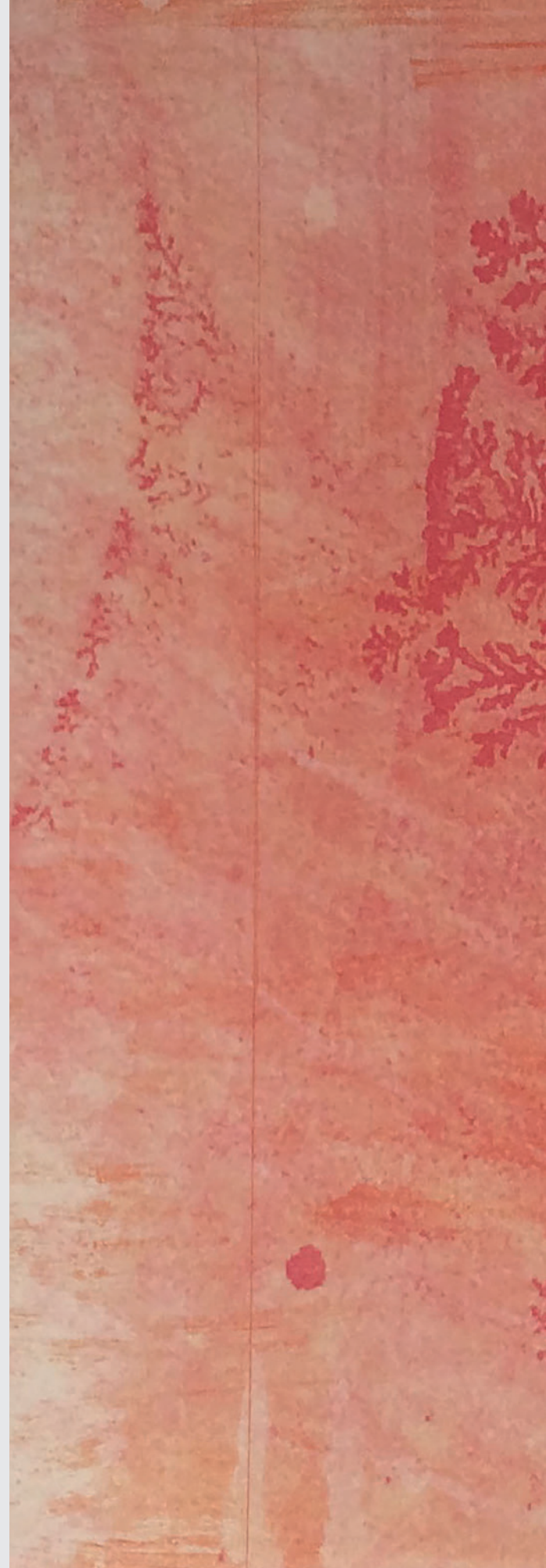


DIRECTORS' REPORT





1. BUSINESS PERFORMANCE AND POSITION OF THE COMPANY

The consolidated annual accounts at 31 December 2021 give a true and fair view of the Group's equity, financial position, results of operations, changes in equity and cash flows for the year then ended, and have been authorised for issue by the Company's directors.

The Non-Financial Information Statement is attached as an appendix to this consolidated directors' report, of which it forms an integral part, and has been prepared in accordance with the requirements of Law 11/2018 of 28 December 2018, amending the Spanish Code of Commerce, the Revised Spanish Companies Act approved by Royal Legislative Decree 1/2010 of 2 July 2010 and Audit Law 22/2015 of 20 July 2015, on non-financial and diversity information.

During 2021, the Alba Group's activities comprised the following:

- Management of a number of controlling and influential interests in a series of companies operating in different sectors of the economy.
- Promotion and holding of interests in companies.
- Operation of buildings through lease or sale.

Consolidated net profit amounted to Euros 303 million in 2021, compared with losses of Euros 102 million in the prior year due to the impact of the COVID-19 crisis. This improvement stems from the greater profits obtained by our investees and the positive trend in other investments in companies recognised at fair value.

Net asset value ("NAV") increased by 26.2% in the year to Euros 5,433 million at 31 December 2021, equivalent to Euros 93.29 per share. Alba's share price ended the year at Euros 51.50 per share, after climbing 32.2%.

During the year, Alba invested Euros 964 million and sold assets totalling Euros 462 million, reducing its net cash position significantly down to Euros 182 million at 31 December 2021.

In October, Alba distributed a gross interim dividend of Euros 0.50 per share to its shareholders, with a charge against 2021 profit, representing a disbursement of Euros 29 million. Total dividends distributed during 2021 amounted to Euros 58 million.

2. MOST SIGNIFICANT TRANSACTIONS

Alba made the following investments:

- Purchase of a 12.3% stake in KKR Apple Holdings Corporation for an investment of Euros 312 million. Through this company, Alba acquired an indirect interest of 12.3% in the share capital of Atlantic Aviation FBO Holding. With a presence in 78 US airports, Atlantic Aviation is one of the leading providers of airport services for private and corporate aviation in the United States.
- Purchase of a 16.0% stake in Nature Topco UK Limited for an investment of Euros 249 million. Through this company, Alba acquired an indirect interest of 14.7% in the share capital of ERM Worldwide Group Limited. ERM has its headquarters in London and is the leading provider of environmental, sustainability, and health and safety consultancy services.
- Purchase of a 23.7% stake in Profand Fishing Holding for an investment of Euros 101 million, by purchasing shares and subscribing a capital increase intended to support the company's organic and inorganic growth. Profand is a leading company in the Spanish fishing industry and the global leader in the cephalopods segment. It has extraction operations and processing plants in Spain, the United States, Argentina, Morocco, India, Peru and Senegal.
- Purchase of a 3.1% stake in Befesa for Euros 70 million as part of the capital increase undertaken by this company with a view to acquiring American Zinc Recycling in the United States. This investment pushed Alba's shareholding in Befesa up to 5.1%.
- Purchase of an office building located at Paseo de la Castellana 42 in Madrid for Euros 55 million.
- Increase in the stakes held in Viscofan (0.9%) and Ebro Foods (0.4%) by Euros 25 million and Euros 11 million, respectively.
- Other investments totalling Euros 141 million.

The following divestments were undertaken:

- Sale of its entire interest (11.0%) in the share capital of Euskaltel for Euros 216 million in the context of a takeover bid launched by the MásMóvil Group. A gross gain of Euros 28 million, for accounting purposes, was generated on this sale.
- Sale of a 7.3% stake in Indra for Euros 127 million and a 1.6% interest in Acerinox for Euros 50 million.
- Sale, through Deyá Capital IV, of the entire stake (16.8%) held in the share capital of Alvinesa for Euros 48 million. Alba achieved an IRR of 44.9% p.a. on this investment over the 4.1 years in which it was a shareholder.
- Sale of two buildings in Madrid and several parking spaces for Euros 21 million.

3. OUTLOOK FOR THE COMPANY

Alba's foremost objective is to ensure that its investees achieve maximum profitability, improving their competitiveness and enhancing their human, financial and technological potential. Furthermore, the Company's financial structure, size and flexibility will enable it to take advantage of investment opportunities that may arise.

Performance of the main investees:

- In 2021 Acerinox posted its best results since 2007. Sales climbed by 43.6% year-on-year to stand at Euros 6,706 million, bolstered by positive market dynamics with robust demand across all geographical areas. In comparison with 2020, steel production rose by 18.5% to 2.5 million tonnes, while cold rolling was up by 17.5% to 1.6 million tonnes. Adjusted EBITDA totalled Euros 989 million in the year, which is 2.6 times higher than in the previous year, driven by the strength of all the branches in the Stainless Steel division and the greater contribution from the Special Alloys division (VDM). Net profit amounted to Euros 572 million, compared to Euros 49 million in 2020. Net financial debt at 31 December 2021 stood at Euros 578 million (0.6 times EBITDA for the year), which is Euros 194

million down on the figure posted one year earlier.

- CIE Automotive's revenue amounted to Euros 3,269 million in 2021, up 13.4% on 2020, showing higher-than-market growth in all geographical areas in which CIE operates, except China. Excluding the impact of exchange rates, sales levels would be similar to those posted pre-COVID, despite car production being even lower due, essentially, to the shortage of chips. EBITDA rose by 33.3% vis-à-vis 2020 to settle at Euros 575 million. Net profit likewise climbed, by 44.4% in this case, to Euros 268 million. Adjusted net financial debt at 31 December 2021 amounted to Euros 1,377 million, 2.4 times EBITDA for the year.
- Ebro Foods' sales reached Euros 2,877 million in 2021, falling slightly short of the prior year's figure (a decline of 0.7%). EBITDA slid down to Euros 354 million, a decline of 2.9% compared to 2020 that is essentially due to higher commodity prices and logistics costs. Nonetheless, compared to the constant benchmark of 2019, sales were up by 14.6% and EBITDA by 15.3%. Net profit rose by 24.0% to Euros 239 million, fortified by the net gain obtained on the asset sales undertaken in North America and Spain. Net financial debt at 31 December 2021 was down substantially, to

Euros 505 million (1.4 times EBITDA for the year), in the wake of the previously mentioned divestments.

- Naturgy achieved sales of Euros 22,140 million in 2021, up 44.3% on the prior year as a result of greater demand and higher energy prices, which offset the negative impact of the depreciation of Latin American currencies against the Euro. Reported EBITDA for the year totalled Euros 3,529 million, 2.3% up on 2020. That said, removing extraordinary items such as restructuring costs would have meant a 7.2% rise in EBITDA in the year. Net profit came in at Euros 1,214 million, compared to losses of Euros 347 million in 2020. At 31 December 2021, net financial debt stood at Euros 12,831 million (3.6 times EBITDA for the year), 5.7% less than the figure reported at the end of the prior year.

- Verisure, a Company that also operates under the “Securitas Direct” trademark, achieved revenue of Euros 2,509 million in 2021, up 17.3% on the previous year. This improvement was driven by growth in the customer portfolio, which expanded 13.6% to comprise 4.3 million customers at 31 December 2021. Adjusted EBITDA of the customer portfolio amounted to Euros 1,477 million in the year, up 17.7% vis-à-vis 2020. Total adjusted EBITDA reached Euros 1,048 million, which is 14.0% higher than in the previous year. Net profit totalled Euros 15 million, compared to a net loss of Euros 93 million in the prior year. Net financial debt at 31 December 2021 amounted to Euros 7,172 million (6.8 times adjusted EBITDA for the year).

- Viscofan’s sales in 2021 were up 6.3% year-on-year, amounting to Euros 969 million, spurred on by the marked growth in Europe and Asia, and to a lesser extent in North America, as well as the healthier results obtained by the cogeneration activity. In comparable terms, excluding the impact of exchange rates, sales would

have increased by 8.0% with respect to 2020. EBITDA for the year grew by 5.2% to Euros 247 million, on the back of higher revenue, better production efficiency and the implementation of cost control measures (despite higher commodity, energy and transport prices). Net profit totalled Euros 133 million, 8.6% up on 2020. At 31 December 2021, Viscofan reported net bank debt of Euros 2 million, compared with Euros 38 million at the end of 2020.

4. INVESTMENT PORTFOLIO

Alba's investment portfolio at 31 December 2021 is as follows:

	Stake %	Value in millions of euros ⁽¹⁾
Listed holdings		
Acerinox	17.78	548
Befesa	5.10	138
CIE Automotive	12.73	427
Ebro Foods	14.44	375
Global Dominion	5.27	40
Indra	3.21	54
Naturgy ⁽²⁾	5.44	1,107
Viscofan	13.97	370
Others		133
Total market value		3,190
Total book value		2,290
Unrealised gain		900

(1) Closing price at 31 December for listed companies.

(2) Includes an indirect interest of 5.33% and a direct interest of 0.11%.

DIRECTORS' REPORT

FREE TRANSLATION FROM THE ORIGINAL IN SPANISH. IN THE EVENT OF DISCREPANCY, THE SPANISH-LANGUAGE VERSION PREVAILS

	Stake %	Value in millions of euros ⁽¹⁾
Unlisted holdings		1,647
Atlantic Aviation	12.28	
ERM	14.68	
Parques Reunidos	24.98	
Profand	23.71	
Verisure (net of non-controlling interests)	6.24	
Through Deyá Capital:		
Alvic	7.76	
in-Store Media	18.89	
Monbake	3.70	
Nuadi ⁽²⁾	37.43	
Preving ⁽²⁾	24.81	
Satlink ⁽²⁾	28.07	
Food Delivery Brands	3.13	

	Value in millions of euros ⁽¹⁾
Real Estate	352

(1) External valuation for unlisted companies (except In-Store Media, for which internal valuation is used), and external appraisals for real estate.

(2) Fully consolidated.

5. NET ASSET VALUE (NAV)

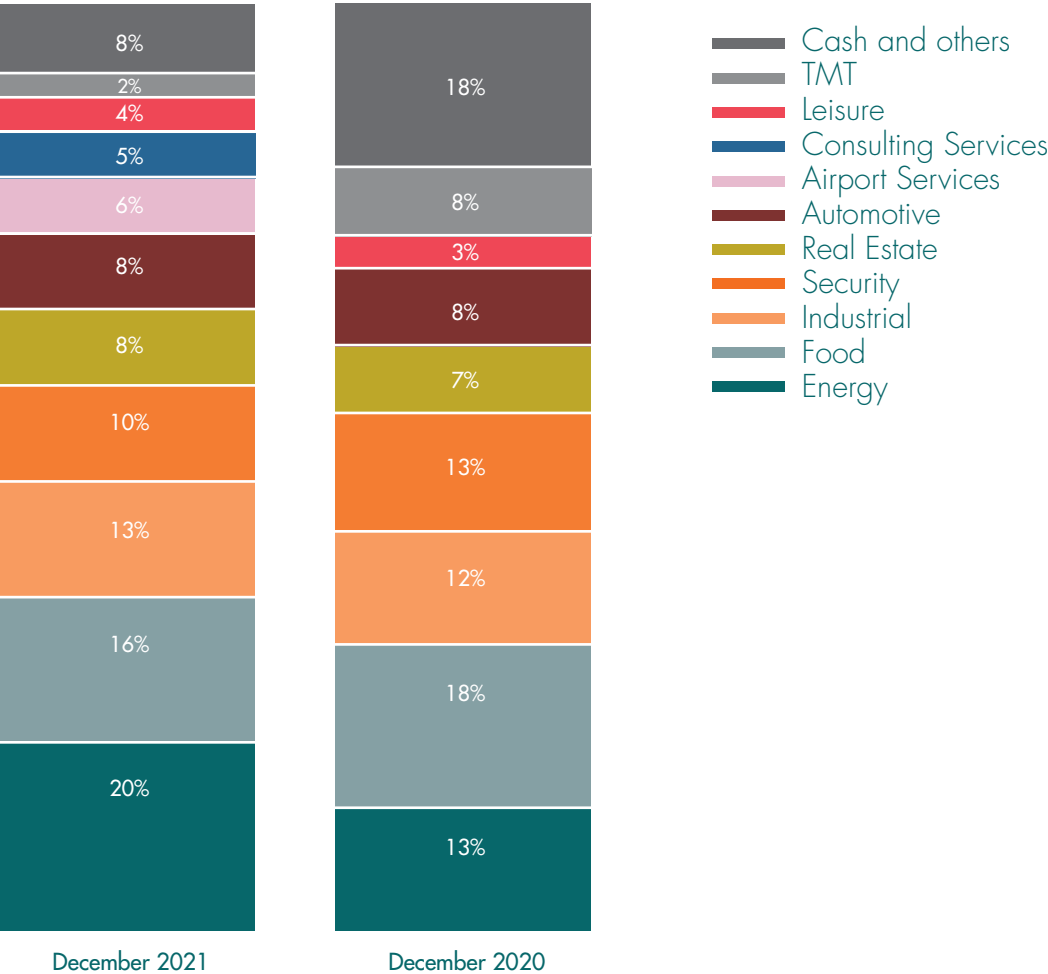
The most representative indicator for a company such as Alba is Net Asset Value ("NAV"). Calculated based on criteria typically used in the market, the pre-tax NAV of Alba at 31 December 2021 amounted to Euros 5,433 million or Euros 93.29 per share, which represents a 26.2% increase on the prior year.

In millions of euros	31-12-21	31-12-20
Listed holdings	3,190	2,530
Unlisted holdings	1,647	868
Real Estate	352	313
Other assets and liabilities	63	70
Net cash (includes fixed income)	182	523
Net asset value	5,433	4,304
Millions shares	58.24	58.24
Net asset value / share	93.29 €	73.89 €

Satlink, Nuadi and Preving are included at fair value.

The relationship with the Consolidated Balance Sheet is included in the footnote of section dedicated to the Balance Sheet (page 236 and 237).

6. SECTOR DISTRIBUTION OF GROSS ASSET VALUE (GAV) ⁽¹⁾



(1) Closing price at 31 December 2021 for listed companies, external valuation at 31 December for unlisted companies (except In-Store Media, for which internal valuation is used) and for real estate.

7. CONSOLIDATED RESULTS

CONSOLIDATED INCOME STATEMENT⁽¹⁾

In millions of euros	31-12-21	31-12-20
Share of net results of associates	245	(162)
Rental income and other	236	185
Of leases and other	13	17
From other companies by global integration	223	168
Gains from fair value adjustments in Real Estate investments	(1)	(3)
Profit/(loss) on asset sales	1	24
Variation in fair value of financial instruments	83	18
Net financial result	12	18
Impairment of financial assets	(17)	-
Sum	559	80
Operating expenses	(204)	(156)
From Alba	(34)	(26)
From other companies by global integration	(170)	(130)
Depreciation	(29)	(26)
From Alba	(1)	(1)
From other companies by global integration	(28)	(25)
Corporate income tax	(13)	(3)
Minority shareholders	(10)	4
Sum	(256)	(182)
Net result	303	(102)
Earnings per share (euros)	5.20	(1.76)

(1) Satlink, Nuadi and Preving are fully consolidated. Satlink has consolidated since 2017 and Nuadi and Preving joined the consolidated group in the last quarter of 2019.

CONSOLIDATED BALANCE SHEET ⁽¹⁾

ASSETS

In millions of euros	31-12-21	31-12-20
Intangible assets	199	230
Goodwill	79	78
Other intangible assets	120	152
Real Estate investment ^(a)	335	287
Fixed assets ^(a)	31	30
Investments in associates ^(b)	2,477	2,845
Financial assets at fair value through profit or loss ^(b)	839	171
Other financial investments and other assets ^(c)	175	61
Deferred tax assets	3	3
Non-current assets	4,059	3,627
Non-current assets held for sale ^{(a)(b)}	135	9
Stock	23	18
Outstanding tax refunds	39	36
Other financial assets ^{(b)(c)}	532	380
Treasury and temporary financial investments ^(c)	177	296
Debtors and other assets	43	50
Current assets	949	789
Total Assets	5,008	4,416

(1) Satlink, Nuadi and Preving are fully consolidated. Shown at fair value for the NAV.

(a) Corresponds to "Buildings" in the NAV.

(b) Corresponds to "Listed securities" and "Unlisted securities" in the NAV.

(c) Corresponds to "Net cash" in the NAV.

EQUITY AND LIABILITIES

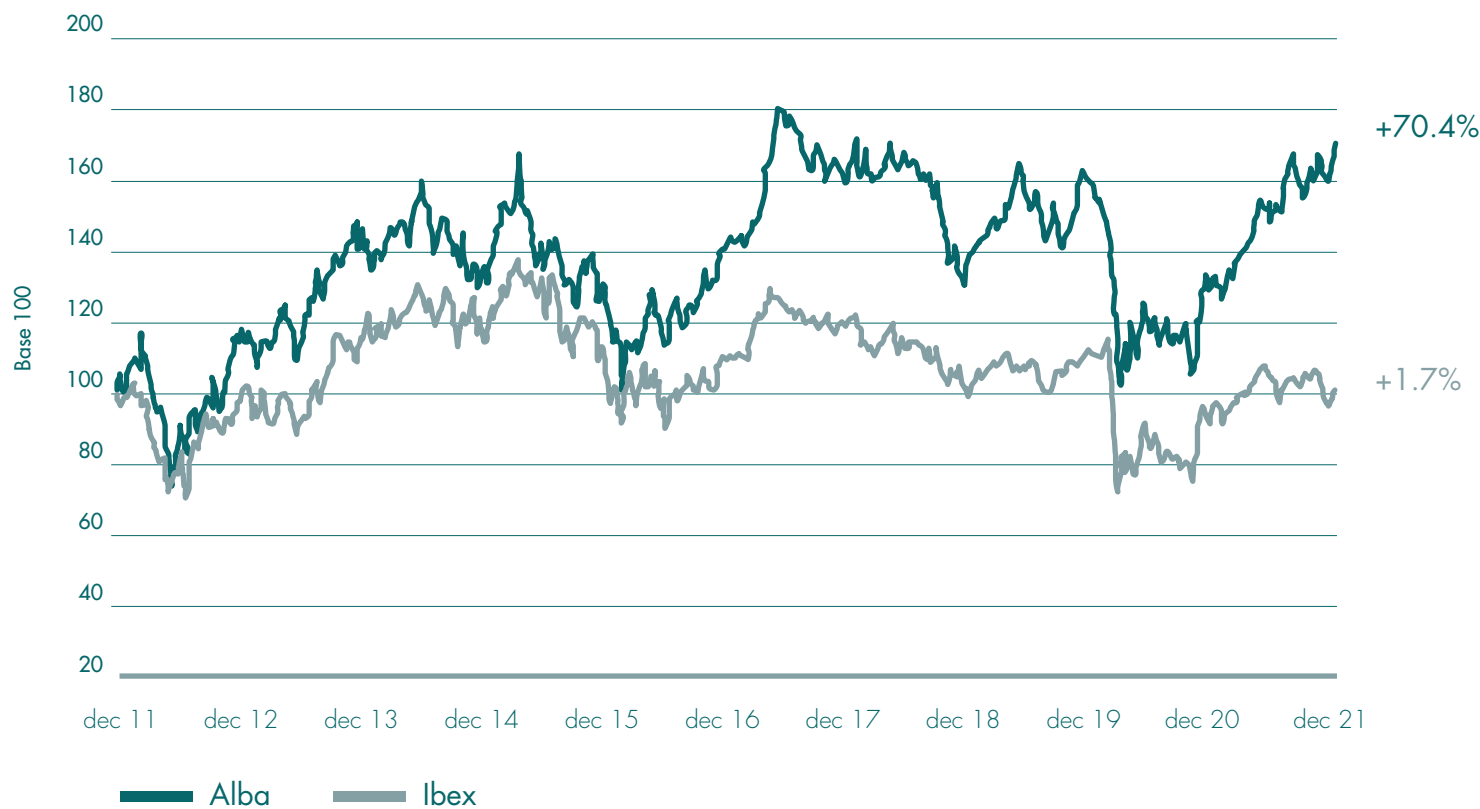
In millions of euros	31-12-21	31-12-20
Share capital	58	58
Reserves and treasury stock	3,679	3,885
Earnings for the year	303	(102)
Minority interests	165	182
Shareholder's Equity	4,205	4,023
Other non-current liabilities	14	10
Net deferred taxes	62	70
Long-terms debts with credit institutions ^(c)	247	202
Non-current liabilities	323	282
Liabilities linked to non-current assets held for sale ^(b)	57	-
Short-terms debts with credit institutions ^(c)	347	50
Current payables	76	61
Current liabilities	480	111
Total Equity and Liabilities	5,008	4,416

(b) Corresponds to "Listed securities" and "Unlisted securities" in the NAV.

(c) Corresponds to "Net cash" in the NAV.

8. SHARE PRICE PERFORMANCE

In 2021, the price of Alba's shares rose by 32.2%, from Euros 38.95 to Euros 51.50, while in the same period the IBEX 35 climbed 7.9% to 8,714 points.



9. EVENTS AFTER THE REPORTING PERIOD

The following significant events have occurred since 31 December 2021:

- A 2.8% stake in the share capital of Technoprobe S.p.A. was acquired, through Alba Europe, S.à r.l., for Euros 95 million in the context of an IPO launched on 15 February. Technoprobe, an Italian company, is a worldwide leader in the design and manufacture of probe cards, complex electro-mechanical interfaces used in microchip testing during the integrated circuits production process. The Company is now listed on the Euronext Growth Milan market.
- An agreement for the sale, through Deyá Capital IV, of the entire stake (28.1%) held in the share capital of Satlink. The sale is subject to compliance with certain conditions precedent, in particular the approval of the antitrust authorities, which is expected to be obtained in the coming months.
- On 24 February 2022 the Russo-Ukrainian War broke out, prompting various countries to impose hefty economic sanctions on Russia. In addition, many companies are taking measures to restrict business relations with Russia, which is having a knock-on effect on the worldwide economy in the form of rising energy prices, supply chain interruptions, inflation and export incidents, among other impacts.

At the date of authorising the consolidated annual accounts for issue, it is not possible to estimate the present and future impacts of this crisis on the Company and its subsidiaries.

10. ACQUISITIONS AND DISPOSALS OF OWN SHARES

In 2021 and 2020 there was no movement in Alba own shares.

DIRECTORS' REPORT

FREE TRANSLATION FROM THE ORIGINAL IN SPANISH. IN THE EVENT OF DISCREPANCY, THE SPANISH-LANGUAGE VERSION PREVAILS

11. RESEARCH AND DEVELOPMENT ACTIVITIES

The Group's specific activities mean that direct investments are not necessary in this area.

12. AVERAGE SUPPLIER PAYMENT PERIOD

Details of the average supplier payment period are as follows:

Days	2021	2020
Average supplier payment period	41	42
Transactions paid ratio	43	44
Transactions payable ratio	41	41

In millions of euros	2021	2020
Total payments made	7.2	3.1
Total payments outstanding	36.4	36.9

13. RISK MANAGEMENT AND CONTROL POLICY

The Board of Directors of Corporación Financiera Alba, S.A., has drawn up the following Risk Management and Control Policy:

1. Types of risk faced by the Company

Risk is inherent in all business activity and is defined as uncertainty concerning the occurrence of an event or action that could adversely affect the Company's ability to maximise its value for stakeholders and to achieve its goals; it also refers to the possibility of threats materialising and opportunities not being taken.

Corporación Financiera Alba engages in two principal activities:

- (i) investment in the capital of listed and unlisted companies, and
- (ii) investment in buildings leased as office space.

As a result of its activities, the markets and sectors in which it operates and its environment, the Company is exposed to the following categories of risks:

- Strategic risks related to the mission and vision of the Company, achievement of business goals and the creation and preservation of value for shareholders and other stakeholders.

These include risks related to the corporate governance of the Company, its reputation and responsibility, investment and divestment strategies, and market dynamics.

- Operational risks involving potential direct or indirect economic losses related to external events: uncertainty in the Company's own business activities; or internal events: failures or inadequacies in the processes, systems or resources of the Company.

These include risks related primarily to revenue, investments and divestments and monitoring thereof, the acquisition of goods and services, physical assets, human resources, information technologies, and natural disasters, terrorism and other criminal acts.

- Financial risks resulting, broadly speaking, from any financing operation which the Company must carry out in order to perform its activities, as well as the reliability of financial information reported by the Company.

These include liquidity and credit risks, market, tax, accounting and reporting risks.

- Regulatory compliance risks arising from a potential failure to comply with laws, regulations, internal standards and codes of conduct, as well as greater exposure to such risks.

These include legal risks, regulatory risks and risks involving codes of ethics and conduct.

- Technological, environmental and social risks, including risks associated with information technology, cybersecurity and technological obsolescence, Climate Change and employee health and safety.

2. Integrated Risk Management System

Aware of the importance and advantages of adequately and efficiently managing its risks, Corporación Financiera Alba has established an Integrated Risk Management System mainly focused on:

- Enabling the identification and proactive and efficient assessment of Company risks, as well as monitoring and continually tracking these risks.
- Integrating, coordinating and directing the various risk management actions performed by the Company.
- Achieving responsible risk acceptance and reinforcing the responsibility of the Company's employees.
- Ensuring that control systems are aligned with the actual risks of the Company.
- Facilitating and streamlining the application of corrective measures.

The Integrated Risk Management System unites three key components:

- (i) The continuous risk management process, understood as the activities performed by all individuals in the Company under the supervision of the Audit and Compliance Committee that are focused on identifying potential risk events, managing the risks identified and providing reasonable assurance that the Company will achieve its goals.
- (ii) An organisational focus, with clearly defined and communicated roles and responsibilities. Integrated risk management affects all Company personnel, therefore it is vital to establish an organisational focus on risk management tailored to the organisational structure and corporate culture of the Company.

Although the Integrated Risk Management System affects and involves all Company personnel, the main participants are as follows: risk managers, the Risk Control and Management Department, the Audit and Compliance Committee and the Board of Directors.

- (iii) A monitoring model, which identifies and provides the timely information needed so that all those involved in the risk management process can make informed decisions concerning the risks.

2.1. The continuous risk management process

By way of a summary, the continuous risk management process involves performing the following activities:

- Identifying and assessing the risks that could affect the Company.

Determining the main strategic, operational, financial and regulatory compliance risks affecting the Company's strategy and goals, assessing the probability of occurrence and potential impact and prioritising risks based on these factors.

- Setting the level of risk that is considered acceptable.

Defining key risk indicators ("KRIs") for each critical risk and establishing tolerance levels for these risks.

- Identifying controls.

Specifying existing controls (or those to be implemented) in the Company to mitigate the aforementioned risks.

- Identifying the processes in which these risks and controls arise.

Determining the existing relationship between the Company's key risks – and its controls – and the Company's processes, identifying and analysing the processes that are critical for risk management.

- Assessing controls.

Assessing the effectiveness of the controls in mitigating the risks identified.

- Designing and implementing action plans in response to the risks.

Determining action plans to be carried out to lower residual risk to acceptable risk level, bearing in mind the costs and benefits of such efforts. As a direct result of this reduction in the level of risk, a reassessment and prioritisation of the risks will be necessary and appropriate, as part of a continuous risk management process.

In this regard, Corporación Financiera Alba has prepared the Company's Risk Map, which shows, based on their impact and probability, the key risks in the categories listed above. In order for this map to be effectively used as a management tool that allows the Company to make informed decisions, the map is reviewed and updated periodically to adjust it to the Company's current circumstances.

Likewise, the Company has prepared Risk Indices for the most critical risks, identifying the key risk indicators with their corresponding tolerance levels, the associated controls and, where applicable, the action plans to be implemented. These Indices allow the Company to periodically assess and monitor its risks and to determine the most appropriate response to these risks.

2.2. Organisational model of roles and responsibilities

Although the Integrated Risk Management System affects and involves all Company personnel, the main players are as follows:

(i) Risk managers:

These managers are responsible for monitoring the risks assigned to them and for informing the Risk Control and Management Department of any relevant information concerning the risks.

(ii) Risk Control and Management Department:

The Risk Control and Management Department is expressly tasked with the following duties:

- Ensuring the smooth running of the risk control and management systems and, specifically, that all the important risks affecting the Company are identified, managed and quantified correctly.

- Actively participating in preparing the risk strategy and important decisions concerning risk management.
- Ensuring that the risk control and management systems adequately mitigate risks, as part of the policy established by the Board of Directors.

(iii) Audit and Compliance Committee:

This body supervises, pursuant to the Regulations of the Company's Board of Directors, the effectiveness of the Company's internal controls and risk management systems, among other aspects.

Likewise, it discusses with the auditor any significant weaknesses in the internal control system detected during the audit.

(iv) Board of Directors:

As indicated previously, the Board of Directors has the power to determine the risk control and management policy, including for tax risks, and is tasked with supervising the internal reporting and internal control systems.

With regard to the risk management processes, it is worth highlighting that, in addition to the aforementioned Risk Control and Management Department, Corporación Financiera Alba has regulatory compliance processes in place that are carried out by the various operational and support departments, as well as an Internal Audit Service, defined as an advisory and control body serving the Audit and Compliance Committee, which is independent within the organisation as regards its actions and whose purpose is to assess the various areas and functional activities of the Company.

The duties of the Internal Audit Service include the analysis and proposal of recommendations to improve the risk management processes. The Internal Audit Service also performs independent assessments of the efficiency and effectiveness of internal controls, although this is always in coordination with the Risk Control and Management Department, in order to avoid duplicating tasks and/or to prevent there being any areas without adequate coverage.

2.3 Monitoring and reporting model

The last component of the Integrated Risk Management System is a monitoring and reporting model capable of providing relevant information, in a timely and appropriate manner, to all players involved in the risk control and management process, both upwards and downwards in the hierarchy.

This cross-departmental monitoring model allows the System to behave dynamically and, above all, to anticipate risks, rendering risk management and control, within the limits set by the Company, possible.

Specifically, the Integrated Risk Management System established by Corporación Financiera Alba is a management, communication, monitoring and support mechanism for all activities related to risk control and management. It is vital for responding to individual risks and risks that are specific to each activity, while it provides the framework needed for coordinated management by the Company.

As mentioned in the Policy, the Group's activities are exposed to various financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk, and cash flow interest rate risk. The Group's Risk Management and Control Policy establishes the basic principles, guidelines and general framework for actions to control and manage the various types of risk (financial and non-financial) faced. The Group does not use derivatives to mitigate certain risks.

14. ANNUAL CORPORATE GOVERNANCE REPORT

The Annual Corporate Governance Report ("ACGR") is an integral part of this Directors' Report and is available for consultation on the websites www.cnmv.es and www.corporacionalba.es.

15. NON-FINANCIAL INFORMATION STATEMENT

This is attached as Appendix I.

16. REMUNERATION REPORT

The Annual Directors' Remuneration Report ("ADRR") is an integral part of this Directors' Report and is available for consultation on the websites www.cnmv.es and www.corporacionalba.es.