GROUPO EZENTIS, S.A. AND SUBSIDIARY COMPANIES (EZENTIS GROUP)

Consolidated Annual Accounts,
in accordance with International
Financial Reporting Standards adopted in the European Union,
and related Consolidated Management Report
for the year ended 31 December 2020

In the case of inconsistencies in the English translations, the Spanish original version shall prevail.

GRUPO EZENTIS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020
(Thousands of euros)

INDEX

GRUPO EZENTIS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020

(Thousands of euros)

Annexes:

GRUPO EZENTIS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020
(Thousands of euros)

ASSETS	Note	31 12 2020	31 12 2019
Non-current assets		**192.209**	**196.380**
Intangible Assets		**76.379**	**78.289**
Goodwill	6	30.032	35.331
Other intangible assets	7 a	46.347	42.958
Rights of use on leases	**7 b**	**31.729**	**30.078**
Tangible fixed assets	**8**	**14.548**	**22.903**
Land and buildings		312	204
Technical installations and machinery		5.200	6.537
Tools and furniture		3.958	3.580
Transport Elements		2.977	9.854
Information equipment and other fixed assets		2.101	2.728
Investments accounted for using the equity method	**10**	**72**	**50**
Non-current financial assets	**11**	**17.719**	**18.783**
Deferred tax asset	**19**	**51.762**	**46.277**
Current assets		**142.187**	**182.631**
Assets held for sale	**9**	-	**7.037**
Stocks	**12**	**24.576**	**23.929**
Debtors		**94.367**	**122.080**
Customers for sales and services	13	21.275	28.444
Customers, work completed and not yet invoiced	13 y 22	54.557	76.250
Sundry debtors	13	10.575	4.857
Current tax assets	19	7.960	12.529
Other current assets	**13**	**6.497**	**7.731**
Cash and cash equivalents	**13**	**16.747**	**21.854**
Total assets		**334.396**	**379.011**

The Notes to the consolidated financial statements and Appendices I to V are an integral part of these IFRS-EU consolidated financial statements.

GRUPO EZENTIS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020
(Thousands of euros)

LIABILITIES AND EQUITY	Note	31 12 2020	31 12 2019
Equity	**14**	**(38.752)**	**14.312**
Subscribed capital		99.352	99.352
Share premium		58.485	58.485
Other reserves		(118.746)	(115.114)
Own shares and equity investments		(168)	(305)
Profit and loss attributable to the parent company		(35.305)	4.014
Other equity instruments	3	(2.439)	(2.524)
Conversion differences		(39.931)	(29.596)
Non-current liabilities		**182.424**	**160.309**
Provisions	**18**	**2.831**	**2.511**
Non-current financial liabilities		**151.916**	**135.223**
Amounts owed to credit institutions	15	128.919	112.092
Lease liabilities	15	20.259	20.043
Derivative financial instruments	15	2.438	2.524
Other financial liabilities	16	300	564
Deferred tax liabilities	**19**	**8.438**	**8.533**
Other non-current liabilities	**16**	**19.239**	**14.042**
Current liabilities		**190.724**	**204.390**
Liabilities linked to assets held for sale		-	**3.585**
Current financial liabilities		**42.158**	**35.690**
Amounts owed to credit institutions	15	27.924	17.718
Lease liabilities	15	13.916	17.124
Other financial liabilities	16	318	848
Trade and other payables	**17**	**138.513**	**162.552**
Suppliers	17	78.100	87.799
Other creditors	17	14.136	11.536
Remunerations to be paid	17	13.453	16.896
Current tax liabilities	19 y 17	26.160	30.126
Customer advances	17 y 22	6.664	16.195
Other current liabilities	**5 - 16**	**2.050**	**-**
Provisions for current liabilities and charges	**18**	**8.003**	**2.563**
Total liabilities		**373.148**	**364.699**
Total equity and liabilities		**334.396**	**379.011**

The Notes to the consolidated financial statements and Appendices I to V are an integral part of these IFRS-EU consolidated financial statements.

GRUPO EZENTIS, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEAR 2020
(Thousands of euros)

	Note	31 12 2020	31 12 2019 Restated
Operating income			
Net turnover	22 - 23	370.388	469.121
Other operating income	22	8.097	3.586
Work carried out by the Group for its assets		2.237	3.030
Operating costs			
Consumption and other external costs	22	(113.937)	(130.240)
Staff costs	22	(179.552)	(209.592)
Provisions for fixed asset depreciation	7 - 8	(25.515)	(28.100)
Provisions and impairments	18	(25.045)	(10.438)
Other operating expenses	22	(51.675)	(80.132)
Other results	22	(14.100)	(6.876)
Consolidated operating profit/(loss)	**23**	**(29.102)**	**10.359**
Financial income and expenses			
Other interest and similar income	22 - 23	3.497	1.270
Financial and similar expenses	22	(23.764)	(27.589)
Net exchange rate differences	22	(698)	(348)
Hyperinflationary currency corrections	2	7.001	8.926
Financial profit/(loss)	**23**	**(13.964)**	**(17.741)**
Consolidated profit/(loss) before taxation	**23**	**(43.066)**	**(7.382)**
Profit tax	19 - 23	7.761	11.396
Profit/(loss) for the year from continuing operations		**(35.305)**	**4.014**
Consolidated profit/(loss) for the period and attributable to owners of the Parent Company		**(35.305)**	**4.014**
Basic earnings/(loss) per share of parent company result	14	(0,107)	0,012
Basic earnings/(loss) per share from continuing operations	14	(0,107)	0,012
Diluted earnings/(loss) per share of parent company result	14	(0,107)	0,012
Diluted earnings/(loss) per share from continuing operations	14	(0,107)	0,012

The Notes to the consolidated financial statements and Appendices I to V are an integral part of these IFRS-EU consolidated financial statements.

GRUPO EZENTIS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR 2020
(INCOME AND EXPENSES RECOGNISED IN EQUITY)
(Thousands of euros)

	Note	31 12 2020	31 12 2019 Restated
Consolidated result for the year		**(35.305)**	**4.014**
Items that can subsequently be classified to profit or loss			
Cash flow hedging	**3.1**	85	(1.542)
Foreign currency translation differences	**14 c**	(10.335)	(5.687)
Other comprehensive income for the year, net of tax		**(10.250)**	**(7.229)**
Total comprehensive income for the year		**(45.555)**	**(3.215)**
Attributable to:			
Owners of the Parent Company		(45.555)	(3.215)
Total comprehensive income for the year		**(45.555)**	**(3.215)**
Total comprehensive income attributable to equity shareholders:			
Continuing activities		(45.555)	(3.215)
		(45.555)	**(3.215)**

The Notes to the consolidated financial statements and Appendices I to V are an integral part of these IFRS-EU consolidated financial statements.

GRUPO EZENTIS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

(Thousands of euros)

Thousands of euros	Subscribed Capital (Note 14)	Share premium (Note 14)	Other reserves	Profit attributable to Parent's prop.	Translation differences (Note 14)	Parent Company shares (Treasury shares) (Note 14)	Other equity instruments (Note 3)	Net Equity attributable to owners of Dom. Net Equity Attributable to Owners of Dom. (Note 14)	Total Equity
Balance sheet as at 01.01.2020	**99.352**	**58.485**	**(115.114)**	**4.014**	**(29.596)**	**(305)**	**(2.524)**	**14.312**	**14.312**
Result for the year	-	-	-	(35.305)	-	-	-	(35.305)	(35.305)
Other comprehensive income for the year	-	-	-	-	(10.335)	-	85	(10.250)	(10.250)
Total comprehensive income for the year	**-**	**-**	**-**	**(35.305)**	**(10.335)**	**-**	**85**	**(45.555)**	**(45.555)**
Transactions in own shares	-	-	(16)	-	-	137	-	121	121
Transactions with owners	**-**	**-**	**(16)**	**-**	**-**	**137**	**-**	**121**	**121**
Implementation of previous year's results	-	-	4.014	(4.014)	-	-	-	-	-
Hyperinflation Argentina	-	-	(5.952)	-	-	-	-	(5.952)	(5.952)
Other changes in equity	-	-	(1.678)	-	-	-	-	(1.678)	(1.678)
Total movements in equity	**-**	**-**	**(3.632)**	**(39.319)**	**(10.335)**	**137**	**85**	**(53.064)**	**(53.064)**
Balance sheet as at 31.12.2020	**99.352**	**58.485**	**(118.746)**	**(35.305)**	**(39.931)**	**(168)**	**(2.439)**	**(38.752)**	**(38.752)**

The accompanying notes and Appendices I to V are an integral part of these IFRS-EU consolidated annual accounts.

GRUPO EZENTIS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007 31 DECEMBER 2019

(Thousands of euros)

Thousands of euros	Subscribed Capital (Note 14)	Share premium (Note 14)	Other reserves	Profit attributable to Parent's prop.	Translation differences (Note 14)	Parent Company shares (Treasury shares) (Note 14)	Other equity instruments (Note 3)	Net Equity attributable to owners of Dom. Net Equity Attributable to Owners of Dom. (Note 14)	Total Equity
Balance sheet as at 01.01.2019	**99.352**	**58.485**	**(85.776)**	**(14.697)**	**(23.909)**	**(435)**	**(982)**	**32.038**	**32.038**
Result for the year	-	-	-	4.014	-	-	-	4.014	4.014
Other comprehensive income for the year	-	-	-	-	(5.687)	-	(1.542)	(7.229)	(7.229)
Total comprehensive income for the year	**-**	**-**	**-**	**4.014**	**(5.687)**	**-**	**(1.542)**	**(3.215)**	**(3.215)**
Transactions in own shares	-	-	(89)	-	-	130	-		
Transition to IFRS16			(2.211)	-	-	-	-	(2.211)	(2.211)
Transactions with owners	**-**	**-**	**(2.300)**	**-**	**-**	**130**	**-**	**(2.170)**	**(2.170)**
Implementation of previous year's results	-	-	(14.697)	14.697	-	-	-	-	-
Hyperinflation Argentina			(5.600)	-	-	-	-	(5.600)	(5.600)
Other changes in equity	-	-	(6.741)	-	-	-	-	(6.741)	(6.741)
Total movements in equity	**-**	**-**	**(29.338)**	**18.711**	**(5.687)**	**130**	**(1.542)**	**(17.726)**	**(17.726)**
Balance sheet as at 31.12.2019	**99.352**	**58.485**	**(115.114)**	**4.014**	**(29.596)**	**(305)**	**(2.524)**	**14.312**	**14.312**

The accompanying notes and Appendices I to V are an integral part of these IFRS-EU consolidated annual accounts.

GRUPO EZENTIS, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020
(Thousands of euros)

Thousands of euros	Note	2020	2019 Restated
(A) CASH FLOWS FROM OPERATING ACTIVITIES (1+2+3+4)		**(12.587)**	**45.867**
1. Profit (loss) before taxation		**(43.066)**	**(7.382)**
2. Adjustments to results:		**37.610**	**64.233**
Depreciation of fixed assets		25.515	28.100
Change in provisions		-	8.220
Allocation of subsidies		-	(19)
Financial income		(3.497)	(1.270)
Financial expenses		23.764	27.589
Exchange rate differences		(698)	348
Other adjustments to profit or loss		(7.474)	1.265
3. Changes in current capital:		**9.280**	**27.450**
Stocks		(408)	(3.504)
Trade and other receivables		34.678	20.402
Trade and other current liabilities		(30.822)	10.523
Other non-current assets and liabilities		5.832	29
4. Other cash flows from operating activities:		**(16.411)**	**(38.434)**
Taxes paid		(102)	(2.095)
Other (payments) receipts		(16.309)	(36.339)
(B) CASH FLOWS FROM INVESTING ACTIVITIES (1+2)		**(5.691)**	**(35.206)**
1. Investment payments (-)		**(6.539)**	**(35.212)**
Acquisition of dependents, cash acquired (+)		1.898	-
Acquisition of subsidiaries, other assets and liabilities acquired (-)		(1.645)	-
Property, plant and equipment, intangible assets and investment property (-)	7 y 8	(6.792)	(28.408)
Other financial assets (-)		-	(6.804)
2. Divestment proceeds (+)		**848**	**6**
Other financial assets (+)		848	6
(C) CASH FLOWS FROM FINANCING ACTIVITIES (1+2+3)		**7.857**	**(8.382)**
1. Proceeds and (payments) for equity instruments			
Acquisition (-)		(150)	-
Disposal (+)		190	41
2. Receivables and (payments) for financial liability instruments	**15 y 16**	**23.639**	**17.864**
Issue (+)		57.533	33.422
Repayment and amortisation (-)		(33.894)	(15.558)
3. Cash flows from financing activities		**(15.822)**	**(26.287)**
Interest payments (-)		(16.998)	(27.551)
Interest income (+)		1.176	1.264
(D) EFFECT OF EXCHANGE RATE CHANGES		**5.314**	**498**
(E) NET INCREASE/(DECREASE) IN CASH OR CASH EQUIVALENTS (A+B+C+D)		**(5.107)**	**2.777**
F) Cash and cash equivalents at the beginning of the period		**21.854**	**19.077**
(G) CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (E + F)	**14.d**	**16.747**	**21.854**

The accompanying notes and Appendices I to V are an integral part of these IFRS-EU consolidated annual accounts.

Notes to the consolidated annual accounts for the financial year 2020
(Thousands of euros)

1. General information

Grupo Ezentis, S.A. (hereinafter, the "Parent Company"), and its subsidiaries and associates (together "the Group"), was incorporated in 1959.

The registered office of the Parent Company is located at Calle Automoción No. 26-28, Polígono Industrial Calonge, 41007 Seville, Spain. The Parent Company is registered in the Mercantile Register of Seville.

At 31 December 2020, the Parent Company carries out its business in the domestic market and its subsidiaries carry out their business in Spain, Argentina, Brazil, Chile, Colombia, Peru, Mexico and Portugal, and their corporate purpose is related to:

1. The execution and maintenance of telecommunication systems, equipment and components for the emission, transmission and reception of any kind of information between people, be it signs, sound or images, by mechanical, electrical, magnetic and optical means, as well as the provision of value-added services to such telecommunications.

2. The execution and maintenance of electrical installations in general, in high, low and medium voltage, electronic installations, electrification installations, installations of signalling and beaconing systems, security and fire-fighting installations, ports, airports, railway networks and roads.

3. Complete construction, repair and maintenance of civil works, hydraulic works, buildings, sanitation, paving and water and waste supply and treatment systems.

4. The contracting of works and services with the State, provinces, municipalities or any entities of the institutional or corporate administration, and in general all kinds of public or private bodies.

5. The preparation and drafting of technical projects, construction management, quality control, studies and reports and technical advice of all kinds related to its corporate purpose.

6. Participation in companies with activities similar or analogous to those described above.

The Parent Company's activity corresponds to corporate services and shareholdings.

The subsidiaries included and not included, respectively, in the scope of consolidation are shown in Annexes I, II and III, as follows:

- Appendix I: Subsidiaries included in the consolidated financial statements of Grupo Ezentis, S.A. and Subsidiaries.
- Appendix II: Subsidiaries not included in the scope of consolidation of the Ezentis Group because they are dormant or in the process of liquidation.
- Appendix III: Joint ventures in which Group companies have interests.

The Parent Company's shares are listed on the Official Spanish Stock Exchanges of Madrid and Bilbao.

Basis of presentation, comparison of the consolidated financial statements and significant accounting policies

2.1) Basis of presentation

The consolidated financial statements of the Ezentis Group for 2020 have been authorised for issue:

1. By the Directors of the Parent Company at a meeting of its Board of Directors held on 26 February 2021.

In accordance with the International Financial Reporting Standards adopted for use in the European Union (EU-IFRS) and approved by the European Commission regulations in force at 31 December 2020, IFRIC interpretations and applicable commercial legislation, and no mandatory standards have not been applied. The most significant accounting policies and measurement bases applied in preparing these consolidated financial statements are summarised in Appendix IV.

3.Taking into account all the mandatory accounting principles and rules and measurement bases that have a material effect on the consolidated annual accounts.

4.So as to present fairly the Group's consolidated equity and financial position as at 31 December 2020, and the results of its operations, the changes in consolidated equity and the consolidated cash flows that have occurred in the Group in the year then ended.

5. From the accounting records kept by the Company and by the other entities in the Group.

6. Applying the going concern principle. See Note 2.3.

7. The consolidated annual accounts have been prepared under the modified historical cost approach in those cases established by IFRS-EU in which certain assets and liabilities are measured at fair value.

The Group's consolidated financial statements for 2019 were approved by the Parent's shareholders at the Annual General Meeting held on 4 June 2020 and are included for comparative purposes. In this regard, the Group has restated the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows for 2019 for those activities which, having been considered as discontinued operations in 2019, are now considered as continuing operations in 2020 (see note 9).

These consolidated financial statements and the financial statements of the Group companies for 2020 have not yet been approved by their respective shareholders at their respective Annual General Meetings. However, the Board of Directors of Grupo Ezentis, S.A. considers that these consolidated financial statements will be approved without material changes.

The figures contained in these annual accounts are shown in thousands of euros unless otherwise stated.

2.2) Comparison of information

The information contained in these consolidated annual accounts for 2019 is presented for comparative purposes with that for 2020. In the comparison of information, it should be taken into consideration that the changes in the scope of consolidation indicated in Note 5 have taken place. In addition, during the financial year 2020 the circumstances have not arisen for the sale of the companies that were available for sale. For this reason, the consolidated income statement for 2019 has been restated. The comparison of the consolidated income statement presented in 2019 and the restated consolidated income statement is as follows:

(Thousands of euros)

	31 12 2019 Restated	31 12 2019
Operating income		
Net turnover	469.121	448.738
Other operating income	3.586	3.561
Work carried out by the Group for its assets	3.030	2.894
Operating costs		
Consumption and other external costs	(130.240)	(124.299)
Staff costs	(209.592)	(196.910)
Provisions for fixed asset depreciation	(28.100)	(27.713)
Provisions and impairments	(10.438)	(10.438)
Other operating expenses	(80.132)	(75.912)
Other results	(6.876)	(4.772)
Consolidated operating profit/(loss)	**10.359**	**15.149**
Financial income and expenses		
Other interest and similar income	1.270	1.264
Financial and similar expenses	(27.589)	(27.551)
Net exchange rate differences	(348)	(343)
Hyperinflationary currency corrections	8.926	7.793
Financial profit/(loss)	**(17.741)**	**(18.837)**
Consolidated profit/(loss) before taxation	**(7.382)**	**(3.688)**
Profit tax	11.396	11.056
Profit/(loss) for the year from continuing operations	**4.014**	**7.368**
Profit/(loss) for the year from discontinued operations net of taxes	-	(3.354)
Consolidated profit/(loss) for the period and attributable to owners of the Parent Company	**4.014**	**4.014**
Basic earnings/(loss) per share of parent company result	0,012	0,012
Basic earnings/(loss) per share from continuing operations	0,012	0,022
Basic earnings/(loss) per share from discontinued operations	0,000	(0,010)
Diluted earnings/(loss) per share of parent company result	0,012	0,012
Diluted earnings/(loss) per share from continuing operations	0,012	0,022
Diluted earnings/(loss) per share from discontinued operations	0,000	(0,010)

2.3) Going concern principle and COVID-19 impacts.

At 31 December 2020, the Group's equity is negative and amounts to Euros 35,652 thousand (positive Euros 14,312 thousand in 2019). This negative equity includes a negative impact of Euros 39,931 thousand (negative Euros 29,596 thousand in 2019) corresponding to accumulated translation differences due to the evolution of Latin American currencies. The consolidated operating profit is negative EUR 29,102 thousand (positive in 2019 restated by EUR 10,359 thousand) and the consolidated loss for 2020 amounts to EUR 35,305 thousand (profit of EUR 4,014 thousand in 2019). The Group's EBITDA amounts to EUR 47,075 thousand (EUR 55,773 thousand in 2019 restated) (see definition and reconciliation of EBITDA in Appendix V to these consolidated financial statements). The Group has negative working capital amounting to EUR 48,537 thousand (negative working capital in 2019 amounting to EUR 21,759 thousand).

On 11 March 2020, the World Health Organisation declared the outbreak of Coronavirus COVID-19 a pandemic, due to its rapid spread around the world, having affected more than 150 countries. Most governments have taken restrictive measures to contain the spread, which have included: isolation, confinement, quarantine and restriction of free movement of people, closure of public and private premises, except for basic necessities and health facilities, closure of borders and drastic reduction of air, sea, rail and road transport. As part of the set of measures established by the government to manage the health crisis caused by COVID-19, Spain temporarily suspended all fixed and mobile numbering portability operations in March. Similarly, the governments of the countries in which the Group operates have adopted similar measures, establishing limitations on telephony portability and restrictions on electricity cuts.

The direct impact of these measures on the Group amounted to EUR 3.6 million in non-recurring expenses, mainly due to temporary lay-offs and labour restructuring, as well as the purchase of PPE and medical equipment to deal with the pandemic.

At the height of the pandemic, the Ezentis Group's business was declared an "essential activity" in all the markets in which it operates, although the temporary measures adopted by the various governments had an impact on the normal development of our business. In Spain, portability of fixed and mobile lines between operators was temporarily banned, which significantly affected this type of service, and a general confinement was applied to the population, affecting the number of services to be provided at the end customer's home for fear of physical contact. In Peru, the establishment of a strict curfew forcibly reduced the working hours of our staff, and the application of confinement measures, as in other countries, reduced the request for service orders and the demand from end-customers. In Brazil and Chile, there were restrictions on the cutting and replacement of power, so that certain operation and maintenance services could not be performed on energised lines.

Although the governmental measures and restrictions have been temporary, they have had an effect on our activity with an estimated impact of lower sales of approximately 26.6 million euro and lower EBITDA of 7.5 million euro. The temporary nature of these limitations and the progressive normalisation of activity have allowed a generalised recovery since the third quarter of the year.

On the other hand, for the last two years, and as part of its Transformation Plan, the Group has focused its strategy on growing in European markets and reducing its exposure to Latin America, mainly in markets where it is difficult to achieve volumes that will enable it to improve efficiency, and especially in contracts and customers whose characteristics make profitability difficult.

To this end, the Group has taken the following decisions:

1. Divest or close unprofitable projects with difficulty in achieving profitability in the short/medium term.
2. For closed projects, the cost of termination by unilateral decision, the costs of associated labour liabilities and the impairment of assets assigned to the activity have been assumed.
3. Maintain profitable projects that can outperform currency depreciations.
4. In future live projects, change the production model to make costs more variable and more flexible to variations in demand levels.

In addition, this Transformation Plan has the following objectives:

i) the restructuring of staff costs towards a more flexible cost structure, with a reduction in fixed costs and an increase in outsourced activity, which will make it possible to adapt to the volatility of volumes in the sector and reduce levels of underactivity

ii) the focus on higher volume and higher density contracts, which will allow more services to be provided with fewer resources and increase the margin, and

iii) diversification into other industries by gaining a presence in Energy and Security, as well as focusing business in Europe as a way to limit exposure to exchange rate variability.

In this regard, in 2020 the Group incurred non-recurring or exceptional expenses of 22,571 thousand euros related to the Transformation Plan, which led to 5,110 people leaving the Group (net reduction of more than 35% of the workforce). The detail of these expenses is as follows:

	Thousands of euros
	2020
Severance payments and other labour matters (note 22b)	(11.517)
Other labour contingencies (note 22e)	(2.814)
Impairment of work in progress (note 18)	(2.783)
Fines cancellation of contracts (note 22e)	(536)
Expenses related to contract abandonment (note 22e)	(4.435)
Other expenses (note 22e)	(486)
Total expenditure related to the Transformation Plan	**(22.571)**

In addition, and with the aim of contributing to the strengthening of the Group's financial situation with a view to the development of its Transformation Plan and business prospects until 2023, on 28 January 2021, the Group signed an investment agreement with Eléctrica Nuriel S.L.U., a company wholly owned by the businessman José Elías, with the aim of becoming the Group's strategic and industrial partner. The vision and business background of José Elías will enable the joint development of business opportunities and the exploitation of synergies, especially in the renewable energy sector.

The entry of the new investor took place through an increase in the share capital of Ezentis through cash contributions by Eléctrica Nuriel for Euros 19.8 million (see note 26). With this increase, Eléctrica Nuriel will obtain 16.7% of the resulting capital of Ezentis. In addition, in order to allow José Elías to increase his stake to a maximum of 29.9%, the board of directors has approved an issue of bonds convertible into shares.

In addition, the projected cash flows in 2021 will allow for the repayment of principal and interest on the Group's debt, subject to repayment schedules. In addition, the Group has revolving credit facilities and other loans that would allow for further cash flow drawdowns, which would provide additional financing to meet the Group's working capital requirements at any time. In addition, in December 2020, the Group agreed with all the entities participating in the syndicated financing and in the ICO-Covid loan to modify, for the period ending 31 December 2020, the limits of one of the ratios established in the original financing agreement and to waive compliance with another, in order to adapt them to the updated estimates based on the impact of the pandemic and the evolution of foreign currency exchange rates. Finally, and for the same reason, in February 2021 the Group agreed with the entities participating in the aforementioned financing to modify the limits of the ratios established for the financial year 2021.

As at 31 December 2020 and 2019 the Group is in compliance with the covenants agreed with the participating entities.

Lastly, the contracted portfolio at the end of 2020 amounted to EUR 658,041 thousand. The portfolio consists mainly of multi-year contracts with a duration of between 3 and 5 years with the main operators in the sectors of activity in which Ezentis operates in Europe and Latin America.

Following the analysis and assessment of the application of the going concern principle, the Parent Company's management body has prepared these consolidated financial statements on a going concern basis, assuming that the Group will continue to generate positive cash flows and that it will normally meet its payment obligations and commitments.

2.4) Argentina's qualification as a hyperinflationary country

During 2018, several factors became evident in the Argentinean economy that made it necessary to reconsider the treatment followed to date by Ezentis in the translation of the financial statements of its investees in Argentina, as well as the recovery of its financial investments in Argentina. These factors include the inflation rate in 2018 and the cumulative inflation rate in the last three years, the restrictions on the official currency conversion market and, finally, the devaluation of the Argentinean peso, as a result of a decision taken by the Argentinean government. These factors have been maintained during 2020.

Consequently, in accordance with International Financial Reporting Standards (IFRS), the Argentine economy has been considered as hyperinflationary in 2020 and 2019, which has meant, as main aspects:

- The historical cost of the non-monetary assets and liabilities and the various equity items of the companies concerned, from the date of acquisition or inclusion in the statement of financial position to year-end, should be adjusted to reflect changes in the purchasing power of the currency due to inflation.

  Thus, the cumulative effect of the accounting restatement correcting for the effects of hyperinflation for years prior to 2018 would be reflected in consolidated translation differences at the beginning of 2018 itself.

- That the income statement should be adjusted to reflect the financial loss/gain corresponding to the impact of the year's inflation on net monetary assets (loss/gain in purchasing power) in the net monetary position.

- That the various items in the income statement and cash flow statement should be adjusted for the inflationary index as soon as they are generated, with a balancing entry in financial results and in a reconciling item in the cash flow statement, respectively.

- And, finally, that all components of the financial statements of Argentine companies should be translated at the closing exchange rate (1 euro = 102.856545 Argentine pesos as at 31 December 2020 and 1 euro = 67.232514 Argentine pesos as at 31 December 2019).

  The general price indices applied were as follows:

  - Wholesale Domestic Price Index (WPI), general level up to 31 December 2016, except November and December 2015.
  - Consumer Price Index (CPI) of the city of Buenos Aires for November and December 2015.
  - Consumer Price Index (CPI) with national coverage for Argentina as of January 2017.

  The value of the general price index used as at 31 December 2020 amounted to 385.88 basis points and the change compared to the previous year was 36.14% (283.44 basis points as at 31 December 2019).

Accordingly, the main impacts on Ezentis' consolidated financial statements for 2020 and 2019 were as follows:

Thousands of euros

	2020	**2019**
Income	(1.787)	65
EBITDA	(1.046)	(79)
Net result	5.363	8.410
Reserves	(6.141)	(5.600)
Net Equity Effect	238	372

2.5) Changes in accounting policies and disclosures

) New IFRS and Interpretations of the IFRS Interpretations Committee (IFRIC)

The accounting policies adopted for the preparation of the consolidated financial statements for the year ended 31 December 2020 are the same as those followed for the preparation of the consolidated financial statements for the year 2019, except for the following new standards and amendments issued by the IASB and adopted by the European Union for application in Europe, which are mandatory for annual periods beginning on or after 1 January 2020:

Amendment to IFRS 3 - Definition of business

This amendment clarifies the definition of a business in IFRS 3 in order to facilitate its identification in the context of a business combination or, on the other hand, if it is an acquisition of a set of assets. For a set of activities and assets to be considered a business, it must include, at a minimum, inputs and a substantive process that together contribute significantly to the entity's ability to provide outputs.

The entry into force of this amendment did not have a significant impact on the Group.

Amendments to IAS 1 and IAS 8 - Definition of materiality

This amendment clarifies the definition of materiality. Information is material if its omission, misstatement or concealment could reasonably be expected to influence the decisions that primary users of financial information would make on the basis of the financial statements.

The entry into force of this amendment did not have a significant impact on the Group.

Amendments to IFRS 9, IAS 39 and IFRS 7 - Benchmark interest rate reform

(Thousands of euros)

The IBOR reform initiative has involved a project to amend IFRS 9, IAS 39 and IFRS 7, initially focused on identifying the impact of the IBOR reform on hedge accounting, as well as the concept of "uncertainty", as the complete replacement of the IBOR indices will entail changes to hedging instruments.

In order to avoid this situation, the IASB published on 26 September 2019 a number of amendments to IFRS 9, IAS 39 and IFRS 7 that mitigate the potential effects of uncertainty caused by the IBOR reform by avoiding the disruption of affected hedging relationships. These amendments provide certain exemptions in relation to benchmark interest rate reforms.

In this respect, the Group's interest rate hedging relationships are tied to Euribor (see note 3.1), an index that has been modified and which does not generate uncertainty in the application of hedge accounting as a result of the reform introduced.

The entry into force of this amendment did not have a significant impact on the Group.

Covid-19 related rent reductions - Amendments to IFRS 16

As a result of the COVID-19 pandemic, rent concessions have been granted to tenants. Such concessions can take various forms, including payment forgiveness and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases that provides lessees with an option to treat qualifying lease concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.
During 2020, the Group did not obtain any significant concessions in its rental contracts. The entry into force of this amendment had no impact on the Group.

2.5.2) New standards and interpretations not yet adopted

At the date of preparation of these consolidated financial statements, the following standards and amendments to standards had been issued by the IASB but are not mandatory:

Title	Key requirements	Effective date
Insurance Contracts - IFRS 17	The new rules will affect the financial statements and key performance indicators of all entities issuing insurance contracts or investment contracts with discretionary participation components. This standard has no impact on the Group's annual accounts.	1 January 2023
Classification of liabilities as current or non-current - Amendments to IAS 1	The limited scope amendments to IAS 1 clarify that liabilities are classified as current or non-current, depending on the rights that exist at the end of the reporting period. The classification is not affected by an entity's expectations or events after the reporting period end. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities. The Group is assessing the potential impact on the Group's annual accounts.	1 January 2022 (possibly deferred to 1 January 2023)
Property, plant and equipment: Revenue before intended use - Amendments to IAS 16	It is prohibited to deduct from the cost of an item of property, plant and equipment any revenue from the sale of items produced while the entity is preparing the asset for its intended use. The Group is assessing the potential impact on the Group's financial statements.	1 January 2022
Reference to the Conceptual Framework - Amendments to IFRS 3	Minor amendments to IFRS 3 to update references to the 2018 Framework and to add an exception for the recognition of contingent liabilities and contingent liabilities within the scope of IAS 37 and Interpretation 21. The amendments also confirm that contingent assets should not be recognised at the acquisition date. The Group is assessing the potential impact on the Group's annual accounts.	1 January 2022

(Thousands of euros)

Title	Key requirements	Effective date
Onerous contracts - Cost of fulfilling a contract - Amendments to IAS 37	The amendment clarifies 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 the performance of contracts. Before recognising a separate provision for an onerous contract, an entity shall recognise any impairment loss that has occurred on assets used to fulfil the contract. The Group is assessing the potential impact on the Group's annual accounts.	1 January 2022
Annual Improvements to IFRS - 2018-2020 Cycle	IFRS 9 "Financial instruments": Clarifies which fees should be included in the 10% test for derecognition of financial liabilities. IFRS 16 Leases: Illustrative Example 13 has been amended to remove the illustration of lessor payments in relation to leasehold improvements. IFRS 1 "First-time Adoption of IFRS": allows entities that have measured their assets and liabilities at the carrying amounts recorded in their parent's books to also measure cumulative translation differences using the parent's carrying amounts. IAS 41 "Agriculture": This amendment removes the requirement to exclude cash flows for taxation when measuring fair value under IAS 41. The Group is assessing the potential impact on the Group's annual accounts.	1 January 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	The amendments clarify the accounting treatment of the sale or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-cash assets sold or contributed to an associate or joint venture constitute a "business" (as defined in IFRS 3 *Business Combinations*). The Group is assessing the potential impact on the Group's annual accounts.	Deferred date

2.6) Declaration of insolvency proceedings of the Group's Argentinean subsidiaries

In December 2019, the Group's Argentinean companies filed for insolvency proceedings in order to reorganise their liabilities. In addition, a process was initiated to search for different alternatives for the continuity of the current telecommunications and energy activities, which could include strategic alliances with third parties.

Financial risk management

3. 1 Financial risk factors

The Ezentis Group has a Comprehensive Risk Management System through which it identifies, evaluates, prioritises and manages the Group's relevant risks systematically, using uniform criteria. This system is constantly updated, operates in a comprehensive and continuous manner, and is the result of the consolidation at corporate level of the management carried out by each of the business units, countries or companies that form or have formed part of the Ezentis Group during 2020.

The purpose of this Integrated Risk Management System is to ensure that risks that may affect the Ezentis Group's strategies and objectives are identified, analysed, evaluated, managed and controlled systematically, using uniform criteria and setting them within the established risk tolerance levels.

Pursuant to the Regulations of the Board of Directors of the Ezentis Group, the Board of Directors is responsible for defining the Risk Control and Management Policy, identifying the Company's main risks, especially tax risk, and organising, implementing and monitoring the appropriate internal control and information systems.

The Audit and Compliance Committee, as a delegated body of the Board of Directors, is responsible for supervising the internal control systems and periodically guaranteeing the risk management system, so that the main risks are properly identified, managed and disclosed, as well as periodically reviewing the risk control and management policy and proposing its modification and updating to the Board of Directors.

Risks are managed through the risk managers or owners of the various business units/countries of the Group, all in accordance with the guidelines and criteria set out in the Group's Risk Management Policy and the Risk Management Manual.

Financial risk management in particular is the responsibility of the Finance Department, which assesses and hedges financial risks in collaboration with the Group's operating units, providing policies for overall risk management as well as for specific areas. Financial risks are risks associated with financial markets, cash generation and cash management. They include those related to liquidity and working capital management, access to financial and capital markets, credit risk, and exchange rate and interest rate variations.

Financial instruments

The financial instruments held by the Group as at 31 December 2020 and 2019 are as follows:

	Thousands of euros			
	As at 31 December			
	2020		2019	
	Valuation at amortised cost	**Fair Value Measurement. Hedging instruments**	**Valuation at amortised cost**	**Fair Value Measurement. Hedging instruments**
Financial asset instruments				
Deposits and bonds	17.719	-	18.783	-
Non-current financial assets	**17.719**	**-**	**18.783**	**-**
Customers for sales and services	**94.367**	**-**	**122.080**	**-**
Deposits and bonds	6.497	-	7.731	-
Other current financial assets	**6.497**	**-**	**7.731**	**-**
Cash and cash equivalents	**16.747**	**-**	**21.854**	**-**
Current financial assets	**117.611**	**-**	**151.665**	**-**
Total	**135.330**	-	**170.448**	-
Liability financial instruments				
Amounts owed to credit institutions (Note 15)	**128.919**	**-**	**112.092**	-
Non-current lease liabilities	**20.259**	**-**	**20.043**	**-**
Non-current finance lease liabilities	**-**	**-**	**-**	**-**
Derivative instruments	**-**	**2.438**	**-**	2.524
Loans and other payables	300	-	564	-
Other non-current financial liabilities	**300**	**-**	**564**	**-**
Total non-current financial liabilities	**149.478**	**2.438**	**132.699**	**2.524**
Amounts owed to credit institutions (Note 15)	**27.924**	**-**	**17.718**	**-**
Current lease liabilities	**13.916**	**-**	**17.124**	**-**
Current leasing liabilities	**-**	**-**	**-**	**-**
Loans and other payables	318	-	848	-
Other financial liabilities	**318**	**-**	**848**	**-**
Suppliers	**131.849**	**-**	**146.357**	**-**
Total current financial liabilities	**174.007**	**-**	**182.047**	**-**
Total	**323.485**	**2.438**	**314.746**	**2.524**

The analysis of financial instruments that are measured at fair value is classified by valuation method. The different valuation levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1). The Ezentis Group does not have any financial instruments valued using this method.

- Non-quoted price data included in Level 1 that are observable for the asset or liability, either directly (ie prices) or indirectly (ie derived from prices) (Level 2).

- Data for the asset or liability that are not based on observable market data (ie unobservable data) (Level 3).

Financial year 2020

2020	Level 1	Level 2	Level 3	Total
Liabilities				
Financial instruments				
- Derivatives	-	-	2.438	2.438
Total liabilities	**-**	**-**	**2.438**	**2.438**

Financial year 2019

2019	Level 1	Level 2	Level 3	Total
Liabilities				
Financial instruments				
- Derivatives	-	-	2.524	2.524
Total liabilities	**-**	**-**	**2.524**	**2.524**

Interest rate risk

Interest rate fluctuations change the fair value of financial assets and liabilities bearing fixed interest rates, as well as the cash flows of financial assets and liabilities tied to floating interest rates, and therefore affect both equity and profit or loss, respectively. To mitigate interest rate risk, the Group maintains an active interest rate risk management policy, with constant monitoring of the market. Financial debts and other creditors, as well as our customers' contracts, are indexed to market interest rates and inflation rates.

Only part of the financial liabilities are subject to fair value interest rate risk. Financial debts and other payables bear interest at a rate tied to Euribor.

The debt structure as at 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
	31.12.2020	**31.12.2019**
Fixed interest rate	34.793	38.579
Variable interest rate	156.843	129.810
Total	**191.636**	**168.389**

The variable interest rate is mainly subject to fluctuations in the various reference rates used for the calculation of interest in the different subsidiaries that have debts recorded on their balance sheets.

To hedge interest rate risk, the group has contracted hedging financial instruments on 57% of total corporate debt at nominal value at 31 December 2020. (65% at 31 December 2019).

In determining the fair value of derivatives, the Group uses discounted expected cash flows based on market conditions with respect to euro interest rate curves at the measurement date.

The derivatives contracted by the Group are as follows:

Financial year 2020

Ranking	Type	Nominal (thousands of euros)	Maturity (*)	Fair value (thousands of euros)	
				Active	Liabilities
Interest rate swap	Variable to Fixed	21.700	31/07/2024	-	466
Interest rate swap	Variable to Fixed	7.600	31/07/2024	-	163
Interest rate swap	Variable to Fixed	7.600	31/07/2024	-	163
Interest rate swap	Variable to Fixed	36.723	31/07/2025	-	1.646
		73.623		**-**	**2.438**

Financial year 2019

Ranking	Type	Nominal (thousands of euros)	Maturity (*)	Fair value (thousands of euros)	
				Active	Liabilities
Interest rate swap	Variable to Fixed	24.111	31/07/2024	-	567
Interest rate swap	Variable to Fixed	8.444	31/07/2024	-	199
Interest rate swap	Variable to Fixed	8.444	31/07/2024	-	199
Interest rate swap	Variable to Fixed	36.000	31/07/2025	-	1.559
		77.000		**-**	**2.524**

(*) The maturity of the hedging instruments coincides with the year in which the cash flows are expected to occur and affect the income statement.

The interest rate is hedged by means of an interest rate swap. In an interest rate swap, interest rates are exchanged in such a way that the Company receives a floating interest rate from the bank in exchange for a fixed interest payment. The Interest Rate Swap has been designated as a cash flow hedge.

At 31 December 2020, the fair value of Ezentis' foreign currency denominated interest rate hedges is estimated to be a net liability position of EUR 2,438 thousand (31 December 2019: EUR 2,524 thousand).

The sensitivity of the result to changes in interest rates on liabilities to credit institutions is as follows:

Thousands of euros	Increase/decrease in interest rate (Euribor-linked)	Effect on profit before tax
2020	+/-1%	+/- 1.568
2019	+/-1%	+/- 1.298

Exchange rate risk

The Group's risk related to exchange rate fluctuations is basically related to the operations of the Group's entities located outside Spain, especially in Latin America.

To mitigate these risks, the Group tries to match, whenever possible, costs and revenues referenced to the same currency, as well as the amounts and maturities of assets and liabilities arising from transactions denominated in currencies other than the euro. In this way, the Group has a natural exchange rate hedge that enables it to minimise currency risk in its results, as it offsets the risk of sales in the currency of each country with purchases and personnel costs incurred, which are also made in the same currency.

The currencies other than the euro in which the Group operates most at 31 December 2020 are the Brazilian real, the Chilean peso, the Peruvian nuevo sol, the Argentinean peso, the Mexican peso and the Colombian peso. The sensitivity of the result and equity (increase and decrease) of the exchange rate of these currencies against the euro is as follows:

		Thousands of Euros	
		31.12.2020	31.12.2019 Restated
Argentina			
Effect on profit before tax	(+5% / - 5%)	199	57
Effect on equity (Valuation adjustment)	(+5% / - 5%)	48	(189)
Chile			
Effect on profit before tax	(+5% / - 5%)	(1.137)	32
Effect on equity (Valuation adjustment)	(+5% / - 5%)	241	712
Peru			
Effect on profit before tax	(+5% / - 5%)	(162)	(46)
Effect on equity (Valuation adjustment)	(+5% / - 5%)	1.008	1.401
Brazil			
Effect on profit before tax	(+5% / - 5%)	(358)	(226)
Effect on equity (Valuation adjustment)	(+5% / - 5%)	515	1.192
Colombia			
Effect on profit before tax	(+5% / - 5%)	0	(31)
Effect on equity (Valuation adjustment)	(+5% / - 5%)	146	190
Mexico			
Effect on profit before tax	(+5% / - 5%)	(33)	(16)
Effect on equity (Valuation adjustment)	(+5% / - 5%)	68	84

During the financial year 2020, 53.1% of turnover (67.6% in the restated financial year 2019) and 58.0% in the financial year 2020' of operating expenses (66.4% in the restated financial year 2019) of the Group were incurred in foreign currencies.

(Thousands of euros)

The main figures of turnover in currencies other than the euro are summarised below:

	Net amount of turnover	
	2020	**2019 Restated**
Brazil	98.942	157.064
Chile	58.213	91.062
Peru	19.828	36.931
Argentina	9.691	14.821
Mexico	5.827	8.682
Colombia	4.319	8.414
Total foreigners in currencies other than the euro	**196.820**	**316.974**
Net turnover	**370.388**	**469.121**
% of transactions in currencies other than the euro	**53,1%**	**67,6%**

The carrying amount of "property, plant and equipment" located abroad is EUR 11,511 thousand as at 31 December 2020 (31 December 2019: EUR 18,313 thousand), representing 79.1% of the total carrying amount of property, plant and equipment at year-end 2020 (year-end 2019: 80.0%).

The carrying amount of other intangible assets located abroad is Euros 35,873 thousand at 31 December 2020 (Euros 33,622 thousand at 31 December 2019) which mainly includes Euros 20,907 thousand of goodwill at Ezentis Perú, S.A.C. 4,135 thousand euro of goodwill and intangible assets identified in Ezentis Brasil S.A. and goodwill and intangible assets identified in the acquisition of the Chilean subsidiary Tecnet, S.A. amounting to 1,637 thousand euro.

Finally, the carrying value of the rights of use on leases located abroad amounts to EUR 24,106 thousand as at 31 December 2020 (31 December 2019: EUR 23,587 thousand).

Credit risk

This occurs when the provision of services or acceptance of orders from customers whose financial solvency was not guaranteed at the time of acceptance or during the execution of the order may give rise to a risk of collection of the amounts owed. To minimise the risk of non-payment, Ezentis analyses the credit quality of its customers, which is in any case excellent as they are leading companies in their markets.

The Ezentis Group mitigates this risk through policies that ensure that projects are carried out with customers with an adequate credit history, for which the corresponding solvency analyses are established.

Furthermore, trade debt amounts are reflected in the consolidated balance sheet net of provisions for bad debts estimated by the Group on the basis of the ageing of the debt and the experience of previous years in accordance with the previous segregation of the customer portfolio and the current economic environment (expected loss).

The Telecommunications business line is dependent on the group led by Telefónica, S.A., accounting for approximately 54.8% of group revenues in 2020 (55.1% in 2019 restated). In relation to receivables, the Group mitigates credit risk through non-recourse factoring of receivables from major customers in certain business areas. There is no historical history of unsettled invoices from Telefónica Group companies.

The credit risk on liquid funds is limited because the counterparties are banks of high credit quality. Likewise, the vast majority of receivables that are neither past due nor provisioned have a high credit quality according to the Group's assessment, based on the analysis of each customer's creditworthiness and payment history (expected loss).

The analysis of the collection risk of customers for sales and services rendered as at 31 December 2020 and 2019 is next:

	Thousands of euros					
	31 December 2020			31 December 2019		
	Expired and not deteriorated	Unvanquished	Total	Expired and not deteriorated	Unvanquished	Total
Less than 180 days	1.589	18.082	19.671	3.821	23.545	27.366
More than 180 days	1.604	-	1.604	1.078	-	1.078
TOTAL	**3.193**	**18.082**	**21.275**	**4.899**	**23.545**	**28.444**

Less than 180 days:

The tranche presented for EUR 19,671 thousand in 2020 (EUR 27,366 thousand in 2019) is considered very low risk as it corresponds to customers aged less than 180 days and with a very good credit quality. Based on the Group's track record with respect to these customers, the risk is considered very low (less than 1% of the customers in this category become write-offs).

More than 180 days:

In the tranche presented as customer more than 180 days old in the amount of 1,604 thousand euros at year-end 2020 (1,078 thousand euros at year-end 2019) is considered low risk, even though they correspond to balances due in full, due to the fact that they are invoices issued to large customers of international prestige.

Note 13 shows that there are overdue balances with customers older than 180 days, which are considered impaired in the amount of Euros 1,085 thousand at year-end 2020 (Euros 1,085 thousand at year-end 2019).

Liquidity Risk

This risk is caused by timing mismatches between the funds generated by the business and the required cash requirements. To mitigate this risk, the Group determines cash requirements using various budgeting tools as well as working capital management measures. These tools are used to identify cash requirements in terms of amount and time and to plan financing needs.

As at 31 December 2020, the Group has negative working capital of EUR 48,537 thousand (negative working capital of EUR 21,759 thousand at year-end 2019).

The Group is developing measures focused on rationalising and optimising working capital management and improving collection policies, as well as improving operating efficiency through a plan to reduce costs and optimise margins.

At 31 December 2020, liquidity availability amounts to EUR 16,747 thousand (31 December 2019: EUR 21,854 thousand), considering cash and cash equivalents at 31 December 2020 (Note 13.d).

Details of maturities of existing financial liabilities at 31 December 2020 are as follows:

	Thousands of euros as at 31 December 2020				
	2021	2022	2023	2024 onwards	Total
Suppliers and other creditors	92.236	-	-	-	92.236
Remunerations to be paid	13.453	-	-	-	13.453
Current tax liabilities	26.160	-	-	-	26.160
Amounts owed to credit institutions	27.924	16.968	14.781	97.170	156.843
Lease liabilities	13.916	7.274	6.083	6.902	34.175
Derivative financial instruments	-	-	-	2.438	2.438
Other financial liabilities	318	91	98	111	618
Total	**174.007**	**24.333**	**20.962**	**106.621**	**325.923**

Details of the maturities of financial liabilities maturing in 2021 are as follows:

	Thousands of euros as at 31 December 2020			
	Up to 3 months	Between 3 and 6 months	Between 6 and 12 months	Total 2019
Suppliers and other creditors	55.342	36.894	-	92.236
Remunerations to be paid	13.453	-	-	13.453
Current tax liabilities	13.080	10.464	2.616	26.160
Amounts owed to credit institutions	13.962	11.170	2.792	27.924
Lease liabilities	6.958	5.566	1.392	13.916
Other financial liabilities	159	127	32	318
Total	**102.954**	**64.221**	**6.832**	**174.007**

The financial resources available in the first months to meet financial liabilities as at 31 December 2020 are:

a) Cash and cash equivalents: 16,747 thousand euros
b) Receivables: 94,367 thousand euros

The average period of work in progress at year-end 2020, considering total operating income, is 54 days (59 days at year-end 2019 restated).

The amount estimated to be invoiced and collected in the following twelve months is the total amount of the executed work pending invoicing at 31 December 2020, i.e. EUR 54,557 thousand (31 December 2019: EUR 76,250 thousand).

The evolution of customers, executed work pending invoicing is representative of the evolution experienced by the Group since 2018, with the acquisition of new companies and the award of new relevant contracts, as shown in the following summary:

	2020	2019 Restated	2018
Customers, work completed and not yet invoiced	54.557	76.250	74.375
Net turnover	370.388	469.121	436.985
% / Net turnover	**14,7%**	**17,0%**	**17,0%**

Financial year 2019:

Details of maturities of existing financial liabilities as at 31 December 2019 were as follows:

	Thousands of euros as at 31 December 2019				
	2020	2021	2022	2023 onwards	Total
Suppliers and other creditors	99.335	-	-	-	99.335
Remunerations to be paid	16.896	-	-	-	16.896
Current tax liabilities	30.126	-	-	-	30.126
Amounts owed to credit institutions	17.718	11.586	12.597	87.909	129.810
Lease liabilities	11.976	8.005	2.537	4.588	27.106
Other lease liabilities	5.148	4.044	674	195	10.061
Derivative financial instruments	-	-	-	2.524	2.524
Other financial liabilities	848	240	91	233	1.412
Total	**182.047**	**23.875**	**15.899**	**95.449**	**317.270**

3.2 Capital risk management

The Group's objectives in managing capital are to safeguard its capacity to ensure the Group's operation and development and thus ensure the highest return for shareholders. The Group's strategy continues to focus on the diversification and geographical consolidation of its activity, both in Spain and in other countries.

The cost of capital, as well as the risks associated with it in each investment project, are analysed by the Operating Areas and the Finance Department for subsequent evaluation by the corresponding committee, or by the Board of Directors, with reports, if necessary, from other functional areas of the Group.

The Group monitors capital according to the leverage ratio, in line with market practice. This ratio is calculated as net debt divided by total capital. Net debt is calculated as bank borrowings plus other financial liabilities less cash and cash equivalents and less current financial assets. Total capital provided in the business is calculated as equity plus net debt. The ratio of total capital employed to revenue is also monitored.

The leverage ratio used at 31 December 2020 and 2019 is as follows:

	Thousands of euros	
	As at 31 December	
	2020	2019
Amounts owed to credit institutions	156.843	129.810
Lease liabilities	34.175	37.167
Other financial liabilities	618	1.412
Derivative financial instruments	2.438	2.524
Cash and cash equivalents and current financial assets	(23.244)	(29.585)
Net debt	**170.830**	**138.804**
Net equity	(38.752)	14.312
Total capital employed in the business	**132.078**	**153.116**
Leverage ratio	129,3%	90,7%

As mentioned in Note 15, the quantitative restrictions of the financing contract include compliance with certain financial covenants, which include the following:

i) a limit on consolidated indebtedness, calculated as net debt/EBITDA,

(Thousands of euros)

ii) the obligation to comply with a cash coverage ratio,
iii) the obligation to comply with an interest coverage ratio, and
iv) the limitation of investments in fixed assets (net of work carried out by the company for its fixed assets) to a maximum of 2% of revenue.

The Group defines EBITDA as consolidated operating profit before tax for the year (excluding profit from discontinued operations), before deducting interest, fees, commissions, discounts and other financial payments by any member of the Group and excluding provisioned financial expenses, plus expenses attributable to depreciation, amortisation, depreciation and impairment of assets, before other results considered to be of a non-recurring nature, before deducting any transaction costs associated with the financing transaction itself, before deducting the result associated with minority interests, excluding the share of profit or loss of associates, before taking into account any gain or loss recognised on changes in the fair value of derivative instruments or revaluation of any other assets and before taking into account any impact arising from pension plans and share option plans.

The reconciliation between EBITDA and the consolidated income statement is as follows:

	2020	2019 Restated
Result for the year	**(35.305)**	**4.014**
Income tax	(7.761)	(11.396)
Financial result	13.964	17.741
Amortisation and depreciation	25.515	28.100
Provisions and impairments	25.045	10.438
Non-recurrent staff costs	11.517	-
Other results - non-recurring (note 22)	14.100	6.876
EBITDA	**47.075**	**55.773**

4. Accounting estimates and judgements

The preparation of the consolidated annual accounts in accordance with EU-IFRS requires management to make estimates and assumptions that may affect the accounting policies adopted and the reported amounts of assets, liabilities, income, expenses and related disclosures. The estimates and assumptions made are based, inter alia, on historical experience or other facts considered reasonable under the facts and circumstances considered at the balance sheet date, the result of which represents the basis for judgements about the carrying amounts of assets and liabilities not otherwise immediately determinable. Actual results could differ from those estimated.

The accounting estimates and judgements used at year-end 31 December 2020 have been applied consistently with those used in the preparation of the consolidated financial statements for the financial year 2019.

The main estimates made by Group management are set out below:

4.1. Useful lives and impairment tests for property, plant and equipment and intangible assets

Group management determines the estimated useful lives and related depreciation charges for its property, plant and equipment and intangible assets. The useful lives of fixed assets are estimated in relation to the period over which the assets will generate economic benefits.

The Group reviews the useful lives of fixed assets at each balance sheet date and if the estimates differ from those previously made, the effect of the change is accounted for prospectively from the year in which the change is made, as has occurred for certain intangible assets, which have been considered on the basis of the best estimate made by Group management to have a useful life of 10 years based on the economic and historical reality of the useful lives of these assets.

In relation to intangible assets with indefinite useful lives (goodwill), the Group's management tests these assets for impairment at least at the end of each reporting period. The recoverable amount of each cash-generating unit (hereinafter "CGU") to which goodwill has been allocated has been determined on the basis of value in use calculations using the discounted future cash flow method.

4.2. Income tax and deferred tax assets

The Group is subject to income tax in the various countries in which it operates. The Group recognises liabilities for potential tax claims based on its estimate of whether additional taxes will be required. Where the final outcome of these matters, if any, differs from the amounts initially recognised, such differences will have an effect on income tax and deferred tax provisions in the year in which such determination is made.

The Group also assesses the recoverability of deferred tax assets on the basis of the existence of future taxable income and other tax assets of a similar nature against which it is possible to realise these assets.

At 31 December 2020, the Group recognised deferred tax assets mainly in Brazil amounting to Euros 5,716 thousand, in Chile amounting to Euros 10,108 thousand, in Peru amounting to Euros 1,458 thousand, in Argentina amounting to Euros 1,895 thousand and in Spain amounting to Euros 31,170 thousand in respect of temporary differences, tax loss carryforwards and double taxation deductions pending application at consolidated tax Group level.

4.3. Accounts receivable and financial assets

The Group makes estimates in relation to the collectability of balances owed by customers in projects where there are disputes to be resolved or litigation in progress arising from non-conformity of the work performed or breach of contractual clauses linked to the performance of the assets delivered to the customers.

4.4. Provisions

Provisions are recognised when it is probable that an outflow of resources will be required to settle a present obligation as a result of past events and the amount of the obligation can be reliably estimated. Significant estimates are required to meet the requirements of this accounting standard. Group management makes estimates, based on an assessment of all relevant facts and information, of the probability of occurrence of contingencies and the amount of the liability to be settled in the future.

4.5. Revenue recognition

The revenue recognition method used by the Group for certain service contracts is a percentage-of-completion milestone method. The stage of completion is determined based on the economic valuation of the tasks actually performed at the balance sheet date as a percentage of the total estimated revenue for each contract. In applying the percentage-of-completion method, the Group makes significant estimates in relation to milestones completed and milestones to be completed. These estimates are reviewed and assessed periodically.

It is also common practice for the contracts entered into by the Ezentis Group with its customers to contain different types of variable consideration such as bonuses or penalties passed on to customers. The correct estimation of variable consideration is an important aspect of the Ezentis Group's revenue recognition that requires the application of judgement. The Group includes some or all of the amount of variable consideration in the transaction price only to the extent that it is highly probable that, when the uncertainty about the variable consideration is resolved, there will not be a material reversal of the amount of cumulative revenue recognised.

4.6 Derivatives

The interest rate is hedged by means of an interest rate swap. In an interest rate swap, interest rates are exchanged in such a way that the Company receives a floating interest rate from the bank in exchange for a fixed interest payment. The Interest Rate Swap has been designated as a cash flow hedge in accordance with IFRS 9 Financial Instruments.

5. Business combinations

<u>**Financial year 2020**</u>

Enesys Ingeniería y Seguridad, S.L.

On 10 March 2020, the Group acquired 100% of the shares in the company Enesys Ingeniería y Seguridad, S.L. (hereinafter "Enesys"). On 31 May 2020, the sale and purchase was completed following the completion of a series of actions by the previous sellers.

The following tables summarise the carrying value, the consideration given at the date of the transaction as at 31 May 2020, the fair values of the assets acquired and the liabilities assumed, to acquire control:

	Thousands of euros
Cash	95
Total consideration transferred 31-5-2020	**95**

Amounts recognised for identifiable assets acquired and liabilities assumed:

	Book value	**Fair value adjustments**	**Fair value**
Intangible assets	1	-	1
Tangible Fixed Assets	2	-	2
Non-Current Financial Assets	1	-	1
Deferred tax assets	7	-	7
Current Assets	54	-	54
Current Financial Assets	3	-	3
Non-current liabilities	(61)	-	(61)
Total identifiable net assets	**7**	**-**	**7**
Goodwill / (Negative consolidation difference)			88
Total			**95**

The amount of ordinary income recognised in the consolidated financial statements at 31 December 2020 corresponding to the acquired company amounted to 1,319 thousand euros, relating to the months of June to December, and the result contributed was -32 thousand euros.

Ezentis Ingeniería de Seguridad, S.L.U.

In addition, on 3 August 2020, the Group acquired 100% of the shares of Ezentis Ingeniería de Seguridad, S.L.U. (formerly known as Pentágono Sistemas Electrónicos de Alta Seguridad, S.L.) (hereinafter "Pentágono"), which provides installation and maintenance services for security systems in the Iberian market in the energy and industrial sectors. At the date of the acquisition, the acquired company has two framework contracts (installation and maintenance) with Iberdrola.

The following tables summarise the carrying value, the consideration given at the date of the transaction as at 3 August 2020, the fair values of the assets acquired and the liabilities assumed, to acquire control:

	Thousands of euros
Initial payment 40% down payment	800
Deferred payment 22.5%.	450
Deferred payment 37.5%	750
Total consideration transferred	**2.000**

The deferred payment corresponding to 22.5% of the purchase price will occur in June 2021 with the renewal of the Supply - Installation framework contract. The deferred payment corresponding to 37.5% of the purchase price will occur in December 2021 with the renewal of the Maintenance framework contract.

Amounts recognised for identifiable assets acquired and liabilities assumed:

	Book value	Fair value adjustments	Fair value
Intangible assets	2	2.322	2.324
Tangible Fixed Assets	39	-	39
Non-Current Financial Assets	9	-	9
Current Assets	749	411	1.160
Current Financial Assets	48	-	48
Cash and Cash Equivalents	605	-	605
Deferred tax liabilities	-	(581)	(581)
Non-current liabilities	(100)	-	(100)
Current liabilities	(1.006)	-	(1.006)
Total identifiable net assets	**346**	**2.153**	**2.499**
Goodwill / (Negative consolidation difference)			(499)
Total			**2.000**

The valuation of the net assets acquired in 2020 has been carried out by an independent expert for the purpose of expressing an independent opinion on the fair value of certain identified intangible assets in accordance with criteria established by international accounting standards IAS 38 and IFRS 3. The date of issue of the report is 1 February 2021.

The negative consolidation difference arising from the transaction, amounting to a total of EUR 499 thousand, is mainly related to the structure of the acquired business, which has working capital financing needs for its growth.

The amount of ordinary income recognised in the consolidated financial statements at 31 December 2020 corresponding to the acquired company amounted to 3,125 thousand euros, relating to the months of August to December, and the profit contributed amounted to 1,067 thousand euros.

If the acquisition had taken place on 1 January 2020, revenues for the year 2020 would have increased by EUR 2,361 thousand and consolidated profit after tax would have increased by EUR 107 thousand.

The costs associated with this transaction were 34 thousand euros.

Instal lacions Parera Redes Projects and Maintenance, S.L.

Lastly, on 29 December 2020, the Group acquired 100% of the shares in Instal-lacions Parera Redes Proyectos y Mantenimientos, S.L. (hereinafter, "Parera"), dedicated to the deployment, operation and maintenance of electricity distribution networks, which currently operates in Endesa's distribution networks in Catalonia.

The following tables summarise the carrying value, the consideration given at the date of the transaction as at 29 December 2020, the fair values of the assets acquired and the liabilities assumed, to acquire control:

	Thousands of euros
Initial payment	750
Payment deferred 2/01/2021	250
Payment deferred 3/5/2021	600
Payment deferred 18/02/2022	100
Deferred payment	300
Total consideration transferred	**2.000**

(Thousands of euros)

The deferred payment of 2 January 2021, which has been made, was subject to compliance with the payment schedule stipulated in the sale and purchase agreement, cash on hand at 31 December 2020 and no increase in indebtedness at that date. The deferred payment of 3 May 2021 will be made in cash on that date and is not subject to any conditions. The deferred payment of 18 February 2022 is subject to the last sales figure for 2021 being equal to or greater than EUR 10,980 thousand. If this is not met, it will be subject to the terms and conditions of the next deferred payment. The last deferred payment is subject to the award of the ENDESA Group / ENEL Multiservices Framework Agreement.

Amounts recognised for identifiable assets acquired and liabilities assumed:

	Book value	Fair value adjustments	Fair value
Intangible assets	16	5.419	5.435
Tangible Fixed Assets	652	-	652
Non-Current Financial Assets	61	-	61
Stocks	240	-	240
Trade and other receivables	1.773	-	1.773
Cash and Cash Equivalents	1.293	-	1.293
Deferred tax liabilities	-	(1.355)	(1.355)
Current liabilities	(2.392)	-	(2.392)
Non-current liabilities	(1.600)	-	(1.600)
Total identifiable net assets	**43**	**4.064**	**4.107**
Goodwill / (Negative consolidation difference)			(2.107)
Total			**2.000**

The valuation of the net assets acquired in 2020 has been carried out by an independent expert for the purpose of expressing an independent opinion on the fair value of certain identified intangible assets in accordance with criteria established by international accounting standards IAS 38 and IFRS 3. The date of issue of the report is 15 February 2021.

The negative consolidation difference arising on the transaction, amounting to a total of 2,107 thousand euros, is mainly due to the financial situation of the acquired company with the former shareholder, which did not allow it to maintain the level of activity, quality and safety of the work and margins expected for the contract with its main customer. In this regard, the structure of the acquired business requires working capital financing for its growth. Ezentis is also a reference supplier for the aforementioned customer, which has had a positive impact on the transaction.

If the acquisition had taken place on 1 January 2020, revenues for the year 2020 would have increased by EUR 13,105 thousand, and the consolidated loss after tax would have increased by EUR 650 thousand.

Financial year 2019

On 30 September 2019, the Group, through its subsidiary Ezentis Field Factory, S.L.U., reached an agreement with Liteyca, S.L. for the acquisition of a branch of activity comprising: - The Group's business activity in the field of field factory. reached an agreement with Liteyca, S.L. for the acquisition of a branch of activity that integrates:

i) the assignment of the contracts with Telefónica de España, S.A. for "Bucle Cliente" and "Despliegue de Fibra Modo Proyecto FTTH" in the geographical area of the Spanish provinces of Madrid, León, Ávila, Salamanca, Zamora and the Canary Islands (Gran Canaria, Fuerteventura and Lanzarote); and,

ii) the transfer of personnel, fixed productive assets and leasing contracts for premises and fleet assigned to those provinces that constitute the autonomous productive unit for the continuity in the provision of the services set out in the Contracts.

The agreed price amounted to 27,500 thousand euros.

The following tables summarise the carrying value, the consideration given at the date of the transaction as at 30 September 2019, the fair values of the assets acquired and the liabilities assumed, to acquire control:

	Thousands of euros
Cash	27.500
Total consideration transferred 30-9-2019	**27.500**

Amounts recognised for identifiable assets acquired and liabilities assumed:

	Book value	Fair value adjustments	Fair value
Intangible assets	-	26.614	26.614
Tangible Fixed Assets	886	-	886
Total identifiable net assets	**886**	**26.614**	**27.500**
Difference in business combination			-
Total			**27.500**

The valuation of the net assets acquired in 2019 was performed by an independent expert for the purpose of expressing an independent opinion on the fair value of certain identified intangible assets in accordance with criteria established by International Financial Reporting Standards IAS 38 and IFRS 3.

The amount of ordinary income recognised in the consolidated annual accounts at 31 December 2019 corresponding to the acquired business line amounted to 6,735 thousand euros, relating to the months of October to December, and the net profit contributed amounted to 326 thousand euros.

If the Group had consolidated the acquisition of this business line as of 1 January 2019, the consolidated income statement would show pro forma ordinary revenues of EUR 488.7 million, operating profit before depreciation, amortisation, depreciation and other results (EBITDA) of EUR 62.8 million and profit for the year of EUR 4.6 million.

At 31 December 2020, after a period of one year from the date of registration of the business combination, there have been no changes in the measurement of assets and liabilities acquired that would have resulted in differences in the initial recognition of the business combination.

6. Goodwill

Movements in Goodwill, the only intangible assets with an indefinite useful life, are shown below:

	Thousands of euros	
	31.12.2020	**31.12.2019**
Opening balance	35.331	34.539
Additions (Note 5)	88	-
Conversion differences	(5.387)	792
Closing balance	**30.032**	**35.331**

Goodwill has not been impaired since its initial recognition in the consolidated financial statements.

The Group has considered the impact of the application of IFRS 16 on the estimates of the net asset value associated with each CGU, as well as on the expected future cash flows of the CGU, considering the right-of-use assets in the carrying amount of the CGU and the impact of the standard on the determination of operating cash flows, reducing the value in use of the CGU by the amount of the lease liability. These considerations have not had a material effect on the conclusions on the existence of impairment at year-end 2020.

At 31 December 2020, the Group recognised the effect of translation differences for the year amounting to EUR -5,387 thousand (31 December 2019: EUR 792 thousand) on goodwill arising on business combinations with Ezentis Perú, S.A.C., Ezentis Brasil, S.A. and Tecnet, S.A.

The breakdown of the balance of "Goodwill" in the consolidated balance sheet by each CGU and the segments in which these CGUs are presented is as follows:

		Thousands of euros	
CGU	**Segment**	**31.12.2020**	**31.12.2019**
Ezentis Peru	Peru	20.907	24.867
Ezentis Brazil	Brazil	3.378	4.767
Networks Test Group	Spain	4.821	4.821
Tecnet	Chile	838	876
Enesys	Spain	88	-
Total		**30.032**	**35.331**

The changes in goodwill are due to translation differences as goodwill is generated in a currency other than the Group's functional and presentation currency, which is the euro. The change in Enesys' goodwill is explained in note 5 of these notes to the consolidated financial statements.

Goodwill impairment testing

Goodwill is allocated to each CGU. Impairment tests have been performed at 31 December of each year.

The Parent's directors have performed goodwill impairment tests at 31 December 2020 and 2019, identifying that the cash flow projections attributable to each CGU support the value of the goodwill recognised. The projections used to calculate the value in use are based on the 2021 budget approved by the Parent's directors, the economic growth forecasts of the sector for each country and the long-term projections, considering a projection period up to 2025, made by each of the local managements of these countries.

The recoverable amount of the various CGUs has been determined based on value in use calculations using the discounted future cash flow method.

The key assumptions on which management has based the projections of the CGUs to which goodwill has been allocated are the revenue growth forecast based on management's estimates of major contract renewals and operating margins. The valuation has been performed using the projections that management considers to be the most likely scenario. The uncertainty introduced by the financial crisis caused by the COVID-19 pandemic is considered in the projections through:

i) Conservative margin and EBITDA projections, in many cases below the levels of previous years.
ii) Conservative discount rates that include the impact and uncertainty generated by the pandemic.

The discount and growth rates used for each of the CGUs are as follows:

	Discount rate % Discount rate		Residual growth rate %	
CGU	**2020**	**2019**	**2020**	**2019**
Ezentis Peru	10,6%	10,6%	2,6%	3,6%
Ezentis Brazil	14,1%	13,7%	5,0%	3,2%
Networks Test Spain	8,4%	9,1%	2,0%	2,0%

Networks Test Colombia	11,6%	11,9%	4,4%	3,2%
Tecnet	9,9%	9,6%	3,0%	3,2%

In determining the discount rates, the current cost of money (mainly 10-year Spanish government bonds and 10-year bonds of Brazil, Colombia, Peru and Chile), the weighted average rate of capital and the risk premiums generally used by analysts for the business and considering the geographical area were taken into account.

The discount rates applied are after-tax rates used to discount after-tax cash flows.

The equivalent pre-tax discount rates would be:

	Discount rate %	
CGU	**2020**	**2019**
Ezentis Peru	13,2%	12,7%
Ezentis Brazil	18,0%	19,1%
Networks Test Spain	10,5%	9,1%
Networks Test Colombia	16,4%	14,3%
Tecnet	12,8%	12,3%

In the case of residual growth rates, both expected long-term economic growth and inflation have been considered for each of the countries where each CGU is located.

In all cases, growth rates have been considered to be lower than the sum of the average growth rates of the products or industry plus the long-term inflation rates in which the CGUs operate, which were obtained from the "EIU, Thomson Reuters and analysts' report":

Residual growth rate			
Countries	**Min.**	**Max.**	**Media**
Brazil	5,20%	5,70%	5,45%
Spain	1,50%	2,00%	1,75%
Colombia	4,30%	4,80%	4,55%
Peru	2,50%	3,00%	2,75%
Chile	2,90%	3,40%	3,15%

The carrying amount of each CGU at 31 December 2020 and 2019 and its recoverable amount is as follows:

Thousands of euros	**2020**		**2019**	
CGU	**Book value**	**Recoverable value**	**Book value**	**Recoverable value**
Ezentis Peru	19.932	23.487	26.842	33.322
Ezentis Brazil	9.186	54.377	25.572	53.039
Networks Test Group	10.015	22.718	14.898	22.449
Tecnet	10.731	15.310	10.536	33.900

In all cases, sensitivity tests have been carried out in relation to the discount rate and the residual growth rate, with the conclusions obtained regarding the valuation of the asset remaining unchanged, as shown in the following table:

Thousands of euros	2020			2019		
CGU	Discount rate %	Growth rate %	Recoverable value	Discount rate %	Growth rate %	Recoverable value
Ezentis Peru	-	+1/-1	25.612 / 21.832	-	+1/-1	37.838 / 29.928
	+1/-1	-	21.239 / 26.370	+1/-1	-	28.973 / 39.127
Ezentis Brazil	-	+1/-1	58.675 / 50.933	-	+1/-1	55.663 / 50.872
	+1/-1	-	49.522 / 60.423	+1/-1	-	49.481 / 57.285
Networks Test Group	-	+1/-1	25.188 / 20.133	-	+1/-1	30.086 / 24.370
	+1/-1	-	19.458 / 26.998	+1/-1	-	23.542 / 31.179
Tecnet	-	+1/-1	17.806 / 13.440	-	+1/-1	38.738 / 30.370
	+1/-1	-	12.948 / 18.483	+1/-1	-	29.379 / 40.086

In addition, for the Networks Test Group CGU, a sensitivity analysis has been performed by stressing the projected free cash flow and verifying that the recoverable amount is higher than the carrying amount in all cases.

7. Other intangible assets and rights of use on leases

7 a) Other intangible assets

The movement in this item on the assets side of the accompanying consolidated balance sheet is as follows:

Financial year 2020:

	Thousands of euros		
	Contracts, Customer portfolio and non-compete agreements	**Other Intangible Fixed Assets**	**Total**
Cost:			
Opening balances	45.434	23.730	69.164
Additions	10	4.228	4.238
Additions to the scope of consolidation (Note 5)	7.918	19	7.937
Departures or withdrawals	(63)	(2)	(65)
Transfers	-	-	-
Conversion differences	(2.333)	(225)	(2.558)
Closing balances	50.966	27.750	78.716
Accumulated depreciation:			
Opening balances	(12.049)	(14.157)	(26.206)
Allocation for the financial year	(3.750)	(3.879)	(7.629)
Additions to the scope of consolidation (Note 5)	-	-	-
Departures or withdrawals	63	-	63
Conversion differences	968	435	1.403
Closing balances	(14.768)	(17.601)	(32.369)
Other net intangible assets:			
Opening balances	**33.385**	**9.573**	**42.958**
Closing balances	**36.198**	**10.149**	**46.347**

Financial year 2019:

	Thousands of euros		
	Contracts, Customer portfolio and non-compete agreements	**Other Intangible Fixed Assets**	**Total**
Cost:			
Opening balances	16.179	22.415	38.594
Additions	26.893	6.920	33.813
Departures or withdrawals	-	(589)	(589)
Transfers	-	-	-
Conversion differences	2.362	(5.016)	(2.654)
Closing balances	45.434	23.730	69.164
Accumulated depreciation:			
Opening balances	(10.131)	(12.056)	(22.187)
Allocation for the financial year	(1.884)	(2.090)	(3.974)
Conversion differences	(34)	(11)	(45)
Closing balances	(12.049)	(14.157)	(26.206)
Other net intangible assets:			
Opening balances	**6.048**	**10.359**	**16.407**
Closing balances	**33.385**	**9.573**	**42.958**

The additions in the year 2020 in Contracts, Customer portfolio and non-compete agreements mainly relate to the acquisitions described in note 5 .

The additions in 2019 in Contracts, Customer portfolio and non-compete agreements mainly relate to the acquisition of the Liteyca, S.L. business segment (see note 5). (see note 5).

In 2020 and 2019, the Group has developed IT applications internally. The total investment in 2020 for this item amounts to Euros 1,917 thousand (Euros 711 thousand in 2019). These developments were mainly financed by grants from the Centre for the Development of Industrial Technology (CDTI) and the Ministry of Industry.

In addition, during the financial year 2020, there have been additions and internal developments in computer applications amounting to 959 thousand euros (3,040 thousand euros in 2019), in connection with the digital transformation process in which the Group is fully immersed.

As at 31 December 2020, other intangible assets in use for a gross amount of EUR 5,134 thousand were fully amortised (31 December 2019: EUR 4,139 thousand).

As at 31 December 2020 the Group has investments in other intangible assets located abroad with a carrying amount of EUR 2,511 thousand (31 December 2019: EUR 3,112 thousand).

Provision for impairment

Based on the valuation criteria for intangible assets with finite useful lives, in 2020 and 2019 the directors of the Parent Company have assessed the cash-generating units of the other intangible assets and determined that the recoverable amount, understood as their value in use, is higher than their carrying amount; therefore, no provision for impairment of other intangible assets has been recognised in 2020 and 2019.

7 b) Rights of use on leases

The changes in this item in the consolidated balance sheet in 2020 and 2019 were as follows
next:

Financial year 2020:

	Thousands of euros
	Rights of use on leases
Cost:	
Opening balances	61.413
Additions	19.131
Departures or withdrawals	(9.468)
Transfers	(90)
Conversion differences	(5.241)
Closing balances	65.745
Accumulated depreciation:	
Opening balances	(31.335)
Allocation for the financial year	(13.362)
Departures or withdrawals	7.789
Conversion differences	2.892
Closing balances	(34.016)
Other net intangible assets:	
Opening balances	**30.078**
Closing balances	**31.729**

The movement of rights of use by nature was as follows:

	Thousands of euros				
Financial year 2020	**Rights of use of buildings**	**Rights of use of machinery**	**Rights of use of Transport Elements**	**Rights of use of information and other equipment**	**Total**
Cost:					
Opening balances	14.097	157	42.953	4.206	61.413
Additions	5.421	100	12.868	742	19.131
Departures or withdrawals	-	-	(9.468)	-	(9.468)
Transfers	(26)	-	(61)	(3)	(90)
Conversion differences	(1.485)	(27)	(3.525)	(203)	(5.240)
Closing balances	18.007	230	42.767	4.742	65.746
Accumulated depreciation:					
Opening balances	(5.574)	-	(22.722)	(3.039)	(31.335)
Allocation for the financial year	(3.786)	(70)	(8.988)	(518)	(13.362)
Departures or withdrawals	-	-	7.789	-	7.789
Conversion differences	819	15	1.945	112	2.891
Closing balances	(8.541)	(55)	(21.976)	(3.445)	(34.017)
Net tangible fixed assets:					
Opening balances	**8.523**	**157**	**20.231**	**1.167**	**30.078**
Closing balances	**9.466**	**175**	**20.791**	**1.297**	**31.729**

Financial year 2019:

	Thousands of euros
	Rights of use on leases
Cost:	
Opening balances	-
Transfer of fixed assets under IAS 17 (Note 8)	21.593
Additions	40.080
Departures or withdrawals	-
Transfers	-
Conversion differences	(260)
Closing balances	61.413
Accumulated depreciation:	
Opening balances	-
Transfer of fixed assets under IAS 17 (Note 8)	(10.949)
Allocation for the financial year	(20.395)
Conversion differences	9
Closing balances	(31.335)
Other net intangible assets:	
Opening balances	**-**
Closing balances	**30.078**

The movement of rights of use by nature was as follows:

Financial year 2019	Rights of use of buildings	Rights of use of machinery	Rights of use of Transport Elements	Rights of use of information and other equipment	Total
					Thousands of euros
Cost:					
Opening balances	-	-	-	-	-
Transfer of fixed assets under IAS 17	-	165	18.328	3.100	21.593
Conversion differences	3	(8)	(261)	6	(260)
Additions	14.094	-	24.886	1.100	40.080
Withdrawals / Transfers					-
Closing balances	14.097	157	42.953	4.206	61.413
Accumulated depreciation:					
Opening balances	-	-	-	-	-
Transfer of fixed assets under IAS 17	-	-	(7.849)	(3.100)	(10.949)
Conversion differences	-	-	10	(1)	9
Endowments	(5.574)	-	(14.883)	62	(20.395)
Withdrawals / Transfers	-	-	-		-
Closing balances	(5.574)	-	(22.722)	(3.039)	(31.335)
Net tangible fixed assets:					
Opening balances	**-**	**-**	**-**	**-**	**-**
Closing balances	**8.523**	**157**	**20.231**	**1.167**	**30.078**

Details of lease expenses included in "Other operating expenses" (see Note 22) in the consolidated income statement for 2020 and 2019 are as follows:

Operating leases

	Thousands of euros	
	2020	**2019 Restated**
Short-term and low-value leases	8.711	10.872

As at 31 December 2020 the Group has foreign leasehold right-of-use investments with a carrying amount of EUR 24,106 thousand (31 December 2019: EUR 23,587 thousand).

8. Tangible fixed assets

The changes in this item in the consolidated balance sheet in 2020 and 2019 were as follows next:

Financial year 2020:

						Thousands of euros
Financial year 2020	**Land and Buildings**	**Technical Installations and Machinery**	**Tools and furniture**	**Transport Elements**	**Information Equipment and Other Fixed Assets**	**Total**
Cost:						
Opening balances	1.062	12.920	11.684	21.378	7.404	54.448
Additions to the scope of consolidation (Note 5)	-	33	619	31	24	707
Conversion differences	(47)	(1.505)	(1.830)	(9.908)	(1.274)	(14.564)
Additions (Note 23)	13	724	765	177	875	2.554
Withdrawals / Transfers	63	(1.215)	260	141	(400)	(1.151)
Closing balances	1.091	10.957	11.498	11.819	6.629	41.994
Accumulated depreciation:						
Opening balances	(858)	(5.898)	(8.104)	(11.524)	(4.676)	(31.060)
Additions to the scope of consolidation (Note 5)	-	-	(7)	(3)	(5)	(15)
Conversion differences	23	974	1.058	4.556	598	7.209
Endowments	(18)	(997)	(1.028)	(1.816)	(665)	(4.524)
Withdrawals / Transfers	74	649	541	(55)	220	1.429
Closing balances	(779)	(5.272)	(7.540)	(8.842)	(4.528)	(26.961)
Provision for impairment						
Opening balances		(485)				(485)
Closing balances	-	(485)	-	-	-	(485)
Net tangible fixed assets:						
Opening balances	**204**	**6.537**	**3.580**	**9.854**	**2.728**	**22.903**
Closing balances	**312**	**5.200**	**3.958**	**2.977**	**2.101**	**14.548**

The main additions in 2020 correspond to acquisitions of furniture, computer equipment and transport items in Spain amounting to 110 thousand euros, acquisitions of machinery and computer equipment in Chile amounting to 365 thousand euros, acquisitions of technical installations and other fixed assets in Peru amounting to 374 thousand euros and acquisitions in Brazil amounting to 1,419 thousand euros corresponding to machinery for 181 thousand euros, tooling for 679 thousand euros, computer equipment for 59 thousand euros, transport items for 110 thousand euros and other tangible fixed assets for 390 thousand euros.

Financial year 2019:

					Thousands of euros	
Financial year 2019	**Land and Buildings**	**Technical Installations and Machinery**	**Tools and furniture**	**Transport Elements**	**Information Equipment and Other Fixed Assets**	**Total**
Cost:						
Opening balances	877	7.369	9.895	38.067	14.731	70.939
Transfer of fixed assets under IAS 17 (Note 7)	-	(165)	-	(18.328)	(3.100)	(21.593)
Conversion differences	3	(623)	546	691	(1.220)	(603)
Additions (Note 23)	182	1.185	1.243	948	2.147	5.705
Withdrawals / Transfers	-	5.154	-	-	(5.154)	-
Closing balances	1.062	12.920	11.684	21.378	7.404	54.448
Accumulated depreciation:						
Opening balances	(829)	(4.644)	(7.499)	(19.270)	(7.119)	(39.361)
Transfer of fixed assets under IAS 17 (Note 7)	-	-	-	7.849	3.100	10.949
Conversion differences	(7)	109	294	214	86	696
Endowments	(22)	(1.363)	(899)	(317)	(743)	(3.344)
Withdrawals / Transfers	-	-	-	-	-	-
Closing balances	(858)	(5.898)	(8.104)	(11.524)	(4.676)	(31.060)
Provision for impairment						
Opening balances		(485)				(485)
Closing balances	-	(485)	-	-	-	(485)
Net tangible fixed assets:						
Opening balances	**48**	**2.240**	**2.396**	**18.797**	**7.612**	**31.093**
Closing balances	**204**	**6.537**	**3.580**	**9.854**	**2.728**	**22.903**

The main additions in 2019 were acquisitions of IT equipment in Spain amounting to EUR 1,216 thousand and of tools, furniture and other items amounting to EUR 249 thousand, additions in Chile amounting to EUR 1.1,809 thousand, corresponding to machinery, computer equipment and others, and additions in Brazil amounting to Euros 2,166 thousand, corresponding to tooling amounting to Euros 915 thousand, Euros 452 thousand to transport items, Euros 267 thousand to technical installations, Euros 239 thousand to machinery and Euros 293 thousand to other tangible fixed assets.

As at 31 December 2020, fully depreciated property, plant and equipment amounts to EUR 7,214 thousand (31 December 2019: EUR 7,187 thousand).

As at 31 December 2020 and 2019 there are no mortgage guarantees on real estate owned by the Group.

As at 31 December 2020 and 2019 there are no contractual commitments to purchase fixed assets.

As at 31 December 2020 the Group has investments in property, plant and equipment with a carrying amount of EUR 11,511 thousand (31 December 2018: EUR 18,313 thousand) located abroad.

9. Non-current assets and liabilities held for sale and profit or loss from discontinued operations

The Board of Directors, at its meeting of 28 December 2018, took the decision to discontinue the operation and to put up for sale the companies Radiotrónica Construcciones, S.A. (Argentina), Grupo Comunicaciones y Sonido, S.L. (Spain) and GTS Thaumat XXI, S.A.U. (Spain). In addition, during 2019, the decision was taken to discontinue the operation of the companies Ezentis Argentina, S.A. and Raselo S.A. (Argentina).

During the year 2020, the circumstances did not arise for the sale of any of the aforementioned companies, so they have all been reclassified to continuing operations and operating assets and liabilities. As a result, in these consolidated financial statements for 2020, the comparative figures in the consolidated income statement and the consolidated cash flow statement have been modified compared to those published for 2019.

The net assets of the financial year 2020 have been transferred from non-current assets and liabilities held for sale to their corresponding balance sheet lines. Non-current assets and liabilities held for sale in the financial year 2019 were as follows:

	Thousands of euros
	31.12.2019
NON-CURRENT ASSETS	**1.062**
Intangible Assets	210
Tangible fixed assets	92
Non-Current Financial Assets	26
Deferred tax asset	734
CURRENT ASSETS	**5.975**
Stocks	3.244
Trade and other receivables	1.707
Other current assets	567
Cash and cash equivalents	457
TOTAL ASSETS	**7.037**

	Thousands of euros
	31.12.2019
NON-CURRENT LIABILITIES	**709**
Provisions	515
Deferred tax liabilities	15
Other non-current liabilities	179
CURRENT LIABILITIES	**2.876**
Current financial liabilities	0
Trade and other payables	2.876
TOTAL LIABILITIES	**3.585**

10. Investments accounted for using the equity method

The amounts and movements in this heading during the financial years 2020 and 2019 are as follows:

	Thousands of euros	
	2020	**2019**
Opening balances	50	56
Other	22	(6)
Closing balances	**72**	**50**

As at 31 December 2020, the investments accounted for using the equity method of EUR 72 thousand (EUR 50 thousand in 2019) relate to the investment in the Joint Ventures.

10.a Shareholdings in companies not included in the scope of consolidation

	Thousands of euros	
	2020	**2019**
Cost:		
Opening balances	50.050	50.050
Closing balances	**50.050**	**50.050**
Provisions for impairment:		
Opening balances	(50.050)	(50.050)
Closing balances	**(50.050)**	**(50.050)**
Opening balances	-	-
Closing balances	-	-

At 31 December 2020 and 2019, the impairment provision is EUR 50,050 thousand, which relates to other investments in companies not included in the scope of consolidation since at least 2007.

A list of holdings in non-consolidated Group companies and information relating thereto is included in Appendix II.

Non-current financial assets

The movement during the financial years 2020 and 2019 was as follows:

	Thousands of euros	
	2020	**2019**
Cost:		
Opening balances	**18.783**	**17.151**
Additions and disposals (net) due to changes in the scope of consolidation	72	-
Additions	978	1.715
Retreats	(2.114)	(83)
Closing balances	**17.719**	**18.783**
Closing balances	**17.719**	**18.783**

All non-current financial assets relate to deposits.

Additions and disposals in the financial year 2020 and 2019 mainly relate to deposits made in Brazil for labour and tax court cases.

This heading also includes court deposits to meet possible tax obligations of Vértice Trescientos Sesenta Grados, S.A. for a nominal amount of Euros 7,565 thousand and Euros 1,572 thousand in late-payment interest due to the procedure for the transfer of liability from the tax authorities to the Group's Parent Company (Note 21).

12. Stocks

Details of inventories as at 31 December 2020 and 2019 are as follows:

	Thousands of euros	
	As at 31 December	
	2020	**2019**
Raw materials and other supplies	21.953	20.710
Advances to suppliers	2.623	3.219
	24.576	**23.929**

The heading "raw materials and other supplies" relates mainly to materials used in the various network installation and roll-out projects in progress by the Group.

The Group companies have taken out various insurance policies to cover the risks to which their inventories are subject. The coverage of these policies is considered sufficient.

13. Current financial assets

a) Customers for sales and services rendered and Customers, work in progress pending invoicing

The detailed composition of these consolidated balance sheet headings as at 31 December 2020 and 2019 is as follows:

	Thousands of euros	
	As at 31 December	
	2020	**2019**
Customers for sales and services	21.275	28.444
Customers, work completed and not yet invoiced	54.557	76.250
	75.832	**104.694**

Customers for sales and services:

Trade receivables for sales and services as at 31 December 2020 and 2019 are net of bills discounted by means of non-recourse factoring and trade cheque discounting amounting to Euros 92,026 thousand and Euros 0 thousand, respectively (Euros 87,102 thousand and Euros 10,458 thousand as at 31 December 2019, respectively). This amount has been derecognised from assets and liabilities at year-end 2020 and 2019 as it relates to non-recourse trade discounting transactions in which the credit and default risks of the debtor have been substantially transferred to the financier.

At 31 December 2020, the Group companies had EUR 92,026 thousand (31 December 2019: EUR 87,102 thousand) drawn down on non-recourse factoring facilities. The interest rate on these lines for 2020 is between 1% and 11.9% (2019 between 0.9% and 12.6%), with the weighted average rate on non-recourse factoring contracts at 31 December 2020 being 3.17% (2019 3.75%).

The composition of the balance drawn down on factoring lines, by currency, is as follows:

	2020	2019
Euro	68.536	56.415
Real Brasileiro	10.268	15.609
Chilean Peso	7.614	7.724
Colombian Peso	199	948
Mexican Peso	1.371	1.435
Peruvian Peso	4.038	4.971
	92.026	**87.102**

The nominal values of receivables are considered to approximate their fair value and the discounting of receivables is in no case significant.

At 31 December 2020 and 2019 the balance sheet amount related to customers for sales and services rendered is presented net of the amount of provision for impairment of receivables recognised by the Group.

The movement in the provision for bad debts is presented below:

	Thousands of euros	
	2020	**2019**
Opening balances	1.085	1.085
Reversals	-	-
Closing balances	**1.085**	**1.085**

At 31 December 2020 the impaired balance relates to balances that are generally more than 180 days old.

During the financial year 2020 and 2019, the Group has not exercised or executed any guarantees for the purpose of recovering impairment amounts related to customers for sales and services rendered.

Customers, work completed and not yet invoiced:

In relation to customers for services rendered pending invoicing, this corresponds to services rendered under contracts with customers and which at the end of each financial year are pending invoicing to them.

As mentioned in section 9 of Appendix IV to these consolidated annual accounts, the Group analyses the impairment applicable, where applicable, to receivables arising from contract assets and, in particular, to receivables resulting from the application of IFRS 15 Revenue from Contracts in respect of receivables from work performed pending invoicing. During the financial year 2020, the Group has impaired unbilled work in the amount of EUR 10,846 thousand. At 31 December 2020, the provision for impairment of work performed pending invoicing amounts to Euros 2,794 thousand.

At 31 December 2020, Euros 37,533 thousand (Euros 76,087 thousand at 31 December 2019) relates to balances in foreign currencies other than the euro with customers for sales and services rendered and work performed pending invoicing.

The total breakdown of these headings by currency is presented below:

	Thousands of euros	
	As at 31 December	
	2020	**2019**
Euros	38.299	28.607
Pesos (Chile)	13.610	24.810
Pesos (Argentina)	1.596	2.440
Soles (Peru)	5.086	10.511
Pesos (Colombia)	925	931
Reales (Brazil)	15.067	36.125
Pesos (Mexico)	1.249	1.270
	75.832	**104.694**

b) Other debtors

The composition as at 31 December 2020 and 2019 is as follows:

	Thousands of euros	
	As at 31 December	
	2020	**2019**
Sundry debtors	11.875	5.566
Staff	584	1.175
Provisions for impairment	(1.884)	(1.884)
	10.575	**4.857**

The Parent Company's directors consider that the carrying amount of non-impaired sundry debtors approximates their fair value.

At 31 December 2020 and 2019, this heading includes a consolidated VAT receivable amounting to Euros 1,884 thousand, which has been fully impaired since the end of 2013. In addition, this caption includes sundry receivables mainly in Peru amounting to Euros 1,062 thousand (Euros 1,466 thousand at 31 December 2019), Argentina amounting to Euros 3,276 thousand (see note 22a.2) (€411 thousand at 31 December 2019), Brazil in the amount of €1,417 thousand (€1,231 thousand at 31 December 2019), Colombia in the amount of €1,200 thousand (€682 thousand at 31 December 2019) and Chile in the amount of €2,684 thousand (€619 thousand at 31 December 2019).

c) Other current assets

	Thousands of euros	
	As at 31 December	
	2020	**2019**
Other current assets	**6.497**	**7.731**

It mainly includes guarantees as well as accruals as at 31 December 2020 and 2019 for insurance premiums and prepaid expenses related to the works which will be accrued in the next twelve months.

d) Cash and cash equivalents

The detailed composition of these consolidated balance sheet headings as at 31 December 2020 and 2019 is as follows:

	Thousands of euros	
	As at 31 December	
	2020	2019
Treasury	15.152	21.511
Other cash equivalents	1.595	343
	16.747	**21.854**

At 31 December 2020, of the balance presented as "Cash" amounting to €15,152 thousand, €4,991 thousand (€4,221 thousand at year-end 2019) corresponds to amounts in foreign currencies other than the euro, and of the balance presented as "Other cash equivalents" amounting to €1,595 thousand, €1,432 thousand (€8 thousand at year-end 2019) corresponds to amounts in foreign currencies other than the euro.
Other equivalent liquid assets" include restricted cash of Euros 1,595 thousand. In addition, "Trade receivables for sales and services" includes Euros 985 thousand of undiscounted forward cheques, also equivalent to liquid assets.

14. Equity

a) Subscribed capital and share premium

During the financial years 2020 and 2019 there have been no movements in either the subscribed capital or the share premium:

	Thousands of euros		
			2020
	Number of shares	Nominal	Share premium
Closing balance as at 31/12/2019	**331.172.000**	**99.352**	**58.485**
Closing balance at 31/12/2020	**331.172.000**	**99.352**	**58.485**

At the date of preparation of these consolidated annual accounts, all the shares are listed on the Spanish Stock Exchanges of Madrid and Bilbao.

Agreement with Ericsson España, S.A.:

As part of the transaction with Ericsson España, S.A. in 2018 (hereinafter "Ericsson"), commitments were made that condition the transfer of the shares owned by Ericsson:

- It will have the right to sell, transfer or dispose, at any time, of any Ezentis Shares which, as at 1 June 2018 (the closing date of the acquisition), exceed 10% of the share capital of Ezentis Group;
- You will refrain from selling or transferring or otherwise disposing, until 1 January 2019, of Ezentis Shares representing between 5% and 10% of the share capital of the Ezentis Group on the Closing Date;
- You will refrain from selling or transferring or otherwise disposing of, until 24 months after the Closing Date, i.e. 1 June 2020, the Ezentis Shares corresponding to 5% of the share capital of Ezentis Group on the Closing Date.

(a) Ericsson shall be entitled to pledge the Ezentis Shares, by way of security for financing incurred in the conduct of its business, which shall not be deemed to be a disposition for the purposes of this Clause, and (b) may not transfer any Ezentis Shares as a stock loan.

(Thousands of euros)

On 1 June 2020, Ericsson España, S.A.'s commitment to transfer its shares ended.

As at 31 December 2020, there were no restrictions on the acquisition or transfer of shares in the share capital other than those resulting from the Internal Code of Conduct for Securities Markets and general securities market regulations.

Significant shareholdings

Significant shareholders of Grupo Ezentis S.A. are understood to be those who directly or indirectly hold stakes of 3% or more, as well as shareholders who, without being significant, have exercised the power to propose the appointment of a member of the Board of Directors.

31 December 2020:

	% of voting rights attributed to the shares		
Title	Total	Direct	Indirect
ERALAN INVERSIONES, S.L.	4,17	4,17	-
TELEFONAKTIEBOLAGET L.M. ERICSSON	9,637	-	9,637

31 December 2019:

	% of voting rights attributed to the shares		
Title	Total	Direct	Indirect
ERALAN INVERSIONES, S.L.	4,17	4,17	-
SANTANDER ASSET MANAGEMENT, S.A., SGIIC	3,412	-	3,412
SANTANDER SMALL CAPS SPAIN, FI	3,412	3,412	-
TELEFONAKTIEBOLAGET L.M. ERICSSON	9,637	-	9,637

b) Reserves

Share premium

The Capital Companies Act expressly permits the use of the share premium balance to increase capital and does not establish any specific restrictions as to the availability of this balance.

Legal reserve

In accordance with the provisions of the Spanish Companies Act, an amount equal to 10% of the profit for the year must be transferred to the legal reserve until it reaches at least 20% of the share capital. The legal reserve may be used to increase capital to the extent of the balance of the legal reserve that exceeds 10% of the increased capital. Except for the above-mentioned purpose and as long as it does not exceed 20% of the share capital, this reserve may only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

As at 31 December 2020 the Parent Company has a legal reserve of EUR 3,200 thousand (31 December 2019: EUR 885 thousand). As at 31 December 2020 and 2019 the legal reserve is not endowed at 20% of the share capital. This legal reserve is included under "Other reserves" in the accompanying consolidated balance sheet

Other reserves

The consolidated statement of changes in equity breaks down the main movements in "Other reserves" in 2020 and 2019, which mainly reflect the results of the years obtained by the various companies that form or have formed part of the scope of consolidation.

The heading "Other changes in equity" in the consolidated statement of changes in equity mainly includes charges to reserves recorded in accordance with IAS 8, which correspond to errors and/or adjustments of balances recorded in prior years.

c) Conversion differences

The movement during the financial years 2020 and 2019 was as follows:

	Thousands of euros	
	As at 31 December	
	2020	**2019**
Opening balance	(29.596)	(23.909)
(Increase) / decrease	(10.335)	(5.687)
Closing balance	**(39.931)**	**(29.596)**

At 31 December 2020 and 2019 all translation differences relate to Subsidiaries.

d) Own shares

The movement in this balance sheet item during the financial years 2020 and 2019 was as follows:

	No. Shares	Thousands of euros
Balance as at 31.12.2018	**707.549**	**435**
Additions	776.059	391
Retreats	(950.070)	(521)
Balance as at 31.12.2019	**533.538**	**305**
Additions	9.050.528	2.743
Retreats	(8.913.722)	(2.880)
Balance as at 31.12.2020	**670.344**	**168**

e) Share-based payments

On 29 June 2018, the Ordinary General Shareholders' Meeting approved, in accordance with the provisions of article 219 of the Capital Companies Act, article 35 of the Articles of Association and the provisions of the Directors' Remuneration Policy, the delivery of shares in the Company to directors who do not perform delegated or executive functions as part of their remuneration system.

The gross remuneration was paid in the form of shares in the amount of thirty thousand euros (30,000 euros) to each of the directors who do not perform delegated or executive functions in the Company, the settlement of which took place in 2020. (see Note 24.c)

Long-term incentive:

On 29 June 2018, the General Shareholders' Meeting, in accordance with the provisions of article 219 of the revised text of the Capital Companies Act, approved the establishment of a long-term incentive for certain categories of Directors, senior executives and other management personnel of the Company and its subsidiaries linked to the achievement of strategic objectives for the period 2018-2020 and to be settled in cash and by delivery of shares in the Company (hereinafter, the "Long-term Incentive"), in accordance with the following terms:

1. Description: The Long-Term Incentive is configured as an incentive linked to the fulfilment, at the end of the reference period of the Long-Term Incentive, of several strategic objectives to be set by the Board of Directors and linked, among other criteria, to the following:

(a) Development of operating profit and/or net profit.
(b) Operating cash flow performance.
(c) Share price performance on the Spanish stock exchanges.

2. Beneficiaries: Directors performing delegated or executive functions and senior executives of Grupo Ezentis, S.A. and certain executives of the Company's subsidiaries, as well as other executives of the Company and its subsidiaries who, where applicable, may be included in the scope of application of the long-term incentive during its term by virtue of the resolutions adopted by the Board of Directors in implementation of this resolution.

3. Amount: The maximum amount in cash to be delivered shall be two million three hundred and thirty-one thousand nine hundred and sixty-six euros (2,331,966 euros) and the maximum number of shares to be delivered to all the beneficiaries of the Long-Term Incentive shall be five million one hundred and ninety-six thousand and two (5,196.002) ordinary shares of the Company, equivalent to 1.571 per cent of the share capital, which shall be allocated to the various beneficiaries by resolution of the Board of Directors, upon proposal of the Appointments and Remuneration Committee, based on parameters that correspond to the level of responsibility of each beneficiary and the level of compliance with the objectives set.

f. Earnings / (Loss) per share

Basic earnings/(loss) per share is determined by dividing net income attributable to the Group (after tax and minority interests) by the weighted average number of shares outstanding during the year, excluding the average number of treasury shares held during the year.

	As at 31 December	
	2020	2019 Restated
Profit (Loss) attributable to shareholders (Thousands of euros)	(35.305)	4.014
Weighted average number of shares outstanding (Shares)	331.172.000	331.172.000
Basic earnings (loss) per share of parent company result (Euros)	**(0,107)**	**0,012**

	As at 31 December	
	2020	2019 Restated
Profit (loss) from continuing operations (Thousands of euros)	(35.305)	4.014
Weighted average number of shares outstanding (Shares)	331.172.000	331.172.000
Basic earnings (loss) per share from continuing operations (Euro)	**(0,107)**	**0,012**

	As at 31 December	
	2020	2019 Restated
Profit (Loss) attributable to shareholders (Thousands of euros)	(35.305)	4.014
Weighted average number of shares outstanding (Shares)	330.501.656	330.638.462
Diluted weighted average number of shares	**330.501.656**	**330.638.462**
Diluted earnings (loss) per share of Parent's profit (loss) (Euros)	**(0,107)**	**0,012**

	As at 31 December	
	2020	2019 Restated
Profit (loss) from continuing operations (Thousands of euros)	(35.305)	4.014
Weighted average number of shares outstanding (Shares)	330.501.656	330.638.462
Diluted weighted average number of shares	**330.501.656**	**330.638.462**
Diluted earnings (loss) per share from continuing operations (Euro)	**(0,107)**	**0,012**

15. Amounts owed to credit institutions and lease liabilities

The composition of the balance at 31 December 2020 and 2019 is as follows:

	Thousands of euros			
	As at 31 December			
	2020		2019	
	Non-current	Current	Non-current	Current
Loans and credit policies	128.919	27.924	112.092	17.718
Derivative financial instruments	2.438	-	2.524	-
Lease liabilities	20.259	13.916	20.043	17.124
Total	**151.616**	**41.840**	**134.659**	**34.842**

Details of the above non-current financial liabilities by year of maturity at 31 December 2020 and 2019 are as follows:

	Thousands of euros
Year of Maturity	**2020**
2022	24.242
2023	20.864
2024	25.617
2025 onwards	80.893
	151.616

	Thousands of euros
Year of Maturity	**2019**
2021	26.159
2022	15.807
2023	13.962
2024 onwards	78.731
	134.659

The interest rate on loans and credit facilities during 2020 is between 2.63% and 10.95% (2019: between 5% and 22%), with the weighted average rate on borrowings at 31 December 2020 being 5.45% (2019: 5.8%). This average interest rate should be understood in the economic and financial context of the countries in which the Ezentis Group operates.

Structural Finance - Syndicated Loan Agreement

On 6 November 2018, the Group signed a loan agreement for a total amount of EUR 90 million with a six-year maturity with Banco Santander, S.A., Banco Bilbao Vizcaya Argentaria, S.A., Bankia, S.A., Banco Pichincha España, S.A., EBN Banco de Negocios, S.A. and a number of funds managed and/or advised by Muzinich.

The loan structure consists of three tranches with the amounts and characteristics indicated below:

- Tranche A, in the amount of 40,000,000 euros, the purpose of which was to early repay the loan with Highbridge Principal Strategy LLC.
- Tranche B, for an amount of 45,000,000 euros, for the same purpose as the previous tranche.

- Tranche C, amounting to EUR 5,000,000, the purpose of which is to finance the Group's organic growth.

On 14 November 2018 the Group drew down all of Tranches A and B and EUR 4,716 thousand of Tranche C to finance the working capital requirements of certain contracts in Brazil and Chile. The Ezentis Group subsidiary that is the main debtor of this financing is Corporación Ezentis Internacional, S.a.r.l. On 15 April 2019 the remaining EUR 284 thousand were drawn down.

A novation of this loan was signed on 30 September 2019, the main amendments to which are as follows:

I. 30,000,000, which implies an increase in Tranche A by 3,000,000 euros and in Tranche B by 27,000,000 euros.
II. Extension of the maturity dates of Tranches A and B. Tranche A was extended to 31 July 2024 and Tranche B to 31 July 2025, while the original maturity date of Tranche C remained unchanged at 14 November 2023.
III. Modification of the principal and interest repayment dates for Tranches A and B, becoming payable in July and January of each year, with principal and interest repayments for Tranche C remaining payable in June and December.
IV. Adjustment of certain performance clauses (hereinafter "covenants").

The additional funds raised were mainly used for the acquisition of the Liteyca business acquired in 2019.

The formalisation expenses generated in the novation of the loan amounted to 1,943 thousand euros, and are presented as a reduction in the value of the loan, being charged to the consolidated income statement by the amortised cost method.

On 20 May 2020 and 5 June 2020, a loan was signed with the same credit institutions and in the same percentages of participation as in the syndicated loan agreement, and it was also agreed to extend the guarantees and other clauses of the syndicated loan agreement to this loan. The amount of this loan amounts to 18 million euros and has a final maturity date of 31 May 2025, with a guarantee from the Instituto de Crédito Oficial for 70% of its nominal value.

Formalisation expenses generated in the novation of the loan amounted to Euros 900 thousand and are presented as a reduction in the value of the loan and are recognised in the consolidated income statement using the amortised cost method.

From the qualitative and quantitative analysis of the terms of the modifications to the liabilities described above, it has been concluded that they do not entail a substantial modification of the loan and therefore the derecognition of the same and the recognition of new liabilities are not recorded. As a result of the terms of this new financing, income of Euros 2,322 thousand has been recognised under "Finance income" in the accompanying consolidated income statement for 2020.

Interest paid during the financial year 2020 amounted to EUR 6,181 thousand (2019: EUR 1,678 thousand). The amount corresponding to the settlement of hedges amounted to EUR 218 thousand (2019: EUR 217 thousand).

At 31 December 2020 the debt recognised in the accompanying consolidated balance sheet amounts to EUR 131,337 thousand.

<u>Interest and expenses</u>

The loan includes interest, expenses and fees, among others:

- Variable interest with reference to Euribor (with a minimum of 0%) plus a differential.

- Commissions for the availability of the amounts granted and not drawn down.

- Agency fees.

Guarantees and conditions

During the term of the contract, the following assets have been pledged by the Group as collateral for the loan:

- Pledging of the holdings/shares of the Group companies that subscribed or adhered to the Contract.
- Pledge on the bank accounts of certain companies holding shares.

The financing contract and the drawdown of funds under it are subject to certain financial and non-financial obligations.

The loan establishes the obligation to comply with certain financial ratios as well as other non-financial obligations customary in this type of contract. In December 2020, the Group agreed with all the entities participating in the syndicated financing and the ICO-Covid loan to modify, for the period ending 31 December 2020, the limits of one of the ratios established in the original financing agreement and to waive compliance with another, in order to adapt them to the updated estimates based on the impact of the pandemic and the evolution of currency exchange rates. Finally, and for the same reason, in February 2021 the Group agreed with the entities participating in the aforementioned financing to modify the limits of the ratios established for the financial year 2021.

As at 31 December 2020 and 2019 the Group is in compliance with the covenants agreed with the participating entities.

Derivative financial instruments

In order to mitigate interest rate risk, the Group has contracted hedges through interest rate swaps. The notional amounts of these hedges cover the full amount of Tranche A and 50% of Tranche B (see note 3). The fair value of these financial instruments is EUR -2,438 thousand at 31 December 2020 (31 December 2019: EUR -2,524 thousand).

Other financing

In addition, the Group's subsidiaries have local bank debt contracts to finance working capital requirements. The amounts by currency and type of financing are as follows:

						Thousands of euros
	Amounts owed to credit institutions		Factoring with Recourse		Lease liabilities	
	2020	2019	2020	2019	2020	2019
Euro	14.398	81	-	-	9.237	8.402
Argentine Peso	24	11	-	-	176	379
Brazilian real	5.102	5.420	-	-	13.029	12.576
Chilean Peso	2.669	4.437	-	2.423	5.544	9.957
Colombian Peso	441	-	-	-	152	794
Peruvian sun	2.707	199	165	-	6.037	5.059
TOTAL	**25.341**	**10.147**	**165**	**2.423**	**34.175**	**37.167**

The balance as at 31 December 2020 of structural funding amounts to EUR 131,337 thousand and the fair value of derivative financial instruments is EUR -2,438 thousand.

The maturity schedule of the lease liabilities as at 31 December 2020 and 2019 is as follows:

	Thousands of euros
	As at 31 December
Year of Maturity	**2020**

2021	13.916
2022	7.274
2023	6.083
2024	5.167
2025 onwards	1.735
	34.175

	Thousands of euros
	As at 31 December
Year of Maturity	**2019**
2020	17.124
2021	12.049
2022	3.211
2023	2.497
2024 onwards	2.286
	37.167

The carrying amount of bank borrowings and lease liabilities (both current and non-current) approximates their fair value.

Changes in liabilities arising from financing activities

The reconciliation of the balances classified as financial liabilities to the cash flow from financing activities in the Statement of Cash Flows is as follows:

2020

	31/12/2019	**Issuance**	**Repayment and Amortisation**	**Hedging Instruments**	**Other**	**31/12/202**
Loans and credit policies	112.092	17.240			(413)	128.91
Derivative financial instruments	2.524	-	-	(86)	-	2.43
Lease liabilities	20.043	779			(563)	20.25
Long-term debts	**134.659**	**18.019**	**-**	**(86)**	**(976)**	**151.61**
Amounts owed to credit institutions	17.718	39.514	(30.123)		815	27.92
Lease liabilities	17.124		(3.771)		563	13.91
Short-term debts	**34.842**	**39.514**	**(33.894)**	**-**	**1.378**	**41.84**
TOTAL	**169.501**	**57.533**	**(33.894)**	**(86)**	**402**	**193.45**

2019:

	31/12/2018	Transfer and transition (Note 2)	Issuance	Repayment and Amortisation	Hedging Instruments	Other	31/12/2019
Loans and credit policies	86.085	-	31.880	(8.474)	-	2.601	112.092
Derivative financial instruments	982	-	-	-	1.542	-	2.524
Lease liabilities	-	17.965	-	(3.961)	-	6.039	20.043
Leasing liabilities	8.874	(8.874)	-	-	-	-	-
Long-term debts	**95.941**	**9.091**	**31.880**	**(12.435)**	**1.542**	**8.640**	**134.659**
Amounts owed to credit institutions	20.820	-	-	(3.102)	-	-	17.718
Lease liabilities	-	19.443	-	(21)	-	(2.298)	17.124
Leasing liabilities	5.169	(5.169)	-	-	-	-	-
Short-term debts	**25.989**	**14.274**	**-**	**(3.123)**	**-**	**(2.298)**	**34.842**
TOTAL	**121.930**	**23.365**	**31.880**	**(15.558)**	**1.542**	**6.342**	**169.501**

16. Other liabilities

The composition of the balance at 31 December 2020 and 2019 is as follows:

	Thousands of euros			
	As at 31 December			
	2020		2019	
	Non-current	Current	Non-current	Current
Other financial liabilities	300	318	564	848
Other liabilities	19.239	2.050	14.042	-
	19.539	**2.368**	**14.606**	**848**

Other financial liabilities

At 31 December 2020 and 2019, this heading includes loans received by the Group through its subsidiaries (mainly Ezentis Tecnología, S.L. U. and Navento Technologies, S.L. U.) from official bodies amounting to Euros 618 thousand (Euros 1,412 thousand at 31 December 2019). These loans are at zero interest rate and were granted to finance development projects. These loans are initially measured at fair value and the difference between fair value and the amount received is recognised as interest rate subsidies under "Other non-current liabilities". They are taken to the income statement in accordance with the principle of recognising development expenditure in the income statement.

Other liabilities

At 31 December 2020, this heading includes the amount pending payment for the acquisitions described in note 5 of these notes to the consolidated financial statements. Of the total amount outstanding, Euros 1,600 thousand is conditional upon the fulfilment of certain conditions, the main one being the renewal of the installation and maintenance contracts by customers.

In addition, it includes the Group's outstanding amounts for the following items:

- Insolvency liabilities: as a result of the application and entry into insolvency proceedings of the Group's Argentinean subsidiaries (see note 2.5):

	Thousands of euros	
	As at 31 December	
	2020	2019
	Non-current	Non-current
Suppliers and creditors	943	699
Tax liabilities	4.696	6.737
	5.639	**7.436**

  In December 2019, the Group's Argentinean companies (Ezentis Argentina S.A., Raselo, S.A. and Radiotrónica de Construcciones S.A.) filed for insolvency proceedings in order to reorganise their liabilities. In addition, a process was initiated to search for different alternatives for the continuity of the current telecommunications and energy activities, which could include strategic alliances with third parties.

  In this regard, the "tax liabilities" account includes the amount corresponding to the tax debts at the time of approval of the aforementioned reorganisation proceedings in December 2019, which includes the principal and interest accrued at the date of approval. In accordance with Argentine insolvency regulations, these tax debts have ceased to accrue interest from the date of approval of such insolvency proceedings until the judicial resolution of the insolvency proceedings.

- For tax deferrals granted by the Brazilian tax authorities to the group company Ezentis Brasil, S.A. amounting to 3,362 thousand euro (6,484 thousand euro at 31 December 2019).

- For tax deferrals granted by the Chilean tax authorities to Group companies in that country amounting to Euros 9,241 thousand at 31 December 2020.

17. Trade and other accounts payable

Details of this item in the consolidated balance sheet at 31 December 2020 and 2019 are as follows:

	Thousands of euros	
	2020	2019
Suppliers	78.100	87.799
Other creditors	14.136	11.536
Remunerations to be paid	13.453	16.896
Current tax liabilities (note 19)	26.160	30.126
Liabilities associated with customer contracts (note 22)	6.664	16.195
	138.513	**162.552**

In compliance with Law 15/2010 on measures to combat late payment in commercial transactions and the ICAC Resolution of 29 January 2016, the following information is provided at 31 December 2020 and 2019 in relation to all Spanish entities in the scope of consolidation:

	2020	2019
	Days	
Average supplier payment period	64	79
Ratio of operations paid	58	80
Ratio of transactions outstanding	94	78
	Thousands of euros	
Total payments made	109.598	76.649
Total outstanding payments	22.560	23.455

The companies acquired in 2020, Pentágono Sistemas Electrónicos de Alta Seguridad, S.L. and Enesys Ingeniería y Seguridad, S.L., are not included in the data for 2020. S.L., as the information corresponding to the full year is not available.

At 31 December 2020, €65,411 thousand (31 December 2019: €93,317 thousand) relates to balances in foreign currencies other than the euro with trade and other payables. The total amount under this heading is presented below, broken down by type of currency:

	Thousands of euros	
	2020	**2018**
Euros	73.101	69.235
Pesos (Chile)	19.531	22.309
Pesos (Argentina)	2.758	2.793
Soles (Peru)	11.607	17.524
Dollars (US)	294	294
Reales (Brazil)	29.415	48.685
Pesos (Mexico)	1.425	528
Pesos (Colombia)	381	1.184
	138.513	**162.552**

18. Provisions

The movement during the financial year 2020 and 2019 has been as follows:

	2020		2019	
	Thousands of euros		Thousands of euros	
	Non-current	**Currents**	**Non-current**	**Currents**
Opening balance	**2.511**	**2.563**	**6.534**	**3.596**
Additions	542	5.492	85	1.903
Reversals / Payments	(222)	(52)	(4.108)	(2.936)
Applications	-	-	-	-
Closing balance	**2.831**	**8.003**	**2.511**	**2.563**

The breakdown of these provisions at 31 December 2020 and 2019, according to their nature, is as follows:

	2020		2019	
	Thousands of euros		Thousands of euros	
	Non-current	Currents	Non-current	Currents
Litigation	2.831	2.262	2.511	1.113
Other	-	5.741	-	1.450
Closing balance	**2.831**	**8.003**	**2.511**	**2.563**

Based on their best estimate of all possible outcomes, the Parent's directors have jointly re-estimated all the provisions required at 31 December 2020, totalling Euros 2,831 thousand (Euros 2,511 thousand at 31 December 2019) under non-current provisions and Euros 8,003 thousand (Euros 2,563 thousand at 31 December 2019) under current provisions. The main items to which these provisions relate are for commercial and labour litigation.

Provisions and impairments" amounting to EUR 25,045 thousand (2019: EUR 10,438 thousand) have been recognised in the consolidated income statement for the year 2020, broken down as follows:

	Thousands of euros	
	2020	2019
Provisions, costs and impairment of assets for closing contracts	(9.418)	(4.110)
Provisions for restructuring and closure costs and risks Argentina	-	(5.056)
Impairment Customers, work completed and not yet invoiced (*)	(8.051)	(1.121)
Provision for impairment of work in progress pending invoicing (note 13)	(2.794)	-
Claims and court/arbitration proceedings with clients	(1.200)	-
Provisions for SLA non-compliance expenses with customers	(584)	-
Provisions for staff restructuring costs	-	(151)
Impairment of other assets	(2.998)	-
Closing balance	**(25.045)**	**(10.438)**

(*) This amount includes 2,783 thousand euros corresponding to the impairment of work in progress on closed contracts related to the transformation plan (see note 2.3).

Ongoing legal proceedings and/or claims

At 31 December 2020 and 2019, various legal proceedings and claims were in progress against the consolidated entities arising from the ordinary course of their business. The Group's legal advisers and directors consider that the outcome of these proceedings and claims will not have a material effect on the consolidated financial statements for the years in which they are settled other than those already recognised.

In addition, the provision mainly includes EUR 2,268 thousand (EUR 2,515 thousand in 2019) and EUR 6,457 thousand (EUR 1,131 thousand in 2019) under non-current and current, for provisions arising from various lawsuits and risks associated with subsidiaries domiciled in Spain, Argentina, Chile, Mexico and Brazil.

Details of the main ongoing processes are included in Note 21 to the consolidated financial statements.

19. Tax situation

a) Balances with public administrations

The detail of the balances held by the Group with receivables from and payables to public authorities at 31 December 2020 and 2019 is as follows:

	Thousands of euros			
	2020		2019	
	Non-current	Current	Non-current	Current
Deferred tax assets	51.762	-	46.277	-
Other current tax assets	-	7.960	-	12.529
General government debtors	**51.762**	**7.960**	**46.277**	**12.529**
H. Public, VAT creditor	-	14.658	-	16.936
H. Public, creditor for income tax, personal income tax and others	-	11.502	-	13.190
Deferred tax liabilities	8.438	-	8.533	-
Public administrations, creditors	**8.438**	**26.160**	**8.533**	**30.126**

b) Reconciliation of the consolidated tax base and the accounting result

The Parent (Grupo Ezentis, S.A.) files consolidated tax returns with other investees, acting as the head of the consolidated tax group. In 2020, the following Group companies form the consolidated tax group: the Parent (Grupo Ezentis, S.A.) and the following subsidiaries: Ezentis Tecnología, S.L.U., Navento Technologies, S.L.U., Avánzit Infraestructuras y Servicios, S.A.U., Ezentis Servicios de Gestión, S.A.U. (formerly known as Naverggi, S.A.U.), Avánzit Instalaciones e Ingeniería, S.L.U., Electrificaciones Ferroviarias Catenaria, S.A.U., Avánzit I+D+I, S.L.U., Ezentis Internacional, S.L.U., Ezentis Chile, S.L.U., Ezentis Brasil Telecom, S.L.U., Ezentis Brasil Instalaciones, S.L.U., Calatel Spain, S.L.U., Ezentis Pacífico, S.L.U. (formerly known as Calatel Andalucía, S.L.U.), Ezentis Gestión de Redes, S.L.U., Networks Test, S.L.U. and Ezentis Field Factory, S.L. (formerly known as Excellence Field Factory, S.L.)

The remaining subsidiaries file individual tax returns in accordance with the tax rules applicable in each country.

The new companies acquired in Spain (see note 5) will become part of the consolidated tax group as from 1 January 2021.

Notes to the consolidated annual accounts for the financial year 2020
(Thousands of euros)

The reconciliation of the consolidated accounting result for 2020 and 2019 to the theoretical tax base (which would correspond to the individual closes under Spanish GAAP) is as follows:

	Thousands of euros					
	As at 31 December					
	2020			2019		
	Increase	Decrease	Amount	Increase	Decrease	Amount
Consolidated accounting profit before tax	-	-	(43.066)	-	-	(3.688)
Results of foreign subsidiaries and consolidation adjustments	48.637	(21.884)	26.753	13.503	(29.201)	(15.698)
Aggregate result Spanish Tax Group			(16.313)			(19.386)
Permanent differences of individual companies	12.788	(95)	12.693		(223)	(203)
Temporal differences of individual companies -						
Provisions subsidiary portfolio / impairment subsidiaries loans and advances	-	-	-	24.450	-	24.450
Reversal of provisions / write-downs	-	(391)	(391)	-	(1.162)	(1.162)
Tax amortisation of merger goodwill	-	(15.187)	(15.187)	-	(15.187)	(15.187)
Financial expenses	874	-	874	-	(858)	(858)
Other	-	(1)	(1)	-	-	-
Tax base (taxable income)			(18.325)			(12.346)

The negative permanent differences, amounting to 95 thousand euros, correspond to the deduction for the avoidance of double taxation of the tax borne by the taxpayer abroad from subsidiaries resident in Latin America, as established in article 31 of the LIS.

Positive permanent differences amounting to 12,788 thousand euros mainly relate to:

i. to the non-deductibility of impairment losses on holdings in subsidiaries resident in Mexico and Chile amounting to 8,379 thousand euros, in accordance with article 15 k) of the LIS, insofar as these holdings meet the requirements established in article 21 of the LIS for the application of the double taxation exemption;

ii. the non-deductibility of the losses deriving from the transfer of the holdings in the Mexican subsidiaries by Ezentis Internacional, S.L.U. to Ezentis Pacífico, S.L.U., amounting to 395 thousand euro. Ezentis Internacional, S.L.U. has obtained a tax loss from this transfer, which, in accordance with article 21.6 of the LIS, is not computable for tax purposes, insofar as the holdings in the Mexican subsidiaries meet the requirements of article 21 of the LIS.

iii. 697 thousand euros of non-deductibility of non-deductible expenses under article 15 c) of the LIS.

iv. to the non-deductibility of the expense arising from the cancellation of loans granted by Grupo Ezentis, S.A. and Ezentis Tecnología, S.L.U. to subsidiaries resident in Brazil and Peru totalling 3,317 thousand euro.

Negative timing differences mainly relate to:

(i) to the reversal, in the current year, of expenses that were not considered tax deductible in the previous year due to different accounting and tax allocation criteria, for a total of 391 thousand euros;

(ii) to the tax amortisation of merger goodwill (the impairment of which was adjusted in prior years' income tax as a positive temporary difference), for a total amount of EUR 15,187 thousand;

Positive timing differences relate to:

(iii) to the limitation on the deductibility of net financial expenses for the year amounting to 874 thousand euros.

The composition of the accounting tax expense is as follows:

	Thousands of euros As at 31 December	
	2020	2019 restated
Current Tax	407	(896)
Deferred tax	7.354	12.292
(Expense) Income tax revenue	**7.761**	**11.396**

The reconciliation between the income tax expense and the accounting result is as follows:

2020

Tax Expenditure	Profit (loss) before tax	Tax rate	Effect of non-deductible expenses	Other adjustments	Activation of tax credits	Correction of the tax rate	(Expenditure Tax Revenue 2020
Argentina	3.986	(997)	-	997	-	-	
Chile	(22.741)	5.685	-	(2.222)	-	-	3.463
Peru	(3.238)	810	-	-	-	(597)	213
Brazil	(7.162)	1.791	-	-	-	(315)	1.476
Mexico	(668)		-	-	287	-	454
Portugal	(145)			(52)	-	-	(16
Colombia	5	(1)	-	-	-	(2)	(3
Spain, Luxembourg and consolidation adjustments	(13.103)	3.276	(503)	(599)	-	-	2.174
	(43.066)	**10.767**	**(503)**	**(1.876)**	**287**	**(914)**	**7.761**

(Thousands of euros)

2019

Tax Expenditure	Profit (loss) before tax	Tax rate	Effect of non-deductible expenses	Other adjustments	Activation of tax credits	Correction of the tax rate	(Expenditure) Tax Revenue 2019
Argentina	2.813	(703)	-	(347)	-	-	(1.050)
Chile	645	(161)	-	(240)	354	-	(47)
Peru	(917)	229	-	-	-	(54)	175
Brazil	(4.519)	1.130	-	-	-	(256)	874
Mexico	(329)	82	-	(82)	-	-	-
Portugal	(155)			(39)	-	-	-
Colombia	(626)		-	-	210	-	367
Spain, Luxembourg and consolidation adjustments	(600)	150	(51)	(318)	10.956	-	10.737
	(3.688)	**923**	**(51)**	**(1.026)**	**11.520**	**(310)**	**11.056**

c) Non-current deferred tax assets and liabilities

Under the tax regulations in force in the various countries in which the consolidated entities are located, certain temporary differences arise which must be taken into account when quantifying the corresponding income tax expense.

Effective for years beginning on or after 1 January 2015, due to the entry into force in Spain of Law 27/2014, of 27 November, on Corporate Income Tax, the offsetting of tax losses from previous years is permitted without limitation in time. The amount of tax loss carryforwards corresponding to Spanish companies amounts to EUR 568,259 thousand at 31 December 2020 (EUR 549,933 thousand at 31 December 2019, following the filing of the corporate income tax for 2019 in July 2020). In addition, the Spanish tax consolidation group has tax credits amounting to:

i) EUR 49,271 thousand (EUR 64,458 thousand as at 31 December 2019) pending application in future years (2020 to 2024 inclusive) for tax amortisation of the merger goodwill and;

(ii) international double taxation tax credit carryforwards of EUR 3,604 thousand (31 December 2019: EUR 3,470 thousand).

From the above, an amount of €31,121 thousand (31 December 2019: €29,068 thousand) has been recognised in the Spanish Tax Group under deferred tax assets.

In addition, at 31 December 2020 there are temporary differences in quota of the main companies of the tax consolidation group amounting to EUR 70,224 thousand (at 31 December 2019 they amounted to EUR 74,079 thousand in quota).

In 2020, EUR 18,325 thousand of tax loss carryforwards have been generated in the Spanish Tax Consolidation Group, which will be credited by the Group to the tax authorities with the corporate income tax return for 2020 (EUR 12,255 thousand at 31 December 2019, following the filing of the corporate income tax for 2019 in July 2020).

The analysis of deferred tax assets and liabilities at 31 December 2020 and 2019 is as follows:

	Thousands of euros	
	2020	**2019**
Deferred tax assets		
- Deferred tax assets to be recovered in more than 12 months	51.762	44.113
- Deferred tax assets to be recovered in 12 months	-	2.164
	51.762	**46.277**
Deferred tax liabilities		
- Deferred tax liabilities to be reversed in more than 12 months	8.147	8.189
- Deferred tax liabilities to be reversed in 12 months	291	344
	8.438	**8.533**

Deferred tax assets in respect of tax loss carryforwards, as well as temporary differences to be reversed and tax credits to be taken, are recognised to the extent that it is probable that the related tax benefit will be realised through future taxable profits.

The amount recognised as at 31 December 2020 and 2019 under deferred tax assets relates mainly to the following subsidiaries:

- Ezentis Brasil, S.A.: 5,716 thousand euro (6,140 thousand euro at 31 December 2019).
- Ezentis Chile S.A. , Ezentis Energia, SpA and Tecnet, S.A. (Chile): Euros 10,108 thousand (Euros 7,566 thousand at 31 December 2019).
- Ezentis Perú, S.A. C. 1,458 thousand euros (1,927 thousand euros at 31 December 2019).
- Ezentis Argentina, S.A.: EUR 1,895 thousand (31 December 2019: EUR 1,340 thousand).
- Spanish Tax Group: €31,170 thousand (€29,068 thousand as at 31 December 2019).

As mentioned in Note 6 of these notes to the consolidated financial statements, the Group's Board of Directors has approved the budget for 2021, which is the basis for assessing the recoverability, among other calculations, assumptions and estimates, of the "Deferred tax assets" shown above. The assumptions on which this business plan is based, which foresees an increase in the Group's turnover and results, as well as those of practically most of its components, include the following:

Group operating revenue growth by 2021 by 16.2%, 2022 and 2021 by 10.2%, 2024 by 7.4% and 2025 by 4.8%.

Reorganisation of the business, shifting the weight of revenues in euros to more than 50% of the Group's total.

The EBITDA margin is expected to reach 12.8% of revenues.

Net income is expected to be between 5% and 8% of revenues.

In particular in Spain, the Group's main market for the coming years, where most of the Group's "Deferred tax assets" are allocated, the following assumptions have been considered:

Expansion of our services in the telecommunications sector (fixed and mobile network expansion, maintenance services, O&M, equipment installation, among others); and, expansion of our services in the energy sector.

Enhance, while maintaining the recurring services provided by the Group in Spain to its reference customers, the activities with higher margins. In general terms, the margins of most of the new activities to be provided, which are mentioned above, have a higher commercial margin than the Group's recurring services.

Based on the estimates made on the basis of the above assumptions, the Group has only recognised deferred tax assets that are expected to be recovered over a maximum time horizon of 10 years, considering possible scenarios of sensitisation of the assumptions used.

d) Exercises open to inspection

At 31 December 2020, both the Parent Company and the main subsidiaries have the last four financial years open for inspection for all applicable taxes.

Due to possible differing interpretations of tax regulations, the results of future audits carried out by the tax authorities for the years subject to audit may give rise to tax liabilities, the amount of which cannot be objectively quantified at present. However, in the opinion of the Group's tax advisors and directors, the possibility of material liabilities arising in this connection in addition to those recorded is remote.

20. Guarantees given to third parties

At 31 December 2020, the Group has received from financial institutions guarantees submitted to third parties amounting to EUR 25,394 thousand, mostly corresponding to technical guarantees provided to secure bids for new projects, as well as to guarantee the faithful performance of the works awarded (at 31 December 2019 the guarantees amounted to EUR 24,964 thousand).

As at 31 December 2020 and 2019, shares, participations and bank accounts in a number of Group companies have been pledged as security for the financing agreement entered into with a syndicate of financial institutions.

The Parent Company's directors consider that no payment obligation will arise for the consolidated companies from the guarantees and sureties described above that has not already been provided for, and therefore the aggregate balance of these commitments cannot be considered as a real future need for financing or liquidity to be granted to third parties by the Group.

Litigation and arbitration

The main ongoing lawsuits and litigation in which the Group is a defendant and plaintiff are as follows:

Proceedings brought by Group companies against former directors and executives of the Group

At 31 December 2019 and 2018, the Group has recognised receivables from the former chairman of the Parent Company, Mr Juan Bautista Pérez Aparicio, totalling Euros 1,501 thousand. This amount, which is fully provisioned, has been claimed in previous years before the anti-corruption prosecutor's office. Following several rulings in favour of the Group, the execution is being processed as an execution before Section 1 of the Madrid Provincial Court.

Procedure with the Tax Agency

On 14 July 2014, the Tax Agency notified the commencement of proceedings for the derivation of tax liability for tax debts of Vértice Trescientos Sesenta Grados, S.A., amounting to EUR 7.5 million (see note 11).

On 5 January 2015, the Tax Agency was notified of a tax liability declaration agreement dated 17 December 2014 (hereinafter the "Declaration Agreement"), issued by the Tax Agency declaring the Company's joint and several liability for debts of Vértice Trescientos Sesenta Grados, S.A. in the amount of 7.5 million euros.

Also, on 20 February 2015, the Company applied to the Regional Collection Unit of the Madrid Special Delegation of the AEAT for the suspension of the tax return agreement under article 233 of the General Tax Law.

Following the filing, on 29 January 2015, of the economic-administrative claim before the Central Economic-Administrative Court against the agreement to derive liability, the Company filed a statement of allegations on 11 May 2015.

In relation to the request for suspension submitted on 20 February 2015 to the Regional Collection Unit of the Special Delegation of Madrid, given that the latter required that the guarantees provided covered not only the principal of the debt (7,565 thousand euros), but also the default interest generated during the suspension plus 20% for the surcharge that might accrue in the event of enforcement of the guarantee, it was considered more beneficial in financial terms to proceed with the payment of the principal of the debt, waiving the requested suspension.

The payment made on 7 August 2015 did not imply acceptance of the derivation of liability; the Company has requested the refund of this amount as an undue payment, together with the corresponding interest on late payment, when the claims are upheld by the courts.

On 5 March 2018, the Central Economic-Administrative Tribunal (Tribunal Económico-Administrativo Central) issued a ruling on 31 January 2018 rejecting the Company's claim. Despite the rejection of the ruling, the Company considers that the arguments of the written pleadings of 11 May 2015 have not been undermined, and therefore the Company's claim is fully in accordance with the law, and the Board of Directors agreed, at its meeting of 21 March 2018, to proceed to challenge the aforementioned ruling of the Central Economic-Administrative Court before the National High Court, which has occurred and the proceedings, following the appropriate formalities, are now pending a ruling by the National High Court.

The Company's management, in agreement with its legal advisors, considers it unlikely that the Company's claims would be dismissed by the final resolution of this matter and therefore, in accordance with accounting standards, no provision was recognised in this respect.

Income and expenditure

a.1) Turnover / Revenue from contracts with customers

The breakdown of net sales by geographical market is detailed in Note 23.

The sectors of activity in which the Group is organised operationally are as follows:

1. Telecommunications.
2. Energy: including electricity, water and gas
3. Other: including technology and security

The breakdown of operating income by business segment as at 31 December 2020 and 2019 is as follows:

	Thousands of euros	
	As at 31 December	
	2020	**2019 Restated**
Telecommunications	313.888	374.381
Energy (*)	55.137	95.038
Other (**)	11.697	6.318
Total	**380.722**	**475.737**

(*) Including: electricity, water and gas.
(**) Includes: technology and security

Details of assets under contracts with customers are as follows:

	Thousands of euros			
	2020		2019	
	Non-current	**Current**	**Non-current**	**Current**
Contract procurement/fulfilment costs - IFRS 15	1.725	499	2.067	2.016
Customers, work completed and not yet invoiced	-	54.557	-	76.250
Total	**1.725**	**55.056**	**2.067**	**78.266**

The costs of obtaining and fulfilling contracts are included in Other Intangible Assets (non-current) and Inventories (current).

Details of liabilities under contracts with customers are as follows:

	Thousands of euros			
	2020		2019	
	Non-current	Current	Non-current	Current
Customer advances	-	6.664	-	16.195
Total	**-**	**6.664**	**-**	**16.195**

In 2020, the Group continued its policy of diversifying its activities and customers, although it maintains approximately 54.8% of its business with the Telefónica Group (approximately 55.1% in 2019).

a.2) Other operating income

The detail of this item in the accompanying consolidated income statement for 2020 and 2019 is as follows:

	Thousands of euros	
	As at 31 December	
	2020	2019 Restated
Sale contracts Argentina	3.300	-
Negative difference on consolidation of acquisitions (Note 5)	2.606	-
Other	2.191	3.586
	8.097	**3.586**

On 2 June 2020, the investees Ezentis Argentina, S.A. and Raselo, S.A. entered into an agreement with an independent third party to assign the contractual position of the contracts entered into by these companies with two customers.

The sale of these contracts was subject to the fulfilment of suspensive conditions, customer acceptance and judicial authorisation, both of which were fulfilled in December 2020. In addition, the contract includes the sale of a brand sub-licence for a period of 4 years. The sale of these contracts has resulted in a profit for the Group of USD 4 million (EUR 3,276 thousand) at 31 December 2020. As at 31 December 2020 the sale proceeds are still outstanding and amount to EUR 3,276 thousand.

b) Staff costs

The consolidated staff costs for the financial years 2020 and 2019 are broken down as follows, expressed in thousands of euros:

	Thousands of euros	
	As at 31 December	
	2020	**2019 Restated**
Wages, salaries and similar	159.075	186.157
Social charges	20.477	23.435
	179.552	**209.592**

The personnel expenses figure for 2020 includes non-recurring expenses of Euros 11,517 thousand. These expenses mainly correspond to indemnities linked to the Group's transformation plan (see note 2.3).

The average number of persons employed during the financial years 2020 and 2019, distributed by professional category, was as follows:

	Average Number of Employees	
	2020	**2019**
Senior management	14	13
Qualified and non-qualified technicians	822	935
Administrative staff	936	1.684
Site personnel	8.818	10.168
	10.590	**12.800**

As at 31 December 2020 and 2019 the number of employees distributed by gender and professional category is as follows:

	As at 31 December			
	2020		2019	
	Men	**Women**	**Men**	**Women**
Senior management	12	1	12	1
Qualified and non-qualified technicians	651	130	722	116
Administrative staff	243	351	896	489
Site personnel	7.561	463	9.541	678
	8.467	**945**	**11.171**	**1.284**

As at 31 December 2020, the number of employees with disabilities is 21 (19 in Spain). As at 31 December 2019, the number of employees with disabilities is 32 (19 in Spain).

c) Consumption and other external charges

Details of "Consumables and other external expenses" for the financial years 2020 and 2019 are as follows, expressed in thousands of euros:

	Thousands of euros	
	As at 31 December	
	2020	**2019 Restated**
Consumption	19.240	20.833
Subcontracts	94.697	109.407
	113.937	**130.240**

d) Other operating expenses

Details of "Other operating expenses" for the years 2020 and 2019 are as follows, expressed in thousands of euros:

	Thousands of euros	
	As at 31 December	
	2020	**2019 Restated**
Leases and royalties	8.711	10.872
Repairs and maintenance	3.189	4.207
Independent professional services	5.340	5.308
Transport	594	1.446
Insurance premiums	1.742	1.377
Advertising, publicity and public relations	266	123
Supplies	11.009	17.276
Other services	11.566	16.012
Other current administrative expenditure	108	600
Tributes	9.150	22.911
	51.675	**80.132**

e) Other results

The detail of the consolidated income statement caption for 2020 and 2019 is as follows:

	Thousands of euros	
	As at 31 December	
Other results	**2020**	**2019 Restated**
Other results	14.100	6.876
	14.100	**6.876**

Other results for the year 2020 mainly include the following effects:

- Provisions for labour lawsuits arising from the adaptation of the labour structure in accordance with the Group's transformation plan in the amount of 2,814 thousand euros.

- Service level penalties during 2020, mainly on unprofitable contracts abandoned as a result of the Group's transformation plan amounting to EUR 536 thousand.

- Other fines amounting to 2,600 thousand euros.

- Other expenses related to the abandonment of unprofitable contracts as a consequence of the Group's transformation plan amounting to EUR 4,435 thousand.

- Expenditure generated as a consequence of the global pandemic situation caused by SARS COVID 2 in the amount of EUR 3,663 thousand.

- Other non-recurring expenses of EUR 52 thousand.

Other income for the restated financial year 2019 mainly includes the following effects:

- 3,569 thousand euros for the adjustment of the labour structure in some subsidiaries to capture synergies.
- Other non-recurring expenses of 3,307 thousand euros.

f) Financial income and expenses

The detail of this item in the accompanying consolidated income statement for 2020 and 2019 is as follows:

	Thousands of euros	
	As at 31 December	
	2020	**2019 Restated**
Financial expenses	**(23.764)**	**(27.589)**
Financial expenses operating debt	(13.916)	(16.417)
Financial expense structural debt (note 15)	(6.985)	(7.878)
Interest expense IFRS16	(2.863)	(3.294)
Negative exchange rate differences	**(698)**	**(348)**
Currency corrections for hyperinflation (Note 2)	**7.001**	**8.926**
Financial income	**3.497**	**1.270**
Other interest and similar income	3.497	1.270

(g) Transactions in currencies other than the euro

During FY2020, approximately 53.1% (67.1% in FY2019 restated) of the Group's operating revenues and 58.0% (66.4% in FY2019 restated) of the Group's operating expenses were incurred abroad, primarily in the Group's Latin American subsidiaries. Information on transactions in currencies other than the euro is included in Note 3.1.

h) Audit fees and other services

During the financial years 2020 and 2019, the fees for audit and other services provided by the auditor of the Parent Company and its Subsidiaries, or by a company in the same group or related to the auditor, were as follows (in thousands of euros):

	2020	2019
For audit services	300	281
For other accounting verification services	5	-
	305	**281**

Other accounting verification services invoiced in the financial year 2020 relate to work related to the issuance of agreed-upon procedures reports on the verification of economic ratios (covenants).

Other entities affiliated with KPMG International have billed the Group during the years ended 31 December 2020 and 2019, fees and expenses for professional services, as follows:

	Thousands of euros	
	2020	**2019**
For audit services	191	225
For other accounting verification services	-	26
TOTAL	**191**	**251**

Other accounting verification services" includes fees for the merger balance sheet audit of Ezentis Serviços, Engenharia e Instalação de Comunicações S.A. at 30 September 2019 in Brazil.

In addition, other auditors have invoiced the Group during the years ended 31 December 2020 and 2019, fees and expenses for professional services, as follows:

	Thousands of euros	
	2020	**2019**
For audit services	35	41
For tax consultancy services	7	9
For other services	57	41
TOTAL	**99**	**91**

23. Segment reporting

Segmentation criteria

The Group is organised internally into operating segments, as described below, which are the strategic business units. The strategic business units have different products and services and are managed separately because they require different technologies and market strategies.

Segment reporting is structured according to the geographical distribution of the Group.

Segment information is presented in a manner consistent with the internal reporting to the highest decision-making body (Board of Directors of the Group's Parent Company). The accounting policies of the segments are the same as those applied and described in these consolidated financial statements.

The Group's activities are located in the following countries: Spain, Argentina, Chile, Peru, Brazil, Colombia, Mexico and Portugal.

Segment information

The information for the various countries in which the Group operates is as follows:

Thousands of euros	Spain		Argentina		Chile		Peru		Brazil		Portugal		Colombia		Mexico		Holdings and Others		Total Group	
	2020	2019 Reexp.	2020	2019 Reexp.	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019 Reexp.
Income:																				
Net turnover	169.825	149.083	9.691	14.821	58.213	91.062	19.828	36.931	98.942	157.064	3.661	2.975	4.319	8.414	5.827	8.682	82	89	**370.388**	**469.121**
Operating income	173.971	152.367	13.660	14.887	58.315	91.329	20.434	38.752	98.942	157.064	3.661	2.975	4.925	8.428	5.827	8.682	987	1.253	**380.722**	**475.737**
Financial income	-	1.479	54	1.336	57	2	-	85	717	1.613	-	-	2	6	-	1	2.667	(3.252)	**3.497**	**1.270**
Results:																				
Operating result	(597)	6.852	4.103	(3.434)	(19.158)	3.864	(1.321)	442	(2.481)	4.068	(132)	(149)	173	194	(595)	(64)	(9.094)	(1.414)	**(29.102)**	**10.359**
Financial result	(2.880)	(1.335)	5.446	5.084	(2.985)	(2.767)	(1.990)	(1.427)	(5.362)	(8.737)	(5)	(1)	(169)	(356)	(73)	(265)	(5.946)	(7.937)	**(13.964)**	**(17.741)**
Profit before tax	(2.147)	4.510	3.986	1.135	(22.741)	645	(3.238)	(917)	(7.162)	(4.519)	(145)	(155)	5	(626)	(668)	(329)	(10.956)	(7.126)	**(43.066)**	**(7.382)**
Taxes	(122)	(1.244)	-	(1.050)	3.463	(47)	213	175	1.476	874	(16)	-	(3)	367	454	-	2.296	12.321	**7.761**	**11.396**
Other information																				
Additions to property, plant and equipment	141	1.466	4	-	444	1.809	514	152	1.448	2.166	-	-	1	104	2	2	-	6	**2.554**	**5.705**
Depreciation of tangible fixed assets	(499)	(452)	(82)	-	(1.239)	(1.089)	(483)	(463)	(2.066)	(1.084)	-	-	(124)	(183)	(27)	(42)	(4)	(31)	**(4.524)**	**(3.344)**
Active																				
Total assets	123.627	114.139	12.099	9.604	46.850	59.695	40.868	50.800	63.840	98.781	1.295	1.140	4.553	5.444	4.003	3.605	37.261	35.803	**334.396**	**379.011**
Liabilities																				
Total liabilities	118.427	77.719	11.142	13.385	42.031	45.455	20.716	22.782	53.540	74.931	1.324	1.064	1.634	1.636	2.639	1.924	121.695	125.803	**373.148**	**364.699**

According to their geographical distribution, the information is as follows:

Data in thousands of euros	Net turnover		Operating income		Total Assets		Additions to Non-Current Assets (*)	
	2020	2019 Reexp.	2020	2019 Reexp.	2020	2019 Reexp.	2020	2019 Reexp.
Spain	169.825	149.083	173.971	152.367	123.627	114.139	3.674	42.214
Argentina	9.691	14.821	13.660	14.887	12.099	9.604	4	163
Chile	58.213	91.062	58.315	91.329	46.850	59.695	551	5.615
Peru	19.828	36.931	20.434	38.752	40.868	50.800	4.509	6.703
Brazil	98.942	157.064	98.942	157.064	63.840	98.781	15.906	29.500
Portugal	3.661	2.975	3.661	2.975	1.295	1.140	-	-
Colombia	4.319	8.414	4.925	8.428	4.553	5.444	319	1.596
Mexico	5.827	8.682	5.827	8.682	4.003	3.605	-	-
Holding companies and others	82	89	987	1.253	37.261	35.803	959	1.553
	370.388	**469.121**	**380.722**	**475.737**	**334.396**	**379.011**	**25.922**	**87.344**

(*) Includes, among other items, additions of non-current assets due to business combinations (see note 5).

24. Related party transactions

For the purposes of this section, related parties are considered to be the following:

- Significant shareholders of Grupo Ezentis S.A., understood as those who directly or indirectly hold stakes equal to or greater than 3%, as well as shareholders who, without being significant, have exercised the power to propose the appointment of a member of the Board of Directors. See information included in Note 14.

- The Directors and Officers of the Company and their immediate family. The term "Director" means a member of the Board of Directors and the term "Officer" means a member of the Management Committee.

- Transactions between Group companies or entities form part of the Group's ordinary course of business. The amount of balances and transactions not eliminated on consolidation is not material.

The breakdown of balances and transactions with Ericsson Group companies as at 31 December 2020 and 31 December 2019 is as follows:

	Thousands of euros	
	As at 31 December	
	2020	2019
Customers for sales and services	1.990	893
Customers, work completed and not yet invoiced	1.701	1.747
	3.691	**2.640**

	Thousands of euros	
	As at 31 December	
	2020	2019
Other creditors	-	3.750
	-	**3.750**

Thousands of euros

	31 12 2020	31 12 2019
Net turnover	19.614	23.583
	19.614	**23.583**

	Thousands of euros	
	31 12 2020	**31 12 2019**
Other operating expenses	-	406
Financial expenses	-	73
	-	**479**

The contracts relating to these transactions originated prior to the Group's acquisition of Ezentis Field Factory, S.L. These transactions are carried out at market values.

a) Purchase of goods, services and financial expenses

There were no related party transactions of this nature in 2020 and 2019.

b) Other operations

During the financial year 2020 and 2019, no other related party transactions have taken place.

c) Directors' remuneration

The remuneration accrued during financial years 2020 and 2019 by the members of the Parent Company's Board of Directors, received from all the Group companies of which they are directors or administrators, is as follows:

	Thousands of euros			
Exercise	**Monetary Remuneration**	**Diets**	**Other remuneration**	**Total**
2020	1.202	292	590	2.084
2019	1.215	278	863	2.356

The remuneration accruing to each member during the financial years 2020 and 2019 is as follows:

Executive Director	**Cash remuneration 2020**	**Monetary remuneration 2019**
D. Fernando González Sánchez	672	671
D. Carlos Mariñas Lage	530	544
TOTAL	**1.202**	**1.215**

Non-executive director and other external	**Remuneration 2020**	**Subsistence allowance 2020**	**Remuneration 2019**	**Subsistence allowance 2019**
D. Guillermo José Fernández Vidal	203	-	511	8
D. Enrique Sánchez de León	92	71	94	
D. Pedro María Azcárate Palacios	69	55	44	78
Ms Ana María Sánchez Tejada	44	-	42	0
Ms Laura González Molero	44	29	44	29
Ms Emma Fernández Alonso	21	19	42	27
Ms Carmen Gómez-Barreda Tous-Monsalve	44	32	44	29
D. Alfonso Alonso Durán	44	65	42	53
Ms María Paloma Jiménez Baena	29	21	-	-
TOTAL	**590**	**292**	**863**	**278**

The Company has verified compliance with the Remuneration Policy regarding remuneration received by directors, both individually and in aggregate, in the latter case not exceeding the maximum total amount approved by the General Meeting of 2,700,000 euros.

(Thousands of euros)

The chairmen of the Audit, Appointments and Remuneration and Executive Committees earned gross remuneration of 25,000 euros each in 2020.

At 31 December 2020 and 2019, the chief executive officer is entitled to an indemnity equivalent to two gross annual payments of the current remuneration, including fixed and variable remuneration, in certain cases of termination of the contract. is also recognised a gross amount of eight months' fixed annual remuneration as compensation for not competing with the Group in the twelve months following the termination of his contract.

As at 31 December 2020 and 2019 there were no advances, no loans granted and no pension plans with any member of the Board of Management of the Parent Company. In addition, there is life insurance coverage for one member of the Board of Management with an insured capital of three times the amount of his salary. The Group has taken out civil liability insurance for the directors.

The monetary remuneration for 2020 and 2019 corresponds to the salaries and wages of the Board of Directors who perform executive functions in the Group. Per diems correspond to the per diems paid to directors in 2020 and 2019 for attendance at meetings of the Board of Directors and its Committees based on the position held in each case.

Shareholdings, positions, functions and activities carried out by directors

In their duty to avoid situations of conflict with the interests of the Company, during the year the directors who have held office on the Board of Directors have complied with the obligations set forth in article 228 of the revised text of the Spanish Companies Act. Likewise, both they and the persons related to them have refrained from incurring in the cases of conflict of interest envisaged in article 229 of the aforementioned law.

d) Remuneration of management personnel

The remuneration of the General Managers of the Parent Company and persons performing similar functions in the subsidiaries excluding those who simultaneously hold the status of member of the Board of Directors of the Parent Company (whose remuneration has been detailed above) during the financial years 2020 and 2019 can be summarised as follows:

Exercise	Number of Persons	Total Salary Compensation
2020	4	815
2019	4	1.137

This includes the remuneration received by Mr. Ignacio Barón López as Chief Financial Officer until he left his post on 31 July 2020 and that of Mr. Pedro Betancor Santana since his appointment as Chief Financial Officer on 1 August 2020.

Senior Executives currently on the Group's payroll all have life insurance with a capital sum insured of three times the fixed annual remuneration. There is a long-term incentive plan (2018-2020) for Senior Executives, linked to the achievement of objectives, varying between 1 and 2.5 annuities of fixed remuneration for the entire period. No amount has accrued in this respect during 2020. (See Note 14.e)

The contracts of certain senior managers contain notice and post-contractual non-competition clauses.

e) Outstanding balances at year-end arising from financial agreements.

As at 31 December 2020 and 2019, there are no outstanding balances arising from financial covenants.

25. Environment

By virtue of the business in which the Group is currently engaged, it has no environmental liabilities, expenses, assets, provisions and contingencies that could be material to its net equity, financial position and results.

However, our actions are governed by the principle of precaution and prevention of environmental risks, in line with both our own and our customers' requirements, and the Group is firmly committed to the principles of sustainability, as detailed in the Statement of Non-Financial Information.

26.Post-closure events and other matters

A) On 28 January 2021 Grupo Ezentis, S.A. and Eléctrica Nuriel, S.L.U entered into an investment agreement to regulate the entry of the latter as a strategic and industrial partner in the Company's capital, the main objective of which is to develop business opportunities and synergies between Grupo Ezentis and Eléctrica Nuriel, especially in the renewable energy sector, as well as to strengthen the financial position of Ezentis in order to develop its transformation plan and business prospects for 2020-2023, which represents significant organic and inorganic growth.

Pursuant to the investment resolution and in exercise of the delegation conferred by the General Meeting of Shareholders of the Company held on 4 June 2020 (item 10 on the agenda), the Board of Directors of the Company approved a resolution to increase the share capital of Ezentis by means of cash contributions excluding the pre-emptive subscription rights of the shareholders, which has been subscribed by the Investor, for a nominal and effective amount of 19.19,870,320 euros, with the issue and flotation of 66,234,400 new shares of the Company at an issue price of 0.30 euros per share, executed in public deed on 5 February 2021 and duly registered with the Companies Registry of Seville on 12 February 2021. This capital increase will guarantee the investor a 16.66% stake in the resulting share capital of the Company.

In addition, in order to enable the investor to increase its shareholding in the Company up to a maximum of 29.99% of its voting rights, the Board of Directors of the Company, under the delegation granted by the General Meeting of Shareholders of the Company held on 4 June 2020 (item 11 on the agenda), has also approved an issue of bonds convertible into shares of the Company excluding the pre-emptive subscription rights of the shareholders, has also approved an issue of bonds convertible into shares of the Company with exclusion of the shareholders' pre-emptive subscription rights, which will be subject to full or partial execution if so requested by the investor within a maximum period of two months from the signing of the investment agreement, with the following characteristics:

i) 19,870,320, initially at a fixed conversion price of 0.30 euros per share (until 31 May 2021) and subsequently at a variable conversion price linked to the share price, with the application of a 10% discount;
ii) the shares issued by the Company upon conversion of the Convertible Bonds (the "Converted Shares") shall be ordinary shares with a nominal value of 0.30 euros each and shall confer the same voting and dividend rights to the Investor from the time of issue as the Company's shares currently outstanding;
iii) shall have a maximum conversion period of two years from issue and may be converted in whole or in part at any time by the Investor, provided that each request for conversion is made for a minimum amount of 500,000 euros;
iv) they will be mandatorily convertible into shares two years after issue, and therefore may not be redeemed in cash; and
v) shall bear interest at the rate of 2% per annum from the date of issue, which shall be compounded and paid on the date of conversion.

Under the investment agreement, the investor has undertaken not to transfer the new shares, convertible bonds and converted shares to third parties outside its group of companies for a period of 36 months from the day on which it receives the new shares.
Finally, the investment agreement regulates the representation to which the investor will be entitled on the Board of Directors of the Company and on the corresponding committees, whereby it will have the right to appoint two members and a deputy secretary non-director to the Board of Directors once the capital increase is subscribed and implemented, and an additional member in the event that it reaches a holding equal to or greater than 20% of the capital.

B) On 10 February 2021, Mr Alfonso Alonso Durán tendered his resignation as proprietary director by letter, justified by the aim of facilitating the transition to the new investor in Ezentis.

ANNEX I
SUBSIDIARIES WITHIN THE EZENTIS GROUP

2020

Society	Address	Activity	Voting Rights Controlled by the Parent Company		Data of the Investee – Thousands of Euros						
			Direct	Indirect	Cost	Provision	Value Net accountant	Assets	Liabilities	Heritage	Result Exercise
Ezentis Holdco Corporation, S.à.r.L. **(B)**	Rue Eugene Ruppert, 6 L-2453 Luxembourg	To act as an investment holding company and to-ordinate the bussiness of any corporate bodies in which the company is for the time being directly or indirectly interested, and to acquire the whole of or any part of the stock, shares, debentures, debenture stocks, bonds and other securities issued or guaranteed by any person and any other asset of any kind and to hold the same as investments, and to sell, exchange and dispose of the same.	100%	-	38.141	-	38.141	72.298	32.598	39.700	(116)

2019

Society	Address	Activity	Voting Rights Controlled by the Parent Company		Data of the Investee – Thousands of Euros						
			Direct	Indirect	Cost	Provision	Value Net accountant	Assets	Liabilities	Heritage	Result Exercise
Ezentis Holdco Corporation, S.à.r.L. **(B)**	Rue Eugene Ruppert, 6 L-2453 Luxembourg	To act as an investment holding company and to-ordinate the bussiness of any corporate bodies in which the company is for the time being directly or indirectly interested, and to acquire the whole of or any part of the stock, shares, debentures, debenture stocks, bonds and other securities issued or guaranteed by any person and any other asset of any kind and to hold the same as investments, and to sell, exchange and dispose of the same.	100%	-	38.141	-	38.141	71.134	31.318	39.816	(99)

SUBSIDIARIES WITHIN THE EZENTIS GROUP

Subsidiaries and branches Grupo Ezentis, S.A.:

Society	Address	Activity	Voting Rights Controlled by the Parent Company	
			Direct	**Indirect**
Ezentis Holdco Corporation, S.à.r.l.	6, rue Eugène Ruppert, L-2453 Luxembourg	Act as an investment holding company. To acquire, in whole or in part, holdings, shares, stocks and securities of all types of commercial companies.	100%	-

Subsidiaries Corporación Ezentis Holdco, S.à.r.l.:

Society	Address	Activity	Voting Rights Controlled by the Parent Company	
			Direct	**Indirect**
Ezentis International Corporation, S.à.r.l.	6, rue Eugène Ruppert, L-2453 Luxembourg	Act as an investment holding company. To acquire, in whole or in part, holdings, shares, stocks and securities of all types of commercial companies.	-	100%

Subsidiaries Corporación Ezentis Internacional, S.à.r.l.:

Society	Address	Activity	Voting Rights Controlled by the Parent Company	
			Direct	**Indirect**
Ezentis Tecnología. S.L.U.	c/ Santa Leonor, 65 Building B. Madrid (Spain)	Development, manufacturing, engineering, design, project development, sales, operation, import, export, marketing, installation, civil works, etc. of switching and network management products.	-	100%
Ezentis Servicios de Gestión, S.A.U.	c/ Santa Leonor, 65 Building B Madrid (Spain)	Design, development, manufacture, distribution and marketing of technology-based electronic components, especially those integrating communications and localisation, as well as the management of gateways with mobile operators.	-	100%
Avanzit Infraestructuras y Servicios, S.A.U.	c/ Santa Leonor, 65 Building B Madrid (Spain)	Execution and maintenance of telecommunication systems, equipment and components for the emission, transmission and reception of any kind of information between people. Execution and maintenance of electrical installations. Construction of civil works. Technical consultancy	-	100%
Avanzit Instalaciones e Ingeniería, S.L.U.	Calle Jabalquinto, parcela 12 (Jaén)	Execution and maintenance of electrical installations. Execution and maintenance of telecommunication and computer systems, equipment and components.	-	100%
Ezentis Pacífico,, S.L.U.	Calle Automoción Nº 26-28, Polígono Industrial Calonge, 41006 Sevilla, Spain	Study, promotion, construction and management of all kinds of works and installations. Execution and maintenance of electrical installations. Execution and maintenance of telecommunications and computer systems, equipment and components.	-	100%

Ezentis International, S.L.U.	c/ Santa Leonor, 65 Building B Madrid (Spain)	Purchase and sale, holding, administration, management and operation, for its own account, of holdings, shares, stocks and securities of all types of commercial companies, with the exception in all cases of those activities which, in accordance with special legislation and specifically that regulating the Law on Collective Investment Institutions and the Securities Market Law, require special authorisation, registration in the Public Register or requirements not met by this company.	-	100%
Ezentis Gestión de Redes, S.L.U.	c/ Santa Leonor, 65 Building B Madrid (Spain)	Design, manufacture and trade, on its own behalf or through third parties, of multimedia communication and information processing equipment and components for security applications.	-	100%
GTS Thaumat XXI, S.A.U.	Polígono Industrial Itzaga, parcela E1, Galdakao (48960 - Vizcaya)	Research and development, manufacture of new active and passive products and supplements.	-	100%
Communications and Sound Group, S.L.U.	Polígono Industrial Itzaga, parcela E1, Galdakao (48960 - Vizcaya)	Telecommunication services. Acquisition, urbanisation, development, exploitation, alienation, use, rental, construction, subdivision, etc.	-	100%
Ezentis Field Factory, S.L.U.	Avenida Reino Unido 1, 3º H-I, Edificio Gyesa Palmera (41012 - Sevilla)	Research and development, operation, maintenance, development and integration of information systems, analysis, design, development and implementation of information systems, engineering design of own or third party telecommunication networks, consultancy and civil engineering services, engineering, construction and maintenance of all types of electrical installations, engineering, construction and maintenance of mechanical installations, engineering, construction and maintenance of mechanical installations, engineering, construction and maintenance of fire-fighting installations, engineering and construction of works, buildings, travel and tracks, conservation and maintenance of buildings and street furniture, provision of back office services, capture and processing of information by electronic, computer and telematic means, coordination of health and safety in the project and execution phase and project management, project management, project control and management.	-	100%

Subsidiaries of Ezentis Tecnología, S.L.U

Society	Address	**Activity**	**Voting Rights Controlled by the Parent Company**	
			Direct	**Indirect**
Avanzit I Mas D Mas I, S.L.U.	Avda. Ministro Josep Piqué, S/N 23200 La Carolina (JAÉN)	Consultancy, design, network and systems engineering, application development, implementation, maintenance and sale of solutions for telecommunications networks and systems. Through purchase, sale, exchange, exploitation, leasing and administration.	-	100%
Raselo, S.A.	Lavalle 310 1° - C.A.B.A (Argentina)	Consultancy, design, architecture, engineering, construction, assembly, installation, preventive and corrective maintenance, modification and repair of: (i) telecommunication systems (ii) networks, installations, machines and accessories for treatment and distribution of fluids, water and gas and their accessory products, as well as	-	1,09%

		sewerage and sanitation works, (iii) installations and plants for the deposit, treatment, use and final disposal of any solid, semi-solid, household, domestic, industrial, hazardous, pathogenic and any other type of waste; for water and wastewater treatment, air and exhaust gas purification.		

Subsidiaries of Ezentis Internacional, S.L.

Society	Address	**Activity**	**Voting Rights Controlled by the Parent Company**	
			Direct	**Indirect**
Ezentis Mexico, S.A. de C.V.	Diana 26, Colonia Nueva Industrial Vallejo, Mexico City, Gustavo A Madero, CP 07700	Conducting and contracting engineering studies and telecommunication services; Design of towers, accessories and booths for the implementation of wireless infrastructure and Performance of all types of works and supervision of the same	-	99,999%
Ingeniería Celular Panamericana, S.A. de C.V.	Arbolitos s/n Nave 12 Andén 10, Colonia Texcacoa TEPOTZOTLAN Estado de México (México)	Design, manufacture, supply, installation, maintenance and repair of electronic equipment and systems.	-	99,999%
Ezentis Energy, SpA	Las Hortensias 501, Comuna Cerrillos, Santiago de Chile (Chile)	Provision of consultancy services, design, implementation and after-sales maintenance of turnkey solutions for telecommunications networks and systems for operators and entities with large volumes of investment in telecommunications and technology.	-	0,3%
Tecnet S.A.	Las Hortensias 501, Comuna Cerrillos, Santiago de Chile (Chile)	Provision of consultancy services, design, implementation and after-sales maintenance of turnkey solutions for telecommunications networks and systems for operators and entities with large volumes of investment in telecommunications and technology.	-	5%
Ezentis Chile, S.A.	Las Hortensias 501, Comuna Cerrillos, Santiago de Chile (Chile)	The service and consultancy in projects, construction, marketing, export, installation, repair and maintenance of systems, equipment and components for electricity, electrification, road and railway signalling, auxiliary activities in the construction and telecommunications sector, the provision of added value services for these telecommunications and the subscription, acquisition and sale of shares in companies with similar or analogous activities to those described above.	-	0,01%

Subsidiaries of Ezentis Servicios de Gestión, S.A.U.

Society	Address	**Activity**	**Voting Rights Controlled by the Parent Company**	
			Direct	**Indirect**
Navento Technologies, S.L.U.	c/ Santa Leonor, 65 Building B Madrid (Spain)	Develop and market a cost-effective real-time location programme for mass audiences.	-	100%

Subsidiaries of Ezentis Gestión de Redes, S.L.U.

Society	Address	**Activity**	**Voting Rights Controlled by the Parent Company**	
			Direct	**Indirect**

Networks Test, S.L.U.	c/ Santa Leonor, 65 Building B Madrid (Spain)	To carry out studies, opinions, reports, projects and technical plans related to engineering in its various branches, especially electronics; to carry out designs, prototypes and technical apparatus, especially in the electrical, mechanical and electronic branches, as well as the manufacture, assembly, installation, maintenance and marketing of the same, both in Spain and abroad; and the provision of advisory services related to engineering and the representation of both national and foreign companies.	-	100%
Ezentis Colombia, S.A.S.	Carrera 50, Nº 128, B-32 of the city of Bogotá D.C. - Colombia	Organisation, operation, provision and exploitation of activities and services related to consultancy and outsourcing of technical, financial and personnel services, network operation services, information systems or any other type of activity related to information and communication technologies,	-	100%
Comunicaciones y Sonido, México, S.A. de C.V.	Diana 26, Colonia Nueva Industrial Vallejo, Mexico City, Gustavo A Madero, CP	Conducting and contracting engineering studies and telecommunication services; Design of towers, accessories and booths for the implementation of wireless infrastructure and Performance of all types of works and supervision of the same	-	0,001%
Ingeniería Celular Panamericana, S.A. de C.V.	Arbolitos s/n Nave 12 Andén 10, Colonia Texcacoa TEPOTZOTLAN Estado de México (México)	Design, manufacture, supply, installation, maintenance and repair of electronic equipment and systems.	-	0,001%

Subsidiaries of Ezentis Pacífico, S.L.U.

Society	Address	**Activity**	**Voting Rights Controlled by the Parent Company**	
			Direct	**Indirect**
Calatel Spain, S.L.U.	c/ Santa Leonor, 65 Building B Madrid (Spain)	Holding, management and administration, for its own account, of shares or other securities representing the share capital of entities not resident in Spanish territory. The provision of such general services as may be required by the companies, including but not limited to management, administration, operations, quality and legal advisory services for the various Group companies.	-	100%
Ezentis Argentina, S.A.	Lavalle 310 1° - C.A.B.A (Argentina)	Design, construction, installation and maintenance of telecommunications systems. The provision of auxiliary services for these telecommunications. Design, construction and maintenance of low, medium and high voltage lines and transformer stations. Design, construction and maintenance of networks, installations, machinery and accessories for the treatment and distribution of fluids, water and gas, as well as sewerage and sanitation works. Consultancy, planning, construction, operation and maintenance of installations and plants for the storage, treatment, use and final disposal of any solid, semi-solid, domestic, industrial, special, hazardous and any other type of waste; water and wastewater treatment, air and exhaust gas purification, as well as the marketing and distribution of all types of technologies for the protection of the environment.	-	100%
Ezentis Chile, S.A.	Las Hortensias 501, Comuna Cerrillos, Santiago de Chile (Chile)	The service and consultancy in projects, construction, marketing, export, installation, repair and maintenance of systems, equipment and components for electricity, electrification, road and railway signalling, auxiliary activities in the construction and telecommunications sector, the provision of added value services for these telecommunications and the subscription, acquisition and sale of shares in companies with similar or analogous activities to those described above.	-	99,2%
Ezentis Energy, SpA	Las Hortensias 501, Comuna Cerrillos, Santiago de Chile (Chile)	Provision of consultancy services, design, implementation and after-sales maintenance of turnkey solutions for telecommunications networks and systems for operators and entities with large volumes of investment in telecommunications and technology.	-	99,7%

Ezentis Mexico, S.A. de C.V.	Diana 26, Colonia Nueva Industrial Vallejo, Mexico City, Gustavo A Madero, CP	Conducting and contracting engineering studies and telecommunication services; Design of towers, accessories and booths for the implementation of wireless infrastructure and Performance of all types of works and supervision of the same	-	99,99%
Ingeniería Celular Panamericana, S.A. de C.V.	Calle Diana 26, Col. Nueva Industrial Vallejo, Alcaldía Gustavo A. Madero, 07700, Mexico City.	Design, manufacture, supply, installation, maintenance and repair of electronic equipment and systems.	-	99,99%%
Calatel El Salvador, S.A.	El Salvador	Execution and maintenance of telecommunication systems, equipment and components for the emission, transmission and reception of any kind of information between people. Execution and maintenance of electrical installations. Construction of civil works. Technical consultancy.	-	100%
Calatel Guatemala, S.A.	Guatemala	Execution and maintenance of telecommunication systems, equipment and components for the emission, transmission and reception of any kind of information between people. Execution and maintenance of electrical installations. Construction of civil works. Technical consultancy.	-	100%
Calatel Surinami, Ltd.	Suriname	Execution and maintenance of telecommunication systems, equipment and components for the emission, transmission and reception of any kind of information between people. Execution and maintenance of electrical installations. Construction of civil works. Technical consultancy.	-	100%
Calatel Guyana, Ltd.	Guyana	Execution and maintenance of telecommunication systems, equipment and components for the emission, transmission and reception of any kind of information between people. Execution and maintenance of electrical installations. Construction of civil works. Technical consultancy.	-	100%
Calatel PNG, Ltd.	Papua New Guinea	Execution and maintenance of telecommunication systems, equipment and components for the emission, transmission and reception of any kind of information between people. Execution and maintenance of electrical installations. Construction of civil works. Technical consultancy.	-	100%
Calatel Vanuatu	Vanuatu	Execution and maintenance of telecommunication systems, equipment and components for the emission, transmission and reception of any kind of information between people. Execution and maintenance of electrical installations. Construction of civil works. Technical consultancy.	-	100%
Riegner & Cía, S.A.S.	Colombia	Execution and maintenance of telecommunication systems, equipment and components for the emission, transmission and reception of any kind of information between people. Execution and maintenance of electrical installations. Construction of civil works. Technical consultancy.	-	
Avanzit Tecnología, Ltda.	Av. Apoquindo, 3721 - 13th floor. Comuna de las Condes. Santiago de Chile (Chile)	All kinds of contracts related to wireless telecommunications equipment.	-	100%

Calatel do Brasil Engenharía e Telecomunicaçoes, Ltda.	Avenida Rio Branco, nº 320, 10º andar, conjunto 103, São Paulo (Brazil)	Civil works, road works, service infrastructure works, maintenance of civil works, maintenance of road works.	-	95%
Ezentis Tecnología Colombia, S.A.S. in liquidation.	Colombia	Construction, consultancy, projects, management, maintenance and operation of networks, stations, antennas and radio communications infrastructures, telephony and communications in general, as well as development and installation of advanced communications solutions.	-	95%
Calatel Honduras, S.A.	Honduras	Execution and maintenance of telecommunication systems, equipment and components for the emission, transmission and reception of any kind of information between people. Execution and maintenance of electrical installations. Construction of civil works. Technical consultancy.	-	0,4%

Subsidiary of Ezentis Field Factory, S.L.U.

Society	Address	**Activity**	**Voting Rights Controlled by the Parent Company**	
			Direct	**Indirect**
Ezentis Redes Portugal, Unipessoal Lda.	Rua Guilherme Marconi, numbers 4,4-A, 4B and 4C, Serra da Amoreira, parish of Ramada (2620-448), municipality of Odivelas, Lisbon	a) Research and development, promotion, application, supply, maintenance and exploitation, in any form, of all types of technologies, equipment and materials for telecommunications, energy, industry, public works and construction, environment and security; b) Operation, maintenance, development and integration of information systems, telecommunications, security and control systems, independently or in integrated telecommunications solutions and associated systems; c) analysis, design, development and implementation of information systems; d) engineering design of telecommunications networks, whether its own or those of third parties, consultancy and management of documentation and administrative procedures for obtaining telecommunications licences and operation by itself or by leasing the networks to third parties; e) consultancy and civil engineering services; etc.	-	100%
Ezentis Ingeniería de Seguridad, S.L.U.	San Sebastián de los Reyes (Madrid), Avenida Somosierra nº 22, Nave lB Polígono Industrial Sursan	Installation and maintenance of security equipment, devices and systems.	-	100%
Instal. lacions Parera Redes Projects and Maintenance, S.L.U.	La Llacuna (Barcelona), Raval Street 41	- The execution of electrical and electronic projects and installations, both high and low voltage, plumbing, plumbing, plumbing, water, gas, heating; - And in general, in addition, any other related activities that facilitate or complement the above.	-	100%
Ezentis Germany Gmbh	Christoph-Rapparini-Bogen 25 80639 München Deutschland	Installation, support and maintenance of services related to telecommunications and energy. Holding of shares.	-	100%

Enesys Ingeniería y Seguridad, S.L.U.	Cádiz, Palmones-Los Barrios, Avenida de la Térmica, Edificio Torre Hércules, Torre B, Planta 13, Puerta 4ª, del Parque Tecnológico Las Marismas	Surveillance and protection of goods, establishments, shows, events or conventions. - Protection of specific persons, subject to the corresponding authorisation. - Deposit, custody, counting and classification of coins and banknotes, securities and other objects which, due to their economic value and the expectations they generate or their dangerousness, may require special protection, without prejudice to the activities of financial institutions. - Transport and distribution of the objects referred to in the previous section, by different means, using vehicles whose characteristics shall be determined by the Ministry of the Interior, in such a way that they cannot be confused with those of the Armed Forces or the Security Forces and Corps. Installation and maintenance of security apparatus, devices and systems connected to alarm centres. - Operation of centres for the reception, verification and transmission of alarm signals and their communication to the Security Forces and Corps, as well as the provision of response services. whose implementation does not fall within the competence of these Forces and Corps. - Planning and advising on security activities.	-	100%

Subsidiary of Ezentis Ingeniería de Seguridad, S.L.U.

Society	Address	**Activity**	**Voting Rights Controlled by the Parent Company**	
			Direct	**Indirect**
Ezentis Security Engineering Portugal, LDA Unipessoal	Rua Guilherme Marconi, numbers 4,4-A, 4B and 4C, Serra da Amoreira, parish of Ramada (2620-448), municipality of Odivelas, Lisbon	Installation and maintenance of security apparatus, devices and systems	-	100%

Subsidiary of Avanzit Instalaciones e Ingeniería, S.L.U.

Society	Address	**Activity**	**Voting Rights Controlled by the Parent Company**	
			Direct	**Indirect**
Electrificaciones Ferroviarias Catenaria, S.A.U.	Street Torrent del Ninou, s/n. Polígono Industrial Llevant Parets del Valles - Barcelona	Study, promotion, construction and management of all kinds of works and installations. Execution and maintenance of electrical installations. Execution and maintenance of telecommunications and computer systems, equipment and components.	-	100%

Subsidiaries of Ezentis Argentina, S.A.

Society	Address	**Activity**	**Voting Rights Controlled by the Parent Company**	
			Direct	**Indirect**
Raselo, S.A.	Lavalle 310 1° - C.A.B.A (Argentina)	Consultancy, design, architecture, engineering, construction, assembly, installation, preventive and corrective maintenance, modification and repair of: (i) telecommunication systems (ii) networks, installations, machines and accessories for treatment and distribution of fluids, water and gas and their accessory products, as well as sewerage and sanitation works, (iii) installations and plants for the deposit, treatment, use and final disposal of any solid, semi-solid, household, domestic, industrial, hazardous, pathogenic and any other	-	98,91%

		type of waste; for water and wastewater treatment, air and exhaust gas purification.		
Radiotrónica Construcciones, S.A.	Lavalle 310 1° - C.A.B.A (Argentina)	Civil works, road works, service infrastructure works, maintenance of civil works, maintenance of road works.	-	95%

Subsidiary of Raselo, S.A.

Society	Address	**Activity**	**Voting Rights Controlled by the Parent Company**	
			Direct	**Indirect**
Radiotrónica Construcciones, S.A.	Lavalle 310 1° - C.A.B.A (Argentina)	Civil works, road works, service infrastructure works, maintenance of civil works, maintenance of road works.	-	5%

Subsidiary of Ezentis Energía SpA

Society	Address	**Activity**	**Voting Rights Controlled by the Parent Company**	
			Direct	**Indirect**
Tecnet S.A.	Las Hortensias 501, Comuna Cerrillos, Santiago de Chile (Chile)	Provision of consultancy services, design, implementation and after-sales maintenance of turnkey solutions for telecommunications networks and systems for operators and entities with large volumes of investment in telecommunications and technology.	-	95%

Subsidiaries of Calatel Spain, S.L.U.

Society	Address	**Activity**	**Voting Rights Controlled by the Parent Company**	
			Direct	**Indirect**
Ezentis Peru, S.A.C.	Av. Santa Rosa nº 340 District of Ate-Vitarte, Lima (Peru)	The service and consultancy in projects, construction, marketing, export, installation, repair and maintenance of systems, component equipment for electricity, electrification, road and railway signalling, auxiliary activities in the construction and telecommunications sector, the provision of value-added services for these telecommunications and the subscription, acquisition and sale of shares in companies with similar or analogous activities to those described above.	-	90%
Calatel Costa Rica	Costa Rica	Execution and maintenance of telecommunication systems, equipment and components for the emission, transmission and reception of any kind of information between people. Execution and maintenance of electrical installations. Construction of civil works. Technical consultancy	-	65%

Calatel Tci, Ltd.	Turks and Caicos Islands	Execution and maintenance of telecommunication systems, equipment and components for the emission, transmission and reception of any kind of information between people. Execution and maintenance of electrical installations. Construction of civil works. Technical consultancy	-	100%
Calatel LLC	6422 Collins Avenue, suite 504, Miami, Florida 33141	Execution and maintenance of telecommunication systems, equipment and components for the emission, transmission and reception of any kind of information between people. Execution and maintenance of electrical installations. Construction of civil works. Technical consultancy.	-	50%
Calatel Honduras, S.A.	Honduras	Execution and maintenance of telecommunication systems, equipment and components for the emission, transmission and reception of any kind of information between people. Execution and maintenance of electrical installations. Construction of civil works. Technical consultancy.	-	99,6

Subsidiary of Ezentis Brasil, S.A.

Society	Address	**Activity**	**Voting Rights Controlled by the Parent Company**	
			Direct	**Indirect**
Seicom Redes de Telecomunicações e Serviços, Ltda	Sorocaba, State of São Paulo, at Rua Cabreúva, nº 447, Jardim Leocádia	Communications engineering, maintenance of telecommunication systems; maintenance of electrical installations; construction of hydraulic works; contracting of works with the State and other entities; preparation of quality control projects, etc.	-	99%

Subsidiaries of Calatel LLC

Society	Address	**Activity**	**Voting Rights Controlled by the Parent Company**	
			Direct	**Indirect**
Calatel Puerto Rico	Puerto Rico	Execution and maintenance of telecommunication systems, equipment and components for the emission, transmission and reception of any kind of information between people. Execution and maintenance of electrical installations. Construction of civil works. Technical consultancy.	-	100%

ANNEX II
SUBSIDIARIES NOT INCLUDED IN THE SCOPE OF CONSOLIDATION OF THE EZENTIS GROUP

Society	Address	Activity	Voting Rights Controlled by the Parent Company Direct	Voting Rights Controlled by the Parent Company Indirect
Avanzit Ena Sgt, S.A.U. (in liquidation)	Avda Leganés Km 1,700. 28924 Alcorcón (Madrid)	The execution of projects, electrical and mechanical installations, assemblies, purchase and sale of material, exploitation of patents and execution of works of any kind, in particular earthworks, etc.	66,36%	32,01%
Comelta Distribución , S.L.	Torrelaguna, 79. 28043 (Madrid)	Manufacture, purchase, sale, distribution, import, export, storage and transport of electrical and electronic components and appliances and computer equipment, etc.	-	100%
Circe Real Estate	Torrelaguna, 79. 28043 (Madrid)	Purchase, sale, leasing, construction of movable and immovable property, as well as business management and any other lawful commercial activity that is an antecedent or complement to the above.	-	100%
Comdist Portugal, Lda.	Torrelaguna, 79. 28043 (Madrid)	Manufacture, purchase, sale, distribution, import, export, storage and transport of electrical and electronic components and appliances and computer equipment, etc.	-	100%
Escandia Real Estate, S.L.	Torrelaguna, 79. 28043 (Madrid)	Purchase, sale, leasing, construction of movable and immovable property, as well as business management and any other lawful commercial activity that is an antecedent or complement to the above.	-	100%
Freeway Electronics, S.A.	Torrelaguna, 79. 28043 (Madrid)	Manufacture, development, purchase and sale, leasing, distribution, transport and storage of computer, electronic and electrical equipment, hardware, software and components.	-	100%
Radiotrónica de Galicia, S.A.	Pol. Pocomaco Parcela C-4 Nave 4. 15190 A Coruña	Execution and maintenance of electrical installations, construction of civil works, etc.	-	100%
Radiotrónica Móviles Guatemala, S.A.	14 calle3-51 zona 10 Edif. Murano Center. Office 1003 Guatemala 01010	The implementation and maintenance of telecommunication and transmission systems, equipment and components.	100%	-
Radiotrónica Móviles de México, S.A. de C.V.	Guaymas8, Despacho 210 Colonia Roma Mexico City. (Mexico)	Design, planning and construction services for cellular and fixed wireless telecommunications infrastructure and in general the maintenance, installation of telecommunications systems, equipment and components for broadcasting, transmission and reception.	100%	-
Radiotrónica do Brasil, Ltda.	Avda. da Paz, 925 sala 1. Utinga neighbourhood. Santo Andre. Estado Sao Paulo (Brazil)	Construction, consultancy, projects, management, maintenance and operation of networks, stations, antennas and radio communications infrastructures, telephony and communications in general, as well as development and installation of advanced communications solutions.	-	100%
Abradi Serviços, S.A.	Avda. da Paz, 925 sala 1. Utinga neighbourhood. Santo Andre. Estado Sao Paulo (Brazil)	Assembly, operation and maintenance of telephone, electrical, mechanical and industrial equipment. The preparation of studies and projects, as well as the provision of consultancy services with assemblies, telephone, electrical, mechanical and industrial installations.	-	100%

Constructora Radar, Ltda.	Avda. da Paz, 925 sala 1. Utinga neighbourhood. Santo Andre. Estado Sao Paulo (Brazil)	Construction, consultancy, projects, management, maintenance and operation of networks, stations, antennas and radio communications infrastructures, telephony and communications in general, as well as development and installation of advanced communications solutions.	-	100%
Constructora de Redes de Comunicaciones y Proyectos, Ltda.	Rua Alto de Montijo, Lote 1 e 2R/C Fraccao A 2975-619 Carnaxide-Lisboa (Portugal)	Construction, extension, transformation, installation and maintenance of any telecommunications network station. Production, implementation and maintenance of telecommunications systems, equipment and components for broadcasting, transmission and reception.	-	100%
Radiotrónica de El Salvador, S.A. de C.V.	Jardines del Volcán, 2. Pasaje 24 planta B14 nº30. Nueva San Salvador.	Design, planning and construction services for cellular and fixed wireless telecommunications infrastructure and in general the maintenance, installation of telecommunications systems, equipment and components for transmission, transmission and reception.	-	100%
Tecder Grupo Radiotrónica, S.A.	Vargas Buston, 760. San Miguel. Santiago (chile)	Projects, installation, renovation and maintenance of systems, equipment and components that use combustible gases and fluids as energy, in all their extension, as well as those destined to the distribution and/or use of drinking water and sanitation.	-	99,90%
Radio CDS, S.A.	Vargas Buston, 760. San Miguel. Santiago (chile)	Projects, construction, installation and maintenance of systems, equipment and components of electricity transmission and distribution networks; provision of value-added services to such networks.	-	50%
Avanzit Chile, Ltda.	Av. Apoquindo, 3721 - 13th floor. Comuna de las Condes. Santiago de Chile (Chile)	All kinds of contracts related to wireless telecommunications equipment.	100%	-
Tecder de Argentina, S.A.	La Habana 370. 1603 Villa Martelli... Buenos Aires (Argentina)	Construction and assembly of networks, plants, pipelines and installations for natural gas, energy fluids and fuels in all their extension, water, sewage, and water and sewage treatment.	-	100%
Avánzit Tecnología, Ltda.	Rua da Consolaçao, 247 6th floor. Sala 51, D Centro Estado Sao Paulo (Brasil)	Consultancy, engineering and operation of networks and systems, project development, call centres, application development, consultancy and technical support and implementation of after-sales networks and telecommunications systems for operators.	100%	-
Avánzit Tecnología, S.A	Calle 93ª, No. 14-17 Oficina 502 Bogotá DC (Colombia)	Consultancy, design, implementation and after-sales maintenance of turnkey solutions for telecommunications networks and systems for operators and other entities investing in telecommunications and information technologies.	-	100%
Avánzit Wireless, S.A.U.	Avda. Leganés Km.1,700. 28924 Alcorcón (Madrid)	Execution and maintenance of telecommunication systems, equipment and components for the emission, transmission and reception of any kind of information between people. Execution and maintenance of electrical installations. Construction of civil works. Technical consultancy.	100%	-
Avanzit Perú, S.A.C.	Martín Olaya, 129 Miraflores-Lima 18 (Peru)	The service and consultancy in projects, construction, marketing, export, installation, repair and maintenance of systems, component equipment for electricity, electrification, road and railway signalling, auxiliary activities in the construction and telecommunications sector, the provision of value-added services for these telecommunications and the subscription, acquisition and sale of shares in companies with similar or analogous activities to those described above.	-	100%

Empresa Constructora Radiotrónica de Chile Ltda.	Vargas Buston, 760. San Miguel. Santiago (chile)	The preparation of construction projects, installation and maintenance of systems, equipment and components for electricity, electrification, road and railway signalling, gas distribution networks, drinking water and sanitary works; the development of auxiliary activities in the construction and telecommunications sector, the provision of services related to the area of telecommunications.	5%	94,40%

ANNEX III
JOINT VENTURES IN WHICH EZENTIS GROUP COMPANIES HOLD INTERESTS

Society	Address	Voting Rights Controlled by the Parent Company	
		Direct	Indirect
Temporary joint venture Avánzit Tecnologia, S.L.U., Blom Sistemas Geoespaciales, S.L.U., Telefonica Soluciones de Informática y Comunicaciones de España, S.A.U.	C/ Federico Mompou, 5 ed. 2 Madrid	-	
Temporary joint venture Avanzit Infraestructuras y Servicios, S.A., Forcimsa, Alario.	C/ Federico Mompou, 5 ed. 2 Madrid	-	45%
Temporary joint venture Avanzit Infraestructuras y Servicios, S.A., Comsa, S.A.	C/ Federico Mompou, 5 ed. 2 Madrid	-	50%
Temporary joint venture Avánzit Tecnologia, S.L.U., Indra Sistemas I	Av. Bruselas, 35 28108 Alcobendas (Madrid)	-	50%
Temporary joint venture Avánzit Tecnologia, S.L.U., Indra Sistemas II	Av. Bruselas, 35 28108 Alcobendas (Madrid)	-	50%
Temporary joint venture Avánzit Tecnologia, S.L.U., Indra Sistemas III	Av. Bruselas, 35 28108 Alcobendas (Madrid)	-	18%
Temporary joint venture Avánzit Tecnologia, S.L.U., Everis Spain Outsourcing EPES	C/ Federico Mompou, 5 ed. 2 Madrid	-	50%
Unión temporal de empresas Avánzit Tecnologia, S.L.U. - Nucleo	C/ Federico Mompou, 5 ed. 2 Madrid	-	50%
Unión temporal de empresas Avánzit Tecnologia, S.L.U. - MCP sistemas	C/ Fernando Caro, 7 28027 Madrid	-	33%
Temporary joint venture Avánzit Tecnologia, S.L.U. - Exceltic -Deimos Space-Nextel	C/ Federico Mompou, 5 ed. 2 Madrid	-	16%
Temporary joint venture Avánzit Tecnologia, S.L.U. - EMASCARO	C/ Federico Mompou, 5 ed. 2 Madrid	-	50%
Temporary joint venture Avánzit Tecnologia, S.L.U. - Amper	C/ Federico Mompou, 5 ed. 2 Madrid	-	50%
Temporary joint venture Avánzit Tecnologia, S.L.U. - MAGTEL Sistemas	C/ Federico Mompou, 5 ed. 2 Madrid	-	50%
Temporary joint venture Avánzit Tecnologia, S.L.U. - METEOESPAÑA,S.L.	C/ Federico Mompou, 5 ed. 2 Madrid	-	50%
Unión temporal de empresas Avánzit Tecnologia, S.L.U. - METEOESPAÑA,S.L. 2	C/ Federico Mompou, 5 ed. 2 Madrid	-	50%
Temporary joint venture TELEFÓNICA SOLUCIONES DE INFORMATICA Y COMUNICACIONES DE ESPAÑA, S.A.U. - EZENTIS TECNOLOGÍA, S.L. UNIPERSONAL	Ronda de la Comunicación, s/n, edificio Norte 2, Distrito C - 28050 Madrid	-	48%
Temporary joint venture Navento Tecnologies, S.L.U. - Deimos	C/ Federico Mompou, 5 ed. 2 Madrid	-	50%

ANNEX IV

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) Group consolidation principles

Consolidation perimeter

Grupo Ezentis, S.A. has a Group comprising: Grupo Ezentis, S.A., Parent Company, its subsidiaries, associates and joint ventures (hereinafter, the Group). Appendices I, II and III to these notes contain additional information on the entities included in the scope of consolidation, companies not included in the scope of consolidation and joint ventures included in the scope of consolidation in 2020.

Holdings of less than 20% of the capital in other entities over which it does not have significant influence are considered as financial investments.

For the purpose of preparing the consolidated annual accounts, a group is understood to exist when the parent company has one or more subsidiaries, being those over which the parent company has control, either directly or indirectly.

Subsidiary companies

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed, or has the right, to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect those returns. Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation on the date on which control ceases.

In addition, the Group includes 23 companies that are in liquidation or dormant (see Annex II).

The Group accounts for business combinations using the acquisition method. The consideration transferred for the acquisition of a subsidiary corresponds to the fair value of the assets transferred, the liabilities incurred to the previous owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability arising from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. For each business combination, the Group may elect to recognise any non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition-date carrying amount of the acquiree's previously held equity interest in the acquiree is remeasured at the acquisition-date fair value; any gain or loss arising from this remeasurement is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration that is considered an asset or a liability are recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The excess 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 identifiable net assets acquired is recognised as goodwill. If the total of the consideration transferred, the non-controlling interest recognised and the previously held interest is less than the fair value of the net assets of the acquired subsidiary in the case of a bargain purchase, the difference is recognised directly in profit or loss.

If the business combination can be determined only provisionally, the identifiable net assets are initially recognised at their provisional values and adjustments made during the twelve-month period following the acquisition date are recognised as if they had been known at that date.

Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment loss on the asset transferred. Where necessary to ensure consistency with the policies adopted by the Group, the accounting policies of subsidiaries are changed.

Transactions and minority interests

The Group accounts for transactions with Minority Interests as transactions with the Group's equity owners. On purchases of minority interests, the difference between the consideration paid and the corresponding proportion of the carrying amount of the subsidiary's net assets is recognised in equity. Gains or losses on disposal of minority interests are also recognised in equity to the extent that control over the minority interest has not been lost.

Disposals of dependants

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured at fair value, with the higher carrying amount of the investment recognised against the income statement. The fair value is the initial carrying amount for the purpose of subsequent recognition of the retained interest in the associate, joint venture or financial asset. Any amount previously recognised in other comprehensive income in relation to that entity is accounted for as if the Group had sold all the related assets and liabilities directly. This could mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Partners

Associates are all entities over which the Group exercises significant influence but not control. Significant influence is presumed to exist when the shareholding is between 20% and 50% of the voting rights or, if the shareholding is lower, there are facts and circumstances that demonstrate the exercise of significant influence. Investments in associates are accounted for using the equity method and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment losses) identified on acquisition.

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

The Group's share of post-acquisition gains or losses of its associates is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income 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 an associate's losses equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise additional losses unless it has incurred obligations or made payments on behalf of the associate.

In a new acquisition of shares in the equity-accounted company, the additional investment and the new goodwill (if any) is determined in the same way as the first investment and at the percentages of equity corresponding to that investment.

Note 9 provides details of the associates included in the scope of consolidation using the equity method.

Joint ventures

IFRS 11 applies to all joint arrangements. Investments in joint arrangements under IFRS 11 are classified as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and has determined that they are joint ventures. Joint ventures are accounted for using the equity method (see Associates).

Year-end closing dates

In 2020 and 2019, the accounting closing date for all companies comprising the Ezentis Group is 31 December.

Changes in the scope of consolidation

The following change in the scope of consolidation occurred during the financial year 2020:

- Acquisition of 100% of the shares of the company Enesys Ingeniería y Seguridad, S.L. (see Note 5)
- Acquisition of 100% of the shares of Ezentis Ingeniería de Seguridad, S.L.U. (formerly Pentágono Sistemas Electrónicos de Alta Seguridad, S.L.) (see Note 5).
- Acquisition of 100% of the shares of the company Instal-lacions Parera Redes Proyectos y Mantenimientos, S.L.
- Merger by absorption of Ezentis Perú, S.A.C. as absorbing company and Ingeniería Celular Andina, S.A. as absorbed company.
- Incorporation of Ezentis Deutschland GmbH.

In 2019, Ezentis Energía Brasil was merged into Ezentis Engenharia Brasil as the absorbing company and Ezentis Engenharia Brasil as the absorbed company. The resulting company was named Ezentis Brasil. S.A.

2) Segment reporting

Segment reporting is presented in a manner consistent with internal reporting to the highest decision-making body (Board of Directors) (Note 23).

The accounting policies of the segments are the same as those applied and described in these consolidated financial statements.

3) Foreign currency transactions

Functional currency and presentation

The items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in euro, which is the functional currency of Grupo Ezentis, S.A. and the presentation currency of these consolidated financial statements.

Transactions and balances

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

Foreign exchange gains and losses related to borrowings and cash and cash equivalents are presented in the income statement under "finance income" or "finance costs". Other exchange rate gains and losses are recognised in the income statement under "other exchange rate (losses)/gains - net".

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

Group entities

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- The assets and liabilities in each balance sheet presented are translated at the closing rate at the balance sheet date;
- Income and expenses in 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 at the dates of the transaction, in which case income and expenses are translated at the date of the transactions);
- Equity items (except income statement) are translated at historical exchange rates; and
- All resulting translation differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising on the translation of any net investments in foreign operations, and of financial debts and other financial instruments designated as hedges of these investments, are recognised in comprehensive income.

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. Translation differences arising are recognised in other comprehensive income.

4) Property, plant and equipment

Items of property, plant and equipment for own use are stated at acquisition cost (revalued, where applicable, in accordance with various legal provisions prior to the date of transition to IFRS) less accumulated depreciation and any recognised impairment losses.

The costs of expansion, modernisation or improvements that represent an increase in productivity, capacity or efficiency or an extension of the useful life of assets are capitalised as an increase in the cost of the related assets.

Repairs that do not represent an extension of useful life and maintenance costs are charged to the income statement in the year in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their costs, or revalued amounts, up to their residual values over their estimated useful lives. The annual depreciation charge for tangible assets is recognised in consolidated profit or loss on a straight-line basis over the average years of estimated useful life of the various assets, as follows:

	Years of Estimated Useful Life
Constructions	33 a 50
Technical installations and machinery	10 a 25
Other fixtures, fittings and furnishings	4 a 10
Transport elements	5 a 8
Information processing equipment and other fixed assets	4 a 5

The residual values and useful lives of assets are reviewed, and adjusted if necessary, at each balance sheet date.
When the carrying amount of an asset exceeds its estimated recoverable amount, its carrying amount is written down immediately to its recoverable amount.

Gains and losses on the sale of property, plant and equipment are calculated by comparing the proceeds obtained with the carrying amount and are recognised in the income statement under "Other operating (expenses)/income". Work carried out by the Company on its property, plant and equipment is measured at production cost and recognised as income in the income statement.

Expenses incurred in fitting out a building in which the Group carries out its activity, held under an operating lease, which represent specific improvements made to the building, are classified under this heading in the consolidated balance sheet according to their nature (technical installations). They are depreciated on the basis of the estimated useful life of these assets (10 years), which is less than the term of the lease contract at which they would have to be depreciated if it were shorter than their useful life.

5) Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's interest in the identifiable net assets of the acquired subsidiary or associate at the date of acquisition. Goodwill relating to acquisitions of subsidiaries is included in intangible assets. Goodwill relating to acquisitions of associates is included in investments in associates and is tested for impairment together with the total balance of the associate. Goodwill recognised separately is tested for impairment at least annually or when indications of impairment arise and is measured at cost less accumulated impairment losses. Gains and losses on the sale of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to Cash Generating Units (CGUs) for the purpose of impairment testing. The allocation is made to the cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the business combination in which the identified goodwill arises.

The recoverable amount of a CGU is determined based on calculations of the higher of its value in use or its fair value less costs to sell. These calculations use projected cash flows based on financial budgets approved by management. Cash flows cover the periods included in the Strategic Plan approved by the Directors and beyond that period are extrapolated using constant growth rates.

The methodology and key assumptions used for impairment testing at the CGU level are described in Note 6.

Impairment losses on goodwill are recognised in the income statement under "Impairment and gains/losses on disposal of financial instruments", which are not reversed in the future.

Customers, contracts, non-compete agreements and brands

Customers, contracts and non-competition agreements" includes assets with a finite useful life identified in the purchase price allocation processes for the net assets corresponding to Ezentis Brasil, S.A., Grupo Networks Test, Ezentis Fields Factory, Tecnet, Ezentis Ingeniería de Seguridad, S.L.U. and Instal-Lacions Parera Redes Proyectos y Mantenimientos, S.L.. These assets consist of the valuation of:

- Contracts: this corresponds to the framework contract signed with CGE for the acquisition of Tecnet, S.A., the fixed network, FTTH and FLM contracts signed with various customers by Ezentis Field Factory, S.L.U., as well as framework contracts signed with Iberdrola and Endesa by Ezentis Ingeniería de Seguridad, S.L.U. and Instal-Lacions Parera Redes Proyectos y Mantenimientos, S.L., respectively, which are amortised by the straight-line method over the estimated useful life (10 years).

- Customer portfolio: corresponds to the commercial relationship that Ezentis Brazil maintains with its customers. This customer portfolio has a defined useful life and is amortised on a straight-line basis over its estimated useful life (15 years). It also corresponds to the customer portfolio from the acquisitions of Tecnet, S.A. Ezentis Field Factory, Ezentis Ingeniería de Seguridad, S.L.U. (formerly Pentágono Sistemas Electrónicos de Alta Seguridad, S.L.) and Instal-lacions Parera Redes Proyectos y Mantenimientos, S.L., which are amortised by the straight-line method over their estimated useful lives (10 years).

- Brand: corresponds to the value assigned to the Tecnet brand which is amortised by the straight-line method over the estimated useful life (10 years).

At the end of the current year, no impairment of these intangible assets had occurred.

Rights-of-use assets and lease liabilities

From 1 January 2019, in application of IFRS 16, the Group assesses at the inception of a contract whether it contains a lease. A contract is or contains a lease if it grants the right to control the use of the identified asset for a period of time in exchange for consideration. The period of time during which the Group uses an asset includes consecutive and non-consecutive periods of time. The Group re-evaluates the terms only when there is a modification of the contract.

The Group has a significant number of lease agreements as lessee of various assets, mainly: transport equipment and real estate.

The Group recognises a right-of-use asset and a lease liability at the commencement of the lease. The right-of-use asset consists of the amount of the lease liability, any lease payments made on or before the commencement date, less incentives received, initial direct costs incurred and an estimate of decommissioning or restoration costs to be incurred, as indicated in the accounting policy on provisions.

The Group measures lease liabilities at the present value of the lease payments outstanding at the commencement date. The Group discounts lease payments at the appropriate incremental interest rate, unless it can reliably determine the lessor's implicit interest rate.

The weighted average of the incremental borrowing rates applied for the discounting of lease liabilities recognised in the statement of financial position is as follows:

	Rate	**Rate**
CGU	**2020**	**2019**
Spain	5%	5,0%
Brazil	9%	9,3%
Chile	2,7% - 3,3%	2,7% - 3%
Colombia	9%-10%	9%-10%
Peru	6%-8%	6%-8%
Argentina	25,0%	25,0%

Lease payments payable consist of fixed payments, less any incentive receivable, variable payments that depend on an index or rate, initially measured at the index or rate applicable at the commencement date, amounts expected to be paid for residual value guarantees, the exercise price of the purchase option reasonably certain to be exercised and lease termination indemnity payments, provided that the lease term reflects the exercise of the termination option.

The Group measures right-of-use assets at cost, less accumulated depreciation and impairment losses, adjusted for any re-estimation of lease liabilities.

If the contract transfers ownership of the asset to the Group at the end of the lease term or the right-of-use asset includes the purchase option price, the depreciation criteria set out under property, plant and equipment are applied from the commencement date of the lease to the end of the useful life of the asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the useful life of the right or the end of the lease term.

The Group applies the impairment criteria for non-current assets indicated in the previous section to the right-of-use asset.

For lease contracts for which payments for the right to use the asset during the lease term are indexed to an index such as the CPI, the index at initial recognition is used at the commencement date and the liability is revalued and the asset is adjusted in subsequent valuations for the corresponding revision of the index used.

The Group measures the lease liability by increasing it by the accrued finance expense, decreasing it by the payments made and re-estimating the carrying amount for lease modifications or to reflect updates of fixed payments in substance.

The Group recognises variable payments that have not been included in the initial measurement of the liability in profit or loss in the period in which the events that trigger their disbursement occur.

The Group records reestimates of the liability as an adjustment to the right-of-use asset, until it is reduced to zero and subsequently in profit or loss.

The Group remeasures the lease liability by discounting the lease payments at a discounted rate if there is a change in the lease term or a change in the expectation of exercising the purchase option on the underlying asset.

The Group remeasures lease liabilities if there is a change in the expected amounts payable from a residual value guarantee or a change in the index or rate used to determine payments, including a change to reflect changes in market rents upon a rent review.

The Group recognises a lease modification as a separate lease if it increases the scope of the lease by adding one or more rights of use and the amount of the lease consideration increases by an amount consistent with the individual price for the increased scope and any adjustment to the individual price to reflect the particular circumstances of the contract.

If the modification does not result in a separate lease, at the modification date, the Group allocates the consideration to the modified contract as indicated above, re-determines the lease term and re-estimates the value of the liability by discounting the revised payments at the revised interest rate. The Group decreases the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for those modifications that decrease the scope of the lease and recognises the gain or loss in profit or loss. For all other modifications, the Group adjusts the carrying amount of the right-of-use asset.

Other intangible assets

The heading "Other intangible assets" consists of:

- Computer applications

  Software licences acquired from third parties are capitalised on the basis of the costs incurred to acquire and prepare them for use of the specific software. These costs are amortised over their useful lives over a maximum period of 5 years.

  Costs related to the development or maintenance of computer software are recognised as an expense when incurred. Costs directly related to the production of unique and identifiable software controlled by the Group that are probable to generate economic benefits in excess of costs for more than one year are recognised as intangible assets. Direct costs include the costs of the personnel who develop the software and an appropriate percentage of overheads.

  Software development costs recognised as assets are amortised on a straight-line basis over their estimated useful lives (not exceeding 5 years).

- Research and development expenditure

  Research expenditure is recognised as an expense when incurred and is therefore not capitalised. Costs incurred on development projects (related to the design and testing of new or improved products) are recognised as an intangible asset when the following requirements are met:

  a) Technically, it is possible to complete the production of the intangible asset so that it can be made available for use or sale;

  b) Management intends to complete the intangible asset in question for use or sale;

  c) There is the ability to use or sell the intangible asset;

  d) It is possible to demonstrate how the intangible asset will generate probable future economic benefits;

e) Adequate technical, financial or other resources are available to complete the development and to use or sell the intangible asset; and

f) It is possible to measure reliably the expenditure attributable to the intangible asset during its development.

Other development expenditure is recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amounts received as grants for research and development projects are taken to profit and loss in accordance with the principle of recognising research and development expenses in the income statement.

Research and development costs are not amortised. Once the developed asset is ready for use, depreciation commences. Computer software developed internally by the Group is amortised over a maximum period of 5 years.

6) Interest costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised over the period of time necessary to complete and prepare the asset for its intended use. During 2020 and 2019, the Group has not capitalised any amount in this respect.

7) Impairment loss on non-financial assets

Assets that have an indefinite useful life, e.g. goodwill, are not subject to amortisation and are tested annually for impairment. Assets 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 asset's carrying amount if 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 purpose of assessing impairment losses, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffer an impairment loss are reviewed for possible reversal of the loss at each reporting date.

Impairment losses on non-financial assets are recognised as an expense in the income statement under "Impairment and gains or losses on disposal of financial instruments". Impairment losses recognised for an asset in prior years are reversed when there is a change in estimates of its recoverable amount, increasing the carrying amount of the asset up to the limit of the carrying amount that would have been determined had no impairment loss been recognised. The reversal of the impairment loss is recognised immediately as income in the consolidated income statement. In the case of goodwill, write-downs are not reversible.

8) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their value will be recovered principally through sale, provided that the sale is considered highly probable. These assets are measured at least between the carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group that has either been disposed of or is classified as held for sale:

- It represents a line of business or a geographical area of the operation that is significant and can be considered separate from the rest;

- Is part of an individual and coordinated plan to divest or otherwise dispose of a line of business or a geographic area of the operation that is significant or can be considered separate from the rest; or

- It is a dependent entity acquired solely for the purpose of being sold.

A component of the Group comprises activities and cash flows that can be distinguished from the rest from both an operational and a financial reporting perspective.

The Group presents the profit after tax from discontinued operations and the profit after tax from the measurement at fair value less costs of disposal or other disposal or distribution or from the disposal of assets or disposal groups under profit after tax from discontinued operations in the consolidated income statement (consolidated statement of comprehensive income).

If the Group ceases to classify a component as a discontinued operation, the results previously presented as a discontinued operation are reclassified to continuing operations for all periods presented.

The Group restates the consolidated annual accounts for prior years from the date of classification of a subsidiary, associate or joint venture as discontinued operations, as if they had never been classified as such. As a result, the assets and liabilities of subsidiaries are presented by nature and, where appropriate, any depreciation or revaluation that would have been recognised had they not been classified as disposal groups held for sale are recognised. Associates or joint ventures are accounted for retrospectively using the equity method.

9) Financial instruments

(i) Recognition and classification of financial instruments

Financial instruments are classified on initial recognition as a financial asset, financial liability or equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, financial liability or equity instrument.

Financial instruments are recognised when the Group becomes a party to the contract or legal transaction in accordance with the provisions of the contract or legal transaction.

For measurement purposes, the Group classifies financial instruments as financial assets and liabilities at fair value through profit or loss, separating those initially designated from those held for trading or mandatorily measured at fair value through profit or loss, financial assets and liabilities measured at amortised cost and financial assets measured at fair value through other comprehensive income, separating equity instruments designated as such from other financial assets. The Group classifies financial assets, other than those designated at fair value through profit or loss and equity instruments designated at fair value through other comprehensive income, according to the business model and the characteristics of the contractual cash flows. The Group classifies financial liabilities as measured at amortised cost, except those designated at fair value through profit or loss and those held for trading.

The Group classifies a financial asset or financial liability as held for trading if:

It is acquired or incurred principally for the purpose of sale or repurchase in the near future;

At initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking;

It is a derivative, except a derivative that has been designated as a hedging instrument and qualifies as an effective hedging instrument and a derivative that is a financial guarantee contract or a financial guarantee contract.

It is an obligation to deliver borrowed financial assets that are not owned.

The Group classifies a financial asset at amortised cost if it is held under a business model whose objective is to hold financial assets to earn contractual cash flows and the contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding (UPPI).

The Group classifies a financial asset at fair value through other comprehensive income if it is held as part of a business model whose objective is achieved by obtaining contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise, at specified dates, to cash flows that are UPPI.

The business model is determined by the Group's key personnel and at a level that reflects the way in which they jointly manage groups of financial assets to achieve a particular business objective. The Group's business model represents how the Group manages its financial assets to generate cash flows.

Financial assets that are part of a business model whose objective is to hold assets to receive contractual cash flows are managed to generate cash flows in the form of contractual cash receipts over the life of the instrument. The Group manages the assets held in the portfolio to receive those specific contractual cash flows. In determining whether cash flows are earned through the receipt of contractual cash flows from financial assets, the Group considers the frequency, value and timing of sales in prior periods, the reasons for those sales and expectations regarding future sales activity. However, sales in themselves do not determine the business model and therefore cannot be considered in isolation. Instead, it is the information on past sales and on expectations of future sales that provides an indication of how the Group's stated objective for the management of financial assets and, more specifically, how cash flows are achieved. The Group considers information about past sales in the context of the reasons for those sales and the conditions that existed at that time compared to those that exist today. For these purposes, the Group considers that trade debtors and receivables which are to be assigned to third parties and which will not result in their derecognition are retained in this business model.

Although the objective of the Group's business model is to hold financial assets to receive contractual cash flows, this does not mean that the Group holds all instruments to maturity. Therefore, the Group's business model is to hold financial assets to receive contractual cash flows even if there have been or are expected to be future sales of those assets. The Group considers this requirement to be met, provided that the sales are due to an increase in the credit risk of the financial assets. In all other cases, at the individual and aggregate level, the sales must be immaterial, even if they are frequent or infrequent, even if they are material.

Financial assets that are part of a business model whose objective is to hold assets to earn contractual cash flows and sell them are managed to generate cash flows in the form of contractual cash receipts and sell them as the Group's needs change. In this type of business model, the Group's key management personnel have decided that both contractual cash flows and the sale of financial assets are essential to meet this objective. To achieve this objective, the Group earns contractual cash flows as it sells financial assets. Compared to the previous business model, in this business model, the Group typically makes more frequent and higher value asset sales.

Contractual cash flows that are UPPIs are consistent with a basic loan arrangement. In a basic loan arrangement, the most significant elements of interest are generally the consideration for the time value of money and credit risk. However, in such an arrangement, the interest also includes consideration for other risks, such as liquidity risk and costs, such as the administrative costs of a basic loan associated with holding the financial asset for a specified period. In addition, the interest may include a profit margin that is consistent with a basic lending arrangement.

The Group designates a financial asset at initial recognition at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise if the measurement of the assets or liabilities or the recognition of the results of those assets or liabilities were made on a different basis.

All other financial assets are classified as at fair value through profit or loss.

Financial assets and liabilities for contingent consideration arising in a business combination are classified as financial assets and liabilities measured at fair value through profit or loss.

The Group designates a financial liability at initial recognition at fair value through profit or loss if doing so eliminates or significantly reduces any measurement or recognition inconsistency that would otherwise arise if the measurement of the assets or liabilities or the recognition of the results of the assets or liabilities were made on a different basis or a group of financial liabilities or financial assets and financial liabilities is managed, and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy, and information relating to that group is provided internally on the same basis to key management personnel.

The Group classifies all other financial liabilities, except financial guarantee contracts, commitments to grant a loan at a below-market interest rate and financial liabilities resulting from a transfer of financial assets that do not qualify for derecognition or that are accounted for using the continuing involvement approach, as financial liabilities at amortised cost.

(ii) Offsetting principles

A financial asset and a financial liability are offset only when the Group has a currently enforceable legal right to set off the recognised amounts and intends either to settle by differences or to realise the asset and settle the liability simultaneously. For the Group to have a currently enforceable legal right, the right must not be contingent on a future event and must be legally enforceable in the ordinary course of business, in the event of insolvency or court-ordered liquidation and in the event of default.

(iii) Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs directly attributable to the purchase or issue are recognised as an expense as incurred.

The fair value of a financial instrument at initial recognition is usually the transaction price, unless that price contains elements other than the instrument, in which case the Group determines the fair value of the instrument. If the Group determines that the fair value of an instrument differs from the transaction price, it recognises the difference in profit or loss to the extent that the value is derived by reference to a quoted price in an active market for an identical asset or liability or is derived from a valuation technique using only observable inputs. In all other cases, the Group recognises the difference in profit or loss to the extent that it arises from a change in a factor that market participants would consider in pricing the asset or liability. (IFRS 7.28(a))

Subsequent to initial recognition, they are recognised at fair value with changes recorded in profit or loss. Changes in fair value include the interest and dividend component. The fair value is not reduced by transaction costs that may be incurred on disposal.

Notwithstanding the above, for financial liabilities designated at fair value through profit or loss, the Group recognises changes in fair value attributable to own credit risk in other comprehensive income. Amounts deferred in other comprehensive income are not subsequently reclassified to profit or loss.

The Group determines the change in fair value attributable to credit risk by initially calculating the internal rate of return at the beginning of the period using the fair value and contractual cash flows and discounts the reference interest rate from this rate to determine the specific rate of the credit risk component, provided that the change in the reference interest rate is not significant and that there are no other factors that imply relevant changes in fair value. At each reporting date, the Group discounts the contractual flows at the rate determined as the sum of the reference rate at that date plus the rate specific to the credit risk component. The difference between the fair value at year-end and the previous amount represents the change related to credit risk.

(iv) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, plus or minus transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method.

(v) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are initially recognised at fair value plus transaction costs directly attributable to the purchase.

Subsequent to initial recognition, financial assets classified in this category are measured at fair value, with the gain or loss recognised in other comprehensive income, except for foreign exchange gains and losses. Amounts recognised in other comprehensive income are recognised in profit or loss when the financial assets are derecognised. However, interest calculated using the effective interest method is recognised in profit or loss.

As previously indicated, the Group has designated certain equity instruments as measured at fair value through other comprehensive income. Subsequent to initial recognition, the equity instruments are measured at fair value, with the gain or loss recognised in other comprehensive income. Amounts recognised in other comprehensive income are not reclassified to profit or loss, but are reclassified to reserves when the instruments are derecognised.

(vi) Financial assets measured at cost

Investments in equity instruments for which there is insufficient information to measure or those for which there is a wide range of valuations and derivative instruments that are linked to them and that are to be settled by delivery of such investments are measured at cost. However, if a reliable valuation of the asset or contract is available to the Group at any time, the asset or contract is recognised at fair value at that time, with gains or losses recognised in profit or loss or in other comprehensive income if the instrument is designated at fair value through other comprehensive income.

(vii) Reclassifications of financial instruments

The Group reclassifies financial assets when it changes the business model for their management. The Group does not reclassify financial liabilities.

If the Group reclassifies a financial asset from amortised cost to fair value through profit or loss, it recognises the difference between the fair value and the carrying amount in profit or loss. Thereafter, the Group does not recognise interest separately from the financial asset.

If the Group reclassifies a financial asset from fair value through profit or loss to amortised cost, the fair value at the date of reclassification is taken to be the new gross carrying amount for the purposes of applying the effective interest method and recognising credit losses.

If the Group reclassifies a financial asset from amortised cost to fair value through other comprehensive income, it recognises the difference between the fair value and the carrying amount in other comprehensive income. The effective interest rate and the recognition of expected credit losses are not adjusted for the reclassification. However, the cumulative amount of expected credit losses is recorded against other comprehensive income and disclosed in the notes.

If the Group reclassifies a financial asset from fair value through other comprehensive income to amortised cost, it is reclassified at fair value. The amount deferred in equity is adjusted from the carrying amount of the asset. The effective interest rate and the recognition of expected credit losses are not adjusted for reclassification.

If the Group reclassifies a financial asset from fair value through profit or loss to fair value through other comprehensive income, the effective interest rate and expected credit losses are determined at the date of reclassification at the fair value at that time.

If the Group reclassifies a financial asset from fair value through other comprehensive income to fair value through profit or loss, the amount deferred in equity is reclassified to profit or loss. Thereafter, the Group does not recognise interest separately from the financial asset.

(viii) Impairment losses

The Group recognises in profit or loss an allowance for expected credit losses on financial assets measured at amortised cost, fair value through other comprehensive income, finance lease receivables, contract assets, loan commitments and financial guarantees.

For financial assets measured at fair value through other comprehensive income, the expected credit loss is recognised in other comprehensive income and does not reduce the fair value of the assets.

The Group measures at each reporting date the allowance at an amount equal to the expected credit losses over the next twelve months for financial assets for which the credit risk has not increased significantly since the date of initial recognition or when it considers that the credit risk of a financial asset has no longer increased significantly.

The Group assesses at each reporting date whether the credit risk of an individual instrument or a group of instruments considered collectively has increased significantly since initial recognition. For the collective assessment the Group has aggregated the instruments according to shared risk characteristics.

When assessing whether, for an instrument or group of instruments, credit risk has increased significantly, the Group uses the change in the risk of default that will occur over the expected life of the instrument, rather than the change in the amount of expected credit losses. Therefore, the Group assesses the change in default risk at each reporting date compared to initial recognition.

In assessing whether there is a significant increase in credit risk, the Group considers all reasonable and supportable forward-looking information, in particular:

- Internal and external credit risk ratings;
- Current or expected adverse changes in business, financial or economic conditions that may cause a significant change in the borrower's ability to meet its obligations;
- Significant current or expected changes in the borrower's operating results;
- Significant increases in credit risk in other financial instruments of the same borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- Macroeconomic information

The Group considers cash and cash equivalents to be of low credit risk based on the credit ratings of the financial institutions with which the cash or deposits are deposited.

(ix) Disposals, modifications and cancellations of financial assets

The Group applies the derecognition criteria to a part of a financial asset or a part of a group of similar financial assets or to a financial asset or a group of similar financial assets.

Financial assets are derecognised when the rights to receive the related cash flows have expired or have been transferred and the Group has substantially transferred the risks and rewards of ownership. In addition, financial assets are derecognised in circumstances where the Group retains the contractual rights to receive the cash flows only when contractual obligations have been assumed that result in the payment of those cash flows to one or more recipients and the following requirements are met:

The payment of cash flows is conditional on prior collection;

The Group may not sell or pledge the financial asset; and

- Cash flows collected on behalf of potential recipients are remitted without material delay and the Group is not able to reinvest the cash flows. Investments in cash or cash equivalents made by the Group during the settlement period between the collection date and the date of remittance agreed with the eventual recipients are exempt from this criterion, provided that the accrued interest is attributed to the eventual recipients.

On derecognition of a financial asset in its entirety, the difference between its carrying amount and the sum of the consideration received, net of transaction costs, including any assets obtained or liabilities assumed and any gain or loss deferred in other comprehensive income, is recognised in profit or loss, except for equity instruments designated at fair value through other comprehensive income.

(x) Interest and dividends

The Group recognises interest using the effective interest method, which is the discount rate that matches the carrying amount of a financial instrument to estimated cash flows over the expected life of the instrument, based on its contractual terms and without taking into account expected credit losses, except for financial assets acquired or originated with incurred losses.

Interest is recognised on the gross carrying amount of financial assets, except for financial assets acquired or originated with incurred credit losses and credit-impaired financial assets. For the former, the Group recognises interest at the effective interest rate adjusted for initial credit risk and for the latter, the Group recognises interest at amortised cost.

Changes in cash flow estimates are discounted at the original effective interest rate or credit risk adjusted interest rate and recognised in profit or loss.

(xi) Disposals and modifications of financial liabilities

The Group derecognises a financial liability or part of a financial liability when it either discharges the obligation contained in the liability or is legally released from primary responsibility for the liability either by process of law or by the creditor.

Exchanges of debt instruments between the Group and the counterparty or substantial modifications of initially recognised liabilities are accounted for as a derecognition of the original financial liability and the recognition of a new financial liability, provided that the instruments have substantially different terms.

The Group considers the terms to be materially different if the present value of the discounted cash flows under the new terms, including any fees paid net of any fees received, and using the original effective interest rate as the discount rate, differs by at least 10 per cent from the discounted present value of the cash flows remaining on the original financial liability.

If the exchange is recorded as a settlement of the original financial liability, the costs or fees are recognised in profit or loss as part of profit or loss. Otherwise, the modified flows are discounted at the original effective interest rate, with any difference with the previous carrying amount recognised in profit or loss. In addition, the costs or fees adjust the carrying amount of the financial liability and are amortised using the amortised cost method over the remaining life of the modified liability.

The Group recognises the difference between the carrying amount of the financial liability or part of a financial liability cancelled or transferred to a third party and the consideration paid, including any transferred asset other than cash or liability assumed, in profit or loss.

(xii) Financial debts

Financial liabilities are initially recognised at fair value less transaction costs incurred. Subsequently, financial debts are measured at amortised cost; the difference between the proceeds, net of transaction costs, and the redemption value is recognised in the income statement over the life of the debt using the effective interest method.

Fees paid for obtaining credit facilities are recognised as debt transaction costs whenever it is probable that some or all of the facility will be drawn down. In this case, the fees are deferred until the drawdown occurs. To the extent that it is not probable that all or part of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity facilities and amortised over the period to which the facility relates.

Interest-bearing bank loans are recorded at the amount received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised on an accruals basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they are incurred.

In certain bank loans there are conditions relating to the fulfilment of financial ratios, the non-fulfilment of which could result in the loans being automatically due and payable and therefore classified as current liabilities.

The Group receives zero interest loans from government agencies to finance development projects. These loans are initially measured at fair value and the difference between fair value and the amount received is recorded as interest rate subsidies under "Other non-current liabilities" and "Other non-current liabilities".
are applied to the income statement on the basis of the recognition in the income statement of development expenditure.

(xiii) Bankruptcy liabilities of Argentine companies

Liabilities in local currency have been valued at nominal value, incorporating, where appropriate, financial results accrued up to the date of filing for bankruptcy.

Liabilities in foreign currencies have been valued at year-end exchange rates.

Financial interest has accrued up to the date of the filing of the reorganisation proceeding, from which time the course of such interest is interrupted in accordance with Article 19 of the Argentine Bankruptcy Law (Ley de Concurso y Quiebras Argentina).

10) Stocks

This item in the consolidated balance sheet includes the non-financial assets held by consolidated entities:

1. They hold for sale in the ordinary course of business,
2. they are in the process of production, construction or development for that purpose, or
3. They plan to consume them in the production process or in the provision of services.

Inventories are stated at the lower of cost or net realisable value. The cost of work in progress includes direct materials costs and, where appropriate, direct labour costs and manufacturing overheads incurred to date. Cost of goods sold is calculated using weighted average cost. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in the marketing, selling and distribution processes.

The valuation of obsolete, defective or slow-moving products has been reduced to their net realisable value.

Impairment losses on inventories are included in the profit and loss account under "consumables and other external charges".

11) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with an original maturity of three months or less and also short-term investments with a maturity of more than three months that are not subject to restrictions or penalties on their disposal. Balances held on current account that are restricted at year-end to secure guarantees or collateral provided to third parties in connection with commercial transactions are presented as other cash and cash equivalents if it is expected that such amounts will be freely available for drawdown within three months of year-end, otherwise they are presented as other current or non-current assets depending on the period of free disposal. (Note 13.d). In the balance sheet, bank overdrafts are classified as bank borrowings under current liabilities.

12) Share Capital

Ordinary shares are classified as equity.

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

When any Group entity acquires shares in the Company (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income tax), is deducted from equity attributable to equity holders of the Company until cancellation, reissue or disposal. When these shares are subsequently reissued, any amount received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to equity holders of the Company.

The Group has calculated earnings/loss per share for the financial years 2020 and 2019. Information on diluted earnings/loss per share is presented in Note 14f to these consolidated financial statements.

Basic earnings per share are calculated by dividing:

profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares

by the weighted average number of ordinary shares outstanding during the financial year, adjusted for incentive elements in ordinary shares issued during the financial year and excluding treasury shares.

For diluted earnings per share, the figures used in the determination of basic earnings per share are adjusted to take into account:

- the after-tax effect on earnings of interest and other finance costs associated with dilutive potential ordinary shares; and

- the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

Capital increases related to non-cash contributions by offsetting financial liabilities are recognised at the fair value of the offset receivable at the date of the capital increase agreement. The difference is recognised as an expense or income for the year.

Capital increases related to non-cash business combination contributions in which equity instruments are exchanged are measured at fair value at the acquisition date when the equity instruments are delivered as consideration for the net assets acquired.

13) Subsidies

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

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

Government grants related to the acquisition of property, plant and equipment are included in non-current liabilities as government grants and credited to the income statement on a straight-line basis over the useful life of the related assets.

Amounts received as grants for research and development projects are taken to the income statement in accordance with the principle of recognising research and development expenses in the income statement.

14) Trade accounts payable

Trade accounts payable are payment obligations for goods or services that have been acquired from suppliers in the ordinary course of business.

Trade accounts payable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method when they mature in more than one year and their financial effect is material.

15) Provisions

In preparing the consolidated financial statements, the directors of the Parent Company distinguish between:

1. Provisions: credit balances covering present obligations at the consolidated balance sheet date arising from past events which could give rise to a loss for the entities; specific as to their nature but uncertain as to their amount and/or timing; and

2. Contingent liabilities: possible obligations arising from past events, the realisation of which is conditional on the occurrence or non-occurrence of one or more future events beyond the control of the Group's management.

The Group's consolidated financial statements include all material provisions for which it is considered more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the consolidated balance sheet, but are disclosed in accordance with the requirements of IAS 37 (Notes 18 and 21).

16) Classification of balances as current and non-current

Balances are classified on the basis of their maturity dates, with current liabilities being those maturing in less than twelve months from the balance sheet date and non-current liabilities those maturing in more than twelve months.

17) Profit tax

The tax expense for the period comprises current and deferred taxes. Taxes are recognised in profit or loss, except to the extent that they relate to items recognised in comprehensive income or directly in equity. In this case, the tax is also recognised in comprehensive income or directly in equity, respectively.

The current tax expense is calculated on the basis of the laws enacted or substantively enacted at the balance sheet date in the countries in which the Company's subsidiaries and associates operate and in which they generate taxable income. Management periodically assesses the positions taken in tax returns with respect to situations where the applicable tax regulations are subject to interpretation and, if necessary, establishes provisions based on the amounts expected to be paid to the tax authorities.

Deferred taxes are recognised in accordance with the liability method for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not recognised if it arises from the initial recognition of an asset or liability in a transaction, other than a business combination, that, at the time of the transaction, affects neither accounting profit nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) enacted or substantively enacted at the balance sheet date that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

In accordance with International Accounting Standard 12 "Income Taxes", deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. In this respect, the Group considers the following aspects when assessing the possibility of having taxable profits against which unused tax losses or credits can be utilised:

- Whether the Group has sufficient taxable temporary differences, relating to the same taxation authority and referring to the same taxable entity, that may give rise to taxable amounts, in sufficient quantity to carry forward unused tax losses or unused tax credits before the right of use expires;

- Whether the Group is likely to have taxable profits before the statute of limitations for offsetting unused tax losses or unused tax credits expires;

- Whether unused tax losses have arisen from identifiable causes that are unlikely to recur; and

- Whether the Group has tax planning opportunities that will generate taxable profits in the years in which the tax losses or tax credits can be utilised.

To the extent that it is not probable that taxable profit will be available against which unused tax losses or unused tax credits can be utilised, deferred tax assets are not recognised.

Deferred tax liabilities are recognised on temporary differences arising on investments in subsidiaries and associates, except where the Group can control the date on which the temporary differences will reverse and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and deferred tax liabilities arise from income taxes levied by the same taxation authority on the same taxable entity or taxable person, or different taxable entities or taxable persons, who intend to settle the current tax assets and current tax liabilities on a net basis.

18) Employee benefits

Severance payments

Termination benefits are paid to employees as a result of the Group's decision to terminate their employment contract before the normal retirement age or when the employee agrees to voluntarily resign in exchange for these benefits. The Group recognises these benefits on the earlier of the following dates: (a) when the Group can no longer withdraw the offer of such benefits; or (b) when the entity recognises the costs of a restructuring within the scope of IAS 37 and this involves the payment of termination benefits. When an offer is made to encourage voluntary redundancy, termination benefits are measured by the number of employees expected to accept the offer. Benefits that will not be paid within twelve months of the balance sheet date are discounted to their present value.

Profit-sharing and bonus schemes

The Group recognises a liability and a bonus expense based on a formula that takes into account the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when it is contractually obliged or when past practice has created a constructive obligation.

19) Share-based payments

The fair value of shares granted under a Variable Remuneration Plan for executive directors and/or senior executives of the group is recognised as an employee benefits expense with a corresponding income in equity. The total amount to be recognised as an expense is determined by reference to the fair value of the shares granted:

including market performance conditions (e.g., the entity's share price)

excluding the impact of vesting conditions that are service or non-market performance conditions (e.g., profitability, sales growth targets and the remaining period of the employee's obligation to remain with the entity for a certain period), and

including the impact of any non-vesting conditions (e.g., an obligation for employees to save or hold shares for a specified period of time).

The total expense is recognised over the vesting period, which is the period over which all specified vesting conditions must be satisfied. At the end of each reporting period, the entity revises its estimates of the number of shares it expects to vest based on the non-market vesting and service conditions. The impact of the revision to the original estimates, if any, is recognised in profit or loss, with a corresponding adjustment to equity.

20) Revenue and expense recognition

General

Income and expenses are recognised on an accruals basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

Revenue is recognised at the fair value of the consideration receivable and represents the amounts receivable for goods delivered and services rendered in the ordinary course of the Group's business.

The Group's revenues are primarily derived from the provision of telecommunications and energy infrastructure deployment, operation and maintenance services under multi-year contracts with an average duration of 3 to 5 years.

Infrastructure operation and maintenance services

Operation and maintenance services generally entail the performance of activities which, although framed in multi-year contracts, have a short duration in time. For this type of contract, each service order constitutes a separate performance obligation, as each one provides a separate benefit and is separately identifiable.

For this type of contract, revenue is recognised at a certain point in time, i.e. when the technician considers the incident to have been resolved. At this point in time, the Ezentis Group has an unconditional contractual right to collect. The amount to be recognised as a contractual asset (invoices pending issue) is the result of the price of the service divided by the number of units performed.

Operation and maintenance services sometimes contain fixed-price contracts. In that case, revenue is recognised as services are rendered and revenue is determined based on actual hours incurred in relation to total expected hours.

Infrastructure deployment services

Contracts for this type of services may define different phases for the execution of a work. In general, the different phases are considered as tasks within a single performance obligation, such as, for example, the construction of a telecommunications network or an electricity substation, as they are interdependent tasks necessary for the construction of the asset to be transferred to the customer.

In this type of service, the performance obligation is satisfied, and revenue is recognised, over time, as fulfilment of the obligation does not create an asset with an alternative use and the Ezentis Group has an enforceable right to payment for the performance that has been completed to date. The revenue recognition method is a milestone-based method, i.e. a method of measuring revenue progression in which revenue is recognised on the basis of milestones achieved.

It is standard practice for the contracts entered into by the Ezentis Group with its customers to contain different types of variable consideration such as bonuses or penalties passed on to customers. The Group includes part or all of the variable consideration in the transaction price only to the extent that it is highly probable that, when the uncertainty about the variable consideration is resolved, there will not be a material reversal of the amount of cumulative revenue recognised.

If the services provided by the Group exceed the unconditional right of collection, a contract asset is recognised. If the collection received from the customer exceeds the revenue recognised, a contract liability is recognised.

Costs of obtaining and fulfilling a contract

The Group recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Incremental costs of obtaining a contract are costs incurred to obtain a contract with a customer that would not have been incurred if the contract had not been obtained (for example, a sales commission).

Under certain circumstances, the Group capitalises certain costs incurred in the performance of a customer contract. Some of these costs are direct labour costs (e.g. wages and salaries of employees providing the services directly committed to the customer), direct materials (e.g. supplies used to provide the services committed to the customer), cost allocations that relate directly to the contract or contract activities, costs that are explicitly attributable to the customer under the contract and other costs that are incurred only because the contract has been performed.

21) Consolidated cash flow statements

In the consolidated statements of cash flows, prepared in accordance with the indirect method, the following expressions are used in the following senses:

Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments with a low risk of changes in value.

2. Operating activities: typical activities of the entities forming the consolidated group, as well as other activities that cannot be classified as investing or financing activities.

Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

4. Financing activities: activities that result in changes in the size and composition of equity and liabilities that are not part of operating activities.

22) Related parties

The Group's transactions with related parties are carried out at market prices, related parties being understood as those defined by IAS 24.

ANNEX V

Metrics and indicators included in these consolidated financial statements and in the consolidated management report not contained in EU-IFRSs

These are financial metrics not contemplated or included as such in EU-IFRS that we consider to be indicators that measure, among other aspects, the Group's performance.

In this regard, it should be noted that the Group has included these financial metrics or indicators as supplementary indicators to measure its performance. In this regard, the Group considers these metrics to be meaningful as they do not include elements that are, among other considerations, less related to the Group's recurring and future performance and therefore highlight trends in our business that might otherwise not be evident when based solely on the financial indicators or metrics contemplated in IFRS-EU.

EBITDA:

i) Definition/Conciliation: The Group defines EBITDA as consolidated operating profit for the year before tax (excluding profit from discontinued operations), before deducting interest, fees, commissions, discounts and other financial payments by any member of the Group and also excluding provisioned financial expenses, aggregating expenses attributable to depreciation, amortisation, depreciation and impairment of assets, before other results considered exceptional in nature, before deducting any costs associated with the transaction of the financing itself, before deducting the result associated with minority interests, excluding the share of profit or loss of associates, before taking into account any gain or loss recognised on changes in the fair value of derivative instruments or revaluation of any other assets and before taking into account any impact arising from pension plans and share option schemes.

	2020	2019 Restated
Result for the year	**(35.305)**	**4.014**
Income tax	(7.761)	(11.396)
Financial result	13.964	17.741
Amortisation and depreciation	25.515	28.100
Provisions and impairments	25.045	10.438
Non-recurrent staff costs	11.517	-
Other results - non-recurring (note 22)	14.100	6.876
EBITDA	**47.075**	**55.773**

ii) Explanation of use: financial indicator that is used to measure the approximation of the operating result and determines the productive profitability. Excludes expenses considered 'non-recurring' as they are one-off expenses and are not expected to continue over time, at least on a regular basis.

iii) Consistency of the criteria used: There has been no change in the criteria used in the previous year.

OPERATING INCOME:

i) Definition/Conciliation: The revenue figure corresponds to the sum of the items Net Turnover, the variation in work executed pending invoicing, work carried out by the company for its assets and other operating income.

Thousands of euros	**31 12 2020**	**31 12 2019**
Operating income		
Net turnover	370.388	469.121
Other operating income	8.097	3.586
Work carried out by the Group for its assets	2.237	3.030
Total	**380.722**	**475.737**

ii) Explanation of use: financial indicator used to measure the total operating income generated in a financial year.

iii) Consistency of the criteria used: There has been no change in the criteria used in the previous year.

LEVERAGE RATIO:

Definition/Conciliation: The leverage ratio is calculated by dividing net financial debt by net financial debt + equity.

	Thousands of euros	
	As at 31 December	
	2020	**2019**
Amounts owed to credit institutions	156.843	129.810
Lease liabilities	34.175	37.167
Other financial liabilities	618	1.412
Derivative financial instruments	2.438	2.524
Cash and cash equivalents and current financial assets	(23.244)	(29.585)
Net debt	**170.830**	**138.804**
Net equity	(38.752)	14.312
Total capital employed in the business	**132.078**	**153.116**
Leverage ratio	129,3%	90,7%

i) Explanation of use: A financial indicator used by the Company to measure the Company's indebtedness and the repayment capacity of its financial debt.

ii) Consistency of the criteria used: There has been no change in the criteria used in the previous year.

WORKING CAPITAL:

i) Definition/Conciliation: Is Current Assets minus Current Liabilities.

Thousands of euros	2020	2019
Current assets	142.187	182.631
Current liabilities	190.724	204.390
Working Capital	(48.537)	(21.759)

ii) Explanation of use: a financial indicator reflecting the Group's ability to meet its immediate payment commitments.

Consistency of the criteria used: There has been no change in the criteria used in the previous year.

CONTRACT PORTFOLIO:

i) Definition: This is the amount of cumulative contracting less executed sales plus/minus adjustments for exchange rate and contract renegotiation, among others. It is the amount of sales outstanding until the end of the contract.
Contracting is the amount of contracts won/ awarded over a period.

ii) Explanation of use: it is an indicator of the future development of the Group's business.

iii) Consistency of the criteria used: There has been no change in the criteria used in the previous year.

Management Report

Ezentis Group Consolidated

January - December 2020

February 2021

INDEX

1. - MAIN FIGURES

On 11 March 2020, the World Health Organisation declared the outbreak of Coronavirus COVID-19 a pandemic, due to its rapid spread around the world, having affected more than 150 countries. Most governments took restrictive measures during 2020 to contain the spread such as isolation, confinement, quarantine and restriction of free movement of people.

In March, as part of the package of measures aimed at managing the health crisis caused by COVID-19, the Spanish government temporarily suspended all fixed and mobile numbering portability operations. Similar measures were also adopted by the governments of the countries in which the Group is present. Despite the declaration of the Group's activities as "core business" in all the markets in which it operates, these restrictions affected the normal development and therefore revenues, in particular those of the installation and maintenance activities in homes and portability in the telecommunications sector and the "cut and replace" activity in the energy sector.

The gradual removal of government restrictions allowed for a gradual and broad-based recovery in activity from the third quarter of 2020.

From the onset of the pandemic, the Ezentis Group implemented a global contingency plan to deal with the health crisis, which was structured as a set of procedures and instructions taking into account the reality and operational capacity of each Group subsidiary, so as to ensure business continuity while safeguarding the safety of our employees at all times.

The contingency plans were based on risk assessment and identification of a set of specific measures, actions and elements that were taken to adequately and effectively address the various states of emergency in the countries where we operate, in our facilities and in day-to-day operations. The main objectives of these plans were to minimise potential exposure to the virus and protect against it, to maintain the operation of the businesses defined as essential and to reduce the chances of an outbreak at Ezentis.

In the telecommunications sector, the healthcare crisis has contributed to the use of communications infrastructures and digitalisation to meet the increase in the use of teleworking, e-commerce, education and remote leisure. Ezentis' strategic positioning enables it to take advantage of the opportunities arising in this sector.

The energy sector also faces the challenge of making progress in the transition needed to limit the effects of climate change, reduce energy poverty and act as a lever for competitiveness in industrial and service activities. The Ezentis Group continued its growth strategy in the energy sector with the incorporation of Parera RPM at the end of December.

In the macroeconomic environment, in addition to a contraction of GDP in all economies, we have witnessed a sharp depreciation of most Latin American currencies which, although it has not had a significant impact on operating and financial costs in the countries where we are present, has had a significant effect on the Group's consolidated figures in euros.

Against this macroeconomic backdrop, Ezentis Group reported total revenues of €380.7 million in 2020, down 20.0% compared with 2019 (€475.7 million). This variation is due to the drop in activity as a result of COVID-19, the effect of the depreciation of Latin American currencies (-51.7 million euros), the abandonment of low profitability contracts, within the context of the Group's Transformation Plan, and a certain slowdown that was already occurring in some of the markets that make up the Pacific region, such as Mexico and Colombia.

The impact on the Group of this health crisis at year-end 2020 is an expense of 3.7 million euros in non-recurring costs, mainly derived from the temporary lay-offs, the costs generated by governmental or regulatory prohibitions to carry out certain activities, as well as the acquisition of PPE and medical equipment to deal with the pandemic.

The impact of Covid-19 on the generation of lower revenues and ebitda has been estimated at EUR 26.6 million and EUR 7.5 million, respectively, mainly due to the various governmental restrictions and lower activity demand from our customers, with the installation and maintenance activities in homes being the most affected by the mobility limitations.

On the other hand, for the last two years, and as part of its Transformation Plan, the Group has focused its strategy on growing in European markets and reducing its exposure in Latin America, mainly in markets where it is difficult to achieve volumes that allow it to improve efficiency, and especially in contracts and customers whose characteristics make them difficult to be profitable. To this end, in 2020 the Group will grow in Europe inorganically through the acquisition of the companies Enesys Ingeniería y Seguridad, S.L.U. in March 2020 and Ezentis Ingeniería de Seguridad, S.L.U. in August 2020, both dedicated to the installation and maintenance of security systems in the Iberian market in the energy and industrial sectors. In addition, in December 2020, the Ezentis Group enters the

Spanish energy market through the acquisition of Instalaciones Parera Redes Proyectos y Mantenimientos, S.L.U., a company engaged in the deployment, operation and maintenance of electrical distribution networks.

Group EBITDA (earnings before interest, taxes, depreciation, amortisation, depreciation and non-recurring results) stood at €47.1 million in 2020, compared to €55.8 million in 2019. The variation is mainly explained, as in operating income, by a drop in activity and margins due to the COVID-19 effect (-€7.5 million) and by the aforementioned currency evolution.

Calculation of management EBITDA is shown:

	Thousands of Euros	
	2020	**2019**
Result for the year	**-35.305**	**4.014**
Income tax	-7.761	-11.396
Financial result	13.964	17.741
Operating result	**-29.102**	**10.359**
Amortisation and depreciation	25.515	28.100
Change in provisions	25.045	10.438
Non-recurrent staff costs	11.517	0
Other results - non-recurring	14.100	6.876
Group EBITDA	**47.075**	**55.773**

Ezentis Group's financial debt at 31 December 2020 amounted to EUR 194.1 million (31 December 2019: EUR 170.9 million). The increase in debt in the period is due to the contracting of several financing facilities, including the granting of a syndicated loan guaranteed by the ICO for EUR 18 million and maturing in 5 years, signed in June 2020 with Banco Santander, BBVA, Bankia, EBN Banco and Banco Pichincha.

Notably, the debt has a medium to long term maturity profile with 68% of the debt maturing after 2023.

As at 31 December 2020, liquidity availability amounts to EUR 16,747 thousand (31 December 2019: EUR 21,854 thousand), considering cash and cash equivalents.

The Group is developing measures focused on rationalising and optimising working capital management and improving collection policies, as well as improving operating efficiency by reducing costs and optimising margins as part of its Transformation Plan.

The consolidated financial result for 2020 was EUR -14.0 million compared to EUR -17.8 million in 2019.

The non-recurring impacts in 2020 were EUR -25.6 million compared to EUR -6.9 million in 2019, corresponding to the effect of the pandemic mentioned above EUR -3.7 million, to other non-recurring expenses EUR -2.1 million and to expense associated with the Transformation Plan put in place EUR -19.8 million, the latter as part of the total impact of the Plan on the income statement of EUR -22.6 million.

In addition, the personnel expenses figure for 2020 includes expenses considered non-recurring and included in the previous plan, amounting to 11,517 thousand euros, which mainly correspond to severance payments linked to the Group's transformation plan.

The Transformation Plan launched two years ago is aimed at improving profitability, for which the following measures have been adopted:

- Disinvestment, with the abandonment of unprofitable contracts
- Focus on higher-volume, higher-density contracts
- Change in the production model, reducing the level of fixed costs in all contracts that have allowed this.
- Diversification of business lines, entering the Security sector and gaining presence in Energy.
- Growth in the European market with organic growth in Germany and inorganic growth in Spain, reducing its exposure to currency fluctuation in Latin America.

The Group's net result in 2020 was EUR -35.3 million.

The contracted backlog at 31 December 2020 amounted to EUR 658.0 million (1.7 times revenues for the last twelve months). The backlog is made up of multi-year contracts with a duration mainly between 3 and 5 years with the main operators in the business sectors in which Ezentis operates in Europe and Latin America.

2. - BREAKDOWN BY GEOGRAPHY

As part of its transformation programme, Ezentis has grouped its activities into three geographical areas: Europe (Spain and Portugal), Brazil and the Pacific (including Argentina, Chile, Peru, Colombia and Mexico).

The breakdown of the Group's operating revenues (*) in these geographic areas is as follows (in thousands of euros):

	2020	2019	Var.	Var. %
Europe	177.632	155.343	22.290	14,3%
Brazil	98.942	157.064	-58.122	-37,0%
Pacific	103.159	162.077	-58.918	-36,4%
Other income	989	1.254	-265	-21,2%
	380.722	475.737	-95.015	-20,0%

(*) The figure for operating income corresponds to the sum of the items "Net Turnover", "Changes in inventories of finished products and work in progress", "Work carried out by the company on its assets" and "Other operating income".

2.1 EUROPE

The activity in Europe, developed in Spain and Portugal, continues its organic and inorganic growth, which resulted in revenues of 177.6 million euros in 2020, compared to 155.3 million euros in 2019. This growth is in line with the Group's objective of strengthening its business in Europe.

The government restrictions applied to alleviate the pandemic have had an effect on the normal development of activity, especially in home installation and maintenance during the first months of the health crisis, but a gradual normalisation and, therefore, a recovery of activity can be perceived from the third quarter of 2020.

The Ezentis Group continues to diversify in this region, entering the operation and maintenance of security systems business in Spain in 2020 and also in the Spanish energy market in deployment, operation and maintenance services for electricity distribution networks.

In 2020, we would highlight the extension of the Telefónica Loop contract until the end of 2021 for €95 million and the extension of the contract with MásMóvil for the installation and maintenance of customers in the province of Madrid for approximately €8 million. Also noteworthy is the €18 million SIA contract with Ericsson for the maintenance and upkeep of the mobile network, and the contract with Red.es for the renewal of the Conectada Schools Technical Office, providing fast broadband coverage to more than 6.5 million students in Spanish public schools.

In the security sector, Telefónica (Movistar Prosegur Alarms) was awarded a contract for the installation of security equipment in 13 Spanish provinces and two contracts with Iberdrola for the supply and installation of integrated security systems in its facilities, as well as the maintenance and upkeep of security equipment, the latter with a duration of three years and an estimated value of 10 million euros.

In addition, the FUSION IT Project was launched in 2020, which consists of defining, maintaining and evolving the Cloud architecture in which Telefónica's own Information Technologies are unified with those it supplies to its customers, for a period of three years.

As a result, Ezentis in Europe takes a further step forward in its business strategy, positioning itself as the leading market, contributing 46.7% of the Group's consolidated operating revenues in 2020.

2.2 BRAZIL

Revenues in Brazil amounted to €98.9 million in 2020 (€157.1 million in 2019), due to the sharp depreciation of the real, which lost 33% of its value against the euro compared to the previous year, and the reduction in activity due to the COVID-19 effect. The Company's operations were affected by measures adopted by the federal and state governments as a result of the emergency situation, such as the halt in grid deployment work and the shutdown and restoration of power due to the ban on disconnecting the electricity supply to users.

Of note in 2020 was the renewal of the mobile tower operation and maintenance contract with TIM Brazil for three years and an estimated amount of EUR 49 million, as well as the extension of the contract for fibre optic maintenance services in the same regions.

Telefónica Brasil, S.A. (VIVO) renewed its two-year fibre optic operation and maintenance contract for an estimated EUR 11 million, strengthening Ezentis Brazil's position as a strategic supplier in that country.

In the energy area, we would also highlight the renewal of the framework contract with the customer Enel-Electropaulo for the maintenance of the electricity grid in various locations in Brazil for a period of two years and an approximate amount of Euro 11 million.

In addition, Ezentis has network construction, operation and maintenance contracts with the main companies in the Brazilian telecommunications sector, such as TIM (Telecom Italia group), Vivo (Telefónica), and Tower Companies (Telxius and SBA), as well as technology solution providers such as Ericsson.

2.3 PACIFIC

Activity in the Pacific region, comprising Argentina, Chile, Peru, Colombia and

Mexico , reached revenues of €103.2 million in 2020 compared to €162.1 million recorded during 2019, due to lower activity as a result of Telefónica's reduced operations in the area, the restrictions imposed by COVID-19 and the impact on the exchange rate due to currency depreciation (15% drop in the Chilean peso, 15% in the Colombian peso and 14% in the Mexican peso) and the hyperinflationary effect in Argentina.

In contracting, the Chilean National Electricity Coordinator (CEN) awarded a project worth Euro 6.7 million to carry out work on transmission lines belonging to Chilquinta Energía, one of the main companies in the energy sector. In Peru, the mobile network maintenance contract (FLM) with Telefónica was renewed for three years for approximately Euro 7 million.

The main customers in the region are Telefónica and Entel in the telecommunications sector, and CGE (Chilean subsidiary of Naturgy) and Saesa-Frontel in the energy sector.

2.4. ASSETS HELD FOR SALE

At year-end 2020, the Ezentis Group did not have any associated assets or liabilities held for sale.

Prior to 31 December 2020, the Argentine companies in insolvency proceedings, Ezentis Argentina, S.A. and Raselo, S.A., signed the assignment of their main contracts with customers Telefónica Argentina, S.A. and Naturgy, S.A., respectively, to Rowing S.A. The assignment of the customer contracts forms part of the strategic alliance with this company, which, among other things, also includes the licensing of the Ezentis brand and the provision of commercial consultancy and know-how services by Ezentis companies in Argentina.

3. - SECTORAL BREAKDOWN

The Ezentis Group provides services in the following business sectors:

- Telecommunications (82.4% of 2020 operating revenue)
- Energy (14.5% of 2020 operating revenues)
- Other (3.1% of 2020 operating revenue)

The breakdown of the Group's operating income for each of these segments is as follows (thousands of euros):

	2020	2019	Var %
Telecommunications	313.888	374.381	-16,2%
Energy (*)	55.137	95.038	-42,0%
Other (**)	11.697	6.318	85,1%
Total	380.722	475.737	-20,0%

(*) Includes: Electricity, Water and Gas.

(**) Other technology and security services

The energy business is mainly provided in Brazil and the Pacific, so the revenue evolution of this business line has been particularly affected by the depreciation of currencies.

The evolution of revenues from Other is positive because in 2020 it includes revenues from the security activity of Enesys and Ezentis Ingeniería de Seguridad for 1.3 million euro and 3.2 million euro, respectively.

4. - FINANCIAL INFORMATION

CONSOLIDATED PROFIT AND LOSS ACCOUNT

The Group's results as at 31 December 2020, compared to the previous year, are as follows:

Thousands of Euros	2020	2019	Var.	Var. %
Income	380.722	475.737	-95.015	-20,0%
EBITDA	47.075	55.773	-8.698	-15,6%
Depreciation and provisions	-50.560	-38.539	-12.021	31,2%
EBIT	-3.485	17.234	-20.719	-120,2%
Financial results	-13.964	-17.741	3.777	-21,3%
Non-recurrent results	-25.617	-6.875	-18.742	272,6%
BAI	-43.066	-7.382	-35.684	483,4%
Taxes	7.761	11.396	-3.635	-31,9%
Net result	-35.305	4.014	-39.319	-979,5%

Group operating income amounted to EUR 380.7 million, compared to EUR 475.7 million in the previous period.

Operating earnings before interest, taxes, depreciation and amortisation and non-recurring items (EBITDA) for the year amounted to €47.1 million, compared to €55.8 million in 2019. The variation is mainly explained, as in operating income, by a drop in activity and margins due to the COVID effect (-7.5 million euros) and by the negative effect of Latin American currencies against the euro (-10.6 million euros).

The consolidated financial result for 2020 was EUR -14.0 million, compared to EUR -17.7 million in 2019, as a result of the management in the improvement of interest rates on the group's various financing lines.

Non-recurring expenses amounted to -25.6 million euros, derived from the effect of the pandemic mentioned above and expenses associated with the Transformation Plan implemented, with a total impact on the income statement of 22.6 million euros.

The Group's net result for 2020 is a loss of EUR 35.3 million (in 2019 a profit of EUR 4.0 million).

CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2020 AND 31 DECEMBER 2019

Thousands of Euros	31 12 2020	31 12 2019
Active		
Non-current assets	192.209	196.380
Tangible fixed assets	108.108	108.367
Intangible assets	14.548	22.903
L/T related party investments		50
Long-term financial investments	17.719	18.783
Deferred tax assets	51.762	46.277
Current Assets	142.187	182.631
Assets held for sale	-	7.037
Stocks	24.576	23.929
Trade and other receivables	94.367	122.080
Accrual adjustments	2.990	3.404
Other current assets	3.507	4.327
Cash and cash equivalents	16.747	21.854
TOTAL	334.396	379.011

	31 12 2020	31 12 2019
Equity and Liabilities		
Equity	(38.752)	14.312
Non-current liabilities	182.424	160.309
Amounts owed to credit institutions	151.616	134.659
Other financial liabilities		564
Provisions	2.831	2.511
Deferred tax liabilities	8.438	8.533
Other non-current liabilities	19.239	14.042
Current liabilities	190.724	204.390
Liabilities linked to assets held for sale	-	3.585
Amounts owed to credit institutions	41.840	34.842
Other financial liabilities	2.050	-
Trade payables	112.353	132.426
Provisions	8.003	2.563
Current tax liabilities	26.160	30.126
TOTAL	334.396	379.011

The main changes in fixed assets relate to depreciation of tangible fixed assets and recognised customer contracts resulting from business combinations as intangible assets.

During 2020, the circumstances did not exist for the sale of companies that were held for sale at 31 December 2019 and have therefore been reclassified to continuing operations and operating assets and liabilities.

Consolidated equity has been penalised by the impact of exchange rates on "Translation differences". The equity of the parent company, Grupo Ezentis, S.A., amounted to EUR -38.8 million at 31 December 2020.

Financial debts with credit institutions increased due to the new financing guaranteed by the ICO (€ 18 million) and also decreased due to the exchange rate and compliance with repayment schedules.

Trade payables declined sharply because of the exchange rate effect in the Brazil and Pacific subsidiaries and the lower activity due to the COVID-19 effect.

5. - ACCOUNTING POLICIES

The Group has prepared its consolidated financial statements ended 31 December 2020 in accordance with International Financial Reporting Standards as adopted for use in the European Union (EU-IFRS).

The accounting policies adopted for the preparation of these consolidated financial statements are the same as those used for the preparation of the consolidated financial statements for the financial year 2019.

At the date of preparation of this information, there are no Standards, Interpretations and amendments to Standards that are effective for the first time in the twelve-month period ended 31 December 2020 that could have a material impact on the Group's consolidated financial statements".

6. - EXPOSURE TO RISK

The Ezentis Group operates in different sectors, countries and socio-economic and legal environments, which entail exposure to different levels of risk inherent in the businesses in which it operates.

The Ezentis Group has a comprehensive risk management system through which it identifies, evaluates, prioritises and manages the Group's relevant risks systematically, using uniform criteria and setting them within the established risk tolerance levels.

This system is constantly updated, operates on an integral and continuous basis, and is the result of the consolidation at corporate level of the management carried out by each of the business units, countries or companies that form or have formed part of the Ezentis Group during the 2020 financial year.

Pursuant to the Regulations of the Board of Directors of the Ezentis Group, the Board of Directors is responsible for defining the Risk Control and Management Policy, identifying the Company's main risks, especially tax risk, and organising, implementing and monitoring the appropriate internal control and information systems.

The Audit and Compliance Committee, as a delegated body of the Board of Directors, is responsible for supervising the internal control systems and periodically guaranteeing the risk management system, so that the main risks are properly identified, managed and disclosed, as well as periodically reviewing the risk control and management policy and proposing its modification and updating to the Board of Directors.

This responsibility for supervising the risk management system is carried out by the Group's Head of Internal Audit, with the support of the risk managers or owners of the various business units/countries. They submit a periodic report on the different risks that threaten their respective business units, the existing control processes and the improvement actions to be implemented.

The Ezentis Group is exposed to various risks arising from its own businesses, as well as specific financial risks identified in the Integrated Risk Management System.

The risk categories considered in the Ezentis Group's Integrated Risk Management System, in accordance with the international COSO methodology, and the main risks to which the Group is exposed at 31 December 2020, are as follows:

i) Strategic Risks:

Downside risk in the renewal prices of contracts with customers and difficulty in adapting costs downwards. For each new tender, the Group carries out a detailed economic evaluation in which minimum values to be offered are determined so as not to jeopardise the expected profitability of the business. It also carries out a continuous search for greater efficiency in the Group's relevant processes, as well as a review of the unit costs passed on to the activity, with the aim of reducing costs and increasing the profitability of the contracts.

Risk of loss of key customers through consolidation of competitors. The risk lies in the loss of customers due to the consolidation of service providers that develop greater competitive advantages. The Group makes a strategic commercial effort to diversify its business in different customers, geographic areas and the development of new activities. Likewise, special emphasis is placed on investment in security as a key element of competitiveness with customers.

ii) Compliance/Reporting Risks:

Risks arising from non-compliance with existing regulations in the countries in which the Group operates, especially tax, legal and labour regulations. There is an internal legal, human resources and tax department, which supervises compliance with the legislation in force in each country where the Group operates, as well as external advisors for those specific matters that may be required. There is also a corporate tax policy, a tax risk management and control procedure and tax risk matrices in all the Group's subsidiaries.

There is also continuous monitoring of open labour contingencies by in-house lawyers in each country. We are also advised by external lawyers who are experts in labour matters and supervise compliance with current labour legislation.

Risks of non-compliance with financial and non-financial obligations arising from the financing contract. The Group has implemented procedures for regular monitoring of the covenants committed to in the financing agreement, as well as early warnings in the event of potential non-compliance. The Group also reports periodically on compliance with these covenants.

iii) Financial Risks:

- • Foreign currency risk. The Group tries to match, whenever possible, cash flows referenced to the same currency, as well as the amounts and maturities of assets and liabilities arising from transactions denominated in currencies other than the euro. In addition, the increase in activity in Spain following the acquisitions of Excellence Field Factory (2018), and of the loop and outside plant business (2019), as well as the commencement of operations in Portugal (2019) and the entry into the Security Engineering and energy businesses in Spain (2020), have significantly reduced the Group's exposure to currencies other than the euro.

- • Risk of difficulty in accessing sources of financing to undertake new organic or inorganic growth projects and to finance operating activities (liquidity risk). The Group determines its cash and financing needs, using various budgeting and monitoring tools for working capital management. This risk is mitigated as a result of the entry of the new investor explained in section 7 Events after year-end .

- Impairment risk of goodwill and intangible assets. The Group calculates the recoverable amount of cash-generating units at the end of each year and assesses whether or not they are impaired. Neither goodwill nor intangible assets have suffered any impairment since their recognition in the consolidated financial statements. In addition, the Group monitors budget deviations on a monthly basis, updates its budgets frequently, analyses margins and forecasts of results by country, etc.

iv) Operational Risks:

- Occupational safety risk for personnel. Given the high volume of workers in the operation and its characteristics, there is a risk of security incidents that could affect the well-being of our employees. This aspect is even more relevant as a result of the health crisis, insofar as the Company's personnel, and especially the operating personnel, could be infected by the virus. To mitigate this risk, the Ezentis Group implemented a Contingency Plan at the outset of the pandemic to deal with the crisis, which was structured as a set of procedures and instructions taking into account the reality and operating capacity of each Group subsidiary, so as to ensure business continuity while safeguarding the safety of our employees at all times.

- • Risk of declining revenues due to lack of demand. This risk arises as a consequence of the health crisis and subsequent economic crisis. Government regulations, together with existing restrictions on mobility, the need to increase protection measures to guarantee the safety of its employees and customers in the new scenario and the depreciation of Latin American currencies as a result of the economic uncertainty, have led to a drop in revenues mainly in home installation and maintenance activities, in activities associated with telephony portability (due to government restrictions) and in energy cut-off and replacement activities. This impact is cushioned by the fact that the activities provided by the Group have been considered essential in all the countries in which it operates and that it has a large portfolio of multi-year contracts with recurring customers that guarantee the provision of services.

- Inadequate management of the revenue cycle (invoicing and collection). Given the business in which the Group operates, it is common for there to be mismatches between the date on which services are actually rendered and the date on which they are invoiced and collected. The revenue cycle is considered one of the key processes of the Internal Control over Financial Reporting Systems (ICFR), for which the Group has implemented specific procedures and controls for the efficient management of the revenue cycle (work in progress/billing/collection). The Group monitors regularly and in detail different ratios to assess the cash conversion of the work performed.

7. - EVENTS AFTER THE END OF THE FINANCIAL YEAR

A) On 28 January 2021 Grupo Ezentis, S.A. and Eléctrica Nuriel, S.L.U entered into an investment agreement to regulate the entry of the latter as a strategic and industrial partner in the Company's capital, the main objective of which is to develop business opportunities and synergies between Grupo Ezentis and Eléctrica Nuriel, especially in the renewable energy sector, as well as to strengthen the financial position of Ezentis with a view to the development of its transformation plan and business prospects for 2020-2023, which represents significant organic and inorganic growth.

Pursuant to the investment resolution and in exercise of the delegation conferred by the General Meeting of Shareholders of the Company held on 4 June 2020 (item 10 on the agenda), the Board of Directors of the Company approved a resolution to increase the share capital of Ezentis by means of cash contributions excluding the pre-emptive subscription rights of the shareholders, which has been subscribed by the Investor, for a nominal and effective amount of 19.19,870,320 euros, with the issue and flotation of 66,234,400 new shares of the Company at an issue price of 0.30 euros per share, executed in public deed on 5 February 2021 and duly registered with the Companies Registry of Seville on 12 February 2021. This capital increase will guarantee the investor a 16.66% stake in the resulting share capital of the Company.

In addition, in order to enable the investor to increase its shareholding in the Company up to a maximum of 29.99% of its voting rights, the Board of Directors of the Company, under the delegation granted by the General Meeting of Shareholders of the Company held on 4 June 2020 (item 11 on the agenda), has also approved an issue of bonds convertible into shares of the Company excluding the pre-emptive subscription rights of the shareholders, has also approved an issue of bonds convertible into shares of the Company with exclusion of the shareholders' pre-emptive subscription rights, which will be subject to full or partial execution if so requested by the investor within a maximum period of two months from the signing of the investment agreement, with the following characteristics:

i) consist of bonds convertible into shares of the Company corresponding to a maximum capital increase for a nominal and effective amount of 19,870,320 euros, initially at a fixed conversion price of 0.30 euros per share (until 31 May 2021) and subsequently at a variable conversion price linked to the share price, with the application of a 10% discount;

ii) the shares issued by the Company upon conversion of the Convertible Bonds (the "Converted Shares") will be ordinary shares of 0.30 euros par value each and will confer the same voting and dividend rights to the Investor from the time of issue as the Company's shares currently outstanding;

iii) will have a maximum conversion period of two years from their issue, and may be converted in whole or in part at any time by the Investor, provided that each request for conversion is made for a minimum amount of 500,000 euros;

iv) they shall be mandatorily convertible into shares two years after issue and shall not be redeemable for cash; and

v) shall bear interest at the rate of 2% per annum from the date of issue, which shall be compounded and paid on the date of conversion.

Under the investment agreement, the investor has undertaken not to transfer the new shares, convertible bonds and converted shares to third parties outside its group of companies for a period of 36 months from the day on which it receives the new shares.

Finally, the investment agreement regulates the representation to which the investor will be entitled on the Board of Directors of the Company and on the corresponding committees, whereby it will have the right to appoint two members and a deputy secretary non-director to the Board of Directors once the capital increase is subscribed and implemented, and an additional member in the event that it reaches a holding equal to or greater than 20% of the capital.

B) On 10 February 2021, Mr Alfonso Alonso Durán tendered his resignation as proprietary director by letter, justified by the aim of facilitating the transition to the new investor in Ezentis.

8. - ACQUISITION OF OWN SHARES

At 31 December 2020 Grupo Ezentis, S.A. held a total of 419,268 shares. The transactions carried out in 2020 were as follows:

Purchases: 9,150,528 shares

Sales: 9,264,798 shares

Of the total share purchases during the year, 31,462 were shares purchased prior to the start of the liquidity contract. In addition, share sales include 13,000 shares sold prior to the start of the liquidity contract.

9. - RESEARCH AND DEVELOPMENT ACTIVITIES

The Group places digital transformation as one of the fundamental pillars of the fulfilment of its strategic plan. Ezentis is investing in platforms that increase the productivity of the field workforce, reduce the need for office and supervisory staff, and therefore increase productivity. It has also developed platforms to improve the quality of service and protect our workers from the special circumstances arising from COVID-19.

It is in the process of improving economic and financial systems that will provide better management and control of operations and make the work more efficient.

The new technology platforms will be the lever for improving efficiency and a key tool in the company's organic and inorganic expansion by facilitating the incorporation of new operations into the Group.

10. - USE OF FINANCIAL INSTRUMENTS BY THE GROUP

In order to hedge interest rate risk, the Group has financial hedging instruments on 57% of the total corporate debt at nominal value at 31 December 2020.

In determining the fair value of derivatives, the Company uses discounted expected cash flows based on market conditions with respect to euro interest rate curves at the valuation date.

The derivatives contracted by the Group as at 31 December 2020 are as follows:

Ranking	Type	Nominal (Thousands of Euros)	Maturity (*)	Fair value (Thousands of Euros)	
				Active	Liabilities
Interest rate swap	Variable to Fixed	21.700	31/07/2024	-	466
Interest rate swap	Variable to Fixed	7.600	31/07/2024	-	163
Interest rate swap	Variable to Fixed	7.600	31/07/2024	-	163
Interest rate swap	Variable to Fixed	36.723	31/07/2025	-	1.646
TOTAL		73.623		-	2.438

(*) The maturity of the hedging instruments coincides with the year in which the cash flows are expected to occur and affect the income statement.

The interest rate is hedged by means of an interest rate swap. In an interest rate swap, interest rates are exchanged in such a way that the Company receives a floating interest rate from the bank in exchange for a fixed interest payment. The Interest Rate Swap has been designated as a cash flow hedge.

As at 31 December 2020, the fair value of interest rate hedges denominated in foreign currencies is estimated to amount to a net liability position of EUR 2,438 thousand (31 December 2019: EUR 2,524 thousand).

11. - CORPORATE GOVERNANCE REPORT

Grupo Ezentis S.A. formulated the Annual Corporate Governance Report for the 2019 financial year on 31 March 2020.

12. - CAPITAL STRUCTURE

Pursuant to article 5 of the Bylaws, the share capital of Grupo Ezentis, S.A. at 31 December 2020 consisted of 331,172,000 shares with a par value of 0.30 euro each, all of the same class and series, fully subscribed and paid up. The shares are represented by book entries.

13. - RESTRICTION ON THE TRANSFERABILITY OF SHARES

There are no restrictions on the transferability of shares.

14.- SIGNIFICANT DIRECT OR INDIRECT EQUITY INTERESTS

Significant direct and indirect shareholdings, excluding directors as at 31 December 2020, as listed on the website of the CNMV are as follows:

Shareholder	Direct actions	Direct participation	Indirect actions	Indirect shareholding	Total
Eralan Inversiones, S.L.	12.296.664	4,170	-	-	4,170
Telefonaktiebolaget L.M. Ericsson	-	-	31.914.880	9,637	9,637

The members of the Board of Directors of the parent company who hold voting rights on the shares are as follows:

Name of the Councillor	Direct actions	Indirect actions	Total actions	(%) of capital
D. Enrique Sánchez de León García	398.183	-	398.183	0,120
D. Fernando González Sánchez	693.537	-	693.537	0,209
D. Carlos Mariñas Lage	1.090.688	-	1.090.688	0,329
D. Pedro María Azcárate Palacios	191.806	-	191.806	0,058
Ms. Ana María Sánchez Tejeda	30.516	-	30.516	0,009
Ms. Paloma Jiménez Baena	0	-	0	0,000
Ms. Laura González-Molero	75.516	-	75.516	0,023
Ms Carmen Gomez de Barreda	30.516	-	30.516	0,009
D. Alfonso Alonso Durán	30.516	-	30.516	0,009
TOTALS	**2.541.278**	-	**2.541.278**	**0,766**

15. - RESTRICTION OF VOTING RIGHTS

The restrictions on the exercise of voting rights are those common to any public limited company, and there are no specific restrictions on voting rights in the articles of association.

Article 527 of the Consolidated Text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, of 2 July, establishes that in listed public limited companies, any clauses in the articles of association that directly or indirectly fix, in general terms, the maximum number of votes that may be cast by a single shareholder, companies belonging to the same group or those acting in concert with the foregoing, shall be null and void when, following a takeover bid, the bidder has reached a percentage equal to or greater than 70 per cent of the capital conferring voting rights, unless such bidder was not subject to equivalent neutralisation measures or had not adopted them. The bylaws of Grupo Ezentis, S.A. do not contain any clause limiting the maximum number of votes that may be cast by a single shareholder or companies belonging to the same group.

16. - PARASOCIAL AGREEMENTS

No shareholders' agreements have been communicated to the Company.

17. - APPLICABLE RULES

The organisational rules of Grupo Ezentis, S.A. are available on the Company's website (www.ezentis.com), which essentially include the Bylaws and the Regulations of the Board of Directors.

The appointment of the members of the Board of Directors is the responsibility of the General Meeting of Shareholders, in accordance with the provisions of the Capital Companies Act and the Articles of Association. In the event of vacancies, the Board may co-opt from among the shareholders the persons to fill the vacancies until the first General Meeting is held.

The persons proposed for the position of director must meet the requirements established at all times by the legal provisions in force and the Articles of Association, in addition to recognised good repute, solvency, competence, experience, qualifications and availability to perform the duties of the position.

Those who are incapacitated, prohibited or incompatible in accordance with the legal provisions in force, the Articles of Association and the Board of Directors' Regulations may not be directors of the company. Proposals for the appointment or re-election of directors submitted by the Board to the General Meeting of Shareholders, as well as their provisional appointment by co-option, must be preceded by the corresponding report from the Appointments and Remuneration Committee.

The statutory term of office of directors is four years, and they may be re-elected indefinitely, once or more times, for periods of the same duration. Once the term has expired, the appointment will expire when the next General Meeting has been held or when the legal term for the holding of the ordinary General Meeting has elapsed.

Directors appointed by co-option must be ratified at the first General Meeting held after their appointment.

Directors shall cease to hold office when the term for which they were appointed has expired or when so resolved by the General Shareholders' Meeting in exercise of the powers conferred upon it by law and the Articles of Association. The Board of Directors may also propose to the General Meeting the removal of a director.

The amendment of the Articles of Association is the exclusive competence of the General Meeting of Shareholders. It requires the following requirements to be met, as set out in the Capital Companies Act and in the Articles of Association:

- The directors or, as the case may be, the shareholders making the proposal should submit a written report justifying the proposal.

- The points to be amended must be clearly stated in the notice of meeting.

- The notice of call should state the right of all shareholders to examine the full text of the proposed amendment and the report thereon at the registered office and to request the delivery or dispatch of such documents free of charge.

- That the resolution be adopted by the General Meeting in accordance with the provisions of article 201.2 of the Capital Companies Act.

- In any event, the resolution shall be recorded in a public deed which shall be entered in the relevant Commercial Register and published in the Official Gazette of the Commercial Register.

18.- POWERS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND, IN PARTICULAR, THOSE RELATING TO THE POSSIBILITY OF ISSUING OR REPURCHASING

The Annual General Meeting of Shareholders held on 4 June 2020 resolved to authorise the Board of Directors to derivatively acquire treasury shares, either directly or through Group companies, in accordance with prevailing regulations. The maximum number of shares to be acquired shall not exceed the legally established limit, provided that all other applicable legal requirements can also be complied with. Acquisitions may not be made at a price 5% higher or lower than the weighted average price on the day on which the purchase is made. The duration of this authorisation shall be five (5) years from the date of this General Meeting.

In accordance with the provisions of article 30 of the Articles of Association and 23 of the Board of Directors' Regulations, the Chairman of the Board of Directors shall in all cases be the highest representative of the Company and shall exercise the leadership of the Board of Directors and in the exercise of his office, in addition to the powers corresponding to him by law and by the Articles of Association.

In addition, Mr Fernando González Sánchez has been delegated all the powers of the Board of Directors, except those that cannot be delegated. He was appointed Chief Executive Officer on 6 November 2018 with broad powers to represent, direct and manage the Company.

19. - SIGNIFICANT AGREEMENTS WITH A CHANGE OF CONTROL OF THE COMPANY FOLLOWING A TAKEOVER BID

There are no significant agreements of this kind.

20. - AGREEMENTS WITH DIRECTORS, MANAGEMENT AND EMPLOYEES PROVIDING FOR SEVERANCE PAYMENTS

The contracts of the directors and senior executives currently held by Grupo Ezentis, S.A. do not contain any severance clauses, except as indicated below for CEO Fernando González Sánchez. The contracts of certain senior executives contain notice and post-contractual non-competition clauses that in no case exceed one year.

The Chief Executive Officer is entitled to an indemnity corresponding to two years' salary, including fixed and variable salary, in certain cases of termination of the contract, including unilateral termination without cause by Ezentis, unfair dismissal, revocation of powers essential to the performance of his duties, breach by Ezentis of its contractual obligations or a change of control of Ezentis.

In addition, a gross amount of eight monthly instalments of fixed and variable annual remuneration is recognised as remuneration for not competing with the Group in the twelve months following the termination of his contract.

Finally, if the Chief Executive Officer decides to unilaterally terminate his contract, he must give at least 3 months' notice, unless he compensates the lack of notice with a part of the fixed remuneration in force, proportional to the part of the notice not given.

The contracts of employees linked to Grupo Ezentis, S.A. by a common employment relationship do not contain severance clauses, and therefore, in the event of termination of the employment relationship, the general employment regulations shall apply.

21. - PERSONNEL INFORMATION

The average number of people employed during 2020, distributed by professional category, was as follows:

Professional categories	2020
Senior management	14
Qualified and non-qualified technicians	822
Administrative staff	936
Site personnel	8.818
TOTAL	10.590

As at 31 December 2020 the number of employees distributed by gender and professional category is as follows:

Professional categories	Men	Women
Senior management	12	1
Qualified and non-qualified technicians	651	130
Administrative staff	243	351
Site personnel	7561	463
TOTAL	8.467	945

22. - STATEMENT OF NON-FINANCIAL INFORMATION

INTRODUCTION

For the third consecutive year, Ezentis Group complies with Law 11/2018, of 28 December, by including the Statement of Non-Financial Information (NFI) in the Management Report accompanying the Consolidated Financial Statements of Grupo Ezentis, S.A. (hereinafter Ezentis Group) for 2020.

The identification of material issues and the regular updating of the risk matrix are two key elements in the preparation of the present FSIA and the Sustainability Report (formerly CSR) which will be published, as every year, in the first half of 2021.

For the sake of greater transparency and homogeneity in the communication of the performance of organisations, the aforementioned law refers to the minimum framework of contents on which companies must report in case they are material to their activity. On the other hand, it does not specify any specific reporting standard to be followed. For this reason, and exercising the freedom to choose a reporting framework, the Ezentis Group has decided to report its performance in non-financial matters, once again, in accordance with the guidelines established in the *Global Reporting Initiative* (GRI) Guidelines in its SRS 2016 version and, additionally, under an internal reporting framework in those cases where the contents of the law are not directly reflected in the GRI Guidelines.

Last but not least, it should be noted that the Ezentis Group's commitment goes beyond mere legal compliance. As a sign of voluntary transparency, in the last three financial years important initiatives have been undertaken in the field of Corporate Social Responsibility, which have led to the company's Sustainability Plan.

In this regard, it is important to highlight the Ezentis Group's improvement in the process of compiling and reporting non-financial information compared to previous years. The Ezentis Group is a dynamic company that has been integrating sustainability into all its processes, as evidenced by the qualitative and quantitative improvements in the information it makes available to its stakeholders, placing the company in an increasingly solid and sustainable position.

Management and impact of Covid-19

From the beginning of the pandemic, the Ezentis Group's priority was to preserve the health and safety of all employees. Therefore, before the various governments established measures to restrict people's mobility, the company mobilised to provide all the necessary tools so that workers who usually work in the offices could continue their work safely from home, and for field staff, all health and safety protocols were immediately activated to minimise the impact on health and the availability of work equipment.

The direct impact of these measures on the Group has resulted in non-recurring expenses, mainly due to the temporary lay-offs, as well as the purchase of PPE and medical equipment to deal with the pandemic.

At the height of the pandemic, the Ezentis Group's business was declared an "essential activity" in all the markets in which it operates, although the temporary measures adopted by the various governments had an impact on the normal development of our business. In Spain, portability of fixed and mobile lines between operators was temporarily banned, which significantly affected this type of service, and a general confinement was applied to the population, affecting the number of services to be provided at the end customer's home for fear of physical contact. In Peru, the establishment of a strict curfew forcibly reduced the working hours of our staff, and the application of confinement measures, as in other countries, reduced the request for service orders and the demand from end-customers. In Brazil and Chile, there were restrictions on the cutting and replacement of power, so that certain operation and maintenance services could not be performed on energised lines.

Although government measures and restrictions have been temporary, they have had an effect on our activity with an estimated impact of lower sales. The temporariness of these limitations and the progressive normalisation of activity have allowed a generalised recovery since the third quarter of the year.

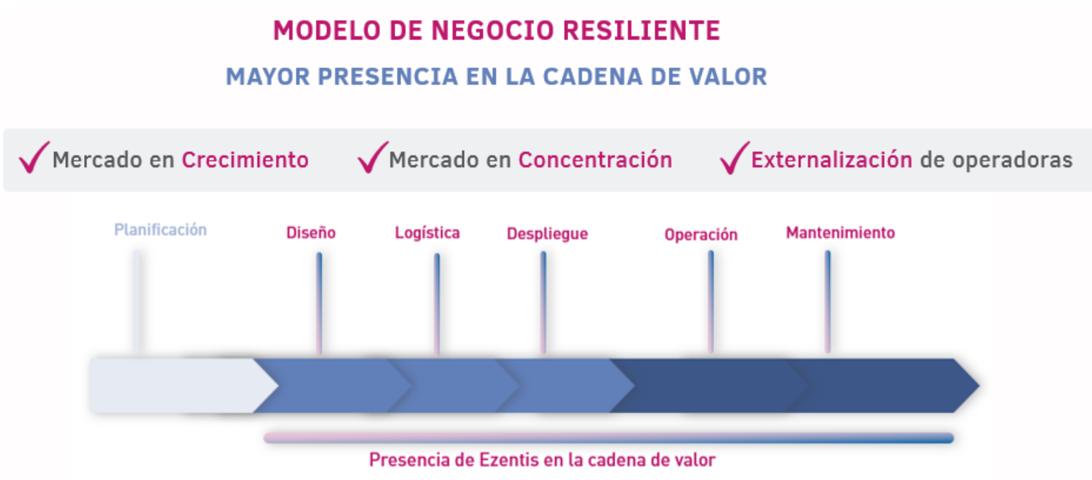
1. BUSINESS MODEL

Business environment

Ezentis is a company with a 60-year history and has been listed on the stock exchange for 32 years.

Its main activity focuses on the Design, Logistics, Deployment, Operation and Maintenance of telecommunications and energy infrastructures in 8 countries, although 88% of its business is concentrated in Spain, Portugal, Brazil and Chile.

82% of the Group's total revenues come from the telecommunications sector, 15% from the energy sector and the remaining 3% from other services.



The focus of customers on their core business implies greater outsourcing of the design, logistics and deployment phases, favouring a greater presence of Ezentis in these phases. Logistics provides added value to both Deployment and Operation and Maintenance.

As for Operation and Maintenance, these are activities linked to infrastructure inventories, with medium-term contracts of 3 to 5 years, stable margins and incentives for quality and adjustment for inflation.

Within the activities of Deployment, Operation and Maintenance (O&M) of telecommunications, energy and security engineering infrastructures, the offer is composed of the following services:

Telecommunications: services for both fixed and mobile telecommunications systems, covering the entire service lifecycle from design, logistics, deployment and in-house operation and maintenance to user support:

- Fixed external network
- Mobile network
- Fibre deployment
- Customer services
- Enterprise Network Operations
- Operation Support Systems (OSS)

Ezentis carries out two types of deployment:

- Optical fibre: carrying out the civil works infrastructure for laying the fibre, whether aerial or buried. In addition, it replaces the old copper technology and "switching off" of exchanges and replaces it with fibre.
- Equipment: rolling out 4th Generation technology equipment, and soon 5th Generation technology.

Energy: services for distribution and marketing networks, as well as the deployment of photovoltaic generation infrastructure:

- Overhead and underground distribution and transmission lines
- Substations and transformer and distribution centres
- Control systems
- Digital transformation of the grid. Smart Grids
- Commercial services

Security Engineering: New line of business in Spain following the integration of two new companies into the Group in 2020 and which, in general terms, provide the following services:

- Alarm systems
- Access and presence control systems
- Maintenance of security installations
- Protection against theft
- Perimeter protections
- Closed-circuit TV
- Detection and Extinction Systems
- Security Audits
- Development of tailor-made security solutions

Organisation and structure

The Ezentis Group's multinational presence means that its organisational structure is geographically segregated. Each country is headed by a General Manager and its main subsidiaries are managed by their own Board of Directors.

Grupo Ezentis, S.A. is the parent company of the Ezentis Group and its subsidiaries located in Spain and Latin America; therefore, its activity corresponds solely to corporate services and portfolio activity.

The corporate areas and the Board of Directors of Grupo Ezentis, S.A. define the common guidelines and business strategies applicable to all the Group's subsidiaries, with scope for adaptation to local needs.

Markets in which it operates

In 2020, Ezentis Group was present in 8 countries: Spain, Brazil, Chile, Peru, Colombia, Argentina, Mexico and Portugal. The head office is located in Spain.

Objectives and strategies

Our activity is subject to the direction set by our Mission and Vision, and to the implementation of the Values on which we work every day, as defined in our Code of Ethics and Conduct.

In February 2020 the company communicated its Outlook for the period 2022-23, which is to achieve revenues of EUR 1 billion, with a geographic presence of 65%-70% in Europe and 35%-40% in the energy sector (65%-60% in the telecommunications sector).

To achieve our strategic and business objectives, we are firmly committed to ethical principles, the safety of people and the quality of our services, as well as to directing our activity towards the sustainability of the company, in the broadest sense of the term.

Our main objective is to consolidate the services we are already working on, improving every day so that our clients continue to trust our professionals.

2020 was a year in which Ezentis took a step forward in its diversification strategy, entering the security engineering market and the energy sector in Spain. By 2021, this new line of business is expected to acquire an increasing volume of revenue and become one of Ezentis' main lines of organic growth.

Main factors and trends

At a general level:

- Strategic relevance of telecommunications and energy infrastructures as an "essential" basis for current and future technology development.
- Outsourcing by customers of certain phases of the industry value chain: design, logistics, deployment, operation and maintenance.
- Consolidation in the market for services in all sectors; small number of suppliers.
- Digitalisation of processes in companies and public administrations as a lever for competitiveness, and reduction of the digital divide.
- Management of health and safety at work as an element of prevention and improvement of the competitiveness of organisations supported by the Spanish Strategy for Health and Safety at Work 2015-2020.
- Effective management of cybersecurity and data protection in the face of new security threats that have developed in the digital world due to the emergence of new technologies.
- Proliferation of sustainable mobility regulations that encourage the use of electric, hybrid or cleaner fossil fuel vehicles.

Telecommunications:

- Fixed network growth in all geographies: less than 15% FTTH (*Fiber To The Home*) penetration rate in Europe with high growth potential.
- Development of 5G mobile telephony

Opportunities for Ezentis:

- Deployment, operation and maintenance of fibre optics
- Deployment, operation and maintenance of the 5G network
- Dismantling of obsolete infrastructure
- Incorporation in the operation and maintenance of security systems business

Energy:

- A 10-year electrification plan set by the European Union for the period 2021 to 2030 to achieve the energy and climate targets set by the European Union itself: to increase the share of electricity in total EU energy demand to 32% by 2050.

- In Spain, the National Integrated Energy and Climate Plan (PNIEC) has been approved, which establishes a 23% reduction in emissions and a 42% increase in the final consumption of renewable energy.

- Utilities are evolving their business model towards an integrated multi-service model of electricity, communication and gas.

Opportunities for Ezentis:

- To become a relevant agent in the Deployment, Operation and Maintenance of energy infrastructures and in the strong electrification process in Spain and Europe.
- To be a reference partner for major energy companies.

Security Engineering:

Given the fundamental role of security in the connected home and in companies, the Spanish alarm market has grown steadily in recent years. In the coming years, this trend is expected to increase significantly, which is why it represents a huge opportunity for Ezentis in terms of development and diversification of its business model.

2. RISK MANAGEMENT

As described above in the risk exposure section of this management report, the Ezentis Group has an Integrated Risk Management System aligned with benchmark standards (COSO, ISO 31000) through which it identifies, evaluates, prioritises and manages the Group's relevant risks, for which the Group's Board of Directors is ultimately responsible.

The implementation of our Risk Management System is based on the following principles:

- Consider risk as any threat that an event, action or omission may prevent the Ezentis Group from achieving its objectives, successfully executing its strategies, the correct performance of its operations or the loss of opportunities.
- Establish mechanisms for adequate risk management, including risk identification, assessment, response, monitoring and reporting.
- Promote and implement the strategy, culture, resources and processes that make up Integrated Risk Management, which will be reviewed periodically to adapt it to the situation of the Organisation and its environment.
- Attribute responsibility among the different levels of the organisation for identifying, analysing, assessing, evaluating and supervising the Risk Management System.
- Promote the establishment and implementation of guidelines, limits and mechanisms that contribute to risk management in accordance with the risk appetite accepted by the Ezentis Group.
- Promote, foster and disseminate, through training and communication, the Risk Management System, ensuring the dissemination of this Policy, together with the documentation that develops it.

The Risk Management System is updated periodically, operates in an integral and continuous manner, and is the result of the consolidation at corporate level of the management carried out by each of the business units, country or company that form or have formed part of the company throughout the financial year 2020.

From the analysis carried out, the risks are classified into four possible categories:

Riesgos estratégicos	Riesgos que impactan en los objetivos establecidos al más alto nivel y relacionados con el establecimiento de la misión y visión de la Compañía. Estos riesgos, en caso de materializarse, comprometen la consecución de los objetivos estratégicos.
Riesgos de cumplimiento	Riesgos que afectan al cumplimiento por parte de la Compañía de todas aquellas leyes y regulaciones internas o externas que le son de aplicación (plazos de presentación y pago de impuestos, cumplimiento de la ley de protección de datos personales, etc.).
Riesgos financieros	Riesgos asociados a los mercados financieros, la generación y la gestión de la tesorería. Entre ellos se incluyen los relacionados con la liquidez, gestión del circulante, acceso a los mercados financieros, tipo de cambio y tipo de interés, entre otros.
Riesgos operacionales	Riesgos relacionados directamente con la eficacia y eficiencia de las operaciones, incluyendo los que impactan en objetivos relacionados con el desempeño y la rentabilidad (fallos en los sistemas, anomalías en los procesos, etc.).

The main risks to which the Group was exposed during 2020 in each of the above categories, as well as the various mitigating measures, are described in chapter 6 of this Directors' Report, as well as in section E of the Annual Corporate Governance Report.

During the 2020 financial year, both the Risk Map and the Internal Control System have evolved in such a way that non-financial aspects (social, safety, environmental, corporate governance, etc.), derived from climate change, equal opportunities or Corporate reputation issues, have a greater presence and relevance.

In addition, it is verified that the non-financial matters that have been found to be material (Materiality Analysis described in section 4) are aligned with the Company's Risk Map.

On the other hand, an analysis has also been carried out on the control mechanisms of non-financial information, with the result that the main mechanisms available to the Company during the 2020 financial year are as follows:

Internal control over financial reporting (ICFR);
Budgetary control ;
Ethics Committee and Compliance Officer;
Crime Prevention Model (Spain);
Internal control over non-financial reporting.

3. EZENTIS GROUP APPLICATION POLICIES

The Ezentis Group has numerous policies and procedures applicable to all subsidiaries and investees.

Examples include:

- Code of Ethics and Conduct
- Internal rules of conduct in the field of securities markets.
- Board Diversity Policy and Selection of Director Candidates
- Corporate Governance Policy and Group Structure.
- Guide to joining the Board of Directors.
- Succession plan for the Board of Directors.
- Directors' Remuneration Policy.
- Group travel policy.
- Protocol for the prevention of criminal offences.
- Crime prevention and detection model function manual.
- Procedure for the procurement of services from audit firms.
- Procedure for the use of powers of attorney.
- Sustainability Policy
- Climate Change Policy
- Integrated Safety, Occupational Health, Quality and Environment Policy
- ISO14001 Environmental Management System Certification in Spain, Brazil, Colombia and Peru.
- Integrated Remuneration Policy
- Policy on Communication of information, contacts with shareholders, institutional investors and proxy advisors
- Accounting Policies and Criteria Manual
- Corporate Tax Policy
- Ezentis Group tax risk management and control procedure.
- Information Security Policy
- Information Privacy Policy
- Digital Disconnection Policy

The outcome of these policies can be inferred in each of the areas of company management described in this report.

Diversity on the Board of Directors

At 31 December 2020, 55% of the Board of Directors of Grupo Ezentis, S.A. was made up of independent directors and 44.4% of its members were women. All board members have extensive professional experience and come from the world of telecommunications, energy, IT and health sciences, among others.

This shows that diversity is a factor taken into account in Ezentis' highest decision-making body, and is expressly included in the Board Diversity and Director Candidate Selection Policy.

The diversity-related elements of the Council are included in the following public documents:

- Articles of Association of the Group
- Code of Ethics and Conduct
- Rules of Procedure of the Board of Directors
- Board Diversity Policy and Selection of Director Candidates
- Corporate Governance Policy and Group Structure
- Annual Corporate Governance Report

None of these documents mentions age or disability limitations for directors, which shows that there is no discriminatory criterion in this respect. The Board Diversity and Director Candidate Selection Policy goes beyond gender diversity aspects and promotes a balance of knowledge and experience.

The following are two quotations from it:

"The Policy shall endeavour to comply with the provisions of the Good Governance Code of Listed Companies regarding the number of female directors representing at least 30% of the total number of members of the Board of Directors by the year 2020. 50% independent".

"The selection process for directors shall seek to ensure that the composition of the Board of Directors achieves an appropriate balance of profiles, knowledge, skills, backgrounds and experience, which brings diverse viewpoints to the discussion of issues and enriches decision-making".

4. MATERIALITY AND RELIABILITY OF INFORMATION

Every two years, the Ezentis Group prepares a Materiality Analysis of its non-financial matters in order to:

1. Establish priorities in the definition of specific actions in each management area (Sustainability Master Plan 2020-2022).

2. Be aware of current environmental, social and governance (ESG) trends and adapt our processes to changes that may affect the company's sustainability.

3. Devote the necessary efforts and resources to those issues that are most relevant to the Company.

4. Involve our stakeholders in the process and be aware of their expectations.

5. Define the contents of external reports of non-financial information with relevant information adjusted to the expectations and needs of all Stakeholders, both internal and external.

The Materiality Analysis considers ESG aspects from both an external and internal perspective.

EXTERNAL RELEVANCE

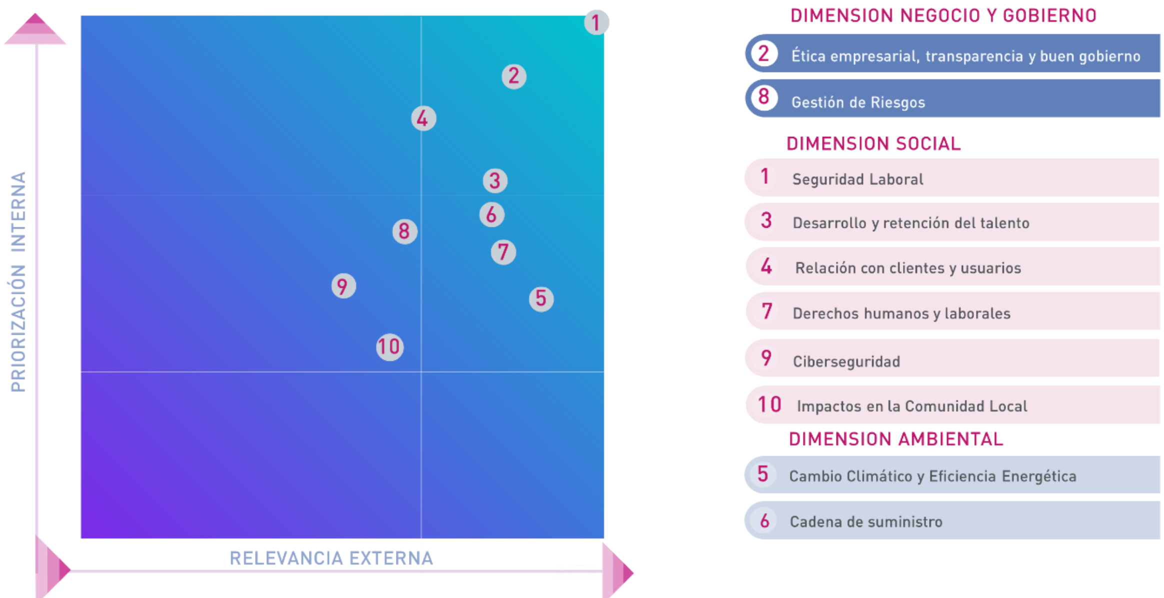
In the external phase, the opinion of all the stakeholders with which Ezentis interacts in the course of its business (customers, suppliers, employees, investors, shareholders and trade union representatives) was considered and, as a new feature in the 2020 update of the analysis, a new group of surveys of professionals with experience in sustainability matters and who know the company has been included.

In the external variable, an analysis of public documents from prescribers such as Forética, World Economic Forum, S&P or WBCSD has also been carried out, as well as a review of public information from comparable companies.

INTERNAL PRIORITISATION

In the internal phase, a sample of the Company's top executives participated: Management Committee, regional General Managers and Corporate Directors.

The result obtained in terms of External Relevance and Prioritisation is shown in the following materiality matrix:



As can be seen in the matrix, the issues that merit most attention by the Ezentis Group are:

- Safety at work
- Business ethics, transparency and good governance
- Relations with customers and users
- Talent development and retention

The main changes observed compared to the 2018 Materiality Analysis are:

1. The importance of Climate Change and Energy Efficiency increased significantly, entering the Top 5 material issues for Ezentis. (+41% compared to 2018).

2. Another issue that has increased its relevance both externally and internally is Supply Chain (+24% in external relevance and +13% in internal prioritisation).

3. The issue of Cybersecurity is incorporated (suggested in comments received in the 2018 Analysis), ranking for the moment, in a low position in terms of global relevance.

The materiality criterion is applied to all content covered by Law 11/2018 of 28 December, without exception. In other words, all aspects that do not apply or are not material for the Ezentis Group will be accompanied by an explanation.

With regard to the reliability of the information presented in the Statement of Non-Financial Information, it is worth mentioning that it has been externally verified by an independent third party.

Our commitment is based on the continuous improvement of internal control and completeness of information, progressively increasing the maturity of information and implementing a culture of reporting non-financial information in the organisation.

In order to meet these objectives, from 2020 onwards, the task of internal control over the reporting of non-financial information is assigned to the Ezentis Group's Management Planning and Control area, adding this process to the control system already established in the company for the periodic reporting of financial and business information.

5. INFORMATION ON ENVIRONMENTAL ISSUES

Ezentis, as a company whose business model is based on the deployment, operation and maintenance of infrastructures, must take special care whenever it exposes the environment to environmental risk as a result of its activity.

Ezentis' operational centres can be broadly classified as follows:

- Field work centres: Consisting of an administrative office, a warehouse and a vehicle parking area.
- Administrative offices: Located in the main cities of the geographies where the company operates.

Ezentis is aware of the importance of environmental efficiency management in meeting two key challenges for the company:

- Improve production processes and, therefore, contribute to greater profitability in the costs associated with operations.
- To demonstrate the organisation's commitment to environmental sustainability in each and every one of its activities, in line with increasingly demanding regulatory requirements and the growing importance for customers and end users.

The continuous acquisition of companies in recent years has made it difficult to establish common policies and alignments in terms of environmental management and efficiency. Therefore, at present, some geographies maintain their environmental policies and the certification of their Environmental Management Systems, and those that do not have them, aim to obtain certification of their system in accordance with the ISO 14001:2015 Standard in the near future.

As regards provisions and guarantees to cover environmental risks, it should be noted that the Ezentis Group's activities are not likely to cause serious environmental damage and, therefore, it does not have this type of specific resources to prevent or mitigate possible damage.

However, it is important to mention that our actions are governed by the principle of precaution and prevention of environmental risks, in accordance with both our own alignments and the requirements of our clients.

a. Sustainable use of resources

In line with the aforementioned key environmental challenges, at Ezentis Group we work under the premise of efficiency in the use of resources, understanding that responsible consumption helps environmental and economic sustainability.

<u>Consumption of raw materials</u>
As the Ezentis Group is not a manufacturing company, it does not consume significant amounts of raw materials. In our activity it is common for the materials used in our services to be the property of our customers, with the company acting as a depository and being responsible for their proper management.

Water consumption

Given that Ezentis Group's activity does not involve intensive water consumption, this issue can be considered not to be material at present.

Energy consumption

The main sources of energy consumption in Ezentis Group are of non-renewable origin and correspond mainly to the fuel consumption of its fleet of vehicles and electricity consumption in offices and warehouses:

Energy consumption (GJ)	2019	2020
Electricity consumption	15.098	10.781
Vehicle fleet consumption	540.612	447.156
Fuel consumption by other sources	41.810	30.921
TOTAL	**597.520**	**448.858**

As can be seen in the table, total energy consumption has been reduced by 18% with respect to 2019 considering the different types of energy used in the company, highlighting the reduction in electricity and vehicle consumption, clearly influenced by the situation caused by the Covid-19 pandemic.

It is important to note that the environmental consumption includes the new companies incorporated in Spain in 2020: Enesys and Pentágono (Ezentis Ingeniería de Seguridad). The consumption corresponding to the latest acquisition (Parera) will be included in the next reporting process, as this incorporation corresponds to December 2020.

One of the most important aspects of the operational systems implemented in the company is the control and management of the fleet of vehicles and the fuel they consume.

Currently, the Group has recorded information on each vehicle in use, such as, for example, the geographic location using GPS tools, or the refuelling of the vehicle using a money card. This information, together with the fact that the team supervisors are free in some cases to design the most efficient service route in terms of distance and time, helps to reduce fuel consumption and, therefore, atmospheric emissions.
On the other hand, this application also helps to identify vehicles that require more maintenance due to their age or accumulated faults, so that they can be

included in the vehicle replacement plan. As a general rule, older vehicles generate more emissions into the atmosphere as they do not incorporate the efficiency improvements of the latest generation models, so this cost-saving measure is also an environmental advantage. The Group is continuously renewing its older fleet, as this is required by many of its customer contracts, as well as for environmental reasons.

For example, Compressed Natural Gas (CNG/CNG), ethanol and biodiesel vehicles are available in Spain, Colombia and Brazil, which contribute to the gradual reduction of greenhouse gas (GHG) emissions.

As detailed in this section, to date the Ezentis Group has focused its efforts on the search for energy efficiency in the areas where it has an impact. The use of renewable energies is currently being studied in order to identify the renewable sources best suited to the company's needs.

b. Pollution

Field activity, which accounts for more than 80% of the company's business, is supported by a large number of technicians and operators who travel in fleet vehicles on a daily basis to the locations of operations. Consequently, the main environmental impact of Ezentis' activity as a whole is related to the transport of vehicles, whose fuel consumption, in its different types, accounts for 90% of the organisation's energy consumption in 2020.

<u>Emission calculation methodology</u>

As envisaged in the Sustainability Master Plan 2020-2022, in 2020 the company carried out a survey of energy consumption sources in order to update the Ezentis Group's Carbon Footprint Procedure and identify the main sources of consumption.

As a result of this process, all countries report in a homogeneous format the environmental consumptions related to: vehicle fleet, equipment/machinery, and electricity, in order to elaborate the scopes 1 and 2 emissions.

Regarding Scope 3, only business trips are reported under the same criteria as in previous years.

On the other hand, in order to report Spain's Carbon Footprint in the tool of the Ministry for Ecological Transition and the Demographic Challenge (MITECO), the carbon emissions of this geography have been calculated following the document published by the Ministry itself, while the emissions of the rest of the countries have been calculated using international reference sources (DEFRA and EIA).

Another novelty that applies to Ezentis Group's 2020 Carbon Footprint data is that for the first time it is subject to independent external verification under the ISAE 3410 standard, and a specific document explaining the process of calculating it has been prepared in parallel to this CRS.

Distribution of emissions by scope:

Emissions [1] (TCO2eq)	2019	2020
Scope 1	32.761	30.014
Scope 2	1.159	778
Scope 3	532	130
TOTAL	34.452	30.922

As expected due to the situation caused by the Covid-19 pandemic, overall, the carbon footprint for the 2020 financial year has been reduced by 10% compared to 2019.

Business travel (Scope 3) has been drastically reduced due to the different confinements that have taken place in the different geographies, as well as electricity emissions (Scope 2), as employees are not normally present in the offices.

Noise and light pollution

Other aspects related to noise emissions or light pollution are not applicable in the case of the Ezentis Group, as its activities are not likely to generate this type of nuisance in the towns or places where we provide our services.

c. Climate change

[1] Fuentes: UK Government Conversion Factors for greenhouse gas (GHG) reporting (2020); CO2 Emissions From Fuel Combustion 2019, (International Energy Agency); https://www.miteco.gob.es/es/cambio-climatico/temas/mitigacion-politicas-y-medidas/factores_emision_tcm30-479095.pdf

Climate change is one of the greatest challenges facing humanity in this century, mainly caused by the increase in the concentration of greenhouse gases in the atmosphere, which in turn accelerates the process known as global warming.

The year 2020 was a milestone for Ezentis in the fight against climate change. For the first time, a specific policy set out the company's position and the foundations that lead it to join this global cause.

Among the principles of action, this Climate Change Policy includes:

- Consideration of climate change risk in the risk catalogue
- Use of renewable energies
- Gradual decarbonisation of the vehicle fleet
- Calculation, reduction and offsetting of emissions
- Extending our commitment to the supply chain

Before the existence of the Climate Change Policy, the company already measured its Carbon Footprint annually and reported on its performance to its Stakeholders through the CSR/Sustainability Report and also by completing the *Carbon Disclosure Project (CDP)* questionnaire on Climate Change, one of the instruments that investors use as a reference in their decisions.

For Ezentis, the perception and opinion of stakeholders and, specifically, of investors, is key to its growth and international expansion strategy. For this reason, the company responds to all information requirements that demonstrate its transparent management, and not only in strictly financial matters.

One of the elements that help the company to perceive the relevance of Climate Change among its Stakeholders is the ESG (Environmental, Social and Governance) materiality analysis, described in section 4 of this FRIA.

Comparing the results obtained in 2020 with the previous analysis carried out in 2018, we observe a significant increase in the "Climate Change and Energy Efficiency" issue, which places it in 5th place in the "Climate Change and Energy Efficiency" category.
from 51% to 72% in terms of overall relevance (internal and external).

In addition to defining the Ezentis Group's cross-cutting and common framework for climate change, in 2020 the Ezentis Group Board of Directors approved the new Sustainability Master Plan 2020-2022, which includes initiatives linked to several Sustainable Development Goals (SDGs), including SDG 13 (Climate Action) in the environmental sphere.

d. Biodiversity protection

The activities carried out by the Ezentis Group do not have a significant impact on the natural environment as most services are not carried out in areas of special protection. Although biodiversity protection is currently a non-material issue for the Ezentis Group, a detailed analysis of services outside urban areas will be carried out in future years in order to take measures if necessary.

e. Circular economy and waste prevention and management

Matters related to waste management do not appear in our Materiality Analysis with a special relevance so we understand that it is not currently material for the company. That said, it is worth mentioning that our provision of services involves the correct disposal and management of the waste that may be generated, in accordance with the local legislation in force and the requirements that, on occasions, our own clients establish in their contracts.

6. INFORMATION ON SOCIAL AND PERSONNEL ISSUES

As a services company, Ezentis' business model is strongly based on its human capital. Below is information on various areas relating to personnel:

6.1 Employment

Ezentis is a company that is constantly growing and considers attracting talent to be a fundamental pillar of business success. The Ezentis Group's People team works under the premise of prioritising employee stability and well-being.

Employees broken down by country, age, gender and professional category

Number of employees as of December** by country	2019			2020		
	Man	Woman	TOTAL	Man	Woman	TOTAL
Argentina	303	22	325	250	18	**268**
Brazil	4.693	450	5.143	3.795	382	**4.177**
Chile	2.399	235	2.634	1.754	141	**1.895**
Colombia	450	149	599	197	34	**231**
Spain	1.740	233	1.973	1.797	258	**2.055**
Mexico	159	20	179	2	1	**3**
Peru	1.423	174	1.597	861	116	**977**
Portugal	4	1	5	4	1	**5**
TOTAL	**11.171**	**1.284**	**12.455**	**8.660**	**951**	**9.611**

Data for Mexico 2019 includes own employees and outsourced employees.
The number of 2020 employees at year-end does not coincide with the 199 employees reported in the ACABQ and Management Report because these employees were permanently transferred to another company outside the Group at the end of the year.

Number of employees as at December by age	2019			2020		
	Man	Woman	TOTAL	Man	Woman	TOTAL
<30 years	2.560	405	2.965	1.569	231	**1.800**
31-45 years	5.809	661	6.470	4.758	526	**5.284**
46-55 years	2.061	160	2.221	1.698	147	**1.845**
>55 years	841	58	899	635	47	**682**
TOTAL	**11.171**	**1.284**	**12.455**	**8.660**	**951**	**9.611**

Number of employees as at December by professional category	2019		
	Man	Woman	TOTAL
Senior management	12	1	**13**
Qualified and non-qualified technicians	722	116	**838**
Administrative Staff	896	489	**1.385**
Site personnel	9.541	678	**10.219**
TOTAL	**11.171**	**1.284**	**12.455**

Number of employees as at December by professional category	2020*		
	Man	Woman	TOTAL
Senior management	12	1	**13**
Executives/Senior Management	87	15	**102**
Middle management/Senior/Middle Management	581	116	**697**
Staff Structure/Staff/Administration	418	356	**774**
Site Staff/Technicians/Operators	7.562	463	**8.025**
TOTAL	**8.660**	**951**	**9.611**

In 2020, the category of "Graduate and non-graduate technicians" has been divided into the categories of Managers/Senior Managers and Middle Management/Senior/Middle Management.

Voluntary and non-voluntary departures justify the variation in the headcount at year-end. The management of Covid-19 has had a direct impact mainly as a result of the temporary lay-offs to deal with the pandemic.

Average annual number of permanent and temporary contracts: by gender, age and occupational category

Type of employment contract by gender	2019			2020		
	Man	Woman	TOTAL	Man	Woman	TOTAL
Indefinite	8.856	953	**9.809**	7.683	868	**8.550**
Temporary	2.636	355	**2.992**	1.797	243	**2.040**
TOTAL	**11.492**	**1.308**	**12.800**	**9.479**	**1.111**	**10.590**

Type of employment contract by age	2019			2020		
	Indefinite	Temporary	TOTAL	Indefinite	Temporary	TOTAL
<30 years	2.053	1.132	**3.185**	1.425	610	**2.035**
31-45 years	5.183	1.417	**6.600**	4.519	667	**5.186**
46-55 years	1.839	327	**2.166**	1.838	623	**2.461**
>55 years	734	115	**849**	767	142	**909**
TOTAL	9.809	2.991	12.800	8.549	2.041	10.590

Type of employment contract by professional category	2019			2020		
	Indefinite	Temporary	TOTAL	Indefinite	Temporary	TOTAL
Senior management	13	0	**13**	14	0	**14**
Executives/Senior Management	188	8	**196**	107	3	**110**
Middle management/Senior/Middle Management	637	103	**740**	633	78	**712**
Staff Structure/Staff/Administration	1.487	197	**1.684**	845	91	**936**
Site Staff/Technicians/Operators	7.485	2.683	**10.169**	6.949	1.869	**8.818**
TOTAL	9.809	2.991	12.800	8.549	2.041	10.590

Employees on part-time contracts

Part-time employees in the Ezentis Group account for approximately 0.44% of the Group's total workforce.

The breakdown by gender, age and occupational category follows:

Part-time employees by gender	2019			2020		
	Man	Woman	TOTAL	Man	Woman	TOTAL
Part-time employees by gender (no.)	51	75	**126**	39	8	**47**

Part-time employees by age	2019	2020
<30 years	66	3
31-45 years	39	3
46-55 years	15	2
>55 years	6	38
TOTAL	126	47

Part-time employees by professional category	2019
Managers	0
Intermediate Command	0
Technical and Administrative	5
Operators	121

TOTAL	126

Part-time employees by professional category	2020
Senior management	-
Executives/Senior Management	1
Middle management/Senior/Middle Management	4
Staff Structure/Staff/Administration	8
Site Staff/Technicians/Operators	34
TOTAL	47

Dismissals by gender, age and occupational classification

Number of redundancies by age range	2019			2020		
	Man	Woman	TOTAL	Man	Woman	TOTAL
<30 years	752	90	**842**	339	58	**397**
31-45 years	1.064	72	**1.136**	1.177	117	**1.294**
46-55 years	346	29	**375**	376	25	**401**
>55 years	104	3	**107**	195	11	**206**
TOTAL	2.266	194	2.460	2.087	211	2.298

The 2019 figure includes redundancies and contract terminations.

Number of non-voluntary departures by professional category	2019		
	Man	Woman	TOTAL
Managers	8	0	**8**
Intermediate Command	90	8	**98**
Technical and Administrative	252	90	**342**
Operators	1.916	96	**2.012**
TOTAL	2.266	194	2.460

Number of redundancies by professional category	2020		
	Man	Woman	TOTAL
Senior management	2	0	**2**
Executives/Senior Management	15	1	**16**
Middle management/Senior/Middle Management	128	15	**143**
Staff Structure/Staff/Administration	102	99	**201**
Site Staff/Technicians/Operators	1.840	96	**1.936**
TOTAL	2.087	211	2.298

Remuneration and the pay gap

- Directors' remuneration

  The board of directors of Ezentis Group in 2020 is composed of two executive directors and seven non-executive directors, three of whom are men and four of whom are women.

  The average monetary remuneration received by the directors during the last two financial years is as follows:

Remuneration of executive directors	2019		2020	
	Man	Woman	Man	Woman
Average remuneration of executive directors (thousands €)	607,5	-	601	-

Remuneration of non-executive directors and "other external" directors	2019		2020	
	Man	Woman	Man	Female**
Average remuneration of non-executive directors (thousands €)	221*	64,5	149,8	70,7

In 2019, one director, who was previously an executive, became "other external".
The average number of female directors in 2020 is annualised considering the departure of Ms Emma Fernández Alonso on 25/06/2020 and the entry of Ms Maria Paloma Jiménez Baena on the same date.

The average monetary remuneration received by non-executive directors corresponds to remuneration and allowances paid in financial years 2019 and 2020 for membership and attendance at meetings of the Board of Directors and its Committees, as well as for the position held in each case.

In the second half of 2020, Ms. Paloma Jiménez Baena and Ms. Carmen Gómez de Barreda Tous de Monsalve were appointed Chairman of the Audit and Compliance Committee and of the Appointments and Remuneration Committee, respectively.

The Ezentis Group is firmly committed to pay equity, promoting an equal and fair environment. We have an Integrated Remuneration Policy and we control and monitor the personnel expenses arising from the activities of the various companies in the Ezentis Group, so that we can plan resources correctly and optimise the work of our staff.

In all the companies in the respective countries in which our Group operates, we ensure that no wage discrimination exists or is promoted, but that we always work under criteria of internal and external equity based exclusively on motives linked to the professional's performance.

In this way, the professional development and career of our employees is based on their individual performance and teamwork, without taking into account other issues that go beyond their own development in the workplace, such as gender or age, or any other discriminatory concept that may define the employee.

In compliance with the commitment acquired and reflected in the EINF 2019, work has been carried out in 2020 to compile remuneration data for all Ezentis Group companies, not only in the geographies where we have a greater presence.

With regard to the two geographies where we have a smaller number of employees, Mexico and Portugal, as we do not have sufficient representation by gender and professional categories, it is not possible to show the results obtained as the individualised salary of the workers would be disclosed.

Below are tables [2]by country with the average remuneration[3] for the years 2019 and 2020 expressed in euros referring to the active workforce in those periods. For the interpretation of the reported data, it should be taken into account that within the same category there are employees with different lengths of service in the company or different assignment of responsibilities:

Average remuneration by professional category (Spain) year 2019	MEN				WOMEN			
	<30 years	30- 45 years	45- 55 years old	> 55 years	<30 years	30- 45 years	45- 55 years old	> 55 years
Senior Management	N/A	206.427	320.621	276.834	N/A	N/A	N/A	N/A
Managers/Senior Management	N/A	88.974	82.766	96.354	N/A	58.660	72.701	N/A
Intermediate Command	30.762	46.393	45.902	50.902	N/A	45.953	33.821	35.004
Structural Staff/Staff/Administration	22.449	28.035	31.971	27.610	15.342	24.382	25.860	25.983
Site personnel/Technicians/Operators	21.465	25.683	29.225	23.403	19.449	25.483	31.711	29.695

[2] In the cases where N/A is shown, it is due to the non-existence of a template that complies with the categorisation established for the presentation of the calculation.
[3] The average remuneration is defined as the average of the salaries received by the workforce that has been active in the financial years 2019 and 2020.

Average remuneration by professional category (Spain) year 2020	MEN				WOMEN			
	<30 years	30- 45 years	45- 55 years old	> 55 years	<30 years	30- 45 years	45- 55 years old	> 55 years
Senior Management	N/A	198.971	441.784	325.212	N/A	N/A	N/A	N/A
Managers/Senior Management	N/A	108.948	86.628	98.277	N/A	81.432	75.862	N/A
Intermediate Command	44.945	47.226	41.375	46.225	N/A	45.159	37.731	40.754
Structural Staff/Staff/Administration	18.879	29.183	32.996	28.052	17.653	27.937	25.125	27.660
Site personnel/Technicians/Operators	19.865	24.047	25.755	21.311	19.902	24.070	28.079	24.401

Remuneration by professional category (Brazil) year 2019	MEN				WOMEN			
	<30 years	30- 45 years	45- 55 years old	> 55 years	<30 years	30- 45 years	45- 55 years old	> 55 years
Senior Management	N/A	N/A	171.173	N/A	N/A	N/A	N/A	N/A
Managers/Senior Management	N/A	47.049	53.098	40.329	N/A	46.124	N/A	N/A
Intermediate Command	11.148	17.934	17.012	18.989	10.787	17.710	8.151	17.003
Structural Staff/Staff/Administration	4.667	8.817	7.584	6.356	4.435	6.736	5.247	2.267
Site personnel/Technicians/Operators	6.787	7.938	7.994	8.047	5.659	5.693	6.755	5.801

Remuneration by professional category (Brazil) year 2020	MEN				WOMEN			
	<30 years	30- 45 years	45- 55 years old	> 55 years	<30 years	30- 45 years	45- 55 years old	> 55 years
Senior Management	N/A	N/A	125.364	N/A	N/A	N/A	N/A	N/A
Managers/Senior Management	N/A	59.047	67.214	93.255	N/A	N/A	N/A	N/A
Intermediate Command	7.629	13.595	13.794	11.007	N/A	14.637	8.348	9.366
Structural Staff/Staff/Administration	4.114	7.297	7.340	8.138	3.420	4.625	4.570	4.217
Site personnel/Technicians/Operators	4.937	6.047	6.021	5.444	3.913	4.685	5.288	3.547

Remuneration by professional category (Chile) year 2019	MEN				WOMEN			
	<30 years	30- 45 years	45- 55 years old	> 55 years	<30 years	30- 45 years	45- 55 years old	> 55 years
Senior Management	N/A	N/A	N/A	189.158	N/A	N/A	N/A	N/A
Managers/Senior Management	N/A	54.579	61.581	83.816	N/A	62.887	58.396	N/A
Intermediate Command	15.981	23.936	23.103	22.676	13.667	17.054	18.081	N/A
Structural Staff/Staff/Administration	11.656	16.880	16.733	21.289	9.328	11.393	11.577	7.402
Site personnel/Technicians/Operators	12.228	14.651	15.307	13.860	9.262	10.629	9.168	13.318

Remuneration by professional category (Chile) year 2020	MEN				WOMEN			
	<30 years	30- 45 years	45- 55 years old	> 55 years	<30 years	30- 45 years	45- 55 years old	> 55 years
Senior Management	N/A	N/A	108.794	140.128	N/A	N/A	N/A	N/A
Managers/Senior Management	N/A	49.728	54.261	57.309	N/A	28.088	58.074	N/A
Intermediate Command	10.537	17.971	17.669	19.847	12.909	11.233	9.450	N/A
Structural Staff/Staff/Administration	9.193	13.733	13.460	18.869	6.633	9.084	9.489	6.357
Site personnel/Technicians/Operators	9.976	12.590	13.109	12.605	6.053	7.529	10.387	12.667

Average remuneration by professional category (Peru) year 2019	MEN				WOMEN			
	<30 years	30- 45 years	45- 55 years old	> 55 years	<30 years	30- 45 years	45- 55 years old	> 55 years
Senior Management	N/A	133.880	N/A	N/A	N/A	N/A	N/A	N/A
Managers/Senior Management	N/A	26.866	23.306	18.632	23.399	21.997	56.433	N/A
Intermediate Command	15.273	12.608	7.780	17.439	N/A	11.874	N/A	N/A
Structural Staff/Staff/Administration	4.593	9.571	13.268	6.347	5.293	8.881	6.626	N/A
Site personnel/Technicians/Operators	3.882	5.158	5.326	5.554	3.859	4.956	9.089	N/A

Average remuneration by professional category (Peru) year 2020	MEN				WOMEN			
	<30 years	30- 45 years	45- 55 years old	> 55 years	<30 years	30- 45 years	45- 55 years old	> 55 years
Senior Management	N/A	115.373	102.335	N/A	N/A	N/A	N/A	N/A
Managers/Senior Management	N/A	57.620	54.604	N/A	N/A	22.223	79.185	N/A
Intermediate Command	72.426	13.294	14.112	13.480	58.295	13.176	9.556	N/A
Structural Staff/Staff/Administration	4.635	9.060	13.666	3.837	5.068	8.115	6.108	N/A
Site personnel/Technicians/Operators	4.663	5.297	5.067	4.079	4.500	4.631	8.022	N/A

This is the second year of publication of the average remuneration calculation and we have managed to reach 100% of the company, adding the tables corresponding to Argentina and Colombia in this EINF:

Average remuneration by professional category (Argentina) year 2020	MEN				WOMEN			
	<30 years	30- 45 years	45- 55 years old	> 55 years	<30 years	30- 45 years	45- 55 years old	> 55 years
Senior Management	N/A	N/A	N/A	101.654	N/A	N/A	N/A	N/A
Managers/Senior Management	N/A	31.986	N/A	26.308	N/A	20.903	N/A	N/A
Intermediate Command	N/A	9.830	N/A	11.114	N/A	17.885	N/A	N/A

Structural Staff/Staff/Administration	7.095	6.474	5.176	N/A	7.867	9.717	9.948	8.959
Site personnel/Technicians/Operators	7.310	8.397	9.096	7.943	N/A	7.105	9.981	N/A

Average remuneration by professional category (Colombia) year 2020	MEN				WOMEN			
	<30 years	30- 45 years	45- 55 years old	> 55 years	<30 years	30- 45 years	45- 55 years old	> 55 years
Senior Management	N/A	N/A	N/A	N/A	N/A	N/A	59.356	N/A
Managers/Senior Management	N/A	26.357	N/A	N/A	N/A	27.171	N/A	N/A
Intermediate Command	7.062	6.422	N/A	4.311	7.529	10.576	N/A	5.846
Structural Staff/Staff/Administration	4.401	6.989	N/A	N/A	6.110	10.226	6.440	2.294
Site personnel/Technicians/Operators	4.482	5.051	4.021	3.460	4.684	5.085	3.024	N/A

Although there are certain wage differences based on various aspects, such as seniority or geographical distribution, no cases of discrimination or wage gaps have been identified among our employees based on gender, age, race, religion or any other concept that may define the employee beyond his or her own performance and professional evaluation.

The nature of the sector to which we belong and how it has evolved over the years is a key factor in understanding the wage differentials presented. In this sense, the telecommunications sector, and specifically in the deployment and maintenance of its infrastructures, as well as its construction and engineering, is characterised by a greater male presence.

For example, in Spain, only 15.6%[4] of women in 2017 worked in the ICT sector.

In this case, it is worth mentioning the seniority factor. The male gender has historically been more representative in this sector, so its remuneration has this differential component that explains part of the wage differences when compared with the female gender, which has joined this sector more recently and is strongly polarised towards the male gender.

Despite this, over the years and with the evolution of society itself, there are more and more women trained in this area who are gradually joining the labour market, occupying the positions that make up our operational structure.

[4] http://www.mineco.gob.es/stfls/mineco/ministerio/ficheros/libreria/LibroBlancoFINAL.pdf

As can be seen in the tables below in this chapter, pay differentials tend to increase when the various variable pay items received by our employees are included in the calculation.
This is mainly due to the fact that there is a higher proportion of men in senior positions, whose variable remuneration generates a salary difference compared to women, who are less present in this type of position. It should also be noted that our workforce is distributed throughout the different geographies of the countries in which we are present, which implies different remuneration depending on the location of the job.

In the case of Spain, and due to the disparity in the workforce of the companies that make up the Group, in 2019 it was decided to present the salary gap for the two main companies, Ezentis Tecnología and EFF. Both companies account for 89% of the workforce in Spain. The pay gap data [5]obtained are shown below:

Wage gap by professional category (Spain) year 2019	Ezentis Technology		EFF	
	Remuneration fixed	Remuneration fixed and variable	Fixed remuneration	Fixed and variable remuneration
Senior Management	N/A	N/A	N/A	N/A
Managers/Senior Management	13,74%	22,07%	-7,26%	12,44%
Intermediate Command	9,39%	15,23%	21,11%	25,02%
Site personnel/Technicians/Operators	6,96%	7,16%	-10,47%	-3,85%
Structural Staff/Staff/Administration	0,23%	2,25%	4,82%	17,53%

From 2020, data from Spain will be shown at country level, like the rest of the geographies where we are present.

Wage gap by professional category (Spain) year 2020	Spain	
	Remuneration fixed	Remuneration fixed and variable
Senior Management	N/A	N/A
Managers/Senior Management	11,84%	15,31%
Intermediate Command	4,06%	7,30%
Site personnel/Technicians/Operators	12,28%	13,39%
Structural Staff/Staff/Administration	-14,21%	-5,02%

We should also highlight the situation in Latin America, a region that accounts for a large part of our workforce. In this case, the incorporation of women into the world

[5] The pay gap has been calculated as the average of men's and women's salaries expressed as a percentage of men's salary without taking into account factors such as seniority or level of responsibility, which, once introduced into the calculation, will help to reflect more accurate information.

of work, and especially in sectors linked to technology, has taken place later than in European countries.

We make a significant effort at Group level to ensure that, irrespective of geographic scope, pay equity criteria are applied both internally and externally to all our employees.

Wage gap in other geographies where we are present:

Wage gap by professional category (Brazil)	2019		2020	
	Remuneration fixed	Remuneration Fixed and variable	Remuneration Fixed	Remuneration fixed and variable
Senior Management	N/A	N/A	N/A	N/A
Managers/Senior Management	2,13%	2,13%	N/A	N/A
Intermediate Command	-1,54%	-1,54%	-10,03%	-5,53%
Site personnel/Technicians/Operators	8,98%	8,98%	32,75%	36,99%
Structural Staff/Staff/Administration	16,13%	16,13%	6,74%	23,12%

Wage gap by professional category (Chile)	2019		2020	
	Remuneration fixed	Remuneration Fixed and variable	Remuneration Fixed	Remuneration fixed and variable
Senior Management	N/A	N/A	N/A	N/A
Managers/Senior Management	4,00%	2,00%	27,83%	27,33%
Intermediate Command	26,00%	30,00%	37,25%	35,73%
Site personnel/Technicians/Operators	35,00%	35,00%	39,60%	38,81%
Structural Staff/Staff/Administration	13,00%	29,00%	19,74%	40,76%

Wage gap by professional category (Peru)	2019		2020	
	Remuneration fixed	Remuneration Fixed and variable	Remuneration Fixed	Remuneration fixed and variable
Senior Management	N/A	N/A	N/A	N/A
Managers/Senior Management	-26,58%	-26,21%	22,83%	23,30%
Intermediate Command	-1,23%	-0,66%	6,04%	4,95%
Site personnel/Technicians/Operators	-0,79%	3,45%	14,14%	14,33%
Structural Staff/Staff/Administration	12,95%	12,63%	1,73%	5,65%

Wage gap by professional category (Argentina)	2019		2020	
	Remuneration fixed	Remuneration Fixed and variable	Remuneration fixed	Remuneration fixed and variable
Senior Management	N/A	N/A	N/A	N/A
Managers/Senior Management	N/A	N/A	16,79%	18,82%
Intermediate Command	N/A	N/A	-65,81%	-58,46%
Site personnel/Technicians/Operators	N/A	N/A	-45,83%	-46,05%
Structural Staff/Staff/Administration	N/A	N/A	-3,15%	4,26%

Wage gap by professional category (Colombia)	2019		2020	
	Remuneration fixed	Remuneration Fixed and variable	Remuneration fixed	Remuneration fixed and variable
Senior Management	N/A	N/A	N/A	N/A
Managers/Senior Management	N/A	N/A	-2,70%	-3,09%
Intermediate Command	N/A	N/A	-62,01%	-59,80%
Site personnel/Technicians/Operators	N/A	N/A	-16,33%	-18,67%
Structural Staff/Staff/Administration	N/A	N/A	-5,02%	-3,47%

In order to achieve the aforementioned pay equity and to be able to offer the same conditions for all our employees, the Ezentis Group has measures in place to reconcile work and personal life, as well as equality plans, so that our staff can adapt to the different personal situations they face.

Work disengagement policies

The company has a policy approved by the Ezentis Group Board of Directors that defines its position with respect to digital disconnection.

Ezentis Group's position goes beyond pure disconnection from work, as its objective is to promote the responsible use of technology by all employees inside and outside the workplace, thus helping to balance personal and family life, with all the implications in terms of productivity, health and safety at work that this entails.

The main lines of action on digital disconnection can be summarised in three:

- Encouraging respect for workers' leisure, rest and holiday time
- Creating a flexible, motivating and inclusive work environment
- Raise awareness and promote the reasonable use of electronic devices in the personal and work environment.

People with disabilities

At the Ezentis Group, we are aware of the additional difficulties faced by people who, due to birth, illness or accident, have some kind of disability and, like many other associations and organisations, we believe that this term is not accurate, as these workers have significant abilities to work and play an important role in society.

Diversity of capacities	2019	2020
Number of employees with disabilities		21

Regardless of the decline in 2020, the Ezentis Group is firmly committed to promoting the integration of people with disabilities in all functions of the company wherever possible and in all geographies where it operates, ensuring at all times that there are no criteria of negative discrimination against these groups in the selection and promotion processes and complying with the company's Code of Ethics and Conduct.

6.2 Work organisation

Organisation of working time

The organisation of working time is adapted to the activities carried out by the employees. The Operations areas work, usually in shift roles, with the aim of providing continuity to the telecommunications and energy services mainly. Administrative and office staff, however, have their working hours adapted to the usual Monday to Friday working week. Comparing working hours, it has been observed that the existing range between all countries and staff activities is between 40 and 48 hours per week with the corresponding rest days, according to the legislation in force in each country.

Absenteeism

Regardless of the differences in the criteria and definition of absenteeism in each of the countries, the overall calculation of employee absence at Ezentis Group work centres has been determined.

The company records and analyses absenteeism on a monthly basis in order to identify improvements and specific action plans where necessary.
Following the indications of the GRI standard, this data does not include holiday periods, leave of absence to care for family members, study leave or paternity/maternity leave; however, absences due to accidents at work and occupational illnesses should be included.

Absenteeism	2019	2020
Absence hours (hours)	942.370	1.815.194

The increase in absenteeism hours recorded in 2020 is due to several factors, including the undoubted effect of the global health crisis Covid-19 which has caused numerous medical leaves among employees, the incorporation of new companies to the consolidation perimeter (Enesys and Pentagon) and the workers' strike in one of the companies in Chile.

Measures aimed at reconciling work and family life

At the Ezentis Group, we ensure that our employees' family reconciliation needs are met. Therefore, in addition to offering legal guarantees such as reduced working hours for childcare or care of the elderly - in countries where this is applicable - the company offers flexible working hours so that employees can combine their daily work with their personal life, in cases where the needs of the service permit.

In the 2020 financial year, as one of the measures to preserve the health of workers, the necessary tools were made available so that all office staff could continue to carry out their work from their homes, thus avoiding the high risk of contagion in the transfer to the office and within our own facilities.

Since 2018, some companies in Spain have had a formalised telework system in place, for example Ezentis Tecnología, Navento Technologies, EFF or Grupo Ezentis S.A.

6.3 Health and safety

Health and safety conditions

Occupational Health and Safety (OSH) is an area to which Ezentis is firmly committed. So much so that the values that guide the company's activities include the following: "There is nothing more important than the safety of our employees, clients, subcontractors and the communities in which we work, and this principle of action is transmitted throughout the organisation".

In its more than 60 years of business history, the company has demonstrated that the safety of its workers is the top priority in the development of its activities, complying with the applicable regulations in each geography where the Group is present. The company, among other measures, provides workers with the best personal protective equipment necessary for the performance of their duties, training sessions are held on the risks to which they are exposed, safety inspections and observations are carried out and a detailed analysis of each incident is carried out to prevent any future recurrence.

During 2020, initiatives were developed to maintain a high value for safety, communicating every time there was an incident or accident related to the critical risks of the operation through "Safety Alerts" that were disseminated throughout the organisation through different channels and were especially used as material for reflection in safety talks in the field.

In 2020, employees have received more than 70,000 hours of training in courses related to safety in their jobs, such as electrical risk, handling and control of mechanical tools and energised equipment, working with welding or working at heights, among others.

At Ezentis we are convinced that all accidents, illnesses and work-related injuries can be avoided. We believe in risk prevention and with it, in systematic and permanent work to prevent injuries and illnesses.

It is important to consider that the Group's activity covers different segments, both in field operations (telecommunications or energy) and in technology development activities (IT in offices). For this reason, the Group adapts the security parameters and specific risks associated with each workstation.

The exposure of our field team - technicians - to risks such as driving vehicles, working at heights, working in the presence of voltage (electrical energy), working in confined spaces and/or with moving equipment, as well as operator errors, are elements or factors that can cause injuries during the development of the activity, and that is why we have as a priority to achieve an accident-free work environment and a Safety Culture based on commitment, teamwork, leadership and participation.

Continuing the Group's ongoing commitment to safety, the company's senior management has embarked on an action plan that included during 2020:

- Due to the SARS CoV-2 pandemic, a series of procedures, protocols and instructions were implemented and kept up to date in all the countries where we operate for the protection and care of the health of Ezentis personnel, its subcontractors and our customers, including, among others, the proper reporting of symptoms, hand cleaning, distancing, sanitisation of vehicles and materials, as well as safe return to work.

- In addition to the previous point, and in order to improve the timeliness and traceability of information, an "EzentisPass" system was implemented, which through its various elements allows daily declaration of the existence or not of symptoms related to COVID-19, provision of sanitary protection elements and for the cleaning of vehicles and materials.

- Implementation, in our field application "PRAXIS", of an inspection model that aims to support supervision activities by orienting them towards the search for elements (conditions or actions) that could lead to an incident or serious accident.

- Together with the above and in the same field tool, we include the record of the "Safety Talks" that both the supervisors and the Occupational Health and Safety team carry out on a daily basis.

- Implementation of the "Leadership Matrix", which includes the minimum number of preventive actions to be taken by each supervisory, managerial or executive role in the activities of safety talks and safety inspections, among others.

- eGestiona is implemented in the main countries where we operate, in order to maintain the traceability of the documentation necessary for the accreditation of our technicians in all subsidiaries, businesses and contracts. The claims module and improvement plans were parameterised in order to implement it during 2021.

- Maintenance of all certifications obtained in previous years in ISO 45001, 14001 and 9001.

In terms of Safety Management Systems, Ezentis is certified to ISO 45001 in all O&M activities located in Brazil Energy, Chile (Tecnet), Colombia, Spain and Peru.

The Occupational Health and Safety performance indicators for the 2020 financial year are shown below, broken down by gender, and in comparison with the performance recorded in 2019:

Occupational[6] Health and Safety Indicators (Ezentis Group staff)	2019			2020		
	Man	Woman	TOTAL	Man	Woman	TOTAL
Net Frequency Rate	12,15	2,56	**11,16**	11,27	1,87	**10,28**
Severity Index	1,22	0,00	**1,10**	0,52	0,02	**0,46**
Index of Occupational Diseases	0,09	0,00	**0,09**	0,13	0,75	**0,20**

Despite 2020 having been a particularly difficult year in the area of people's health, we are very proud to have managed to reduce the frequency of accidents by -7.8% and the severity of accidents by more than -50%, compared to the 2019 financial year, all this also taking into account that our activity has been classified as essential in all the countries where we operate, i.e. field activity has not only not ceased due to the pandemic, but has been more intensive in manpower and in the execution of services, given the circumstances of special need.

However, we will continue to work towards the Zero Accidents target set by Ezentis Group management and passed on to all our own and subcontracted personnel involved in the company's activities.

6.4 Social relations

In all countries where the Ezentis Group operates, there is a close and direct relationship with employee representation through trade unions.

[6] Calculation formulae:
Frequency Rate (Net) = (No. of accidents with rest + fatalities)/Total hours worked) * 1,000,0000
Severity Rate = (Total no. of days lost / Total no. of hours worked) * 1.000
Occupational disease rate = (N° of occupational diseases with sick leave / Total N° of hours worked) * 1.000.000

Works Councils are the main tool for dialogue and communication of workers' needs, expectations and grievances.

In most countries there are sectoral collective agreements to which workers are attached. Failing this, workers' rights are governed by the relevant Workers' Statute. This is the case, for example, in Colombia, Mexico or Peru.

Employees covered by collective agreements* (%)	2019	2020
Average number of employees covered by collective bargaining agreements (%)	87,0**	90,2

Average number of employees in countries with collective bargaining agreements.
Correction to data reported in 2019

The applicable sectoral agreements usually refer to the national laws on the prevention of occupational risks in each country to deal with this matter. Some of them do dedicate more specific regulations for certain jobs.

Irrespective of this circumstance, and given that occupational safety is a clear priority for the Ezentis Group, the company's management has determined that occupational safety issues will be dealt with in detail in the following sections:

1. Health and Safety Committee: Made up of representatives of the company and of the workers according to the legal requirements in force in each country, who meet every two months.

2. Management Committee: Weekly meetings in each country, made up of the general and business managers, at which they start with the latest developments in Occupational Health and Safety.

6.5 Training

Talent management at Ezentis aims to ensure that all its professionals have the training they need to do their jobs and to provide them with the resources to carry out their work as effectively and efficiently as possible.

Each country identifies training needs and draws up its training plan adapted to the requirements of the clients and services being provided. For example, in Colombia, the Annual Training Plan is drawn up, which is segmented by projects, profiles and client requests, and is additionally structured to impart strong competencies (operational) and soft competencies (structural staff/administrative profile).

Technical training by professional category (hours)	2019
Managers	287
Middle management	2.018
Technical and Administrative	30.448
Operators	70.537
TOTAL	103.290

The 2019 data does not include information from Peru.

Training by professional category (hours)* (hours)* (hours)* (hours)	2020
Senior management	4
Executives/Senior Management	163
Middle management/Senior/Middle Management	5.054
Staff Structure/Staff/Administration	3.105
Site Staff/Technicians/Operators	110.871
TOTAL	119.197

The 2020 training hours include those for Occupational Health and Safety as well as those for Ethics and Compliance.

6.6 Universal accessibility for people with disabilities

All Ezentis Group work centres are equipped for access by employees, customers and suppliers with reduced mobility. Workplaces are also adapted to the special needs of employees.

6.7 Equality

The principle of equal opportunities between women and men is assumed in each and every area of company activity, from recruitment to promotion, including wage policy, training, working conditions, occupational health, working time and work-life balance, paying special attention to indirect discrimination, which is understood as "the situation in which an apparently neutral provision, criterion or practice places a person of one sex at a particular disadvantage compared to a person of the other sex".

Companies in Spain with more than 250 employees have an Equality Plan, as established by Royal Decree-Law 6/2019, on imminent measures to ensure equal treatment and opportunities for women and men in the workplace, which amends certain aspects of Organic Law 3/2007, of 22 March, on effective equality between women and men. This is applicable in 2020 to Ezentis Tecnología, S.L. The integration of new groups in Ezentis Field Factory and the publication of Royal Decree 901/2020 of 13 October, which specifies the requirements, has meant that the implementation of the Equality Plan in this company is currently under negotiation with employee representatives. Likewise, together with the Equality Plan, there is also a Harassment Prevention Protocol.

Proof of Ezentis' commitment to diversity and equal opportunities is that more than 40% of the Board of Directors is made up of women. Ezentis is one of the few listed companies that fully complies with recommendation 14 of the CNMV's Code of Good Governance.

Women at Ezentis	2019	2020
Women in the workforce (%)	10,2%	10,5%
Women on the Board of Directors (%)	40,0%	44,4%

7. INFORMATION ON RESPECT FOR HUMAN RIGHTS

Ezentis is a company present in several geographies whose values and standards of conduct are universally understood and applied. Therefore, in October 2014, the Board of Directors of the Ezentis Group approved the first Code of Ethics and Conduct (hereinafter, the Code) with the aim of ensuring professional, ethical and responsible behaviour by all employees and other parties bound by the Code (suppliers, customers, shareholders, investors, etc.) in the performance of the company's activities and functions.

By virtue of the Code, Ezentis employees undertake to comply with and enforce compliance with current legislation, to promote ethical behaviour consistent with corporate values and to subscribe to all the points included in the United Nations Universal Declaration of Human Rights and the Conventions of the International Labour Organisation.

Within the framework of the growing development of corporate social responsibility and compliance with good corporate governance standards in the company, in July 2017 the Code was renewed[7] with the aim of creating a corporate culture based on the integrity of its behaviour and in coherence with the corporate image it intends to project to the social and business environment.

Section 6 of the Code details a series of specific rules of conduct covering aspects of ethical behaviour such as respect for the law, human rights and civil liberties, and support for equal opportunities and non-discrimination.

Since the Code was drawn up, the organisation has encouraged the communication and dissemination of these values to all its members through regular talks and meetings with the different area managers, and by sending the document to all employees. In line with the above, Ezentis conducts training sessions on the Code of Ethics and Conduct via an online platform in all geographies where it operates. More exhaustive campaigns are carried out periodically to include employees who have joined the Group during this period and also to monitor training pending completion by former employees.

Complaints of human rights violations

During 2020, the company did not receive any complaints regarding human rights through the usual channels provided for this purpose.

[7] https://www.ezentis.com/media/2018/07/Codigo-de-Etica-y-de-Conducta-Aprobado-en-CdA.pdf

8. INFORMATION RELATING TO THE FIGHT AGAINST CORRUPTION AND BRIBERY

In order to avoid conduct contrary to the values and standards of ethical behaviour in the company, the Code of Ethics and Conduct, mentioned in the previous section, includes express mention of the following aspects:

1. Duty of loyalty and conflict of interest
2. Anti-bribery and anti-corruption measures
3. Gifts and hospitality
4. Money laundering and payment irregularities
5. Financial records

In addition, the organisation has a Crime Prevention Model, in accordance with the amendment of the Spanish Criminal Code, which is reviewed annually and describes the measures for the prevention and control of those operations and/or actions that could be considered a crime by the legal entity. The company has crime prevention protocols and criminal risk matrices and controls at corporate level (Ezentis Group, S.A.) and separately for the rest of the Group's companies in Spain. For this reason, a global Compliance Officer has been appointed in the organisation, who is responsible for supervising and managing issues related to regulatory compliance.

In 2020, specific online training was launched on the Ezentis Group's Crime Prevention Model, with the aim of helping employees to prevent and detect any inappropriate conduct, as well as to establish the channels to which they can turn if necessary. This training was initially aimed at all structural employees of the Group's companies in Spain.

In addition to the internal dissemination of the Code of Ethics and Conduct, the company provides all employees with a Whistleblower Channel through which they can report possible breaches, anonymously if they wish, the treatment of which is absolutely confidential and restricted to the members of the Ethics Committee.

The Ethics Committee is the body designated to monitor and resolve complaints received by e-mail (canaldedenuncias@ezentis.com) or by post (Apto Correos 14867 - 28080 Madrid). It meets periodically and is composed of four members.

In order to guarantee the security of personal information and maintain the independence of the processes, Ezentis has internal procedures that establish the functions and guidelines to be followed from the receipt of a complaint of behaviour contrary to the Code of Ethics to its resolution. (Complaints Channel Procedure and Ethics Committee Regulations).

The Ethics Committee is obliged to report to the Audit and Compliance Committee and must also resolve and implement the action plan determined in each specific case.

Both the Code of Ethics and Conduct and the Crime Prevention Model contain, among other aspects, express mention of the crimes of corruption, bribery and money laundering.

In 2020, no contributions were made by the Ezentis Group to foundations and non-profit organisations.

9. INFORMATION ABOUT THE COMPANY

9.1 Company commitments to sustainable development

The Ezentis Group, through its presence on two continents and in eight countries, generates an undeniable impact on the societies in which it operates.

In terms of employment, 2020 was a year in which the Ezentis Group reduced its activity in some of the countries where it is present, but increased its presence in other key geographies, such as Spain, with a +17% increase in the number of employees.

Ezentis' presence in different geographies is significant, not only because of its contribution to the Group's income statement, but also because the company's business model helps to meet some of the needs of communities.

Infrastructures are simply the means that facilitate people's access to basic services. For this reason, Ezentis plays a dual key role in the communities in which it operates: on the one hand, it maintains networks for the supply of basic services to people and organisations and, on the other hand, as a professional-intensive activity, it contributes significantly to job creation in the areas where it operates and the development of new infrastructures, participating in their deployment.

All of this without losing sight of our corporate purpose, which is to:

"Promote universal access to telecommunications technologies and energy supply that accompanies the development of society and contributes to reducing energy poverty and the technology gap in a global world.

In addition, the actions carried out by Ezentis with social organisations and/or public entities are closely linked to the generation of employment and the reduction of inequalities for the most vulnerable groups in emergency situations (e.g. health and economic crisis caused by Covid-19).

- In Chile there are agreements with technical schools that train professionals in the telecommunications and energy areas, who carry out their professional internships in our company, promoting future employability once they finish their academic studies. Some examples are: Colegio Polivalente Padre José Kentenich or Instituto Profesional Duoc UC.

- In Spain, during the Christmas 2020 campaign, a pioneering collaboration has been carried out with Banco de Alimentos de Madrid, through which employees have voluntarily contributed the amount they considered appropriate from the balance of their meal card. Around a hundred people will receive food for a month thanks to the funds raised through the #UnGestoUnAlimento campaign.

Another aspect of impact creation is the development of the local economy through the purchase of goods and services from companies whose headquarters are located in the same country where our activity is located in each case. The figures speak for themselves: around 98% of our suppliers are local. Specifically, the overall contribution in local purchases has exceeded €209 million for the second consecutive year.

9.2 Subcontracting and suppliers

Ezentis has a close relationship with its subcontractors, who play a key role in the development of our activities. After all, they are employees who carry out their daily activities together with our own workforce, which is why we consider that the same behavioural requirements and protocols apply. For this reason, contracts stipulate the fulfilment of employment obligations and working conditions, such as health and safety conditions.

As part of the project for the approval of the Group's subcontractors, the same criteria and requirements in terms of prevention and control of worker safety are transferred to them by means of a Special Regulation or through the service contracts themselves, as we have been doing with our own personnel.

We believe that the extension of our social and environmental policies and procedures is a key issue for a better control of our value chain as a whole. Impact is no longer only measured internally within the organisation, but also through interactions with other elements such as suppliers and subcontractors.

9.3 Consumers

The Ezentis Group is a B2B company, i.e. our customer does not correspond to the end consumer in any case. This gives us the particularity of considering customers and users (consumers) separately.

In the first case, a fluid relationship is maintained and their satisfaction with our services is periodically analysed. In the case of end users, the only direct capacity for dialogue is through the channels enabled in the company to receive communications (email and social network profiles).

Incidents and comments received through these channels are evaluated by the Communication area and passed on to the Operational areas.

As part of the new Sustainability Master Plan, work will be carried out on an initiative to standardise the criteria for drawing up customer and user satisfaction surveys (the latter to the extent permitted by the customer involved).

9.4 Tax information

<u>Earnings per country (before tax)</u>

Profits earned by country (thousands of €)	2019	2020
Argentina	1.135	3.986
Brazil	-4.519	-7.162
Chile	645	-22.741
Colombia	-626	5
Spain* Spain	4.510	-2.147
Holding companies and others**	-7.126	-10.956
Mexico	-329	-688
Peru	-917	-3.238
Portugal	-155	-145
TOTAL*	-7.382	-43.066

The 2019 figures for Argentina and Spain have been restated as in the Annual Accounts, as the companies that were available for sale have not been sold and have been reclassified again.
Luxembourg is included under "Holding companies and others".

Taxes on profits paid in each financial year

Taxes on profits paid by country (thousands of €)	2019	2020
Argentina	81	0
Brazil	0	0
Chile	81	
Colombia	0	0
Spain	1.361	30
Luxembourg	10	0
Mexico	562	3
Peru	0	28
Portugal	0	34
TOTAL	2.095	102

The reduction in taxes paid in 2020 was mainly due to the use of existing tax credits in some of the group's companies, with a significant reduction in income tax payments in Mexico and Spain. In Spain, as a result of the incorporation of Ezentis Field Factory, S.L.U. (a company resident for tax purposes in Spain) into the Spanish tax group. (a company resident for tax purposes in Spain) joined the Spanish Tax Consolidation Group in 2019, as a result of which the tax payable in 2020 on its 2019 corporate income tax could be automatically offset against the tax credits of the Consolidation Group, while the tax payable in 2019 on its 2018 corporate income tax, as it is taxed on an individual basis, entailed a payment of Euros 1,359 thousand.

Public subsidies received

In 2020, Ezentis Group has not received any significant public subsidies.

Annex I: GRI Table of Contents and Indicators

Information required by the Non-Financial Information Act	GRI benchmark indicators	Statement of Non-Financial Information
Business model		
Brief description of the group's business model (business environment and organisation)	102-2 Activities, brands, goods and services 102-7 Size of the organisation	Page 29-30
Markets in which it operates	102-3 Location of headquarters 102-4 Location of operations 102-6 Markets served	Page 31
Objective and strategies of the organisation	-	Page 31
Main factors and trends that may affect its future development.	102-15 Main impacts, risks and opportunities	Page 32-33
General		
A description of the group's policies with respect to such issues, including the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts and for verification and control, including what measures have been taken.	103-2 The management approach and its components	Page 36
The results of these policies, including relevant non-financial key performance indicators to enable monitoring and evaluation of progress and to facilitate comparability across societies and sectors, in accordance with national, European or international frameworks of reference used for each subject area.	103-2 The management approach and its components 103-3 Evaluation of the management approach 102-15 Main impacts, risks and opportunities	Page 36
The main risks related to those issues associated with the group's activities, including, where relevant and proportionate, its business relationships, products or services that may have an adverse impact in those areas, and how the group manages those risks, explaining the procedures used to identify and assess them in accordance with the relevant national, European or international frameworks for each issue. This should include information on the impacts that have been identified, providing a breakdown of these impacts, in particular the main short, medium and long-term risks.	102-15 Main impacts, risks and opportunities	Page 34-35
Mention in the report of the national, European or international reporting framework used for the selection of	102-54 Statement of preparation of the report	Page 27

non-financial key performance indicators included in each of the sections.	in accordance with the GRI Standards	

ENVIRONMENTAL ISSUES		
General information		
On current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety.	-	Pages 40-46
On environmental assessment or certification procedures	-	Page 41
On resources devoted to environmental risk prevention	-	Page 41
On the application of the precautionary principle	102-11 Precautionary principle or approach	Page 41
On the amount of provisions and guarantee for environmental risks	-	Page 41
Pollution		
The significant elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces.	305-1 Direct GHG emissions (Scope 1) 305-2 Indirect GHG emissions from energy generation (Scope 2) 305-3 Indirect GHG emissions (Scope 3)	Page 44
Voluntary reduction targets set for the medium and long term to reduce greenhouse gas emissions and the means implemented to this end.	305-5 Reduction of GHG emissions	Pages 43-46
Circular economy and waste prevention and management		
Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste; actions to combat food wastage.	301-1 Materials used by weight or volume.	Page 46
Sustainable use of resources		
Water consumption and water supply according to local constraints	303-1 Water abstraction by source	Page 42
Consumption of raw materials and measures taken to improve the efficiency of raw material use	301-1 Materials used by weight or volume	Page 41
Direct and indirect energy consumption	302-1 Energy consumption within the organisation	Page 42
Measures taken to improve energy efficiency	302-4 Reduction of energy consumption	p.42-43
Use of renewable energies	302-1 Energy consumption within the organisation	Page 43
Climate change		
Measures adopted to adapt to the consequences of climate change	-	Page 45-46

Biodiversity protection		
Measures taken to preserve or restore biodiversity	-	Page 46
Impacts caused by activities or operations in protected areas	304-2 Significant impacts of activities, products and services on biodiversity	Page 46

SOCIAL AND STAFF ISSUES		
Employment		
Total number and distribution of employees according to representative diversity criteria (gender, age, country, etc.)	102-8 Information on employees and other workers 405-1 Diversity in governing bodies and employees	Page 47
Total number and distribution of types of employment contracts, average annual number of part-time contracts by gender, age and occupational classification.	102-8 Information on employees and other workers	P. 48-50
Number of redundancies by gender, age and occupational classification	401-1 New employee recruitment and staff turnover	Page 50
Average earnings and their evolution broken down by gender, age, and occupational classification or equal value.	102-38 Total annual compensation ratio 102-39 Ratio of the percentage increase of the total annual compensation	Pages 51-55
Wage gap, the pay for equal or average jobs in society	405-2 Ratio of basic salary and remuneration of women vs. men	Pages 56-58
The average remuneration of directors and executives, including variable remuneration, allowances, indemnities, payments to long-term savings schemes and any other payments broken down by gender.	201-3 Defined benefit and other post-retirement plan obligations	Page 51
Implementation of work disengagement policies	-	Page 58
Work organisation		
Organisation of working time	-	Pages 59-60
Number of absence hours	403-2 Types of accidents and frequency rate of accidents, occupational diseases, lost days, absenteeism and number of fatalities due to occupational accidents or diseases	Pages 59-60

Measures aimed at facilitating the enjoyment of work-life balance and encouraging the co-responsible exercise of work-life balance by both parents.	401-3 Parental leave	Page 60
Health and safety		
Health and safety conditions at work	403-3 Workers with a high incidence or high risk of diseases related to their activity.	Pages 61-64
Accidents at work, in particular their frequency and severity, as well as occupational diseases; disaggregated by sex.	403-2 Types of accidents and frequency rate of accidents, occupational diseases, days lost, absenteeism and number of deaths due to occupational accidents or diseases.	Pages 63-64
Social relations		
Organisation of social dialogue, including procedures for informing, consulting and negotiating with staff.	403-1 Workers' representation on formal worker-management health and safety committees	Page 64-65
Percentage of employees covered by collective bargaining agreements by country	102-41 Collective bargaining agreements	Page 64
The balance sheet of collective agreements, particularly in the field of health and safety at work	403-4 Health and safety issues addressed in formal agreements with trade unions	Page 64
Training		
The policies implemented in the training field	103-2 The management approach and its components	Page 65
The total number of hours of training per professional categories	404-1 Average hours of training per year per employee	Page 65
Universal accessibility for people with disabilities		
Universal accessibility for people with disabilities	-	Page 66
Equality		
Measures taken to promote equal treatment and opportunities for women and men	-	Page 66
Equality plans (Chapter III of Organic Law 3/2007, of 22 March, for the effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility of persons with disabilities, and	-	Page 66

the promotion of the integration and universal accessibility of persons with disabilities (Chapter III of Organic Law 3/2007, of 22 March, for the effective equality of women and men). Disability.		
The policy against all forms of discrimination and, where appropriate, diversity management	406-1 Cases of discrimination and corrective actions undertaken	Page 66

RESPECT FOR HUMAN RIGHTS		
Implementation of human rights due diligence procedures; prevention of risks of human rights abuses and human rights violations. human rights and, where appropriate, measures to mitigate, manage and redress possible abuses.	102-16 Values, Principles, Standards and standards of conduct. 102-17 Advisory mechanisms and ethical concerns. 410-1 Security personnel trained in security policies or procedures for human rights. 412-1 Operations subject to reviews or impact assessments on human rights. 412-3 Investment agreements and contracts with human rights clauses or subject to human rights clauses. human rights assessment.	Pages 67-68
Complaints of violations of human rights human rights	406-1 Discrimination cases and actions corrective actions undertaken.	Page 68
Promotion and enforcement of the provisions of the conventions	-	Pages 67-68

of the International Labour Organisation relating to respect for freedom of association and the right to freedom of association. the right to collective bargaining; the elimination of discrimination in employment and occupation; the elimination of forced or compulsory labour; the effective abolition of child labour.		

FIGHT AGAINST CORRUPTION AND BRIBERY

Measures taken to prevent corruption and bribery	102-16 Values, Principles, Standards and standards of conduct 102-17 Advisory mechanisms and ethical concerns 205-1 Operations assessed for risk related to corruption. 205-2 Communication and training on anti-corruption policies and procedures 205-3 Confirmed cases of corruption and measures taken.	Pages 68-69
Measures to combat money laundering capitals	102-16 Values, Principles, Standards and rules of conduct 102-17 Advisory mechanisms and ethical concerns	Pages 68-69
Contributions to foundations and non-profit organisations profit motive	103-2 The management approach and its components	Page 69

INFORMATION ABOUT THE COMPANY		
Company commitments to sustainable development		
The impact of society's activity on employment and local development	204-1 Proportion of expenditure on suppliers	Page 70
The impact of society's activity on local populations and in the territory	204-1 Proportion of expenditure on suppliers 413-1 Transactions in participation of the local community, impact assessments and programmes of development	p.69-71
Partnership or sponsorship actions	-	Page 70
Subcontracting and suppliers		
The inclusion in the procurement policy of social, gender equality issues and environmental	308-1 New suppliers who have past filters of evaluation and selection in accordance with the environmental criteria 414-1 New suppliers who have past filters of evaluation and selection in accordance with the social criteria	Page 71
Consideration in relations with suppliers and subcontractors of your social and environmental responsibility	308-1 New suppliers who have past filters of evaluation and selection in accordance with the environmental criteria 414-1 New suppliers who have past filters of evaluation and selection in accordance with the social criteria	Page 71
Monitoring and audit systems and results of the same	308-2 Impacts negative environmental the supply chain and	Page 71

	measures taken 414-2 Social impacts negative in the chain of supply and measures taken	
Consumers		
Measures for the health and safety of consumers	103-2 The management approach and its components	Page 71
Complaints systems, complaints received and resolution of the same	103-2 The management approach and its components	Page 71

Tax information		
Benefits obtained by country	-	Page 72
Taxes on profits paid	207-4 Country-by-country reporting	Page 72-73
Public subsidies received	-	Page 73