sociedad Deportiva Eibar, S.A.D., and is a member of the Board of Directors of Igualatorio Médico Quirúrgico, S.A. de Seguros Y Reaseguros and of ENCE Energía y Celulosa, S.A.
MS. ARANTZA ESTEFANÍA LARRAÑAGA	Ms Arantza Estefanía Larrañaga is a lawyer and her professional practice has focused on the procedural and daily advice areas, both in the civil and criminal legal systems (in particular, on the subject of compliance). She developed her professional career at Uría Menéndez up until January 2019, notably where she was managing partner of the Bilbao office for a large part of her career. Furthermore, at an organisational level, she was a member of the Board of Directors, of the Professional Practice Management Committee and of the Criminal Risk Prevention Committee and also performed the role of Manager of the Procedural, Public, Arbitration and Criminal Law Practice Department of the Company. In addition to her professional career, she was a teacher attached to the Civil Law Department of the University of Deusto and, since May 2019, has formed part of the group of experts of the Economic and Social Council of the Basque Country, a consultative body of the Basque Government and Parliament, and has also been Chair of its Economic Committee since December 2019. At company level, notable is the work she has carried out as the secretary of the Board of Directors of entities (currently that of Bilbao Exhibition Centre, S.A.), and also as member of the Board of Directors of Repsol, S.A., as an independent director, and is a member of its Nomination Committee and its Sustainability Committee as chair. She has been appointed on several occasions as Judge for the Court of Arbitration of the Bilbao Chamber of Commerce.

Total number of independent Directors	4
% over the board total	36.36

Indicate whether any director qualified as an independent receives from the company or its group, any amount or benefit for a concept other than of remuneration, or maintains or has maintained during the last year, a business relationship with the company or any group company, either on their own behalf or as a significant shareholder, director or senior manager of a company that has or had such a relationship.

If so, a reasoned statement of the board on the reasons why it considers that the Director can perform its functions as an independent Director should be included.

Director's name or business name	Description of the relationship	Reasoned statement
No record		

OTHER EXTERNAL DIRECTORS			
Identify all other external directors and explain why these cannot be considered proprietary or independent directors and detail their relationships with the company, its executives or shareholders:			
Director's name or business name	Reasons	Company, director or shareholder with whom the connection is maintained.	Profile
MR. JESÚS MARÍA HERRERA BARANDIARÁN	In accordance with article 529 duodecies of the LSC, sections 3 and 4, she cannot be considered a proprietary nor independent director (due to having been employees or executive directors of companies of the group), nor executive, therefore must be considered as belonging to the other external director category.	ACEK DESARROLLO Y GESTIÓN INDUSTRIAL, S.L.	He holds a degree in Business Management and Economics from the Universidad del País Vasco (Basque Country), with a Master in Euroforum Internationalisation. He joined CIE Automotive S.A. in 1991 as the Financial Director and HR Director at CIE Orbelan. In 1995 he was appointed deputy manager and, in 1998, he became the General Manager of the company. In 2000 he took charge of CIE Brasil, and then CIE Plasfil, Plásticos Da Figueira, S.A. in 2002. That same year he was appointed global director of CIE Plástico until 2005 when he became the general manager of CIE América. As of 2010, he has been the CEO of Autometal S.A. In 2011 he was appointed director of operations for the entire group, although a year later he took up the position of general manager of CIE Automotive, S.A. In 2013 the Board of Directors appointed him CEO of CIE Automotive, S.A.
MR. JAVIER DOMINGO DE PAZ	Due to her work as a partner of the audit firm that has been auditing the Company and its group over recent years.	GLOBAL DOMINION ACCESS, S.A.	Mr Javier Domingo de Paz is a graduate in Economic and Business Sciences from the University of Deusto. He developed his professional career as an accounts auditor up to 30 June 2017 at the auditing firm known as PwC (formerly Price Waterhouse), which he joined in 1981, and where he became a partner in July 1995. He has been a member

OTHER EXTERNAL DIRECTORS			
Identify all other external directors and explain why these cannot be considered proprietary or independent directors and detail their relationships with the company, its executives or shareholders:			
Director's name or business name	Reasons	Company, director or shareholder with whom the connection is maintained.	Profile
			of the Institute of Certified Public Accountants since 1983 and a member of the Accounts Auditors Official Register (ROAC) since 1989 (currently not practising). As a result of his professional work, he has extensive experience in industrial and service companies and in large groups, with headquarters in Spain and abroad, many of these listed, and has acquired extensive experience in regulated environments and in the coordination of multidisciplinary and international teams (Brazil, Mexico, Argentina, Germany, India and the USA, among others). As a teacher, he has carried out his activity as an advanced accounting and auditing teacher at the faculty of Economic and Business Sciences at the University of Deusto (La Comercial). Due to her work as a partner of the audit firm that has been auditing the Company and its group over recent years.

Total number of other external directors	2
% over the board total	18.18

Indicate any variations during the year in the type of each Director:

Director's name or business name	Date of change	Former category	Current category
MR. JESÚS MARÍA HERRERA BARANDIARÁN	6 May 2020	Proprietary shareholder	Other External

C.1.4 Complete the following table with information regarding the number of female directors over the last four financial years, and their category:

	Number of female directors				% over each category of directors			
	Financial year 2020	Financial year 2019	Financial year 2018	Financial year 2017	Financial year 2020	Financial year 2019	Financial year 2018	Financial year 2017
Executive					0.00	0.00	0.00	0.00
Proprietary	1	1	1	1	33.33	16.67	16.67	25.00
Independent	2	1	1	1	50.00	25.00	25.00	25.00
Other External					0.00	0.00	0.00	0.00
Total	3	2	2	2	27.27	16.67	16.67	16.67

C.1.5 Indicate whether or not the company has diversity policies in relation to its board of directors with regard to matters such as age, gender, disability, or professional training and experience. Small and medium-sized entities, in accordance with the definition set out in the Account Auditing Law, must at least provide information on the policy they have established with regard to gender diversity.

[ ] Ye
[ ] s
[√] No
Partial policies

If the answer is yes, then describe these diversity policies, their objectives, the measures and the way in which they have been applied, and their results in the financial year. The specific measures adopted by the board of directors and the appointment and remuneration committee to achieve a balanced and diverse mix of directors should also be indicated.

If the company does not apply a diversity policy, then explain the reasons why it does not do so.

Description of the policies, objectives, measures and manner in which they have been applied, as well as the results obtained

In the exercising of its functions, the Nomination and Remunerations Committee formulates its proposals to ensure that the persons taken into consideration can meet the conditions and capacities necessary for the position, so the candidate selection procedure does not suffer any implicit bias that could hinder the selection of people according to their age, sex, religion or any other similar circumstances, and so that a composition of the Board of Directors is achieved that combines a diversity of backgrounds and contexts (and, therefore, points of view that enrich the debate) with previous experience in the areas relating to the functions of the position. In this regard, the Nomination and Remunerations committee has been considering the desirability of appointing new independent directors from the professional private sector, and who would have extensive knowledge and experience in specific competence areas: namely legal and accounting – as the business, financial and technological areas are considered to be already covered. This has a double purpose for the Committee; on the one hand, to increase the ratio of independent directors with respect to the other external directors and, on the other, to diversify the backgrounds of the members of the Board of Directors, thus contributing new points of view to the debate and an expert view on two areas that are considered key in the running and functioning of a company. For all these reasons, the General Meeting after the prior proposal by the Board and the Nomination and Remunerations Committee has agreed to appoint Ms Arantza Estefanía Larrañaga as an independent director and Mr Javier Domingo de Paz as a director of the Company in the category of "Other External Directors". In this way, the percentage of both independent directors with respect to the total has been increased and the number of female directors has also been increased.

C.1.6 Explain the measures taken, if applicable, by the appointment committee to ensure that the selection processes are not subject to implicit bias against the selection of female directors, and that the company is making a conscious effort to seek and include women who meet the required professional profile among potential candidates, thereby making it possible to achieve a balanced presence of men and women. Also indicate if, among other measures, the company is promoting having a significant number of senior female managers:

Explanation of the measures

The Nomination and Remuneration Committee must ensure and ensures that people of both sexes who possess the qualifications and ability required for the position are taken into consideration. For this reason, during the 2020 financial year, the General Meeting after the prior proposal by the Board and the Nomination and Remunerations Committee agreed to appoint Ms Arantza Estefanía Larrañaga as an independent director, which has increased the percentage of female directors.

When, despite the measures that have been taken, where appropriate, the number of female directors or senior managers are few or none, explain the reasons justifying this:

Explanation of reasons

N/A

C.1.7 Explain the conclusions of the Nomination Committee on the verification of compliance of the policy aimed at promoting an appropriate composition of the board of directors.

The Nomination and Remunerations committee has concluded that, the reduction of the number of members of the Board of Directors and the appointment of Ms Arantza Estefanía Larrañaga as an independent director, has led to significant increase in the percentage of female directors, from 16.6% to 27.27%. Bearing in mind that the 30% of female directors on the Board of Directors has still not been met, the Nomination and Remunerations Committee has concluded that, when there are vacancies - which does not happen often - the corresponding parties will be urged to favour the selection of female directors until the target is met.

C.1.8 Explain why proprietary directors have been appointed at the request of shareholders with less than 3% interest in the Company, if appropriate:

Name or company name of shareholder	Rationale
No record	

Indicate whether any formal requests for a presence on the Board have not been met from shareholders with an interest equal to or greater than that of others at whose request proprietary directors have been appointed. If appropriate, explain why such requests were turned down.

[ ] Yes
[√] No

C.1.9 Specify, if any, the powers and authority delegated by the board of directors to board members or board committees:

Name or company name of the member of the board or committee	Brief description
MIKEL BARANDIARÁN LANDÍN	All the Board of Directors' functions have been delegated to the CEO, barring those that may not be delegated.

C.1.10 Identify, where applicable, those members of the board who also hold positions as directors, representatives of directors or executives in other companies that are part of the group of the listed company:

Director's name or business name	Corporate name of the group entity	Position	Executive functions?
MR. MIKEL BARANDIARÁN LANDÍN	Mexicana de Electrónica Industrial S.A. de C.V.	DIRECTOR	NO
MR. MIKEL BARANDIARÁN LANDÍN	Dominion Industry Mexico S.A. de C.V.	DIRECTOR	NO
MR. MIKEL BARANDIARÁN LANDÍN	Dominion Smart Innovation, S.A. de C.V.	DIRECTOR	NO
MR. MIKEL BARANDIARÁN LANDÍN	Dominion Steelcon A/S	DIRECTOR	NO
MR. MIKEL BARANDIARÁN LANDÍN	Amplifica México, S.A. de C.V.	DIRECTOR	NO
MR. MIKEL BARANDIARÁN LANDÍN	Chimneys and Refractories International. S.R.L.	DIRECTOR	NO
MR. MIKEL BARANDIARÁN LANDÍN	Dominion Arabia Industry LLC	DIRECTOR	NO
MR. MIKEL BARANDIARÁN LANDÍN	Dominion Perú Soluciones y Servicios, S.A.C.	General Manager on behalf of Global Dominion Access S.A.:	NO
MR. MIKEL BARANDIARÁN LANDÍN	Dominion Global France	DIRECTOR	NO
MR. MIKEL BARANDIARÁN LANDÍN	Smarthouse Spain, S.A.U.	Physical representative of the sole director	YES
MR. MIKEL BARANDIARÁN LANDÍN	Bilcan Global Services, S.L.U.	Physical representative of the sole director	YES
MR. MIKEL BARANDIARÁN LANDÍN	Dominion Industry & Infraestructures, S.L.	Physical representative of the sole director	YES

Director's name or business name	Corporate name of the group entity	Position	Executive functions?
MR. MIKEL BARANDIARÁN LANDÍN	The Phone House Spain, S.L.U.	Physical representative of the sole director	YES
MR. MIKEL BARANDIARÁN LANDÍN	Dominion Centro de Control, S.L.U.	Physical representative of the sole director	YES
MR. MIKEL BARANDIARÁN LANDÍN	Connected World Services Europe, S.L.U.	Physical representative of the sole director	YES
MR. MIKEL BARANDIARÁN LANDÍN	The Telecom Boutique, S.L.	Physical representative of the sole director	YES
MR. MIKEL BARANDIARÁN LANDÍN	Dominion Energy, S.L.U.	CHAIR	NO
MR. MIKEL BARANDIARÁN LANDÍN	Dominion Investigación y Desarrollo, S.L.U.	Physical representative of the sole director	YES
MR. MIKEL BARANDIARÁN LANDÍN	Abside Smart Financial Technologies, S.L.	CHAIR	NO
MR. MIKEL BARANDIARÁN LANDÍN	Bas Projects Corporation, S.L.	CHAIR	YES
MR. JORGE ÁLVAREZ AGUIRRE	Karrena Beonanlagen U. Fahrmischer GmbH	CHIEF EXECUTIVE OFFICER	YES
MR. JORGE ÁLVAREZ AGUIRRE	Beroa Technology Group, GmbH	CHIEF EXECUTIVE OFFICER	YES
MR. JORGE ÁLVAREZ AGUIRRE	Dominion Deutschland, GmbH	CHAIR	NO
MR. JORGE ÁLVAREZ AGUIRRE	Dominion Engineering & Construction, LTD	MANAGER	NO
MR. JORGE ÁLVAREZ AGUIRRE	Commonwealth Constructors, INC	DIRECTOR	NO
MR. JORGE ÁLVAREZ AGUIRRE	ICC Commonwealth Corporation	DIRECTOR	NO
MR. JORGE ÁLVAREZ AGUIRRE	Dominion Arabia Industry LLC	CHAIR	NO
MR. JORGE ÁLVAREZ AGUIRRE	Dominion Steelcon A/S	CHAIR	NO
MR. JORGE ÁLVAREZ AGUIRRE	Dominion Industry Mexico S.A. de C.V.	DIRECTOR	NO

Director's name or business name	Corporate name of the group entity	Position	Executive functions?
MR. JORGE ÁLVAREZ AGUIRRE	Dominion Global Pty LTD	DIRECTOR	NO
MR. JORGE ÁLVAREZ AGUIRRE	Beroa Refractory and Insulation Ltd	CHAIR	NO
MR. JORGE ÁLVAREZ AGUIRRE	Chimneys and Refractories International. S.R.L.	CHAIR	NO
MR. JORGE ÁLVAREZ AGUIRRE	Beroa Abu Obaid Industrial Company Co WLL	CHAIR	NO
MR. JORGE ÁLVAREZ AGUIRRE	Karrena Arabia Co. Ltd	CHAIR	NO
MR. JORGE ÁLVAREZ AGUIRRE	Dominion Global France	CHAIR	NO
MR. JORGE ÁLVAREZ AGUIRRE	Karrena Cooling System, INC	DIRECTOR	NO
MR. JORGE ÁLVAREZ AGUIRRE	Beroa International Co. Ltda	CHAIR	NO
MR. JORGE ÁLVAREZ AGUIRRE	Beroa Nexus Company LLC	CHAIR	NO
MR. JORGE ÁLVAREZ AGUIRRE	Bygging India Limited	DIRECTOR	NO

C.1.11 List any company directors or representatives of legal entity directors, if any, who are also members of the boards of directors or representatives of legal entity directors of other non-group companies that are listed on regulated markets, insofar as these have been disclosed to the company:

Director's name or business name	Company name of listed company	Position
MR. JUAN MARÍA RIBERAS MERA	CIE AUTOMOTIVE, S.A.	DIRECTOR
MR. JUAN MARÍA RIBERAS MERA	GESTAMP AUTOMOCIÓN, S.A.	DIRECTOR
MR. ANTONIO MARÍA PRADERA JÁUREGUI	TUBACEX, S.A.	DIRECTOR
MR. ANTONIO MARÍA PRADERA JÁUREGUI	CIE AUTOMOTIVE, S.A.	CHAIR
MRS. AMAYA GOROSTIZA TELLERÍA	ENCE ENERGIA Y CELULOSA, S.A.	DIRECTOR
MS. GOIZALDE EGAÑA GARITAGOITIA	CIE AUTOMOTIVE, S.A.	VICE-CHAIR
MR. JESÚS MARÍA HERRERA BARANDIARÁN	CIE AUTOMOTIVE, S.A.	CHIEF EXECUTIVE OFFICER

Director's name or business name	Company name of listed company	Position
MS. ARANTZA ESTEFANÍA LARRAÑAGA	CIE AUTOMOTIVE, S.A.	DIRECTOR
MS. ARANTZA ESTEFANÍA LARRAÑAGA	REPSOL, S.A.	DIRECTOR
MR. ANTONIO MARÍA PRADERA JÁUREGUI	CORPORACION FINANCIERA ALBA, S.A.	DIRECTOR

C.1.12 Indicate and, where appropriate, explain whether the company has established rules regarding the maximum number of company boards on which its Directors may sit and indicate where this is regulated, if applicable:

[ ] Yes
[√] No

C.1.13 Indicate the amounts of the concepts relating to the total remuneration of the board of directors, as follows:

Remuneration to the board of directors during the financial year (thousands of euros)	1,384
Amount of the global remuneration corresponding to the benefits accrued by current directors on pensions (thousands of euros)	
Amount of the global remuneration corresponding to the benefits accrued by the former directors on pensions (thousands of euros)	

1. The amount of EUR 1,384 thousand includes (i) both an amount of EUR 8 thousand for CEO pensions (ii) and an amount of EUR 6 thousand that is identified below.

2. As regards life insurance premium payments, the group has taken out insurance policies for the CEO covering death and permanent disability, amounting to the annual payment of EUR 6 thousand in 2020.

3. Additionally and also as indicated in section D3, in 2014 a credit was granted to the CEO for EUR 1,500 thousand, of which EUR 768 thousand were repaid during the financial year of 2017.

C.1.14 List the members of senior management who are not executive directors and show the total compensation earned by them during the year:

Name or company name	Position/s
MS. CARMEN GÓMEZ MAYOR	HEAD OF HUMAN RESOURCES
MR. FRANCISCO JOSÉ RIONEGRO LORENZO	HEAD OF THE 360º DIVISION
MR FERNANDO URRUTIA COBALEDA	HEAD OF COMMERCIAL SERVICES
MR. JORGE ÁLVAREZ AGUIRRE	HEAD OF DOMINION E&C
MR. MIKEL URIARTE ALBAINA	FINANCE DIRECTOR
MR. ROBERTO TOBILLAS ANGULO	CEO AND HEAD OF THE RENEWABLE ENERGIES DIVISION
MR GERMÁN PRADERA LANZA	HEAD OF THE MULTI-TECHNICAL SERVICES DIVISION

Name or company name	Position/s
MRS SUSANA ÁLVAREZ NIETO	HEAD OF THE B2C DIVISION

Number of women in senior management	2
Percentage of the total members of senior management	25.00

Total senior management remuneration (thousands of euros)	2,047

During FY 2020, an outlay of EUR 21 thousand was made as defined pension contribution plans or funds and life insurances taken out for the senior management members. Likewise, the corporate Group has health insurance polices taken out that amounted to an annual payment of EUR 10 thousand in the year 2020. The above amounts have been included in the total remuneration indicated in this section.

C.1.15 Indicate if any modification was made to the Board's regulations during the financial year:

[ ] Yes
[√] No

C.1.16 Indicate the procedures for the selection, appointment, reappointment, assessment and dismissal of directors. Describe the competent bodies, procedures to be followed and the criteria applied in each of the procedures.

The appointment of the Members of the Board of Directors corresponds to the Company's general meeting, notwithstanding the Board's power to appoint members by cooptation in the event of vacancies arising.

To this regard, Article 35 of the Articles of Association states:

"1. The Board of Directors shall be formed by a number of members being no less than five nor greater than fifteen as established by the General Meeting .

2. The General Meeting shall establish the number of Directors. To this end, the number shall be determined directly by means of a specific resolution or indirectly by creating vacancies or appointing new Directors, within the maximum limit stated in the preceding subsection.

3. The Board of Directors, while exercising its powers to submit proposals to the GENERAL MEETING and to fill vacancies by co-optation, must seek to ensure, whenever possible, that the external or non-executive directors form a majority with respect to the executive directors and that the number of independent directors accounts for at least one third of the total number of Board members. Moreover, the number of executive directors must reach the necessary minimum, taking into account the complexity of the group of companies and the interest held by the executive directors in the Company's capital.

4. This shall be without prejudice to the proportional representation right held by shareholders in accordance with applicable legislation.

5. The definition of the different types of Directors will be established by the regulations in force applicable to the Company.

6. The nature of each Director shall be explained by the Board of Directors to the GENERAL MEETING that must appoint or ratify the appointment of the director. In the event that some non-executive director can be deemed neither proprietary nor independent, the Company should disclose this circumstance and the links that person maintains with the Company or its senior officers, or its shareholders.

7. Should the Chair of the Board of Directors be an executive director, the Board shall necessarily appoint a Coordinating Director (the executive directors abstaining) from among the independent directors, who shall be specifically empowered to:
(i) Request that the Chair of the Board of Directors convenes this body when deemed convenient.
(ii) Request items to be included in the Board of Administration meeting agenda;
(iii) Co-ordinate and inform on the concerns and opinions of non-executive Directors;
(iv) Lead the appraisal of the President of the Board of Directors;
(v) Chair the Board of Directors in the absence of the President and deputy-presidents;
(vi) Maintain contact with investors and shareholders to learn their points of view to have an opinion on their concerns, when this is agreed by the Board of Directors; and
(vii) Coordinate the Chair's succession plan.

8. Should the Chair of the Board of Directors not be an executive director, the Board may also appoint an independent Coordinating Director as stipulated in subsection 7 above."

Additionally, Article 22 of the Board Regulations states the following:

"1. Directors shall be designated by the GENERAL MEETING or by the Board of Directors as stipulated by law.

2. Proposals for the appointment and re-election of Board members that the Board submits to the General Meeting and appointment decisions adopted by the Board of Directors by virtue of the co-optation powers legally attributed to it shall be preceded by the relevant proposal from the Nomination and Remuneration Committee, in the case of independent directors, or by a report from that committee, in the case of other Directors. When the Board deviates from the report issued by the Nomination and Remuneration Committee it shall have to justify the reasons for its conduct and record its reasons in the minutes.

3. The proposals and reports by the Nomination and Remuneration Committee shall have to expressly assess the trustworthiness, suitability, solvency, competence, qualifications, training, availability and commitment of the candidates with their function. To this end, the Nomination and Remuneration Committee shall determine the estimated time required, the number of hours per year, for the non-executive Directors, recording this information in the corresponding report or proposal.
4. The Nomination and Remuneration Committee shall propose or report in each case the director's assignment to one of the categories envisaged in these Regulations and shall review it annually.
5. When a new Director is appointed, he or she shall follow an orientation programme for new directors in order to rapidly gain sufficient insight into the Company and its corporate governance rules."

C.1.17 Explain to what extent the annual assessment by the Board has given rise to important changes in internal organisation and to the procedures applicable to its activities:

Description of modifications

In view of the results of the annual assessment by the Board of Directors, it has not been necessary to make significant changes in its internal organisation and to the procedures applicable to its activities.

Describe the assessment process and the areas assessed by the board of directors assisted, where appropriate, by an external consultant, regarding the performance and structure of the board and its committees and any other area or aspect that has been subject to assessment.

Description of the assessment process and the areas

For the 2020 assessment, no assistance from an external consultant was relied on, it was carried out internally. In this regard, the assessment was carried out on the basis of individual questionnaires completed by each one of the directors, which considered different aspects of the composition and functioning of the Board of Directors and the committees, as well as on individual interviews with the chairs of the Board of Directors. Subsequently, the conclusions of the annual assessment were brought before the full Board of Directors so that it, or the Nomination and Remunerations Committee, could evaluate the need to adapt corrective measures or propose improvement actions.

C.1.18 Breakdown, for those financial years in which the assessment was made with the assistance of an external consultant, of the business relationships that the consultant or any group company may have maintained with the company or any group company.

For the 2020 assessment, no assistance from an external consultant was relied on.

C.1.19 Indicate cases in which Directors are obliged to resign.

Article 25 of the Board Regulations states the following:

"1. The Directors, or any Director, shall leave office as stipulated in legislation applicable at each specific moment.

2. The Directors shall place their office at the disposal of the Board of Directors and formalise their resignation, should the Board deem it fit, in the following cases:

(a) In the case of a Proprietary Director, when the Director or the shareholder represented transfers their shares in the Company.

(b) In the case of an executive director, whenever the Board deems fit and, in any event, when the director ceases to hold the executive post in the Company and/or Group companies.

(c) When they are disqualified on the grounds of conflict of interest or any other legal grounds.

(d) When indicted for any presumed crime or when subjected to disciplinary measures for serious or very serious breach determined by supervising authorities.

(e) Chief Executive Officers shall leave office at 65 years of age but may continue to be Directors, without affecting the provisions of letter b) above.

(f) When seriously reprimanded by the Board of Directors for failing to discharge their obligations as Directors, following a report from the Audit and Compliance Committee.

(g) When their continued Board membership could jeopardise or harm the Company's interests, credit or reputation, or the reasons for which they were appointed no longer apply.

3. In the event that a Director leaves office before the end of his or her term of office by resigning or for any other reason, the reasons shall be explained in a letter sent to all the Board members and included in the annual corporate governance report.

4. The Board of Directors may only propose the removal of an independent director before the end of the period stipulated in the By-laws when the Board considers there is just cause. In particular, just cause shall be deemed to exist when the Director has failed to observe the duties of office or should any of the ex post facto circumstances described in the definition of an independent director in applicable regulations or, failing this, in good corporate governance regulations applicable to the Company from time to time arise.

C.1.20 Are reinforced majorities required, other than those legally stipulated, for any kind of decision?:

[ ] Yes
[√] No

Describe the differences, as applicable.

C.1.21 State whether there are specific requirements, other than those relating to directors, for appointment as Chair of the Board of Directors:

[ ] Yes
[√] No

C.1.22 State whether the Articles of Association or the Board Regulations set any age limit for Directors:

[√] Yes
[ ] No

	Age limit
Chair	N.A.
Chief Executive Officer	65
Director	N.A.

C.1.23 Indicate whether the Articles of Association or the rules of the board of directors set a limited term of office or other stricter requirements that are addition to those legally provided for independent directors, other than the term established in the regulations.

[ ] Yes
[√] No

C.1.24 Indicate whether the Bylaws or board regulations stipulate specific rules on appointing a proxy to the board in favour of other directors, the procedures thereof and, in particular, the maximum number of proxy appointments a director may hold. Also indicate whether any limitation has been set forth regarding the right delegating conditions beyond the limitations established by law. If applicable, briefly detail these rules.

Article 41.2 of the Articles of Association states:

"Representation shall be granted in writing, necessarily to another Director, including precise voting instructions whenever possible and as a special proxy for each meeting, informing the Chair accordingly. In particular, non-executive Directors may only be represented by another non-executive Director."

C.1.25 Indicate the number of meetings held by the Board of Directors over the course of the financial year. Also indicate any meetings that were held in the absence of the Chair. In computing, the representations made with specific instructions will be considered attendances.

Number of Board meetings	6
Number of Board meetings without the Chair	0

Indicate the number of meetings held by the coordination director with the rest of the directors, without the assistance or representation of any executive director:

Number of meetings	0

Indicate the number of meetings held during the year by the various Board Committees:

Number of meetings of the Audit and Compliance Committee	5
Number of meetings of the Appointment and Remunerations Committee	3
Number of meetings of the Corporate Social Responsibility Committee	2

C.1.26 State the number of meetings held by the Board of Directors during the financial year and the attendance details of its members:

The number of meetings physically attended by at least 80% of the directors.	6

% of in-person attendance compared with the total votes cast during the year	100.00
Number of meetings with the attendance either in person or by proxy with specific instructions, of all directors.	6
% of votes issued with attendance in person or by proxy with specific instructions, over the total number of votes cast during the year.	100.00

C.1.27 Indicate whether the individual and consolidated Annual Financial Statements presented to the Board for creation were previously certified:

[ ] Yes
[√] No

If appropriate, name the person(s) who certify the Company's individual or consolidated Annual Financial Statements before they are approved by the Board:

C.1.28 Explain, if there are any, the mechanisms established by the Board of Directors so that the annual accounts that the Board of Directors present to the general shareholders meeting are prepared in compliance with accounting regulations.

Article 16 of the Board of Directors Regulations entrusts the Audit and Compliance Committee with the monitoring of the auditing process of the company's and its group's accounts, as well as supervising the preparation process and the integrity of the financial information relating to the Company and, as applicable, to the Group. It reviews compliance with the regulatory requirements, the proper delimitation of the scope of consolidation and the correct application of the accounting criteria, to ensure that the annual accounts that the Board of Directors presents to the General Shareholders Meeting are prepared in compliance with accounting regulations.

C.1.29 Is the Secretary of the Board a Director? :

[ ] Yes
[√] No

If the Secretary does not hold the condition of Director, complete the following table:

Name or corporate name of secretary	Representative
MR. JOSÉ RAMÓN BERECIBAR MUTIOZÁBAL	

C.1.30 Describe the mechanisms, if any, established by the Company to safeguard the independence of external auditors, financial analysts, investment banks and rating agencies, including how the legal provisions have been implemented in practice.

Article 16 of the Board Regulations, in the description of the Audit and Compliance Committee's functions, reserves the following functions for this committee:

"Establish an appropriate relationship with the auditors to receive information on matters that could undermine their independence, for examination by the Audit and Compliance Committee, and any other matters relating to the audit process, as well as the other communications stipulated in audit legislation and in other audit standards. In any event, the Committee shall receive an annual declaration of independence from the auditors with respect to the Company or entities related directly or indirectly to it, as well as information on additional services of any kind provided to these entities by the auditors or by persons or entities related to the auditors, pursuant to audit legislation.

Issue an annual report, prior to the audit report, expressing an opinion on the auditors' independence. This report shall contain, in any event, an assessment of the provision of the additional services referred to in the previous point, addressed individually and as a whole, other than the statutory audit and in connection with the independence regime or with audit regulations.

Monitoring the independence of the external auditor, to which end: (i) that the Company informs the Spanish National Securities Market Commission of the change of auditor, as a significant event, accompanied by a statement on any discrepancies with the outgoing auditor, including the reasons, if applicable; (ii) that assurance is obtained that the Company and the auditor observe applicable regulations on the provision of non-audit services and, in general, other regulations designed to assure auditors' independence; and (iii) that the circumstances giving rise to the external auditor's resignation are examined."

C.1.31 Indicate whether or not the Company has changed its external auditor during the year. If so, name the outgoing and incoming auditor:

[ ] Yes
[√] No

If the Company had any disagreements with the outgoing auditor, indicate their content:

[ ] Yes
[√] No

C.1.32 Indicate whether or not the audit firm does any work for the Company and/or its Group other than auditing and, if so, indicate the amount of the fees received for such work and the percentage that this amount represents of the total fees invoiced for auditing work to the Company and/or its group:

[√] Yes
[ ] No

	Company	Group Companies	Total
Amount for services other than auditing (thousands of euros)	28	107	135
Amount of work other than standard audit work/amount for work of the audit firm (in %)	2.63	10.08	12.71

C.1.33 Indicate whether the audit report for the annual accounts for the preceding financial year contain any qualifications. If so, indicate the reasons given by the shareholders during their General Shareholders Meeting by the Chair of the Audit Committee to explain the content and scope of those qualifications.

[ ] Yes
[√] No

C.1.34 State the number of periods that the current audit firm has, without interruption, performed the audit of the company's individual and/or consolidated Annual Financial Statements. Indicate the number of periods audited by the current auditing firm as a percentage of the periods in which the Annual Financial Statements have been audited:

	Individual Projects	Consolidated
Number of consecutive years	22	22

	Individual Projects	Consolidated
Number of years audited by the present audit firm / number of years the company or its group have been audited (%)	100.00	100.00

C.1.35 Indicate, providing details as necessary, if there is an established procedure for Directors to obtain any information they may need to prepare for the Meetings of the governing bodies sufficiently in advance:

[√] Yes
[ ] No

Procedure detail

In accordance with article 19 of the Regulations applicable to the Board of Directors, the convening of ordinary sessions shall take place according to the notice period indicated in the Articles of Association and shall always include the session agenda and, as far as possible, shall include relevant information.

Likewise, article 27 of the Regulations applicable to the Board of Directors indicates that a Board Member can request information that is reasonably required on the Company provided that this is necessary for discharging their functions.

Furthermore, article 28 of the Regulations applicable to the Board of Directors provides that in order to obtain assistance when carrying out their duties, any Board Member can request the hiring, charged to the Company, of legal, accounting, financial, technical, commercial or other experts if considered necessary to adequately perform their duties. The request must necessarily involve specific issues of particular complexity.

C.1.36 Indicate, providing details if appropriate, if the Company has established rules requiring directors to report and, if necessary, resign when situations arise that affect them, related or not with their activity in the company, that could be detrimental to its reputation:

[√] Yes
[ ] No

Explain the rules

Article 25.2. (g) of the Board Regulations requires the directors to place their office at the disposal of the Board of Directors when "their continued Board membership could jeopardise or harm the Company's interests, credit or reputation, or the reasons for which they were appointed no longer apply".

C.1.37 Indicate, except in exceptional circumstances that have been recorded in the minutes, if the board has been informed or found out in another way of a situation that affects a director, related or not with their activity in the company, that could be detrimental to its reputation:

[ ] Yes
[√] No

C.1.38 Detail significant agreements entered into by the company and which come into force, are amended or terminated in the event of change of control of the company following a takeover bid, and its effects.

N.A.

C.1.39 Identify, on an individual basis with reference to Board Members, and in aggregate terms in the rest of cases and indicate in a detailed way, the agreements between the Company and its administrators and management or employees that provide for compensation, guarantee or golden parachute clauses, in the event of resignation or unfair dismissal or in the case that an contractual relationship were terminated due to a takeover bid or other type of operation.

Number of beneficiaries	1
Type of beneficiary	Description of the agreement:
Chief Executive Officer	Chief executive officer contract with a term of early retirement compensation that adjusts to the quantitative criteria provided in recommendation 64.

Indicate whether, beyond the premises provided for by regulations, these contracts must be reported and / or approved by the bodies of the company or its group. If affirmative, specify the procedures, premises foreseen and the nature of the bodies responsible for their approval or for performing communication:

	Board of Directors	Annual General Meeting
Body authorizing clauses	√	

	Yes	No
Is the General Meeting reported about the clauses?		√

C.2. Committees of the Board of Directors

C.2.1 Give details of all the board committees, their members and the proportion of executive, proprietary, independent and other external directors:

Audit and Compliance Committee		
Name	Position	Category
MR. JOSÉ MARÍA BERGARECHE BUSQUET	BOARD MEMBER	Independent
MR. JUAN TOMÁS HERNANI BURZACO	BOARD MEMBER	Independent

Audit and Compliance Committee		
Name	**Position**	**Category**
MRS. AMAYA GOROSTIZA TELLERÍA	BOARD MEMBER	Independent
MS. ARANTZA ESTEFANÍA LARRAÑAGA	CHAIR	Independent
MR. JAVIER DOMINGO DE PAZ	BOARD MEMBER	Other External

% of executive members	0.00
% of proprietary members	0.00
% of independent members	80.00
% of other external members	20.00

Explain the duties including, if applicable, those in addition to the ones legally provided, granted to this committee and describe the organisation's procedures and rules as well as the functioning thereof. For each of these duties, indicate the most important actions during the financial year and how each of the assigned duties was exercised in practice, whether in the law or in the articles of association or other social agreements.

Article 16 of the Board of Directors' Regulations compiles the set of functions which correspond to the committee, as well as the procedures and rules for the organisation and performance thereof.

In relation to the basic functions attributed by virtue of the Board of Directors' Regulations, the main actions of the committee in relation to the closed financial year at 31 December 2019 were:

(a) Analysis of the "Periodic Public Information" prior to its referral to the CNMV and to the governing bodies of the corresponding stock exchanges.

After the analysis performed and, in all cases, the Audit and Compliance Committee approved the mandatory report relating to said Periodic Public Information which, in any case, was presented to the Board of Directors along with the aforementioned information for its approval and referral to the Stock Markets.

(b) Analysis of the Annual Financial Statements (balance, profit and loss account, cash flow statement and statement on changes in net equity and report) and the Company's and its Group's management report corresponding to the closed financial year at 31 December 2018, as well as the proposal for the distribution of profit and loss.

After the analysis carried out, the Audit and Compliance Committee approved the mandatory report relating to these Annual Financial Statements (balance, profit and loss account and report) and the management report which was presented to the Board of Directors prior to the Board proceeding to formulate it.

(c) Monitoring of external audit procedures.

Meetings were held with external auditors and their subsidiary companies in order to discuss the planning and to analyse the procedures and results (both preliminary and definitive) of the external audit of the financial year closed at 31 December 2018, as well as the planning and analysis of the procedure and preliminary results of the external audit for the financial year closed at 31 December 2019. To that effect, the Audit and Compliance Committee reviewed the recommendations made by the external auditors with regard to accounting problems and the situation of the systems and procedures for the creation and management of the financial information relating to each of the Group companies.

(d) Analysis of the audit procedures and, in particular, of the procedures relating to the Internal Control System on Financial Reporting (ICSFR).

The Audit and Compliance Committee met on successive occasions to analyse the performance of the Company's internal audit department and to assess its activities, taking into account the opinion of the external auditors regarding the section of this report on the Corporate Governance Annual Report on issues relating to the Internal Control System on Financial Reporting (ICSFR), inasmuch as this information is voluntarily submitted for the external auditor's appraisal.

Moreover, the Audit and Compliance Committee has analysed the Company´s risk map, the control systems and the mechanisms as regards Compliance, as well as maintaining the necessary interaction and the appropriate information exchanges with the external auditor with the aim of assessing their independence and knowing those circumstances that could be a threat to it.

Identify the Directors Members of the audit committee who have been appointed taking into account their knowledge and experience in accounting, auditing or both, and report on the date of appointment of the Chair of this Committee holding this position.

Name of Directors with experience	MR. JAVIER DOMINGO DE PAZ
Appointment date of the Chair in the position	6 May 2020

Appointment and Remuneration committee.		
Name	Position	Category
MR. JOSÉ MARÍA BERGARECHE BUSQUET	CHAIR	Independent
MR. ANTONIO MARÍA PRADERA JÁUREGUI	BOARD MEMBER	Proprietary shareholder
MR. JUAN TOMÁS HERNANI BURZACO	BOARD MEMBER	Independent

% of executive members	0.00
% of proprietary members	33.33
% of independent members	66.67
% of other external members	0.00

Explain the duties including, if applicable, those in addition to the ones legally provided, granted to this committee and describe the organisation's procedures and rules as well as the functioning thereof. For each of these duties, indicate the most important actions during the financial year and how each of the assigned duties was exercised in practice, whether in the law or in the articles of association or other social agreements.

Article 17 of the Board of Directors' Regulations compiles the set of functions which correspond to the committee, as well as the procedures and rules for the organisation and performance thereof:

In relation to the basic functions attributed by virtue of the Board of Directors' Regulations, the main actions of the committee in relation to the closed financial year at 31 December 2019 were:

(a) Analyse the Corporate Governance Annual Report, the Corporate Responsibility Annual Report and the Annual Financial Report within the framework of its competence.
(b) Report on the remuneration of the members of the Board of Directors.
(c) Monitor the assessment of the members of the Board of Directors, carried out this year with the participation of Russel Reynolds, as an external adviser.
(d) Report on the typology of each of the members of the Board of Directors.
(e) Report on the appointment of Juan Riberas Mera as a member of the Board of Directors.

Corporate Social Responsibility Committee		
Name	Position	Category
MRS. AMAYA GOROSTIZA TELLERÍA	CHAIR	Independent
MR. MIKEL BARANDIARÁN LANDÍN	BOARD MEMBER	Executive
MR. JORGE ÁLVAREZ AGUIRRE	BOARD MEMBER	Executive

% of executive members	66.67

% of proprietary members	0.00
% of independent members	33.33
% of other external members	0.00

Explain the functions that have been delegated or allocated to this committee other than those described in section C.1.9, and describe the procedures and rules for the organisation and functioning of it. For each of these functions, indicate its most important actions during the financial year and how each one of its allocated functions was exercised in practice, whether in the law, in the articles of association or other company agreements.

Article 18 of the Board of Directors' Regulations compiles the set of functions which correspond to the committee, as well as the procedures and rules for the organisation and performance thereof.

Despite the committee not having met formally during the financial year, the members of the Committee have worked on:

(i) Reviewing corporate governance policies to propose modifications and updates to the Board of Directors.

(ii) Promote the Company's corporate governance and sustainability strategy.

(iii) Supervise compliance with legal requirements and standards on corporate governance.

(iv) Review the Company's internal policies and procedures to verify their effectiveness in the prevention of inappropriate conduct; identify policies and procedures that are more effective when promoting the highest ethical standards.

C.2.2 Complete the following table with information on the number of female directors comprising the committees of the Board of Directors at the close of the last four years:

	Number of female directors							
	Financial year 2020		Financial year 2019		Financial year 2018		Financial year 2017	
	Number	%	Number	%	Number	%	Number	%
Audit and Compliance Committee	2	40.00	1	20.00	1	20.00	1	20.00
Appointment and Remuneration committee.	0	0.00	0	0.00	0	0.00	0	0.00
Corporate Social Responsibility Committee	1	33.33	1	25.00	1	25.00	1	25.00

C.2.3 Indicate, where applicable, if there are any rules and regulations for the Board Committees, where they are available for consultation and any changes or amendments made during the year. Likewise indicate whether an annual report on the activities of each Committee has been prepared on a voluntary basis.

The regulation of each of the committees of the Board of Directors is described in the Company's Board of Directors' Regulations which was approved by the Board of Directors during its meeting of 4 April 2016 as the result of the company being listed on the stock exchange. The Rules of the Board of Directors are available on the company's webpage(http://www.dominion-global.com/documents/125060/139061/Dominion+-+Web+-+Reglamento+Consejo+de+Administracion+20180125.pdf/ cb25921f-9dfd-4a82-9918-661fdb3b1af7).

D. RELATED PARTY AND INTRAGROUP TRANSACTIONS

D.1. Explain, if applicable, the procedure and competent bodies for approving related-party or intragroup transactions.

Transactions that the company or its subsidiaries conduct with directors, significant shareholders or shareholders represented on the Board of Directors or persons related to them must be submitted, prior to the approval of the Board of Directors. In any case, these operations are performed under market conditions.

D.2. Give details of transactions which are significant for their amount or relevant for their content between the Company or group companies and the significant shareholders of the Company:

Name or business name of Significant Shareholder	Name or business name of the company or organization of its group	Nature of the Relationship	Type of Transaction	Amount (thousands of euros)
No record				N.A.

D.3. Give details of transactions which are significant for their amount or relevant for their content between the Company or group companies, and the administrators or management of the company:

Name or business name of Directors or Executives	Name or business name of the company or organization of its group	Link	Type of transaction	Amount (thousands of euros)
MR. MIKEL BARANDIARÁN LANDÍN	GLOBAL DOMINION ACCESS, S.A.	CONTRACTUAL	Financing agreements: loans	732

In the 2014 financial year, a credit of EUR 1,500 thousand was granted to the CEO in connection with a capital increase. During the financial year of 2017, partial cancellation was performed for a total amount of EUR 768 thousand.

D.4. Give details of significant transactions made by the Company with other companies of the same group, where such transactions are not eliminated in the process of preparing the consolidated financial statements and are not conducted within the course of the Company's ordinary business, as regards their subject-matter or terms and conditions:

In any case, any group transaction carried out with organisations established in countries or territories considered as a tax haven will be informed:

Corporate name of the group entity	Brief description of the transaction	Amount (thousands of euros)
No record		N.A.

D.5. Provide details of the significant transactions carried out between the company or entities in its group and other related parties who were not reported on in the previous sections:

Business name of the related party	Brief description of the transaction	Amount (thousands of euros)
EOLICA CERRITOS S.A.P.I DE CV	Trade and other receivables	27,704
EOLICA CERRITOS S.A.P.I DE CV	Turnover	12,975
KOROR BUSINESS, S.R.L.	Turnover	11,517
BAS PROJECTS CORPORATION MEXICO SA DE CV	Trade and other receivables	1,530
NEW HORIZONS IN INFRASTRUCTURE OF DENMARK NHID I/S	Consumption and procurement	893
NEW HORIZONS IN INFRASTRUCTURE OF DENMARK NHID I/S	Turnover	716
SOCIEDAD CONCESIONARIA SALUD SIGLO XXI, S.A.	Trade and other receivables	126
MINISO LIFESTYE SPAIN, S.L.	Trade and other receivables	39

Business name of the related party	Brief description of the transaction	Amount (thousands of euros)
MEDBUYING TECHNOLOGIES GROUP, S.L.	Trade and other receivables	540
MEDBUYING TECHNOLOGIES GROUP, S.L.	Suppliers and other accounts receivable	39,806
MEDBUYING TECHNOLOGIES GROUP, S.L.	Turnover	1,032
MEDBUYING TECHNOLOGIES GROUP, S.L.	Other income	15
MEDBUYING TECHNOLOGIES GROUP, S.L.	Consumption and procurement	43,456
MEDBUYING GROUP TECHNOLOGIES, S.L.	Other expenses	10
MEDBUYING GROUP TECHNOLOGIES, S.L.	Financial income	80
ADVANCED FLIGHT SYSTEMS, S.L.	Current credits	1,262
ADVANCED FLIGHT SYSTEMS, S.L.	Turnover	210
ADVANCED FLIGHT SYSTEMS, S.L.	Consumption and procurement	26
BAS PROJECTS CORPORATION, S.L.	Consumption and procurement	4,000
BAS PROJECTS CORPORATION, S.L.	Non-current credits	20,000
BAS PROJECTS CORPORATION, S.L.	Current credits	19,015

Business name of the related party	Brief description of the transaction	Amount (thousands of euros)
BAS PROJECTS CORPORATION, S.L.	Financial income	674
BAS PROJECTS DEVELOPMENT 2, S.L.	Current credits	2,960
BAS PROJECTS DEVELOPMENT 5, S.L.	Current credits	24

D.6. List the mechanisms established to identify, determine and settle possible conflicts of interests between the Company and/or its Group and its Directors, Executive Managers or significant shareholders.

Article 33 of the Board Regulations states the following:

"1. Directors shall adopt the necessary measures to avoid conflicts of interest as stipulated by law.

2. A conflict of interest shall be deemed to exist in situations in which the Company's interests and the director's personal interests come into conflict, either directly or indirectly. The Director shall have a personal interest when the matter affects the director or a Related Person or, in the case of a proprietary Director, the shareholder(s) that proposed or appointed the Director or persons related directly or indirectly to them.

For the purposes of these Regulations, the following shall be deemed Persons Related to the Director:

(a) The director's spouse or persons in a similar relationship of personal relationship.
(b) Ascendants, descendants and siblings of the director or of the director's spouse.
(c) The spouses of the director's ascendants, descendants and siblings.
(d) Companies in which the director, directly or through another person, is in any of the situations envisaged in Article 42 of the Code of Commerce.

With regard to a Director, who is a legal entity, it shall be understood as being the following Related Persons:

(a) Partners who, with regard to the Director who is a legal entity, find themselves in any of the situations considered in article 42 of the Code of Commerce.
(b) Directors, whether de jure or de facto, liquidators and legal representatives holding general powers granted by the legal entity director.
(c) Companies forming part of the same group, as defined in Article 42 of the Code of Commerce, and their shareholders.
(d) The persons who, with regard to the representative of the Director who is a legal entity, are understood as being Persons Related to the Directors, in accordance with this section.

3. The following rules will be applicable to conflict of interest situations:

(a) Communication: the Director must report any conflict of interest that arises to the Board of Directors and the Audit and Compliance Committee, through the Chair or the Secretary.
(b) Abstention: the Director must abstain from attending and intervening in the deliberations and votes that relate to those matters concerning the conflict of interest. External proprietary directors must abstain from participating in votes regarding matters that may represent a conflict of interest between shareholders that proposed their appointment and the Company.
(c) Transparency: the Company will, as applicable pursuant to Law, report on any conflict of interests involving Directors that has been reported by the affected party or by any other means in the financial year in question."

D.7. Indicate if the company is controlled by another entity in the sense of article 42 of the Commercial Code, listed or not, and it has, directly or through its subsidiaries, business relationships with this entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them.

[ ] Yes
[√] No

E. RISK CONTROL AND MANAGING SYSTEMS

E.1. Explain the scope of the company's Risk Control and Management System, including those of a tax nature:

Dominion is subject to several risks inherent to the various countries, markets and businesses in which it operates and the activities carried out in each one. Aware of the importance of a proper management of these risks, Dominion has created a Risk Management Policy approved by the Board of Directors and the supervision of which is the responsibility of the Audit and Compliance Committee.

The process of the identification and assessment of financial information risks forms part of the Dominion's global Corporate Risks Control and Management process. Take the ISO 31000 methodology as a model and base it on a continuous cycle, supported by five phases:

I. Identify the key risks, including error and fraud, that could affect attaining the Organisation's objectives, including all financial information control objectives, including those of a taxation nature, as well as those relating to non-financial information.
II. Evaluate them based on their likelihood of occurrence and their impact on the organisation, while always considering the existing controls.
III. Establish a response to each one.
IV. Monitoring of the agreed courses of action.
V. Reporting of the results of the analysis performed.

E.2. Identify the company's responsible bodies for the creation and execution of the Risk Control and Management System, including tax risk:

The responsibility for the execution of the Risk Management System falls on the Compliance Department, and it is the Board of Directors, through the Audit and Compliance Committee, that is responsible for its supervision.

The risk management policy of Dominion requires all business divisions to identify and assess the risks that are faced when achieving their business objectives in order to identify, in advance, the appropriate mitigating measures to reduce or eliminate the probability of risk occurrence and/or its possible impact on the goals, should they materialize.

E.3. Indicate the main risks, including tax risks, and to what extent those derived from corruption are significant (the latter being understood as falling under the scope of Royal Decree-Law 18/2017), which could affect meeting the business objectives:

In the course of its business, Dominion is exposed to a variety of inherent risks in the different lines of business that it performs and in countries in which they are performed.

On the other hand, the different levels of socioeconomic uncertainty that exists in the markets in which Dominion operates can result in risk factors which are currently unknown or not considered as relevant, that could potentially affect the business, performance and/or the financial position of the company.

Below a detailed brief account is provided of the main risks, which Dominion faces in its business objectives:

a) Corporate risks:
• Regulatory risks: arising form the Securities Market regulations, data protection law, from possible changes in tax legislation (national and international); and criminal and civil liability.
• Financial risks: debt levels, liquidity risk, risks arising from fluctuations in exchange rates, risks arising from changes in interest rates, risks arising from the use of financial derivatives and investment risk.
• Information risks: as much as reputational risk that can affect the image of Dominion or risk related to transparency and relationship with analysts and investors.

b) Business risks: are those that specifically affect each business and depend on the singularity of each activity.
• Operational risks: risks relating to contracting and the relationship with the client, suppliers, quality in the execution of solutions and services, technological dynamism in Dominion's offer and the capacity to take opportunities, corruption and bribery, and those relating to the integration of companies and equipment.

• Non-operational risks: risks related to risk prevention, health and safety at work, those relating to talent and the management of human resources, compliance with legislation and the specific tax system applicable to business, the reliability of the accounting and financial information and the management of financial resources and debt management, as well as other risks within the sustainability framework (environmental, social and governance).

For more detail regarding the risks and management measures, see the 2020 Non-Financial Information Status,

E.4. Identify whether the entity has risk tolerance levels, including those related to tax:

Periodically, the Compliance Department follows the described methodology and identifies the risks that threaten meeting the business objectives, including tax risk and non-financial risks (ESG). It assesses them based on their potential impact on results and their likelihood of occurrence, and establishes them in a hierarchy.

The results of this updating work are submitted to the Management Committee to be validated and the measures to be adopted are decided on to mitigate or correct the detected risks.

Finally, the Compliance Department submits the result of this process to the Audit and Compliance Committee in order for it to perform its supervision duty.

E.5. Indicate which risks, including tax, have arisen during the year.

The COVID-19 pandemic has had an impact on the company's activity, obliging it to monitor the associated risks very closely and to take mitigation measures, as explained in detail both in the Annual Accounts and in the Non-financial Information Status. The outcome of this reaction is that none of the risks identified in Dominion´s Risk Management System have materialised in 2020.

E.6. Explain the reaction and supervision plans for the entity's main risks, including financial risks, as well as the procedures followed by the company to ensure that the Board of Directors responds to the new challenges which arise:

Dominion's geographical diversification and business, together with the high operational decentralisation characterising the organisation, requires the availability of a risk control and supervision system as described above. Corporate risk management system is also supported by each business unit, in which each management level is responsible for the compliance with internal rules and procedures.

The evaluation and verification of their effectiveness is performed on a regular basis by the Compliance department, which also contributes to the management of the overall risks that Dominion faces in fulfilling its targets. The alerts, recommendations and conclusions generated are communicated to Dominion's Management Committee.

Among the various measures taken in 2020 to respond to the detected risks, the following should be mentioned:

• Creation of specific work groups and contracting of external consultants to assess the situation and devise solutions.
• Setting goals, strategic guidelines and internal regulations (policy, standards, procedures and manuals).
• Development of management platforms and the adaptation of those existing.
• Creation of multidisciplinary teams responsible for new functions.
• Formalisation of monitoring and continuous assessment systems regarding the performance of internal control systems and compliance.
• Contracting of insurance coverage

Moreover, it should be pointed out that Dominion has specific units for risk analysis, monitoring and control for different risks, as is the case with:

• Financial risk assessment and management
• Health and safety
• Sustainability
• Fiscal risks
• Risks and continuity of information systems.
• Insurance.

Additionally, as explained in point E.5, the COVID-19 pandemic meant that specific measures had to be taken, which are explained in detail in the Annual Accounts and the Non-financial Information Status.

F. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE PROCESS FOR THE REPORTING OF FINANCIAL INFORMATION (ICSFR)

Describe mechanisms that make control systems and risk management in relation to the process of financial reporting (ICFR) in your company.

F.1. Company control environment.

Report, noting the main features of at least:

F.1.1 Which bodies and/or functions are responsible for: (i) the existence and maintaining of an adequate and effective ICSFR; (ii) its implementation; and (iii) its supervision.

The Board of Directors of Dominion, is the body responsible, among other matters, for the updating and on-going improvement of the Company's Corporate Governance System - in accordance with currently-applicable legislation and generally-recognized corporate governance recommendations -, through the resolutions when they fall within the scope of its competence, or proposed to the General Meeting. These functions are understood to include its responsibility as regards the existence and maintenance of the Internal Control over Financial Reporting (ICFR) system.

Dominions's Audit and Compliance Committee is the body responsible for the supervision of efficacy of ICSFR, the Internal Audit function, and the corporate risks management process, and for discussing with the accounting auditors or audit firms any significant weaknesses in the internal control system which have been detected during the course of the audit.

The Audit and Compliance Committee is supported by Dominion's Compliance Department to perform these functions, being responsible for the implementation of the ICSFR and in general, the Group's entire internal control system, ensuring the definition and design of the internal control procedures which should be implemented in the Group's operational planning, compliance with legal regulations, internal policies and established procedures.

F.1.2 If they exist, particularly with regards to the financial information preparation process, the following items:

· Departments and/or mechanisms entrusted with: (i) the design and review of the organizational structure, (ii) clearly defining lines of responsibility and authority, and a suitable distribution of tasks and functions; and (iii) ensuring that there are sufficient procedures correctly disseminated within the Company.

The Board of Directors is the body responsible for defining and periodically reviewing Dominion's organisational structure at the highest level, and delegates in Management to assume the responsibility of ensuring that subordinate structures are equipped with adequate human and material resources. With regard to the process of the preparation of financial information, there exists a global interrelated financial department which depends on the Control Management Department.

The responsibilities and functions of all people directly involved in the preparation and review of financial information are defined and adequately communicated within the framework of Dominion's internal policies and procedures.

There are internal protocols, which guarantee that information on any change that is taking place in relation to the preparation of financial information is distributed to the appropriate personnel in good time and in the correct form. There are also controls in place for the identification of any irregularity in this aspect.

· A code of conduct, including the body responsible for its approval, level of dissemination and instruction, principles and values included (indicate whether any specific mentions are made of the recording of operations and preparation of financial information), and the body responsible for analysing breaches of such code and proposing remedial action and penalties.

Currently, Dominion has an "Internal Code of Conduct ", as well as "Internal Regulations on Conduct relating to the Securities Markets", where there is a specific section on the reliability of financial information, in which a series of specific standards are established aimed at all those who participate in the financial information preparation process. The first of these is published on Dominion's webpage and both are distributed to all affected personnel through the communication channels established for this purpose.

In either case, the body responsible for their definition and approval is the Board of Directors through the Auditing and Compliance Committee.

The Code of Conduct lays down some basic rules and principles whose purpose is to ensure that there is a commitment and transparency in relations and transactions with stakeholders, the maximization and protection of shareholders' investments and the safeguarding of health, safety and the environment.

The Code also establishes the need for controls over payment operations and over any situation of conflict of interests involving employees.

In the Securities Market Regulations, there is a specific section on the reliability of financial information, where a series of specific rules is laid down that are applicable to all those who participate in the financial information preparation process.

The Audit and Compliance Committee includes, amongst its duties, the supervision of compliance with the aforementioned code and regulations of conduct.

- A whistle-blowing channel for communication to the audit committee of any financial and accounting irregularities, plus possible breaches of the code of conduct and irregular activities taking place within the organization, indicating, where appropriate, the confidential nature of such information.

Dominion has a whistle-blowing channel for the receipt of notifications/reports relating to irregular conduct or activities implying any breach of the principles and ethical rules regarding the reliability of financial information laid down in the "Code of Conduct" or in the "Internal Regulations on Conduct in relation to Securities Markets".

There are Regulations setting out the process for the functioning of the whistle-blowing channel, which guarantees that reports can be submitted by either named staff members or anonymously, being always guaranteed the whistle-blowers' confidentiality, in case he wants, and a protocol for action for analysis of complaints received, and reported to the Corporate Social Responsibility or to the Audit and Compliance Committee for monitoring.

- Training and periodic refresher programs aimed at the personnel involved in the preparation and review of financial information and assessment of the ICSFR which cover, as a minimum, accounting standards, auditing, internal control and risks management.

As well as a variety of staff training programs for its personnel, Dominion has the following additional training and support sources for personnel involved in the preparation and review of financial information and in the assessment of the ICFR.

- Dominion has an Accounting Policies Manual which is updated periodically.
- There is an ICFR Policy.
- There is an Management Control Department, whose tasks are to resolve any doubts regarding the interpretation of the Manual Accounting Policies, and provide advice regarding the treatment of complex transactions.
- There are divisional/regional controllers who are involved in the support provided to all people forming part of the financial function at all the Group's companies, through on-going internal assessment and training.
- When a new company joins the Group, support strategies are developed to train its new employees in accordance with the Group's standards and criteria.
- Advice is received from external advisors in relation to changes in accounting, legal and tax rules, which may affect the Company.

F.2. Risk assessment of the financial information.

Report, as a minimum:

F.2.1 What are the main characteristics of the process of identifying risks, including risks of error or fraud, in terms of:

- Whether there exists such a process and whether it is documented:

The process of the identification and assessment of financial information risks forms part of the Dominion's global Corporate Risks Control and Management process. Take the ISO 31000 methodology as a model and base it on a continuous cycle, supported by five phases:

I. Identify the key risks, including error and fraud, that may affect attaining the Organisation's objectives, including all financial information control objectives, including those of a taxation nature.
II. Evaluate them based on their likelihood of occurrence and their impact on the organisation, while always considering the existing controls.
III. Establish a response to each one.

IV. Monitoring of the agreed courses of action.
V. Reporting of the results of the analysis performed.

The financial risk identification and assessment process, and the way in which the risks impact on the reliability of the reported information, is carried out by the managers of the various divisions and the Management Control department, who assess the risks in a process coordinated by the internal auditor. The result of this work is integrated into a Risks Map and is submitted to the Audit and Compliance Committee, as well as a list of actions to take for the proper management of risks. The above is complemented by activities for the monitoring of the management of certain risks, which are carried out by the Compliance Department.

- Whether the process covers all financial reporting objectives, (existence and occurrence; integrity; measurement; presentation, breakdown and comparability; and rights and obligations), whether it is updated, and how frequently:

As is indicated in the procedure, the identification and analysis of risks cover all aspects of financial information, which may have a material impact on its reliability.

The Risks Map is updated periodically. However, in the event of circumstances arising during the year, which require specific steps to be taken for the management of a potential risk, the appropriate measures are adopted.

- The existence of a process for the identification of the consolidation scope taking into account, among other aspects, the possible existence of complex corporate structures, and instrumental or special-purpose companies.

The process for the identification and assessment of risks takes into consideration all processes, group companies and their various structures, and specific characteristics of each country and business line, with particular attention being paid to risks deriving from transactions which, owing to their foreseen level of complexity or significance, require specialized management. In particular, it should be stressed that this analysis is carried out in detail in the semi-annual and annual closures, and, in all cases, whenever there are acquisitions or divestitures or complex company agreements with third parties.

- Whether the process takes into account the effects of other risk types (operational, technological, financial, legal, tax, reputational, environmental, and so on) insofar as these affect the financial statements:

As it has been mentioned above, the model is based on the ISO 31000 methodology that taking as its starting point the Organizations' objectives, results in a Risk Map that is updated regularly, monitoring among others, financial risks, tax and legal and those from different typology (operational, strategic, compliance, sustainability, fraud, etc.).

- The governing body, which supervises the process.

This entire process is reviewed and approved by the Audit and Compliance Committee, which is the body, which ultimately determines whether the process of identification, assessment and monitoring of the Company's risks and, specifically, the measures aimed at identifying material risks in relation to financial information, are appropriate and sufficient.

F.3. Control activities.

Report, noting their main features, if you have at least:

F.3.1 Review and authorization procedures for financial information and the description of the

SCIIF to be published on stock markets, indicating who is responsible for these procedures, as well as the documentation describing the activities and control flows (including those concerning fraud risk) for the various types of transactions which may have a material impact on the financial statements, including the procedure for closing the accounts and the specific review of the relevant judgement, estimates, valuations and projections

The Board of Directors is the ultimate body responsible for approving and supervising the Group's financial statements.

The Group sends regular information to the stock market. This information is prepared by the Management Control Department, which performs a number of control activities during the closing accounting period to ensure reliability of financial information.

In addition to the actual closure-of-accounts procedure, and prior to the process for the preparation and review of financial information, Dominion has control procedures and activities taking place in other key areas of the company which purpose is to ensure that transactions are properly recorded, measured, presented and broken down, and accordingly to prevent and detect fraud and thus cover all transactions that could materially affect Dominion's financial statements.

The financial statements are prepared based on a reporting schedule and deadlines, known by all participants in the process, taking into account the time for legal delivery.

Throughout 2020, Dominion, following the process started in 2018, has continued the adaptation process of its management systems, followed by, as was planned, the expansion process of the ICFR, by extending it with new processes.

Furthermore, and for the review of judgements, opinions, assessments and projections, the Manual of Accounting Policies defines the existing application criteria at Dominion.

The aforementioned significant transactions are reviewed by Dominion´s Board of Directors through various processes (review, approval and monitoring of the Strategic Plan and Budget, and the review of the most significant accounting estimates and accounting judgements used in the preparation of financial information), once the Audit and Compliance Committee has confirmed that the information is adequate.

F.3.2 Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of functions) supporting the key processes of the Company regarding the drafting and publication of financial information.

Dominion has internal control policies and procedures in place in respect of information systems, which support its significant processes, including the process for the preparation and review of financial information. This policy and framework policy is based on the catalogue of international standards ISO 27000.

Dominion uses information systems for the correct recording and control of its operations; it is therefore highly dependent on their correct functioning.

As part of the process for the identification of risks of misstatement in financial information, Dominion identifies the systems and applications which are relevant in each of the areas or processes considered significant. The systems and applications identified include both those, which are used directly in the preparation of financial information, and those, which are relevant to the efficacy of controls, which reduce the risk of misstatement in such information.

Dominion has "System Security Policies" defined at corporate level aimed at achieving the security objectives identified.

The objective is to adopt the pertinent measures of an organizational, technical and documentary nature necessary to guarantee the desired level of security. The work performed in this connection relates to the following areas:

• User access control and management.
• Change management.
• Backup and recovery.
• Physical security.
• Subcontractor control.
• Provision of resources, trouble-shooting risks and business maintenance.

Critical business processes for Dominion have different organizational and technological solutions that guarantee business continuity.

F.3.3 Internal control policies and procedures to oversee activities outsourced to third parties as well as the appraisal, calculation or assessment activities commissioned to independent experts, which may have a material impact on financial statements.

In general, Dominion does not outsource any activities considered key that could substantively affect financial information.

Based on the analysis undertaken, the view is formed that during 2020 the only area outsourced with a possible material impact on Dominion's financial information is the Information Systems area, specifically in the IT infrastructure area. In this respect, Dominion has verified that the supplier company has obtained the appropriate certifications as to the adequacy of its control environment, and that such certifications are periodically validated by an independent party.

In addition, there are control activities taking place periodically in Dominion (included in the aforementioned risk and control matrices) which also play a part in validating the control environment in this area.

Responsibility with respect to other actions in significant transactions which are entrusted to independent experts (e.g. tax advisory services, relationship with actuaries and the management of derivatives) remains within Dominion. This requires specific monitoring activities to ensure the reliability of these actions, and the Audit and Compliance Committee also authorises all the actions of the external financial auditor to guarantee their independence.

F.4. Information and Communication.

Report, noting their main features, if you have at least:

F.4.1 A specific role for defining and updating accounting policies (accounting policies area or Department) and for settling queries or conflicts arising from the interpretation thereof, which is in regular communication with those in charge of operations within the organisation, as well as an updated manual on accounting policies disclosed to the units through which the entity operates

The role of Dominion's Accounting Policies is assumed by the Management Control Department which depends directly on Dominion's Chief Executive Officer.

In performing this function, the Department assumes the following responsibilities:

- Maintenance and dissemination of the "Accounting Policy Manual" (continuously updated) to other Dominion companies.
- Update of any change in accounting rules applicable to all members of Dominion's finance function.
- Resolution of disputes that may arise (individually or in a consolidated level) in the interpretation of the rules to be applied.
- Design and management of the mechanisms for capturing and preparing financial information homogeneously.

F.4.2 Mechanisms for gathering and preparing financial information with standardised formats to be applied and used by all of the units of the organization or group, that provide support for

the main financial statements and notes, as well as the information that is provided on the SCIIF.

Dominion has a specific system for financial reporting and consolidation, which is used in all of the Group's units, allowing the capture of financial information homogenously. Additionally, there is a system for the aggregation and consolidation of the reported data. Moreover, the company is ready for the presentation of the accounts in XBRL format.

F.5. System performance supervision.

Report, noting its main features, at least:

F.5.1 ICSFR supervision activities performed by the auditing committee, as well as whether the entity has an internal auditing function which includes, amongst its duties, supporting the committee in its supervision task of the internal control system including the ICSFR. Also informing of the scope of the assessment of ICSFR in the exercise and the process by which the responsible for implementing the evaluation reports its results, if the company has an action plan detailing any corrective measures, and whether it has considered its impact on financial reporting.

The Audit and Compliance Committee has the following oversight responsibilities of ICSFR:

- Supervision of periodic financial information.

- Monitoring and evaluation of the operation of ICSFR.
- Knowing the financial reporting process and internal control systems associated with significant risks of the Company.
- Periodically review internal control and risk management systems, so main risks are identified, managed and properly disclosed.

Dominion has an Internal Audit department, which forms part of the Compliance department, and is subordinate to the Audit and Compliance Committee. The main function of the Internal Audit Department is the supervision of the internal control system, which includes aspects such as the supervision of the correct implementation of the risk management system, which includes the fraud risk and the controls directed at the reliability of financial information. Therefore, Based on the results of the risk assessment, the Internal Audit department prepares an annual plan of Dominion's ICSFR, to be submitted in each period for approval by the Audit and Compliance Committee responsible for overseeing the ICSFR.

The information for the market or stakeholders about the ICFR will be provided annually and cover the financial year of the corresponding financial report, and is subject to review by the external auditor.

F.5.2 If you have a discussion process by which the auditor (in accordance with the provisions of the NTA), the internal audit function and other experts can communicate to senior management and the audit committee or board of the entity significant internal control weaknesses identified during the review process of the Annual Financial Statements or those that have been entrusted to them. It should also report on whether an action plan to correct or mitigate the weaknesses observed exists.

The auditor participates actively in the meetings of the Audit and Compliance Committee. Furthermore, the auditor annually issues a report, if applicable, on significant internal control weaknesses, which is submitted to the ACC for the adoption of measures deemed appropriate.

Additionally, Dominion has a procedure allowing any external advisors, in the exercise of its activity, to detect the existence of internal control weaknesses, and communicate through Internal Audit department to the ACC's detected issues for discussion, analysis and evaluation.

F.6. Further relevant information

n.a.

F.7. External auditor's report.

Report:

F.7.1 If the SCIIF information disclosed to the markets has been subjected to review by the external auditor, in which case the organisation must include the relevant information as an appendix. Otherwise, it should report its reasons.

Dominion, in line with applicable recommendations and best practices designed to enhance the transparency and quality of public information supplied to the market, has undergone an external review by the External Auditor of this information in relation to the ICSFR for financial year ending 31 December 2020.

A copy of the report of the External Auditor is attached.

G. DEGREE OF CONFORMANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of compliance of the company with the recommendations of the Unified Code of Good Governance of listed companies.

In the event that any recommendation is not followed or partially followed, include a detailed explanation of its reasons so that shareholders, investors and the market in general, have sufficient information to evaluate the behaviour of the Company. General explanation will not be acceptable.

1. The Articles of Association of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

   Compliant [X]   Explain [ ]

2. That, when the listed company is controlled by another entity, listed or not, in the sense of article 42 of the Commercial Code, and it has, directly or through its subsidiaries, business relationships with this entity or any of its subsidiaries (other than those of the listed company) or carries out activities related with those of any of them, it accurately publicly reports on:

   a) The respective activity areas and possible business relationships between, on the one hand, the listed company or its subsidiaries and, on the other, the parent company or its subsidiaries.

   b) The mechanisms in place to resolve possible conflicts of interest.

   Compliant [ ]   Partially compliant [ ]   Explain [ ]   Not applicable [X]

3. During the annual general meeting, the chair of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular

   a) The changes occurred from the last general ordinary meeting.

   b) The specific reasons why the Company failed to observe any of the recommendations contained in the Code of Corporate Governance and, if any, the alternative rules applied on such matter.

   Compliant [ ]   Partially compliant [X]   Explain [ ]

During the ordinary general meeting, the Chair of the Board of Directors verbally raises the most relevant aspects of corporate governance referring, for many of the aspects, to the existence and content of the Annual Corporate Governance Report. In particular, he/she refers to the content of the report with regard to the issues raised in sections (a) and (b) of the recommendation, mentioning that the report has been made available to the public on the Company's web page and on that of the Spanish National Securities Market Commission (CNMV). As such, the general part of the recommendation requirement is complied with (duty to inform), however not the specific part, i.e. the level of detail to be provided, given that detailed information is not provided, although it is referred to, for the issues referred to in sections (a) and (b) of the recommendation.

4. That the company defines and promotes a policy relating to communication and contacts with shareholders and institutional investors within the framework of their involvement in the company, including proxy advisers, that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position. This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.

   And that, without prejudice to the legal obligations relating to the disclosure of privileged information and other forms of regulated information, the company also has a general policy relating to the communication of economic-financial, non-financial and corporate information through the channels that it considers appropriate (communication means, social networks and other routes), which contribute to maximising the dissemination and the quality of the information made available to the market, the investors and other stakeholders.

Compliant [ ] Partially compliant [X] Explain [ ]

The company partially meets this recommendation as it has a policy relating to communication and contacts with shareholders and institutional investors within the framework of their involvement in the company, and it is published on the corporate website. However, currently it does not have an economic-financial, non-financial and corporate information communication policy.

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

   When a board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation

Compliant [ ] Partially compliant [ ] Explain [x]

On 3 May 2017, the ordinary general meeting approved authorising the Company's Board of Directors so that, in compliance with the provisions of article 297.1.b) of the Corporte Entreprise Act, it can increase its share capital without previously consulting the General Shareholders Meeting up to the quantity of EUR 10,593,560.19 being able to exercise this power within the amount indicated once or several times, deciding the opportunity or expediency, quantity or conditions deemed appropriate in each case within the maximum period of five years as from the date of holding the ordinary general meeting in question. In compliance with the provisions in article 506 of the Corporte Entreprise Act, the Board of Directors was expressly granted the power to exclude, in full or in part, the right to preferential subscription in relation to all or any of the issues agreed to based on this authorisation in the cases in which the Company's interest requires it, provided that the nominal value plus, if applicable, the share premium, corresponds to the real value resulting from the Company's accounts audit report, at the Board of Directors' request every time use is made of the power awarded in this paragraph of excluding the right to preferential subscription. In accordance with the report drawn up to this end and available on the CNMV's and the Company's web page, the company's Board of Directors deems it convenient that the Company has, at all times, the most suitable instruments in order to respond adequately to the demands that the Company's own performance requires, which could include that of providing the Company with new resources using new capital contributions.

6. Listed companies must prepare the reports mentioned below, either in a mandatory or voluntary manner, publish them on their websites sufficiently in advance with respect to the general ordinary meeting, even though their publication was not mandatory:

a) Report on the auditor's independence.

b) Reports on the performance of the Audit Committee and the Nomination and Remuneration Committee

c) Report from the Audit Committee on related transactions.

Compliant [X] Partially compliant [ ] Explain [ ]

7. The company should broadcast its general meetings live on the corporate website.

And that the company has mechanisms that allow proxy voting and voting by telematic means and even, in the case of large cap companies and at a proportionate level, attendance and active participation in the General Meeting.

Compliant [X] Partially compliant [ ] Explain [ ]

The company, as a consequence of the pandemic, held its General Shareholders Meeting 2020 telematically, with attendance and voting by telematic means, with attendance and active participation in the General Meeting by these means. In subsequent years, the company intends to maintain this attendance and voting experience at the General Meeting.

8. That the audit committee ensures that the annual accounts that the board of directors presents to the general shareholders meeting are prepared in compliance with accounting regulations. And that in those cases in which the accounts auditor has included a qualification in their audit report, the chair of the audit committee clearly explains at the general meeting the opinion of the audit committee on its content and scope, and makes a summary of this opinion available, together with the other proposals and reports from the board, to the shareholders when the meeting is convened.

Compliant [X] Partially compliant [ ] Explain [ ]

9. The Company must publish in their websites, on a permanent basis, the requirements and procedures to prove the ownership of shares, the right to attend the GENERAL MEETING and the exercise or delegation of voting rights.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Compliant [X] Partially compliant [ ] Explain [ ]

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

a) Spread those supplementary items and new agreement proposals immediately.

b) Publish the attendance card model or voting delegation or remote delegation form with the specific amendments to vote on the new items of the agenda and alternative proposals, under the same conditions as those proposed by the Board of Directors.

c) Submit those items or alternative proposals to voting and apply the same voting rules as those proposed by the Board of Directors, including, in particular, the presumptions or deductions on the sense of voting.

d) After the GENERAL MEETING, notify the particulars of voting with respect to those supplementary items or proposed alternatives.

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [X]

11. In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [X]

12. The board of directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Compliant [X] Partially compliant [ ] Explain [ ]

13. The board of directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.

Compliant [X] Explain [ ]

14. That the Board of Directors approves a policy aimed at promoting an appropriate composition of the Board of Directors and that:

a) Be specific and verifiable.

b) it ensures that the appointment or re-election proposals are based on a previous analysis of the Board of Directors' competence requirements; and

c) it favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the gender diversity measures that the company promotes favour having a significant number of female senior managers.

The results of the prior analysis competences required by the board should be written up in the nomination committee's explanatory report, to be published when the general meeting is convened that will ratify the appointment and re-election of each director.

Annually, the Nomination committee must verify compliance with this policy and set out its findings in the annual corporate governance report.

Compliant [ ] Partially compliant [X] Explain [ ]

As the result of the normal absence of vacancies on the Board of Directors - only one since the company's listing on the stock exchange and in this case a proprietary director - the existence of a selection policy for directors is not deemed necessary as such, but rather an analysis will be carried out on a case by case basis to determine the ideal candidate for filling the vacancy, as happened in the case of the appointment of Ms Doña Arantza Estefanía and Don Javier Domingo de Paz. In this analysis, as reflected in the reports of the Nomination and Remunerations Committee and the Board of Directors, published on the convening of the General Shareholders Meeting of the Company, priority was given to compliance of the objectives required by this recommendation within the framework of the different appointments and re-elections, resulting in partial compliance with this recommendation.

15. The Proprietary and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

And that the number of female directors will be at least, 40% of the Board of Directors before the end of 2022 and from then on, and not below 30% before that.

Compliant [ ] Partially compliant [X] Explain [ ]

The Company complies with the first part of this recommendation, as it has a large majority of proprietary and independent directors. However, the number of female directors at this time is not higher than 30%. Nevertheless, the reduction of the number of members of the board of directors and the appointment of Ms Arantza Estefanía Larrañaga as an independent director, has led to significant increase in the percentage of female directors, from 16.6% to 27.27%. Bearing in mind that the 30% of female directors on the Board of Directors has still not been met, the Nomination and Remunerations Committee has concluded that, when there are vacancies - which does not happen often - the corresponding parties will be urged to favour the selection of female directors until the planned target for 2022 is met.

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

    This criterion can be lessened:

    a) In companies with high capitalisation where there are few shareholdings deemed material from the legal point of view.

    b) In companies with a plurality of shareholders represented on the Board but not otherwise related.

    Compliant [X] Explain [ ]

In line with section (b) of this recommendation and as regards its shareholder structure, the Company considers the number of proprietary directors to be adequate as a percentage of total non-executive directors and, consequently, we understand that the recommendation is met in a watered down form.

17. Independent directors should be at least half of all directors.

    However, when the company does not have a large market capitalization, or when a large cap company has shareholders individually or concertedly controlling over 30% of the share capital, independent directors should occupy, at least, a third of board places.

    Compliant [X] Explain [ ]

18. The Companies should disclose the following director particulars on their websites and keep them regularly updated:

    a) Professional experience and background.

    b) Other Board of Directors to which they belonged, regardless of whether listed companies were involved, as well as the other compensated activities, regardless of their nature.

    c) An indication of the director's classification as executive, proprietary or independent; in the case of proprietary directors, stating the shareholder they represent or have links with.

    d) The date of their first and subsequent appointments as a Company director.

    e) Shares held in the Company and any options on the same.

    Compliant [ ] Partially compliant [X] Explain [ ]

The company publishes, in the Board of Directors´ section of its website the information contained in sections (a), (b) and (c), in the latter case, only that to which the category refers. Nevertheless, the rest of the information is available in the annual corporate governance reports which are also available on the company's website, or on the CNMV site. The company considers that the way in which this information is displayed is correct and effective as regards the objectives that are sought.

19. Following verification by the nomination committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3% of the share capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [X]

20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latters' number should be reduced accordingly.

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [X]

21. The board of directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the articles of association, except where they find just cause, based on a proposal from the nomination committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a director, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Compliant [X] Explain [ ]

22. That the companies establish rules obliging directors to disclose and resign when any situations occur that could affect them, related or not with their activity in the company, that could harm the reputation of the company and, in particular, they oblige them to inform the Board of Directors of any criminal case in which they under investigation, as well as any legal proceedings.

And that, the board having been informed or finding out in another way about the situations mentioned in the above paragraph, examines the case as soon as possible and, attending to the specific circumstances, decides, after prior report from the Nomination and Remunerations committee, if any measures should be taken or not, such as the opening of an internal investigation, requesting the resignation of the director or proposing termination of their employment. And that it is reported in the annual corporate governance report, except under special circumstances that justify it, which should be minuted. This without prejudicing the information that the company must disclose, as appropriate, when the corresponding measures are taken.

Compliant [X]   Partially compliant [ ]   Explain [ ]

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independent and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, even if he or she is not a director.

Compliant [ ]   Partially compliant [ ]   Explain [ ]   Not applicable [X]

24. That when, whether by resignation or agreement of the general meeting, a director leaves his position before the end of his term of office, they satisfactorily explain the reasons for the resignation or, in the case of non-executive directors, the meeting´s opinion on the reasons for the termination are given on a letter that must be sent to all the members of the Board of Directors.

And that, as far as it is relevant to the investors, without prejudicing what may appear in the annual corporate governance report, the company publishes the termination as soon as possible including sufficient reference to the reasons or circumstances provided by the director.

Compliant [X]   Partially compliant [ ]   Explain [ ]   Not applicable [ ]

25. The nomination committee should ensure that non-executive directors have sufficient time available to perform their responsibilities effectively.

The board of director's regulations should lay down the maximum number of company boards on which directors can serve.

Compliant [ ] Partially compliant [X] Explain [ ]

The Company complies with the first section of the recommendation. With regard to the second, given that to date the Directors who form part of other boards of directors have spent the necessary time for the implementation of their functions as company directors, the company considers that it is not necessary to limit the number of other boards of directors of which their directors could form part.

26. The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Compliant [ ] Partially compliant [X] Explain [ ]

As a general rule, the meetings of the Board of Directors take place following the estimated schedule of dates and issues as set forth at the start of the financial year, notwithstanding that this schedule changes at times according to events and circumstances throughout the financial year. Likewise, the directors have the right to propose other items for the agenda other than those initially planned, although to date none of them have done so. As a result, the recommendation is complied with, with regard to the previous issues.

The Company does not comply with the recommendation with regard to the minimum number of Board meetings given that they have met 6 times. The Company considers that 6 meetings per year is a sufficient frequency for the efficient performance of its functions, in light of the Company's circumstances and on the basis of the experience gathered.

27. Companies Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Compliant [ ] Partially compliant [X] Explain [ ]

The Company complies with the first part of the recommendation, however not with the second. In the case of non-attendance by the Directors, the absent Directors did not authorise representation with specific instructions, since they did not deem it necessary in light of the planned agenda.

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minute book if the person expressing them so requests.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

Compliant [X] Partially compliant [ ] Explain [ ]

30. Companies, regardless of the knowledge directors must possess to carry out their duties, should also be offered refresher programmes when circumstances so advise.

Compliant [X]   Explain [ ]   Not applicable [ ]

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the chair may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.

Compliant [X]   Partially compliant [ ]   Explain [ ]

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Compliant [X]   Partially compliant [ ]   Explain [ ]

33. The chair, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's bylaws, should prepare and submit to the board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise

Compliant [X]   Partially compliant [ ]   Explain [ ]

34. When a lead independent director has been appointed, the bylaws or board of directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chair or vice chairmen give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chair's succession plan.

Compliant [X]   Partially compliant [ ]   Explain [ ]   Not applicable [ ]

35. The Board of Directors' secretary must especially ensure that the Board of Directors' actions and decisions contain the good governance recommendations set out in this good governance code, as applicable to the Company.

Compliant [X]   Explain [ ]

36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

a) The quality and efficiency of the Board of Directors' operation.

b) The performance and structure of its committees.

c) The structure and competence diversity of the Board of Directors.

d) The performance of the Company's Board of Directors' Chair and Managing Director.

e) The performance and contribution of each director, with special emphasis on those in charge of the Board of Directors' different committees.

The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report of the nomination committee.

Every three years, the board of directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the nomination committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Compliant [X]   Partially compliant [ ]   Explain [ ]

37. That when there is an executive committee on which sit at least two non-executive directors, with at least one of them independent, and that its secretary is also the board of directors'.

Compliant [ ]   Partially compliant [ ]   Explain [ ]   Not applicable [X]

38. The board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all directors should receive a copy of the committee's minutes.

Compliant [ ]   Partially compliant [ ]   Explain [ ]   Not applicable [X]

39. That all members of the complete Auditing Committee, particularly its chair, should be appointed with regard to their knowledge and background in accounting, auditing and risk management, both financial and non-financial.

Compliant [X]   Partially compliant [ ]   Explain [ ]

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems, and this unit should report functionally to the board's non-executive chair or the chair of the audit committee.

Compliant [X] Partially compliant [ ] Explain [ ]

41. That the head of the unit who assumes the internal audit function presents its annual work plan to the audit committee, for its approval or the board's. The unit head directly informs the committee of the plan's execution, including the possible incidents and limitations to the scope that occur while it is being implemented, the results and the monitoring of its recommendations and submits an activities report at the end of each financial year to the committee.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

42. Apart from the duties established by law, the Auditing Committee shall have the following functions:

1. With respect to internal control and reporting systems:

a) To supervise and assess the preparation process and the integrity of the financial and non-financial information, as well as the financial and non-financial risk management control systems relating to the company and, if applicable, to the group – including the operational, technological, legal, social, environmental, political and reputational risks or those related to corruption – with a review of compliance of the regulatory requirements, appropriate limitation of the scope of consolidation and the correct application of the accounting criteria.

b) Monitor the independence of the division performing the internal audit function; proposing the selection, appointment and removal of the head of internal audit; propose the budget for this service; approving or proposing to the Board the approval of the focus and the annual work plan and orientation of the internal audit, ensuring that its activity is mainly focused on the relevant risks (including reputation risks); receive periodic financial information on its activities; and verify that the senior management duly considers the findings and recommendations of its reports.

c) Establish and supervise a mechanism that allows employees and others related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any irregularities that may come to their attention within the company or its group, and which could have potentially serious consequences, including those of a financial or accounting nature, or of any other type, related to the company. The said mechanism must guarantee confidentiality and, in any case, provide for circumstances in which communications can be made anonymously, respecting the rights of the whistleblower and the person reported.

d) Generally ensure that the internal control policies and systems are effectively applied in practice.

2. With regard to the external auditor:

a) In the event of the resignation of the external auditor, investigate the issues giving rise to that resignation.

b) Ensure that the external auditor's compensation does not compromise his/her quality or independence.

c) The Company should notify any change of auditor to the CNMV, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.

d) Ensure that the external auditor holds an annual meeting with the full Board of Directors to advise them on the work done and the variations in the Company's risk and accounting situation.

e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence.

Compliant [ ] Partially compliant [X] Explain [ ]

Of all the functions that the recommendation proposes, that indicated in paragraph 2.d) is not complied with, which relates to ensuring that the external auditor holds an annual meeting with the full board of directors. In view of the practice developed over recent years in this aspect, the Company understands that the existence of this meeting is not necessary per se. It understands that what really is necessary – and sufficient and efficient – for the purposes of the recommendation, is that there is fluidity in the relationship between the external auditor and the Audit and Compliance Committee. Therefore, the Company considers it preferable that it is the Audit and Compliance Committee to which the external auditor gives an account of the work carried out and the evolution of the accounting situation and risks of the Company. In any case, the above should be understood without prejudicing that (i) the chair of the Audit and Compliance Committee habitually conveys to the rest of the directors the conclusions obtained after the meetings held with the external auditor and that (ii) any director can request the presence of the external auditor at a meeting of the Board of Directors, if they consider it appropriate.

43. The Auditing Committee should be empowered to meet with any Company employee or manager, even ordering their appearance without the presence of another senior officer.

Compliant [X]   Partially compliant [ ]   Explain [ ]

44. The audit committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Compliant [ ]   Partially compliant [ ]   Explain [ ]   Not applicable [X]

45. That the risk control and management policy identifies or determines at least:

a) The different types of financial and non-financial risks the company is exposed to (including operational, technological, legal, social, environmental, political and reputational risks, including those relating to corruption), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.

b) A risk control and management model based on different levels, which a committee will form part of that specialises in risks when the company standards require it or the company considers it appropriate.

c) The risk level the company considers acceptable.

d) Measures in place to reduce the impact of risk events should they occur;

e) The internal reporting and control systems to be used to oversee and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Compliant [X]   Partially compliant [ ]   Explain [ ]

46. Under the direct supervision of the Auditing Committee or, as applicable, a specialised committee of the Board of Directors, there must be a risk management and control internal function exercised by a Company's internal department or unit with the following expressly attributed functions:

a) Ensure the good performance of risk management and control systems and, particularly, that all material risks affecting the Company are properly identified, managed and quantified.

b) Participate actively in the risk strategy preparation and in the important decisions regarding its management.

c) Ensure that risk management and control systems reduce risks properly as part of the policy defined by the Board of Directors.

Compliant [X] Partially compliant [ ] Explain [ ]

47. The Appointees to the nomination and remuneration committee - or of the nomination committee and remuneration committee, if separately constituted - should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Compliant [X] Partially compliant [ ] Explain [ ]

48. Large cap companies should operate separately constituted nomination and remuneration committees.

Compliant [ ] Explain [ ] Not applicable [X]

49. The Nomination Committee should consult with the Board's Chair and company's chief executive, especially on matters relating to executive directors.

When there are vacancies on the board, any director may approach the nomination committee to propose candidates that it might consider suitable.

Compliant [X] Partially compliant [ ] Explain [ ]

50. The Remuneration Committee must perform its functions independently and, apart from the functions established by law, it shall have the following functions:

a) Proposing to the Board of Directors the basic conditions governing high-executive contracts.

b) Verifying the compliance with the remuneration policy established by the Company.

c) Reviewing regularly the remuneration policy applied to directors and high executives, including share-based compensation systems and their application, as well as ensuring that their individual compensation is proportionate to that paid to the Company's other directors and high executives.

d) Ensuring that potential conflicts of interests do not jeopardise the independence of the external advice provided to the committee.

e) Verifying the information on the compensation provided to directors and high executives, as contained in the different corporate documents, including the annual report on directors' compensation.

Compliant [X] Partially compliant [ ] Explain [ ]

As regards the function that ensures that potential conflicts of interest do not jeopardise the independence of the external advice provided to the committee, article 17.10 of the Board of Directors Regulations includes the ability to seek the advice of external experts by the Nomination and Remunerations Committee when it is judged necessary for the adequate compliance of their functions. In this regard, and irrespective of whether or not it is expressly stated in the Board of Directors Regulations, the Nomination and Remunerations Committee – in practice and as an intrinsic and inseparable part of the debate on the eventual appointment of any external expert – assesses the existence of actual or potential conflicts of interest. This assessment can result in the introduction of the necessary safeguards in the provision of the advice in question or even the non-appointment of the affected external expert.
Furthermore, as regards the function of proposing the basic contract conditions for senior managers to the Board of Directors, in accordance with paragraphs (v) and (vii) article 17.3 and (v)(a) of article 17.4 of the Board of Directors Regulations, it is the Nomination and Remunerations Committee which proposes the remuneration policy for senior managers, that is, the remuneration framework in which the economic terms of the contract signed with them must be placed – the Company considers that the economic terms of these contracts are basic conditions of them. When each senior management member is appointed (or when each one of the current contracts is modified), it is the chair, with reference to the CEO, or the CEO, with reference to the rest of the senior management, who proposes the particular contractual terms within the remuneration framework applicable to senior managers. It is the Nomination and Remunerations Committee that receives these proposals (and the corresponding supporting reports for them) and who must subsequently report on these proposed particular contractual terms, with a special emphasis on its alignment with the remuneration framework.

51. The remuneration committee should consult with the company's chair and chief executive, especially on matters relating to executive directors and senior officers.

Compliant [X] Partially compliant [ ] Explain [ ]

52. The terms of reference of supervision and control committees should be set out in the board of director's regulations and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:

a) They must be exclusively made up of non-executive directors, with a majority of independent directors.

b) Committees should be chaired by an independent director.

c) The Board of Directors should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and the terms of reference of each Committee, and it should discuss their proposals and reports and be responsible for overseeing and evaluating their work, which should be reported to the first board plenary following each meeting.

d) The Committees may engage external advisors, when they feel this is necessary for the carrying out of their duties.

e) Minutes of meeting proceedings should be drawn up and a made available to all Directors.

Compliant [ ] Partially compliant [X] Explain [ ] Not applicable [ ]

This recommendation refers to the supervision and control committees other than those legally required. This clarification is given if it is considered that the Corporate Social Responsibility Committee has delegated functions and supervision and control tasks in the area of its speciality.

In this regard, the functioning of this committee is consistent with the practice of the legally required committees.

This being the case, the company understands that the composition of the committee is the most appropriate in view of the scope of its work and considers that the functions allocated to this committee are carried out correctly by the appointed directors, who carry out their functions with identical correction criterion and independence of mind as the independent directors, with which the analysis unit would be composed.

53. That the supervision of the compliance of the policies and rules of the company on environmental, social and corporate governance issues, as well as the internal codes of conduct, is allocated to one or shared between several Board of Directors committees which could be the audit committee, the appointment committee, a committee specialising in sustainability or corporate social responsibility or other specialised committee that the Board of Directors, in the exercise of their self-organisation powers, have decided to create. And that that committee is solely made up of non-executive directors, the majority of whom are independent and the minimum functions indicated in the following recommendation are specifically allocated to them.

Compliant [ ] Partially compliant [X] Explain [ ]

The supervision functions for compliance of the company's policies and rules regarding environmental, social and corporate governance issues, as well as the internal codes of conduct, are subsumed in the functions of the Corporate Social Responsibility Committee, although they are not expressly considered in the Board's Regulations as functions of this committee. Nevertheless, during this financial year, it is planned to modify the Board of Directors' Regulations to comply with this recommendation.

54. The minimum functions to which the above recommendation refers are the following:

a) The supervision of compliance of the company´s corporate governance rules and internal codes of conduct, and ensuring that the corporate culture is aligned with its purpose and values.

b) The supervision of the application of the general policy relating to the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, advisers and other stakeholders. Furthermore, the way in which the company communicates and relates with small and medium-size shareholders will be monitored.

c) The periodic assessment and review of the corporate governance system and of the company's environmental and social policy, with the aim of fulfilling its mission of promoting social interest and taking into consideration, as applicable, the legitimate interests of the remaining stakeholders.

d) The supervision of the practices of the company on environmental and social issues is adapted to the established strategy and policy.

e) Supervising and evaluating the processes to create relationships with the different groups of interest.

Compliant [X] Partially compliant [ ] Explain [ ]

The functions of this recommendation are subsumed in the functions of the Corporate Social Responsibility Committee, although they are not expressly considered in the Board's Regulations as functions of this committee. Nevertheless, during this financial year, it is planned to modify the Board of Directors' Regulations to comply with this recommendation.

55. That the sustainability policies on environmental and social issues identified and include at least:

a) The principles, commitments, objectives and strategy as it relates to shareholders, employees, customers, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights and prevention of corruption and unlawful behaviour.

b) The methods or systems for monitoring of compliance of the policies of the associated risks and their management.

c) Mechanisms for the supervision of non-financial risks, including those relating to ethical aspects and business conduct.

d) Channels for communication, participation and dialogue with groups of interest.

e) Responsible communication practices preventing the manipulation of information and protecting integrity and honour.

Compliant [X] Partially compliant [ ] Explain [ ]

The Companies Board of Directors, at its meeting of 22 February 2021, adapted the existing corporate social responsibility policy to transform it into a sustainability policy that includes the elements indicated in this recommendation.

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Compliant [X]   Explain [ ]

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans, retirement schemes and other social provision schemes should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Compliant [X]   Partially compliant [ ]   Explain [ ]

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

a) Be related to return criteria that can be determined or measured and that consider the risk assumed to earn income.

b) Promote the Company's sustainability and include non-financial criteria that are proper for the long- term creation of value, such as compliance with the Company's rules and internal procedures and its risk management and control policies.

c) Be configured by balancing the compliance with short-, medium- and long-term goals, allowing to compensate for the continuous performance over a sufficient period of time that shows contribution to the sustainable creation of value, so that the measurement elements of such return do not refer only to specific, occasional or extraordinary events.

Compliant [X]   Partially compliant [ ]   Explain [ ]   Not applicable [ ]

59. That the payments of the variable components of the remuneration are sufficiently checked to ensure they have effectively complied with the performance or other previously established conditions. The entities must include in the annual directors remuneration report the criteria as regards the time required and methods for such a check according to the nature and characteristics of each variable component.

That, additionally, the entities evaluate the establishment of a reduction clause (malus) based on the deferral for a sufficient period of the payment of a part of the variable components that involves its total or partial loss if, before the payment time, an event occurs that makes it advisable.

Compliant [ ]   Partially compliant [X]   Explain [ ]   Not applicable [ ]

This recommendation is partially complied with, as the company is not currently evaluating introducing, in the CEOs contract, a reduction clause (malus) based on the deferral for a sufficient period of the payment of a part of the variable components that involves its total or partial loss if, before the payment time, an event occurs that makes it advisable.

60. Remuneration linked to Company earnings should consider any qualifications stated in the external auditor's report that reduce the company results.

Compliant [ ]   Partially compliant [ ]   Explain [ ]   Not applicable [X]

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Compliant [X]   Partially compliant [ ]   Explain [ ]   Not applicable [ ]

62. That once the shares, options or financial instruments corresponding to the remuneration systems are allocated, the executive directors cannot transfer their ownership or exercise them until a period of at least three years has elapsed.

With the exception of the case in which the director maintains, at the time of transfer or exercise, a net economic exposure to the variation of the price of the shares for a market value equivalent to the amount of at least twice their annual fixed remuneration through shareholdings, options or other financial instruments.

The above will not be applicable to the shares that the director needs to sell to satisfy the costs related to their acquisition or, with prior favourable assessment of the Nomination and Remunerations Committee, to address supervening extraordinary situations that require it.

Compliant [ ]   Partially compliant [ ]   Explain [ ]   Not applicable [X]

63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the director's actual performance or based on data subsequently found to be misstated.

Compliant [ ] Partially compliant [ ] Explain [x] Not applicable [ ]

Even though the company has not expressly included the provisions established in the recommendation in the contract with the CEO and, therefore, does not comply with the recommendation, this does not mean that the Company waives its right to claim the possible recovery of the amounts wrongly paid in the cases foreseen in the recommendation. Nevertheless, the Company understands it is not essential for the recovery of amounts wrongly paid that this possibility expressly appears in the contract in question through a specific provision to that effect and, therefore, in the interests of contractual simplicity and clarity, it is not included.

64. That the payments due to termination or expiration of the contract should not exceed an amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the criteria or conditions for its payment.

For the purposes of this recommendation, among the payments due to termination or expiration of the contract will be considered any payments whose accrual or payment obligation arises as a consequence or on the occasion of the expiration of the contractual relationship that linked the director to the company, including the previously unconsolidated amounts of long-term saving systems and the quantities that are paid by virtue of post-contractual non-competition clauses.

Compliant [ ] Partially compliant [X] Explain [ ] Not applicable [ ]

The contract of the chief executive officer contains a term regarding an early termination compensation that does not adjust strictly to what is provided in the second part of the recommendation. In this regard, the payments due to the termination of the contract with the CEO do not exceed the envisaged quantitative limit, but the contract does not include the provision that the payments are necessarily made once the Company has been able to check that the previously established performance criteria have been met. The mentioned provision has not been included because the company did not think it necessary, in view of the link of the CEO with the Company (which goes beyond this role) and that nothing prevents the Company claiming the reimbursement of the wrongly paid amounts in the hypothetical case that a non-compliance of the performance criteria is verified after the payment of the compensation for early termination, without it being essential for the recovery of wrongly paid amounts that this possibility appears expressly in the contract in question through a specific provision to that effect.

H. OTHER INFORMATION OF INTEREST

1. If there is a relevant aspect of corporate governance in the company or group organisations that have not been picked up in other sections of this report, but it is necessary to include collecting more complete and reasoned information on the structure and governance practices in the company or its group, describe briefly.

2. This section may also include any other information, clarification or related to previous sections of the report to the extent that they are relevant and not repetitive.

   Specifically, state whether the company is subject to any laws other than the laws of Spain on corporate governance and, if this is the case, include whatever information the Company may be required to provide when different from the information included in this report.

3. The company may also indicate whether voluntarily acceded to other ethical principles or codes of good practice, international, sectorial or other clauses. As applicable, the code in question and the date of accession will be identified. In particular mention shall be made as to whether the Code of Good Tax Practices has been adhered to, of 20 July 2010:

N.A.

This Annual Corporate Governance Report was approved by the Company's Board of Directors at its meeting held on

22/02/2021

State whether any director voted against, or abstained from voting, in relation to the present report.

[ ] Yes
[√] No

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

DRAFTING OF THE ANNUAL ACCOUNTS AND MANAGEMENT REPORT FOR FINANCIAL YEAR 2020

In compliance with Article 253 of the current Spanish Companies Act the Board of Directors of GLOBAL DOMINION ACCESS, S.A., hereby prepares the consolidated annual accounts and consolidated Directors' Report for the years ended 31 December 2020.

Similarly, the members of the Company's Board of Directors declare that, to the best of their knowledge, the annual accounts prepared in accordance with applicable accounting principles present fairly the financial position and results of the issuer and that the Directors' Report includes a fair analysis of the performance and results of the businesses, together with a description of the principal risks and uncertainties which they face.

For all pertinent purposes and as an introduction to the aforementioned accounts and report, they hereby sign this document:

In Bilbao, on 22 February 2021

SIGNATORIES

Mr **Antón Pradera Jaúregui**
(Chair)

Mr **José Ramón Berecibar Mendizabal**
(Non-voting Secretary)

Mr **Mikel Felix Barandiaran Landin**
(CEO)

Mr. **Juan María Riberas Mera**
(Member)

Mr **Jesús María Herrera Barandiaran**
(Member)

Ms. **Arantza Estefania Larrañaga**
(Member)

Mrs. **Goizalde Egaña Garitagoitia**
(Member)

Mr. **Jorge Álvarez Aguirre**
(Member)

Mr. **Francisco Javier Domingo de Paz**
(Member)

Mr. **Juan Tomás Hernani Burzaco**
(Member)

Mr. **Jose María Bergareche Busquet**
(Member)

Ms. **Amaya Gorostiza Tellería**
(Member)